NORTHAM
PLATINUM HOLDINGS LIMITED

Booysendal Platinum Proprietary Limited: Mining that matters

Annual financial statements
30 June 2022

smart platinum mining

CONTENT

Directors' responsibilities and approval of annual financial statements	2
Company secretary's confirmation	2
Independent auditor's report	3
Directors' report	5
Notice of annual general meeting	8
Report of the Northam Platinum Holdings Limited audit and risk committee to the directors	9
Statement of profit or loss and other comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Accounting policies and notes to the annual financial statements	14
Administration and contact information	81

These annual financial statements have been prepared under the supervision of the chief financial officer, AH Coetzee CA(SA).

DIRECTORS' RESPONSIBILITIES AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS

In approving the annual financial statements, the directors hereby confirm:

- That they are responsible for the preparation, integrity and fair presentation of the annual financial statements of Booysendal Platinum Proprietary Limited (Booysendal or the company). The auditors are responsible for auditing and reporting on whether the annual financial statements are fairly presented.
- The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can only provide reasonable and not absolute, assurance against material misstatement or loss.
- The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). They conform and adhere to applicable accounting standards and are presented after applying accounting policies supported by reasonable and prudent judgements and estimates made by management, which have been consistently applied.
- Adequate accounting records and an effective system of internal controls and risk management have been maintained during the entire financial year.
- The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future based on forecasts and available cash resources. These annual financial statements support the viability of the company.
- The annual financial statements have been audited by the independent auditors, Ernst & Young Inc. who were given unrestricted access to all financial records and related data. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate. The unmodified audit report of Ernst & Young Inc. is included in these annual financial statements. The appointment of Ernst & Young Inc. as the group's external auditors will terminate upon the conclusion of the audit in respect of the financial year ended 30 June 2022. Northam Platinum Holdings Limited (Northam Holdings), the ultimate holding company, has appointed PricewaterhouseCoopers Inc (PwC). as the new external auditor for the group for the financial year ending 30 June 2023. The change in external auditor was initiated following Northam Holdings' decision to early adopt the Mandatory Audit Firm Rotation rule, issued by the Independent Regulatory Board for Auditors (IRBA), which is effective for financial years commencing on or after 1 April 2023.

The annual financial statements were approved by the board of directors on 30 September 2022 and are signed on its behalf by:

PA Dunne
Director

AH Coetzee
Director

Johannesburg
30 September 2022

COMPANY SECRETARY'S CONFIRMATION

I, PB Beale, in my capacity as a representative of Northam Platinum Limited, the company secretary of Booysendal Platinum Proprietary Limited, hereby certify in terms of section 88(2) of the Companies Act, No. 71 of 2008, as amended (Companies Act) that all returns have been lodged with the Companies and Intellectual Property Commission and that all such returns are true, correct and up to date.

PB Beale
Company secretary
For and behalf of Northam Platinum Limited

Johannesburg
30 September 2022

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Building a better working world

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Independent Auditor's Report

To the Shareholders of Booysendal Platinum Proprietary Limited

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of Booysendal Platinum Proprietary Limited ("the company") set out on pages 10 to 80, which comprise the statement of financial position as at 30 June 2022, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Booysendal Platinum Proprietary Limited as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 81-page document titled "Booysendal Platinum Proprietary Limited: Mining that matters Annual Financial Statements 30 June 2022", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young Inc.
Director - Ebrahim Dhorat
Registered Auditor
Chartered Accountant (SA)
102 Rivonia Road, Sandton, 2146

30 September 2022

DIRECTORS' REPORT

The directors have pleasure in presenting their report on the activities and financial results of Booysendal Platinum Proprietary Limited (Booysendal or the company) for the year ended 30 June 2022.

Nature of business

The Booysendal operations are located in the southern compartment of the eastern limb of the Bushveld Complex, situated approximately 35 kilometres from the town of Mashishing (formerly Lydenburg), straddling the border of the Limpopo and Mpumalanga provinces in South Africa. Booysendal is host to both the UG2 and Merensky reefs which outcrop over a strike length of approximately 14.5 kilometres and dip westwards at approximately 10º.

The operations comprise two mines; Booysendal North and Booysendal South, operating; six shallow, decline accessed, mechanised mining modules, together with two metallurgical plants extracting PGM and chromite concentrates with dedicated tailings storage facilities (TSF). Concentrate is sold predominantly to Zondereinde and all material is smelted and further processed at Zondereinde. From F2022, concentrate from Booysendal is also sold to a third-party customer to honour the Everest offtake agreement.

Booysendal North has two mining modules; North UG2 (BNU) and North Merensky (BNM1), together with surface supporting infrastructure including PGM and chrome concentrators and a TSF. North UG2 module is operating at steady state of approximately 220 000 tonnes per month, whilst North Merensky module is ramping up from an initial 30 000 tonnes per month to a planned steady state of 55 000 tonnes per month.

Booysendal South has four mining modules in various stages of production ramp up to a combined steady state of approximately 325 000 tonnes per month, together with surface supporting infrastructure including PGM and chrome concentrators and a tailings storage facility. The BS1, BS2 and BS4 modules exploit the UG2 reef, whilst the BSM1 module exploits the Merensky reef. The UG2 modules are scheduled to achieve steady state in F2023, whilst BSM1 is scheduled for F2025. The TSF is currently being reconfigured to enable capacity for life of South mine.

Mining licences and Mineral Resources and Mineral Reserves

Booysendal holds new order mining rights over the Booysendal mine. All mineral rights are held in good order and the company perceives no risk to its rights to continue the prospecting for and the mining of minerals over any of its properties.

Mineral Resources and Mineral Reserves reflected include those that the company has the legal entitlement to such minerals.

Please refer to the Mineral Resources and Mineral Reserves statement which is included in the annual integrated reporting suite of Northam Platinum Holdings Limited (Northam Holdings) and its group companies. This is available on Northam Holdings' website, www.northam.co.za.

Financial results

The annual financial statements are included in this report. These annual financial statements have been prepared using appropriate accounting policies, in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee, the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act, No. 71 of 2008, as amended (the Companies Act) and the JSE Debt Listings Requirements (as applicable) and include amounts based on judgements and estimates made by management.

The financial statements comprise the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows, statement of changes in equity and notes to the annual financial statements, including a summary of significant accounting policies which reflects the financial performance and position as at 30 June 2022.

These financial statements are available on Northam Holdings' website, www.northam.co.za.

Stated capital

There were no changes to the stated capital during the year under review.

Dividends

Dividends of R Nil (30 June 2021: R Nil) were declared and paid during the year under review.

Directors' responsibility in relation to annual financial statements

The directors are required by the Companies Act, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in these annual financial statements. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Northam Holdings directors acknowledge that they are ultimately responsible for the systems of internal financial control established by the company and place considerable importance on maintaining a strong control environment. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements to ensure:

- the reliability and integrity of financial and operating information;
- the compliance of established systems with policies, plans, procedures, laws and regulations;
- the safeguarding of the company's assets against unauthorised use or disposition;
- the economic, effective and efficient utilisation of resources; and
- the accomplishment of established objectives and goals for operations or programmes,

and that accordingly the financial records may be relied upon for preparing the annual financial statements and maintaining accountability for assets and liabilities.

However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The directors are of the opinion that the annual financial statements fairly present the financial position of the company and the results of its operations and cash flow information for the year ended 30 June 2022. The directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the company continues to adopt the going concern basis in preparing the annual financial statements.

Directorate

As at 30 June 2022, the board comprised the following directors:

Director	Nationality	Date first appointed
PA Dunne	British	1 March 2014
AH Coetzee	South African	15 November 2018
LC van Schalkwyk	South African	1 January 2016

Corporate Governance and King IV™ Compliance

The group has adopted the King IV Report on Corporate Governance for South Africa, 2016 (King IV™). Northam Holdings has monitored the integration of the recommended practices in terms of the 16 Principles of King IV™ applicable to group, ensuring that an ethical culture is in place that supports the effective control at all levels. Ethics and integrity are fundamental to an effective governance framework and the foundation for a culture that supports employee, customer and investor confidence.

Please refer to the Northam Holdings corporate governance report for, *inter alia*, the disclosures in respect of the application and interpretation of King IV™, which is available on Northam Holdings' website at www.northam.co.za.

Assessment of going concern

Mining operations have a finite life and their profitability is influenced by both internal and external factors. Internal factors include, *inter alia*, geological, technical and productivity aspects. External influences include economic factors such as commodity prices and exchange rates.

In addition, mining is a capital-intensive business with relatively long time horizons. Commodity prices follow shorter period cyclical patterns. Therefore, capital allocation planning requires consideration of both short and long-term technical planning as well as the global economic outlook and cyclical commodity price variance. This manifests in conservative long-term price estimates and the incorporation of sensitivity analysis to increase confidence in financial viability even during depressed market conditions, as well as to moderate increasing estimate uncertainty over time.

To this end, the individual Northam group operations undergo techno-economic studies on an annual basis in the form of Competent Person Reports whilst new projects follow economic feasibility studies on both a standalone and integrated basis. These include consideration of the operations' ability to respond to changing circumstances, as well as the financial reserves required to sustain operations through adverse conditions, such as commodity price down-cycles or periods of reduced production or sales demand.

This assists the group in managing its capital to ensure that it has the necessary reserves to sustain operations through adverse conditions, to maximise the return to shareholders through the optimisation of debt and equity balances and to ensure that all externally imposed capital requirements are complied with. This enables it to continue as a going concern.

The company derives revenue from sales to a limited number of large customers with whom we have long-standing relationships. In respect of PGMs, our buyers are predominantly industrial companies. This reduces our exposure to demand in the automotive sector. Our chrome product is sold through a single third-party via a guaranteed offtake and security of supply agreement. This lowers down-side risk to sales volumes and sales revenue, even during depressed market conditions.

The capital structure of the group consists of debt, which includes borrowings disclosed in annual financial statements, issued capital, reserves and retained earnings.

The annual financial statements have been prepared using appropriate accounting policies, supported by reasonable and prudent judgements and estimates. We continue to monitor factors impacting price forecasts, which inform detailed cash flow estimates.

Based on the latest available information, the board believes that the company will continue to have adequate financial resources and access to capital to settle its liabilities as and when they fall due, in order to continue operating for the foreseeable future. In addition, the current assets, taking into consideration the net realisable value of inventory exceeds the current liabilities.

Accordingly, the annual financial statements have been prepared on a going concern basis.

Events after the reporting date

There have been no events, other than what has been disclosed, subsequent to the year-end which require additional disclosure or adjustment to these annual financial statements.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of the company will be held in the Board Room, 1st Floor, Building 4, Maxwell Office Park, Magwa Crescent West, Waterfall City, Jukskei View, 2090 at 11:00 South African (SA) time on Tuesday, 25 October 2022 for the following purposes:

Considering and, if deemed fit, adopting, with or without modification, the ordinary and special resolutions set out below:

Ordinary resolutions

Ordinary resolution no. 1 – adoption of annual financial statements

"Resolved that the audited annual financial statements for the year ended 30 June 2022, including the reports of the directors, auditors and the audit and risk committee, be and are hereby adopted."

Ordinary resolution no. 2 – appointment of the independent external auditors

"Resolved that Pricewaterhouse Coopers (PwC) (with the designated external audit partner being Mr AJ Rossouw CA (SA)) be and are hereby appointed as the independent external auditor of the group."

Ordinary resolution no. 3 – re-appointment of audit and risk committee

"Resolved that the re-appointment of the audit and risk committee of Northam Platinum Holdings Limited, the ultimate company's holding company, as the company's audit and risk committee."

Ordinary resolution no. 4 – placement of the authorised but unissued shares under the control of the directors

"Resolved that the authorised but unissued shares of the company be and are hereby placed under the control of the directors of the company in terms of and subject to the provisions of the Companies Act, No. 71 of 2008, as amended (the Companies Act)."

Ordinary resolution no. 5 – authorisation of a director or company secretary to sign necessary documents

"Resolved that any director of the company or the company secretary is authorised to sign all such documents and instruments and to do all such things as may be necessary for or incidental to the implementation of the resolutions passed at this meeting."

Special resolution

Special resolution no.1 – financial assistance in terms of section 45 of the Companies Act

"Resolved that the board of directors of the company (board) be and are hereby authorised, by way of a general authority, to provide direct or indirect financial assistance in any form or amount to any company which is related or inter-related to the company (as defined in the Companies Act), on the terms and conditions that the board may determine from time to time."

By order of the board.

PB Beale
Company secretary
For and behalf of Northam Platinum Limited

Johannesburg
30 September 2022

REPORT OF THE NORTHAM PLATINUM HOLDINGS LIMITED AUDIT AND RISK COMMITTEE TO THE DIRECTORS

Appointment of the external auditors

The audit and risk committee of Northam Platinum Holdings Limited (Northam Holdings) (the committee) noted the requirement for the ultimate holding company, Northam Holdings, as a South African public interest entity listed on the Main Board of the JSE to comply with the IRBA rule on Mandatory Audit Firm Rotation. In support of the IRBA rule and with consideration of public interest and auditor independence, the committee, after due and careful consideration has recommended Pricewaterhouse Coopers (PwC) to be appointed as the group's external auditors for the financial year ending 30 June 2023.

Refer to the Northam Holdings' annual financial statements, and the corporate governance report for the audit and risk committee report for the considerations and disclosures in this regard.

Annual financial statements

The committee chairperson has:

- reviewed and discussed the audited annual financial statements with the chief financial officer; and
- reviewed significant adjustments resulting from external audit queries and accepted any unadjusted audit differences.

The committee chairperson concurs with and accepts the external auditor's conclusions on the annual financial statements and has recommended the approval thereof to the board. The board has subsequently approved the annual financial statements, which will be open for discussion at the forthcoming annual general meeting.

Going concern

The directors report that they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

HH Hickey
Chairperson of the audit and risk committee
For and behalf of Northam Platinum Holdings Limited

Johannesburg
30 September 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

		30 June 2022	30 June 2021
		R000	R000
Sales revenue	2	18 964 038	16 884 383
Cost of sales		(8 419 761)	(7 048 636)
Operating costs	3	(6 355 381)	(5 547 474)
Concentrates purchased		(1 160 232)	(1 193 386)
Depreciation and write-offs	9 & 10	(646 389)	(566 072)
Change in metal inventories	15	(257 759)	258 296
Gross profit		10 544 277	9 835 747
Investment income	4	7 263	5 052
Finance charges	5	(25 726)	(25 042)
Net foreign exchange transaction gains/(losses)		365	(1 532)
Sundry income	6	8 176	7 009
Sundry expenditure	7	(24 374)	(24 440)
Profit before tax		10 509 981	9 796 794
Taxation	8	(2 782 204)	(2 754 356)
Profit and total comprehensive income for the year		7 727 777	7 042 438

STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		30 June 2022	30 June 2021
		R000	R000
ASSETS			
Non-current assets		17 835 704	17 059 040
Property, plant and equipment	9	11 390 850	10 562 674
Mining properties and Mineral Resources	10	6 293 484	6 352 452
Land and township development	11	41 151	51 702
Long-term receivables	12	13 257	9 388
Investments held by Northam Platinum Restoration Trust Fund	13	71 293	68 015
Environmental guarantee investment	14	25 669	14 809
Current assets		20 482 361	10 498 390
Inventories	15	365 635	599 624
Loans to group companies	16	19 191 783	9 630 124
Trade and other receivables	17	921 843	142 681
Cash and cash equivalents	18	3 100	344
South African Revenue Service		–	125 617
Total assets		38 318 065	27 557 430
EQUITY AND LIABILITIES			
Capital and reserves		28 757 322	21 029 545
Stated capital	19	8 675 932	8 675 932
Non-distributable reserves	10	2 501 755	2 501 755
Retained earnings		17 579 635	9 851 858
Non-current liabilities		4 956 720	4 883 443
Deferred taxation	20	4 352 367	4 271 824
Long-term provisions	21	263 041	236 545
Long-term liabilities	22	11 586	6 949
Long-term loans	23	20 631	26 133
Lease liabilities	24	43 144	45 778
Share-based payment liability	25	265 951	296 214
Current liabilities		4 604 023	1 644 442
Current portion of long-term liabilities	22	1 050	550
Current portion of long-term loans	23	5 501	8 834
Current portion of lease liabilities	24	7 954	11 216
Current portion of share-based payment liability	25	77 157	210 423
South African Revenue Service		27 860	–
Loans from group companies	26	3 128 254	–
Trade and other payables	27	1 205 369	1 292 755
Provisional pricing derivative	28	–	–
Short-term provisions	29	150 878	120 664
Total equity and liabilities		38 318 065	27 557 430

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Stated capital	Non distributable reserves	Retained earnings	Total
	R000	R000	R000	R000
Opening balance as at 1 July 2020	8 675 932	2 501 755	2 809 420	13 987 107
Profit and total comprehensive income for the year	–	–	7 042 438	7 042 438
Balance at 30 June 2021	8 675 932	2 501 755	9 851 858	21 029 545
Profit and total comprehensive income for the year	–	–	7 727 777	7 727 777
Balance at 30 June 2022	8 675 932	2 501 755	17 579 635	28 757 322

Non-distributable reserves

The non-distributable reserve represents the surplus that arose following the adoption of the revaluation model as at 31 December 2008 whereby Mineral Resources were reflected at fair value.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

		30 June 2022	30 June 2021
		R000	R000
Cash flows from operating activities		7 913 822	9 712 865
Cash flows generated from operations	30	11 045 808	10 701 069
Movement in land and township development		10 551	5 561
Movement in working capital	31	(594 353)	315 420
Tax paid	32	(2 548 184)	(1 309 185)
Cash flows utilised in investing activities		(1 457 115)	(1 390 429)
Purchase of property, plant and equipment		(1 450 076)	(1 392 804)
Investment revenue		7 099	5 217
Increase in investments held by the Northam Platinum Restoration Trust Fund	13	(3 278)	(3 649)
Increase in investments held by the environmental guarantee investment	14	(10 860)	807
Cash flows utilised in financing activities		(6 453 951)	(8 322 483)
Movement in loans to group companies	16	(9 561 659)	(8 298 854)
Movement in loans from group companies	26	3 128 254	–
Movement in long-term loans	23	(8 835)	(9 946)
Payment of principle portion of lease liabilities	24	(11 659)	(13 681)
Finance charges		(52)	(2)
Increase/(decrease) in cash and cash equivalents		2 756	(47)
Cash and cash equivalents at the beginning of year		344	391
Cash and cash equivalents at the end of year	18	3 100	344

ACCOUNTING POLICIES

1. Basis of preparation

The annual financial statements have been prepared on the historical cost basis, except for certain financial instruments and liabilities that are stated at fair value. Details of the accounting policies are set out below and are consistent with those applied in the previous financial year, except where otherwise indicated.

The annual financial statements are in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the JSE Debt Listings Requirements (as applicable) and the Companies Act, No. 71 of 2008 (the Companies Act).

The annual financial statements are presented in South African Rand, which is the presentation currency.

The preparation of annual financial statements in conformity with IFRS requires that management and the board exercises their judgement in the process of applying the company's accounting policies. It also requires the use of certain critical economic and other estimates. The areas requiring a high degree of judgement or complexity, or areas where assumptions or estimates are significant to the annual financial statements, are disclosed in the notes to the annual financial statements.

1.1 New accounting policies adopted

The adoption of all standards, amendments or interpretations with effect from 1 July 2021 had no impact on the annual financial statements.

1.2 Standards, interpretations and amendments issued, but not yet effective

The following new standards, interpretations and amendments to standards are not effective and have not been early adopted, but will be adopted once these new standards, interpretations and amendments become effective:

Classification of Liabilities as Current or Non-current - Amendments to IAS 1

On 23 January 2020, the IASB issued Classification of Liabilities as Current or Non-current, which amends IAS 1 Presentation of Financial Statements.

The amendments affect requirements in IAS 1 for the presentation of liabilities. Specifically, they clarify a criterion for classifying a liability as non-current.

The amendment must be applied retrospectively, effective for annual periods beginning on or after 1 January 2023.

This amendment is not expected to have a material impact on the company.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment must be applied retrospectively, effective for annual periods beginning on or after 1 January 2022 only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

There is no transition relief for first-time adopters.

This amendment is not expected to have a material impact on the company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g. the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g. depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments must be applied prospectively for annual periods beginning on or after 1 January 2022, to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the company will not be affected by these amendments on transition.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

In May 2021, the IASB issued amendments to IAS 12 Income Taxes which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a decommissioning asset and decommissioning liability (or lease asset or lease liability) give rise to taxable and deductible temporary differences that are not equal.

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented and is effective for annual periods beginning on or after 1 January 2023.

This amendment is not expected to have a material impact on the company.

Booysendal notes the new standards, amendments and interpretations which have been issued but not yet effective and does not plan to early adopt any of the standards, amendments and interpretations. There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.3 Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairments/reversal thereof. Cost includes pre-production expenditure incurred during the development of a mine and the present value of related future decommissioning costs.

Interest on borrowings relating to the financing of major capital projects under construction is capitalised during the construction phase as part of the cost of the project. Such borrowings costs are capitalised over the period during which the asset is being constructed and borrowings have been incurred. Capitalisation ceases when construction is interrupted for an extended period or when the asset is substantially complete. Other borrowing costs are expensed as incurred.

Shafts, mining development and general infrastructure assets including metallurgical and refining plants

Mine development and infrastructure costs are capitalised to assets under construction and transferred when the mining venture reaches commercial production.

Items that are withdrawn from use, or have no reasonable prospect of being recovered through use or sale, are regularly identified and written off.

Depreciation is first charged from the date on which the mining assets reaches commercial production levels. When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

Mining assets are depreciated on a units of production basis, based on reserves, which are revised annually.

Where items of plant and equipment comprise separate, identifiable components that have differing useful lives, such components are depreciated according to their individual useful lives.

Decommissioning asset

The decommissioning asset is depreciated on the units of production basis, based on reserves, which are revised annually.

The decommissioning asset is recognised and subsequent changes in the assumptions which impact the asset is reflected in the asset as set out in the decommissioning provision accounting policy. The decommissioning asset is included as part of the mining plant and equipment when considering depreciation, impairment and derecognition.

General infrastructure, other assets including buildings

Office equipment, furniture and vehicles are depreciated using varying rates, ranging between 10% and 20% on a straight-line basis over their expected useful lives.

Buildings are depreciated on a straight-line basis over the estimated useful life, which is generally the life of mine.

Land and assets under construction

Land and assets under construction are recorded at cost of acquisition less accumulated impairment losses and are not depreciated.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant, equipment and mining properties is added to the carrying value of the asset when it is probable that future economic benefits will flow to the company. All other subsequent expenditure is recognised as an expense and included in profit or loss.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Impairment

An impairment review of property, plant and equipment is carried out when there is an indication that these may be impaired by comparing the carrying amount thereof to its recoverable amount.

The company assesses, at each reporting date, whether there are indications that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets' or cash generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The adjusted carrying amount is depreciated on a straight-line basis over the remaining useful life of property, plant and equipment.

Annual review of residual values, depreciation method and useful lives

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted prospectively, if appropriate, at each financial year-end.

Exploration expenditure

Exploration and evaluation expenditure on greenfields sites, being those where the company does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a feasibility study has been completed, after which the expenditure is capitalised if the feasibility study demonstrates that future economic benefits are probable.

Exploration and evaluation expenditure on brownfields sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until management is able to demonstrate that future economic benefits are probable through the completion of a pre-feasibility study. Costs relating to development activities as well as mineral resources bought are capitalised to mine development asset.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the mineralisation of such mineral deposits, is capitalised as a mine development cost as and when incurred.

1.4 Mining properties and Mineral Resources

Mining properties and Mineral Resources comprising mineral rights are recorded at cost of acquisition. Depreciation is first charged on new mining properties from the date on which the mining in respect of the mining property reaches commercial production levels. Mining properties are depreciated on a units of production basis based on reserves which are revised annually.

Mining properties and Mineral Resources acquired separately are measured on initial recognition at cost. Following initial recognition, these mining properties and Mineral Resources are carried at cost less any accumulated amortisation and any accumulated impairment losses.

1.5 Land and township development

The assets are recognised on the statement of financial position in accordance with IAS 2: Inventories. We are comfortable that a buyer will always be found due to the housing requirements around our mines. Because these assets are normally held for a period of longer than 12 months, they are however deemed to be non-current assets. These assets are held at the lower of cost and net realisable value.

Net realisable value tests are performed at each reporting date and represent the current sales price of the houses, less estimated costs to complete production and bring the houses to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Land and township development, which is an initiative in order to assist the company's employees to acquire their own affordable housing, is initially recognised at cost. Cost is determined on the basis of land acquisition, development and housing construction cost. Land and township development is derecognised when the risks and rewards of ownership of the property transfers to the employees.

Booysendal's main business is not the development of properties but is obligated under South African mining legislation to offer certain of its employees house ownership as part of their benefits. To that end, it constructs houses which are sold to employees. The houses are mainly for employees but third parties can also acquire these properties. Therefore, the main aim of the disclosure of the land and township development activities provided is qualitative by nature, i.e. social and community advancement and employee benefits. The main business of the company is mining Platinum Group Metals (PGMs).

1.6 Financial instruments

Financial instruments recognised on the statement of financial position include investments (including investments held in trust funds), cash and cash equivalents, long-term receivables, trade and other receivables, trade and other payables, loans and borrowings and provisional pricing arrangements. These are recognised when the company becomes party to the contractual agreements. All financial instruments are initially recorded at fair value, plus in the case of financial assets not at fair value through profit and loss, transaction costs, except for trade receivables that do not contain a significant financing component which are recognised at the transaction price.

Fair value

Where financial instruments are recognised at fair value, the instruments are measured at the amount for which an asset could be sold, or an amount paid to transfer a liability, in an orderly transaction in the principal or most advantageous market, at the measurement date under current market conditions regardless of whether this price is directly observable or estimated using a valuation technique. Fair values have been determined as follows: (i) where market prices are available, these have been used, and (ii) where there are no market prices available, fair values have been determined using valuation techniques incorporating observable market inputs or discounting expected cash flows at market rates.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or expense over the period of the instrument.

Effectively, this method determines the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, if appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

Financial assets

Financial assets are classified as either at amortised cost or fair value through profit or loss.

The classification of the financial asset is dependent on the purpose and characteristics of the particular financial asset and is determined at the date of initial recognition.

Investments classified as fair value through profit or loss

Investment held by Northam Platinum Restoration Trust Fund and the Environmental Guarantee Investment are classified as fair value through profit or loss.

After initial recognition, investments, which are classified as fair value through profit or loss, are re-measured at fair value with all gains or losses recognised directly in profit or loss.

Financial assets carried at amortised cost

Trade and other receivables, long-term receivables, loans to group companies and cash and cash equivalents are classified as at amortised cost. After initial recognition, receivables (except for provisional pricing receivables) are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the receivables are derecognised or impaired as well as through the amortisation process.

Provisional pricing receivables/derivative

Financial assets with provisional pricing arrangements (provisional pricing receivables) are recognised as a separate category of trade and other receivables and are accounted for as fair value through profit or loss.

Provisional pricing receivables are recognised when the company has satisfied its performance obligation relating to delivery of the product and has an unconditional right to the consideration that is due. This will be recognised when only the passage of time is required before payment is made by the customer. All fair value adjustments relating to the movements in this balance are recognised within revenue from fair value adjustments.

A provisional pricing derivative (financial liability) is recognised when payment by the customer made on provisionally priced goods results in an effective overpayment due to fluctuations in market factors until final pricing is confirmed. All fair value adjustments relating to the movements in this balance are recognised within revenue from fair value adjustments.

Provisional pricing receivables are reallocated to trade and other receivables and provisional pricing derivatives are reallocated to trade and other payables at the end of the quotational period once the consideration relating to the sale is no longer variable. The finalised consideration receivable / refundable is therefore no longer subject to fair value fluctuations.

Impairment of financial instruments

The company assesses at each reporting date whether a financial asset or group of financial assets is impaired. Impairments are based on expected credit losses (ECL).

ECLs are an estimate of credit losses over the life of a financial instrument and are recognised as a loss allowance or provision. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. Impaired debts are derecognised when they are assessed as uncollectible.

For trade receivables due in less than 12 months, the company applies the simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The company considers historical credit loss experience, adjusted for forward-looking factors, that could indicate impairments taking into account the specific debtor and economic environment.

The general approach requires the assessment of financial assets to be split into 3 stages:

Stage 1: no significant deterioration in credit quality. This identifies financial assets as having a low credit risk, and the asset is considered to be performing as anticipated. At this stage, a 12 month expected credit loss assessment is required.

Stage 2: significant deterioration in credit quality of the financial asset but no indication of a credit loss event. This stage identifies assets as underperforming. Lifetime expected credit losses are required to be assessed.

Stage 3: clear and objective evidence of impairment is present. This stage identifies assets as non-performing financial instruments. Lifetime expected credit losses are required to be assessed.

Financial liabilities

Financial liabilities are recorded initially at the fair value of the consideration received, which is cost net of any issue costs associated with the borrowings.

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on issue.

Borrowings and trade and other payables have been classified as financial liabilities.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial instruments

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when: the rights to receive cash flows from the asset have expired; the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either: (a) the company has transferred substantially all the risks and rewards of the asset or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

1.7 Inventories

Consumable stores

Consumable stores consist of consumable and maintenance stores and are valued at the lower of cost or net realisable value. Cost is determined on the weighted average cost basis. Consumable stores are under continual review and are written down in regard to age, condition and utility.

Metal on hand

Metal inventory is valued at the lower of the net realisable value and the purchase price or average cost of production less net revenue from sales of by-products in the ratio of the contribution of these metals to gross sales revenue. Production costs are allocated to platinum, palladium, rhodium and gold (joint products) by dividing the mine output into total mine production costs, determined on a six-month average basis except for concentrates and ore purchased which are recognised at the cost in the month in which they are purchased.

The average cost of normal production includes total costs incurred on mining and refining, including depreciation, less net revenue from the sale of by-products, including chrome, allocated to main products based on units produced under normal production.

Costs incurred in the production process, are appropriately accumulated as stockpiles, metal in process and final product inventories. Platinum, palladium, rhodium and gold (4E) are treated as main products and other platinum group and base metals produced as by-products, including chrome, which are not classified as inventory.

Stockpiles are measured by estimating the stockpiled tonnes, the number of contained 4E ounces based on assay data, and the estimated recovery percentage based on the expected processing method, but only if the stockpiles are considered material. Stockpile tonnages are also verified by periodic surveys.

In process and final inventories are carried at the lowest of average cost of normal production or purchase price and net realisable value.

Net realisable value tests are performed on a monthly basis and represent the expected sales price of the product based on prevailing spot metal prices at the reporting date, less estimated costs to complete production and bring the product to sale.

1.8 Non-current assets held for sale

The company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding finance costs.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale and the sale is expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

1.9 Provisions

Provisions are recognised when the company has a present obligation, whether legal or constructive, because of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised only when the reimbursement is virtually certain. The amount to be reimbursed is recognised as a separate asset.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

Decommissioning provision

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on an independent assessment of the future commercial closure costs in compliance with current technology, environmental and regulatory requirements.

Provision is made for the present value of the estimated future decommissioning costs at the end of the mine's life. A decommissioning asset is recognised as part of the underlying property, plant and equipment.

With regards to the provision, the estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the decommissioning provision due to the passage of time is recognised as a finance cost in profit or loss. Other changes in the carrying value of the provision subsequent to initial recognition are adjusted in the determination of the carrying value of the decommissioning asset as opposed to being recognised in profit or loss. If the adjustment results in an addition to the decommissioning asset, consideration is given as to whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the asset is tested for impairment by estimating its recoverable amount in accordance with the respective accounting policies.

Decommissioning liabilities are discounted over the period of the various mining rights.

Provision for restoration costs

Provision is made for the estimated cost to be incurred on long-term environmental obligations, comprising of expenditure on pollution control and closure over the estimated life of the mine.

The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money. The increase in the restoration provision due to the passage of time is recognised as a finance cost in profit or loss. In assessing the future liability, no account is taken of the potential proceeds from the sale of assets and metals from the plant clean-up.

The future liability is reviewed regularly and adjusted as appropriate for new facts and changes in legislation. The cost of ongoing programmes to prevent and control pollution and rehabilitate the environment is recognised as an expense when incurred.

Restoration liabilities are discounted over the period of the mining right, using an appropriate rate.

Environmental rehabilitation fund

The company may contribute to a dedicated trust fund, the Northam Platinum Restoration Trust Fund (the fund), to fund the expenditure on future decommissioning and restoration. Income earned by the fund is credited to the company's profit or loss in the period to which it relates.

The company controls the fund and therefore consolidates it.

The assets of the fund are separately administered and the company's right of access to these funds is restricted.

1.10 Revenue recognition

Revenue from contracts with customers is recognised when control is transferred to the customer. Revenue is at the amount to which the entity expects to be entitled in exchange for those goods or services.

Precious and base metal sales to Northam Platinum Limited

The majority of revenue from Platinum Group Metal (PGM) and base metal sales are generated from Northam Platinum Limited (Northam) the holding company. Metals are sold based on a concentrate sale agreement whereby Northam purchases the metal based on a percentage of the average quoted price for the month of delivery.

No adjustments are accounted for relating to volume of product or price on PGM sales to Northam as all these inputs are finalised on delivery date, which is the date on which revenue is recognised.

Precious and base metal sales to third parties

Revenue is recognised based on the initial assayed quantity of product; prevailing market prices and exchange rates. Revenue is accounted for when control has transferred to the customer on delivery and is based on the provisional pricing value which is the amount that reflects the best estimate of the consideration to which the company expects to be entitled in terms of the calculation of revenue to the end of the quotational period.

All fair value movements after the date of sale relating to provisionally priced amounts are recognised separately within revenue as revenue from fair value adjustments.

Chrome sales

Revenue from chrome sales is recognised based on the initial assayed quantity of product; prevailing market prices and exchange rates. Revenue is accounted for when control has transferred to the customer on delivery and is based on the provisional pricing value which is the amount that reflects the best estimate of the consideration to which the company expects to be entitled in terms of the calculation of revenue to the end of the quotational period.

Payment on chrome sales is made based on the initial assayed quantity of product and related market inputs. Adjustments to the provisional pricing value occurs at the reporting date and on finalisation of the sales transaction. A provisional pricing derivative is recognised, when payment by the customer made on provisionally priced goods results in an effective overpayment due to fluctuations in market factors until final pricing is confirmed. A provisional pricing receivable is recognised when the initial payment by the customer on the provisionally priced goods resulted in an underpayment due to the fluctuations in market factors until final pricing is confirmed.

All fair value movements after the date of sale relating to provisionally priced amounts are recognised separately within revenue as revenue from fair value adjustments.

Sundry income (including treatment charges)

Sundry income is recognised when the right to receive payment has been established.

Investment income

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the company.

Dividends are recognised when the right to receive payment is established.

1.11 Borrowing costs

Borrowing costs are charged to finance charges.

Borrowing costs that are directly attributable to the acquisition, construction or development of qualifying assets that require a substantial period of time to prepare for their intended use are capitalised. Capitalisation is suspended when the active development is interrupted and ceases when the activities necessary to prepare the asset for its intended use are complete. Other borrowing costs are recognised as an expense when incurred.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short-term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of the borrowing costs applicable to the borrowings of the company that are outstanding during the period.

1.12 Employee benefits

Short-term employee benefits

Remuneration to employees in respect of services rendered during a reporting period is recognised as an expense in that reporting period. Accruals are made for accumulated leave and are measured at the amount that the company expects to pay when the leave is used.

Share incentive plan (including the lock-in mechanism shares)

Awards granted to employees in terms of the rules of the Northam share incentive plan (the plan) are measured at fair value based on market prices at the date of grant (measurement date).

The shares awarded in terms of the rules of the plan comprise: retention shares, which vest after three years with no performance criteria, and performance shares, which also vest after three years. The final number of performance shares that the relevant employee will receive will be subject to certain performance criteria being met.

The company initially measures the cost of cash-settled transactions with employees using a market value model to determine the fair value of the liability incurred.

For cash-settled share-based payment transactions, the liability needs to be re-measured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in the annual financial statements.

Retirement benefits

Eligible employees are members of various defined contribution schemes. Employer contributions are recognised as an expense during the period in which the employees' services are rendered.

Medical benefits

Employer contributions in respect of current medical benefits are recognised as an expense during the period in which the employees' services are rendered.

Post-retirement medical costs

Eligible employees are members of a defined contribution scheme established to assist those employees to meet post-retirement medical costs.

Employer contributions are recognised as an expense during the period in which the employees' services are rendered. These contributions cease when the employees' services terminate.

1.13 Leases

At the inception of the contract, the company assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Company as lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises right-of-use liabilities for lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The company recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of right-of-use liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within property, plant and equipment.

Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. After the commencement date, the amount of right-of-use liabilities is increased to reflect the unwinding of interest and reduced for the lease payments made (amortised cost using the effective interest rate method). In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. A corresponding adjustment is made to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term and low-value leases

The company has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Company as lessor

Leases in respect of which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Operating lease payments for rental income received relating to mining properties are recognised as other income in profit or loss on a straight-line basis over the period of the lease.

1.14 Taxation

Current tax

The charge for current tax is based on the results for the year, as adjusted for by items that are exempt or disallowed, and is calculated using the enacted tax rates at the reporting date.

Where items are credited or charged directly to equity or other comprehensive income the tax effect is also recognised within equity or other comprehensive income as appropriate.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except where the 'initial recognition exception' applies; and in respect of 'outside' temporary differences relating to subsidiaries and associates.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profits will be available, against which the deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilised in the foreseeable future except where the 'initial recognition exception' applies; and in respect of 'outside' temporary differences relating to subsidiaries and associates.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income as appropriate and not in profit or loss.

Deferred income tax assets and liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and when they relate to income taxes levied by the same taxation authority and taxable entity.

Dividends Withholding Tax

The company withholds dividends tax on behalf of its shareholders on dividends declared at the enacted withholding tax rate. Amounts withheld are not recognised as part of the company's tax charge but rather as part of the dividend paid recognised directly in equity.

Uncertain tax positions

Judgements are required in respect of the application of existing tax laws in each jurisdiction and therefore the determination of the provision for income taxes.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax uncertainties based on the best estimate of whether additional taxes will be due.

Where the final tax outcome of any tax matters are different from the amounts that were initially reported, such differences will impact the income and deferred tax provisions in the period in which such determination is made.

In addition, future changes in tax laws in the jurisdictions in which the company operates could limit the ability of the company to obtain tax deductions in future periods.

1.15 Foreign currencies

The South African rand is the functional currency of the company.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as the date of the initial transaction.

2. Sales revenue

Sales revenue can be disaggregated into the following:

	30 June 2022	30 June 2021
	R000	R000
Revenue from contracts with customers	18 851 258	16 897 018
Revenue from fair value adjustments with regards to IFRS 9	112 780	(12 635)
	18 964 038	16 884 383

Sales revenue comprises revenue from the following metals

	30 June 2022	30 June 2021
	R000	R000
Platinum	3 253 117	2 880 646
Palladium	3 764 649	3 449 859
Rhodium	9 577 892	9 134 862
Gold	97 749	65 031
Iridium	782 909	488 364
Ruthenium	517 768	272 926
Nickel	254 186	124 399
Copper	43 553	24 896
Chrome	672 215	443 400
	18 964 038	16 884 383

Sales revenue comprises of the turnover of PGMs and related precious and base metals net of value added tax paid and trade discounts.

Most of the revenue generated, except for revenue generated from the sale of chrome and concentrate sold to honour the Everest off take agreement, is generated from Northam Platinum Limited (Northam).

All revenue is generated in South Africa.

Chrome provisional pricing receivables

Chrome sales allow for price adjustments based on the market price at the end of the relevant quotational period stipulated in the sales agreements. These are referred to as provisional pricing arrangements and are such that the selling price for chrome is based on prevailing spot prices on a specified future date after delivery to the customer. Adjustments to the sales price occur based on movements in quoted market prices up to the end of the quotational period. The period between provisional invoicing and the end of the quotational period can be between one and four months.

Provisional pricing receivables are non-interest bearing, but are exposed to future commodity price movements over the quotational period and are measured at fair value up until the date of settlement. Provisional pricing receivables are initially measured at the amount which the company expects to be entitled, being the estimate of the price expected to be received at the end of the quotational period.

The full value of the provisional invoice relating to chrome sales is received in cash a month after delivery. Any negative movement in the chrome price could therefore result in amounts required to be refunded to the customer (refer to note 27 and 28).

Platinum Group Metals provisional pricing receivables

To honour the Everest offtake agreement, the company now sells Platinum Group Metals concentrate from the Booysendal mine under terms containing provisional pricing features.

The salient features of the agreement contains payment terms calculated with reference to a Price Index (PI) based on ruling market prices over the month in which concentrate is delivered to the counterparty. The calculated PI is applied against assayed 4E content from delivered concentrate, and with a contractually-agreed fixed percentage being applied in respect of assayed base metals content from delivered concentrate. Where assayed results are not yet available in respect of delivered concentrate, an estimate of 4E content and base metals included in concentrate delivered during a particular month is made. The calculated USD-denominated purchase price (receivable from the counterparty) is converted in applying the average exchange rate over the month prior to the month of payment.

The concentrate purchase price calculated (with reference to the above) is payable four months following the month during which concentrate was delivered.

3. Operating costs

	30 June 2022	30 June 2021
	R000	R000
On mine operations	4 454 801	3 487 488
Concentrator operations	938 708	759 298
Chrome processing	31 671	28 965
Selling and administration overheads	169 116	144 977
Royalty charges	666 689	770 833
Share-based payment expense (refer to note 25)	72 380	347 188
Employee profit share scheme	18 994	13 796
Rehabilitation (refer to note 21)	3 022	(5 071)
	6 355 381	5 547 474

The analysis of operating costs per the principal prime cost categories are as follows:

	30 June 2022	30 June 2021
	R000	R000
Employee costs	1 989 963	1 611 642
Stores	–	1 578 535
Stores: Diesel and fuel	146 408	–
Stores: Other	1 894 262	–
Utilities: Electricity cost	410 291	324 598
Utilities: Water cost	26 959	20 175
Sundries	477 451	378 075
Royalty charges	666 689	770 833
Share-based payment expenses	72 380	347 188
Employee profit share scheme	18 994	13 796
Ore material purchased from surface sources	–	–
Contractors	710 356	542 766
Rehabilitation	3 022	(5 071)
Development cost capitalised to property, plant and equipment	(61 394)	(35 063)
	6 355 381	5 547 474

Details of stores are provided for improved disclosure:

	30 June 2022	30 June 2021
	R000	R000
Diesel and fuel	146 408	91 944
Other	1 894 262	1 486 591
	2 040 670	1 578 535

The corresponding litres of diesel consumed is as follows:

	30 June 2022	30 June 2021
	ℓ	ℓ
Booysendal operations	7 912 497	6 673 269

Details of stores are further provided for additional disclosure:

	30 June 2022	30 June 2021
	R000	R000
Chemicals	275 332	190 474
Equipment	909 622	748 585
Explosives	212 578	139 420
Steel	310 649	281 063
Support	97 920	60 537
Various	88 161	66 512
Stores: Other	1 894 262	1 486 591

The various components of operating costs as a percentage of total operating costs:

	30 June 2022	30 June 2021
	%	%
Employee costs	31.0	28.9
Stores	–	28.3
Stores: Diesel and fuel	2.3	–
Stores: Other	29.5	–
Utilities: Electricity cost	6.4	5.8
Utilities: Water cost	0.4	0.4
Sundries	7.4	6.8
Royalty charges	10.4	13.8
Share-based payment expenses	1.1	6.2
Employee profit share scheme	0.3	0.2
Ore material purchased from surface sources	–	0.0
Contractors	11.1	9.7
Rehabilitation	0.1	(0.1)
	100.0	100.0

4. Investment income

	30 June 2022	30 June 2021
	R000	R000
Interest received on cash and cash equivalents	35	54
Growth in Northam Platinum Restoration Trust Fund (refer to note 13)	3 442	3 484
Deemed interest on the interest-free home loans	2 586	1 258
Interest received from SARS	1 043	112
Other	157	144
	7 263	5 052

Below is a reconciliation of interest recognised on the effective interest rate mentioned in comparison to investment income disclosed above:

	30 June 2022	30 June 2021
	R000	R000
Interest recognised on the effective interest rate method	7 263	5 052
Total investment income	7 263	5 052

5. Finance charges

	30 June 2022	30 June 2021
	R000	R000
Unwinding of rehabilitation liability (refer to note 21)	(20 343)	(18 346)
Unwinding of Buttonshope liability (refer to note 22)	–	(686)
Finance costs relating to lease liabilities (refer to note 24)	(5 331)	(6 007)
Other	(52)	(3)
	(25 726)	(25 042)

6. Sundry income

	30 June 2022	30 June 2021
	R000	R000
Sale of scrap	6 779	5 589
Environmental guarantee investment income (refer to note 14)	1 135	742
Other	262	678
	8 176	7 009

7. Sundry expenditure

	30 June 2022	30 June 2021
	R000	R000
Contribution to the Northam Booysendal Community Trust	–	(2 360)
Donations	(198)	(103)
Land management	(9 106)	(8 146)
Contribution to the Buttonshope Conservancy Trust	–	(525)
Transition costs and standing time	–	(6 412)
Environmental guarantee costs (refer to note 14)	(2 514)	(1 549)
Accommodation and housing expenses	(1 103)	(994)
Other	(11 453)	(4 351)
	(24 374)	(24 440)

8. Taxation

	30 June 2022	30 June 2021
	R000	R000
Normal tax		
Current mining income tax charge	2 701 529	1 188 335
Adjustment in respect of current income tax of previous years	132	(1 693)
Deferred tax		
Current and prior year deferred tax charge	241 743	1 567 714
Change in the South African company tax rate from 28% to 27%	(161 200)	–
Charge for the year	2 782 204	2 754 356

A reconciliation of the standard rate of South Africa tax compared with that charged in the statement of profit or loss and other comprehensive income is set out below:

	%	%
South African companies tax rate	28.0	28.0
Prior year	0.0	0.0
Exempt income received	0.0	0.0
Expenditure incurred which is not deductible	0.0	0.1
Change in the corporate tax rate relating to the deferred tax balances	(1.5)	–
Effective tax rate	26.5	28.1

On 23 February 2022, the South African Minister of Finance confirmed that the corporate tax rate reductions announced in the 2021 budget speech would become effective for companies from the year of assessment ending on or after 31 March 2023. This would change the rate from 28.0% to 27.0%.

IAS 12.46 requires current tax liabilities and assets for the current and prior periods to be measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year. Likewise, IAS 12.47 states that deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax was therefore calculated at a tax rate of 27.0% as this is the expected rate to apply when the asset is realised or the liability is settled.

9. Property, plant and equipment

Property, plant and equipment balances are made up as follows:

	Shafts, mining development and infrastructure	Metallurgical and refining plants	Land and buildings	Other assets	Decommissioning and rehabilitation assets	Right-of-use assets	Assets under construction	Total
	R000	R000	R000	R000	R000	R000	R000	R000
Cost								
At 1 July 2020	8 318 377	2 165 331	119 378	191 466	52 930	72 048	437 657	11 357 187
Reassessment of IFRS 16 Leases (refer to note 24)	–	–	–	–	–	(400)	–	(400)
Additions	–	–	–	149	–	–	1 421 592	1 421 741
Transfer from assets under construction	1 067 526	115 799	–	22 775	–	–	(1 206 100)	–
Disposals and write-offs	–	–	–	–	–	–	–	–
Recognition of decommissioning asset (refer to note 21)	–	–	–	–	9 952	–	–	9 952
Closing cost as at 30 June 2021	9 385 903	2 281 130	119 378	214 390	62 882	71 648	653 149	12 788 480
Reassessment of IFRS 16 Leases (refer to note 24)	–	–	–	–	–	432	–	432
Additions	–	–	–	–	–	–	1 412 034	1 412 034
Transfer from assets under construction	1 507 821	75 977	–	9 569	–	–	(1 593 367)	–
Disposals and write-offs	–	–	–	–	–	–	–	–
Recognition of decommissioning asset (refer note 21)	–	–	–	–	3 131	–	–	3 131
Closing cost as at 30 June 2022	10 893 724	2 357 107	119 378	223 959	66 013	72 080	471 816	14 204 077

9. Property, plant and equipment continued

	Shafts, mining development and infrastructure	Metallurgical and refining plants	Land and buildings	Other assets	Decommissioning and rehabilitation assets	Right-of-use assets	Assets under construction	Total
	R000	R000	R000	R000	R000	R000	R000	R000
Accumulated depreciation								
At 1 July 2020	(1 224 735)	(372 785)	(15 479)	(67 187)	(14 118)	(11 615)	–	(1 705 919)
Depreciation	(409 002)	(80 725)	(4 410)	(13 555)	(1 534)	(10 661)	–	(519 887)
Accumulated depreciation balance as at 30 June 2021	(1 633 737)	(453 510)	(19 889)	(80 742)	(15 652)	(22 276)	–	(2 225 806)
Depreciation	(478 104)	(80 206)	(4 383)	(14 567)	(2 027)	(8 134)	–	(587 421)
Accumulated depreciation balance as at 30 June 2022	(2 111 841)	(533 716)	(24 272)	(95 309)	(17 679)	(30 410)	–	(2 813 227)
Net carrying value at 30 June 2021	7 752 166	1 827 620	99 489	133 648	47 230	49 372	653 149	10 562 674
Net carrying value at 30 June 2022	8 781 883	1 823 391	95 106	128 650	48 334	41 670	471 816	11 390 850

A register containing the information required by regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

Significant judgements and estimates: Impairment of assets and assessment of cash generating units

The company assesses, at each reporting date, whether there are indications that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An assets' recoverable amount is the higher of an assets' or cash generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets then the recoverable amount is determined for the CGU. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment testing requires management to make significant judgements concerning the existence of impairment indicators, identification of CGUs and estimates of projected cash flows. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

In assessing recoverable values, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining recoverable values, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly-traded companies or other available fair value indicators.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate to determine the net present value.

The company bases its impairment calculation on approved budgets and forecast calculations. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year, over the life of the mine.

The determined recoverable value is most sensitive to commodity prices, the US dollar exchange rate and the discount rate. Other judgements made by management include: total capital expenditure, operating costs, production levels, inflation factors and extent of life of mine.

The following key assumptions were made by management, which are based on management's interpretation of market forecast for the future.

		30 June 2022	30 June 2021
Long-term real platinum price	USD/oz	1 537	1 398
Long-term real palladium price	USD/oz	1 537	2 249
Long-term real rhodium price	USD/oz	18 079	17 991
Long-term real gold price	USD/oz	1 537	1 529
Long-term real ruthenium price	USD/oz	542	342
Long-term real iridium price	USD/oz	4 068	5 397
Long-term real nickel price	USD/t	18 079	16 192
Long-term real copper price	USD/t	9 040	7 646
Long-term real chrome price	USD/t	163	135
Long-term real exchange rate	ZAR/USD	R14.52	R14.36
Long-term real discount rate	%	11.34	10.00

All the above estimates are subject to risks and uncertainties including the achievement of mine plans, future commodity prices and exchange rates.

Management also estimated the recoverable amount of Mineral Resources (based on the *in situ* 4E available ounces) outside the approved mine plans.

For those assets, the recoverable amount is calculated on a fair value less cost of disposal basis taking into account earlier binding sales agreements between market participants as well as the market capitalisation of PGM exploration companies relative to their resources base. Below is the value that has been attributed to the recoverable value of Mineral Resources:

		30 June 2022	30 June 2021
4E *in situ* available ounces value	USD/oz	10.15	11.93

Based on the impairment assessment performed by management, the recoverable values for all CGU's are higher than their respective carrying values and therefore no impairment is required. The impairment assessment included sensitivities of both 10% as well as a 20% decrease in either commodity prices or the US dollar exchange rates with no impairment required.

10. Mining properties and Mineral Resources

	Mining properties	Mined mineral reserves	Unmined mineral reserves	Total
	R000	R000	R000	R000
Cost				
At 1 July 2021	–	737 332	5 843 409	6 580 741
Reallocation between current and project Mineral Reserves and Mineral Resources	–	833 596	(833 596)	–
At 30 June 2022	–	1 570 928	5 009 813	6 580 741
Accumulated depreciation				
Opening balance as at 1 July 2021	–	(228 289)	–	(228 289)
Depreciation	–	(58 968)	–	(58 968)
At 30 June 2022	–	(287 257)	–	(287 257)
Net carrying value at 30 June 2022	–	1 283 671	5 009 813	6 293 484

	Mining properties	Mined mineral reserves	Unmined mineral reserves	Total
	R000	R000	R000	R000
Cost				
At 1 July 2020	–	737 332	5 843 409	6 580 741
At 30 June 2021	–	737 332	5 843 409	6 580 741
Accumulated depreciation				
Opening balance as at 1 July 2020	–	(182 104)	–	(182 104)
Depreciation	–	(46 185)	–	(46 185)
At 30 June 2021	–	(228 289)	–	(228 289)
Net carrying value at 30 June 2021	–	509 043	5 843 409	6 352 452

Revaluation of Mineral Resources

	30 June 2022	30 June 2021
	R000	R000
Original value of Mineral Resources	48 771	48 771
Revaluation of assets	5 939 229	5 939 229
Revalued as at 31 December 2008	5 988 000	5 988 000
Revaluation of assets accounted for as:		
Non-distributable reserves	4 276 245	4 276 245
Deferred taxation at revaluation date	1 662 984	1 662 984
	5 939 229	5 939 229
Non-distributable reserve declared as a dividend *in specie* in prior years	(1 774 490)	(1 774 490)
Non-distributable reserve at year end	2 501 755	2 501 755

Mineral Resources have been acquired in a number of transactions:

	30 June 2022	30 June 2021
	R000	R000
Mvelaphanda unbundling transaction and the revalued mineral reserves included in the accounts of Micawber 278 Proprietary Limited	5 988 000	5 988 000
Acquisition of the additional De Brochen property	537 586	537 586
Acquisition of the Everest mining rights	55 155	55 155
	6 580 741	6 580 741

Significant judgements and estimates: Mineral Reserves and Mineral Resource estimates (life of mine)

The estimation of Mineral Reserves impacts depreciation and the recoverable value of assets.

Mineral Reserves are estimates of the amount of ore that can be economically and legally extracted from the company's mining properties. The company estimates its Mineral Resources based on information compiled by appropriately-qualified persons, relating to the size, depth, shape and metal tenor of the ore body. This requires complex geological judgements in interpretation. Consideration of economic factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs are then incorporated in the estimation of recoverable Mineral Reserves. Changes in the Mineral Reserves estimates may impact the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, recognition of deferred tax assets (if any) and depreciation and amortisation charges. The company estimates and reports Mineral Reserves in line with the principles contained in the South African Code for Reporting of Mineral Resources and Mineral Reserves of 2007, revised in 2016 (the SAMREC Code 2016).

Factors that impact the estimation of Mineral Reserves and Mineral Resources which may lead to variances between planned and achieved outcomes include the grade of Mineral Reserves, which may vary between estimations made and actual grade achieved:

- the grade of Mineral Reserves – deviation from the planned mining cut may result in the achieved grade varying from the grade of Mineral Reserves
- commodity prices, discount rates and foreign exchange rate estimations – variance in which may lead to different revenue outcomes; and
- operating, mining, processing and refining costs.

Cognisance is also given to the tenure of mining licenses relating to the operations when life of mine calculations are performed.

Refer to Northam Holdings' website, www.northam.co.za, for the group's Mineral Resources and Mineral Reserves statement as at 30 June 2022.

11. Land and township development

	30 June 2022	30 June 2021
	R000	R000
Lydenburg extension 79 – Booysendal Platinum Proprietary Limited	35 105	45 656
Lydenburg extension 78 – Booysendal Platinum Proprietary Limited	6 046	6 046
	41 151	51 702

These properties have been acquired in order to assist the company's employees to acquire affordable housing.

12. Long-term receivables

	30 June 2022	30 June 2021
	R000	R000
Interest-free home loans	16 651	11 618
Current portion of interest-free home loans (refer to note 17)	(3 394)	(2 230)
	13 257	9 388

Long-term receivables comprise balances due by employees in respect of Booysendal's employee home ownership scheme under interest-free home loans provided to qualifying employees.

The interest-free home loans are non-interest bearing loans provided to qualifying employees. These loans provided to qualifying employees are based on a portion of the value of the property acquired by the employee and are repayable over a maximum of 20 years from grant date. The average remaining repayment period is approximately 11 years. Furthermore, these loans are secured by a second bond over the residential properties.

There was R2.0 million (30 June 2021: R Nil) worth of long-term receivables which were impaired and fully provided for, relating to employees who have resigned and for whom the outstanding amounts needs to be settled in full.

The table below summarises the payment terms of the company's long-term receivables:

	30 June 2022	30 June 2021
	R000	R000
Current portion	3 394	2 230
Due within 1 − 5 years	4 938	3 747
Due within 5 − 10 years	4 122	3 092
More than 10 years	4 197	2 549
	16 651	11 618

The current interest-free home loans are neither in default nor impaired. Monthly instalments relating to the interest-free home loans are deducted from employees' salaries on a monthly basis. Should an employee resign, the interest-free home loan needs to be settled in full and any amounts still to be recovered from former employees have been provided for in full.

Significant judgements and estimates – Long-term receivables and the Expected Credit Losses (ECL)

An assessment of the ECL relating to long-term receivables is undertaken in terms of the requirements of IFRS 9 Financial Instruments at every reporting period. The balance of outstanding receivables relating to the suspensive sale agreements are examined and the expected amounts which are considered to be unrecoverable based on the impairment policy of the company are provided for.

The following specific judgements and estimates are applied by management in determining the potential impairment:

Interest-free home loans

- No amounts relating to the current interest-free home loans have been provided for as they are neither in default nor impaired and with no historical impairment on these loans. There has been no significant deterioration in credit quality and the probability of default has been assessed as minimal.
- Should an employee resign, the interest-free home loan needs to be settled in full. For these employees, the outstanding amounts are provided for in full until the payment arrangement has been completed. These loans are secured by a second bond over the property and the probability of default has been assessed as minimal.
- Interest-free home loan repayments are deducted from employees' salaries on a monthly basis and are secured with a second mortgage bond over the property.

The volatility of prevailing interest rates and the corresponding impact on the recoverability of long-term receivables should be considered as part of the determination of ECL.

All overdue amounts are provided for in terms of IFRS 9 Financial Instruments at the end of every reporting period and amounts recognised as receivables are those amounts still estimated to be recoverable.

13. Investments held by Northam Platinum Restoration Trust Fund

The company contributed to a dedicated environmental restoration trust fund to provide for the estimated decommissioning and environmental restoration cost at the end of the operation's life:

The balance of the fund comprises:

	30 June 2022	30 June 2021
	R000	R000
Balance at the beginning of the year	68 015	64 366
Income earned during the year	3 278	3 649
Balance at the end of the year	71 293	68 015

This investment, which mainly consists of cash, is separately administered and the group's right of access to these funds is restricted. The investment is managed by Stanlib Collective Investments (RF) Limited (Stanlib) and is made up of a fixed number of units which trades at specific values as noted below.

	30 June 2022	30 June 2021
	R000	R000
Stanlib Balanced Fund R	1 103	1 138
Stanlib Income Fund B2	49 578	46 265
Stanlib Institutional Money Market Fund B3	20 612	20 612
Balance at the end of the year	71 293	68 015

The Northam Platinum Restoration Trust Fund was established in 1996 to assist the group in making financial provision for the environmental rehabilitation in terms of the Minerals and Petroleum Resources Development Act, No. 28 of 2002, upon cessation of its mining operations.

For details with regards to the rehabilitation and decommissioning liability provision, refer to note 21.

Below is the accrued interest relating to the investment held by Northam Platinum Restoration Trust Fund which was included in trade and other receivables (refer to note 17).

	30 June 2022	30 June 2021
	R000	R000
Accrued interest relating to the Northam Platinum Restoration Trust Fund	811	647
	811	647

14. Environmental guarantee investment

The investment held with regards to the environmental guarantee investment was issued in terms of guarantees relating to the company's environmental liability. The investment as noted below has been provided as security for guarantees issued.

The balance of the fund comprises:

	30 June 2022	30 June 2021
	R000	R000
Opening balance	14 809	15 616
Contributions made during the year	12 401	–
Income earned during the year (net of fees)	1 135	742
Expenses and fees	(2 676)	(1 549)
	25 669	14 809

The annual contribution payable with regards to the environmental guarantee investment is calculated as 5% of the total environmental guarantees in issue.

The assets, which mainly consist of cash, are separately administered and the company's right of access to these funds is restricted.

This investment is managed by Guardrisk Insurance Company Limited and Centriq Insurance Company Limited.

The future value of the environmental obligation could either be paid over to the Northam Platinum Restoration Trust Fund over the remaining life of the operations, or through other financial provisions, insurance or financial products as approved by the Department of Mineral Resources and Energy in terms of The South African National Environmental Management Act, No.107 of 1998 (NEMA).

The environmental obligation will be financed, other than the amounts already covered by the investment held through the Northam Platinum Restoration Trust Fund, either by way of guarantees or other insurance products and not through cash contributions to the Northam Platinum Restoration Trust Fund, due to the uncertainty created by changes in legislation.

The group procures the issue of guarantees in respect of the unfunded decommissioning and restoration costs, not covered by the investment held through the Northam Platinum Restoration Trust Fund.

Below is a summary of the various environmental guarantees issued:

	30 June 2022	30 June 2021
	R000	R000
GR/G/20396/0311/0011	65 900	65 900
GR/G/20396/0315/0232	25 000	25 000
GR/G/20396/0417/0434	1 908	1 908
GR/G/20396/0517/0459	2 085	2 085
GR/G/02396/0618/0535	2 267	2 267
GR/G/02396/0618/0536	1 267	1 267
CQ/G/30381/0621/012	64 044	64 044
GR/G/20396/0421/0791	61 065	61 065
GR/G/20396/0222/0865	24 439	–
Total guarantees relating to Booysendal	247 975	223 536

15. Inventories

	30 June 2022	30 June 2021
	R000	R000
Metals on hand and in transit:		
Platinum	38 436	78 164
Palladium	39 132	98 041
Rhodium	104 224	262 277
Gold	572	1 641
Total metal inventories	182 364	440 123
Consumables at costs	183 271	159 501
Total inventories at the lower of cost and net realisable value	365 635	599 624

Below is a breakdown of inventory disclosed as own production and purchased material:

	Own production 30 June 2022	Purchased material 30 June 2022	Total metal inventories 30 June 2022
	R000	R000	R000
Platinum	38 436	–	38 436
Palladium	39 132	–	39 132
Rhodium	104 224	–	104 224
Gold	572	–	572
Total metal inventory	182 364	–	182 364

	Own production 30 June 2021	Purchased material 30 June 2021	Total metal inventories 30 June 2021
	R000	R000	R000
Platinum	77 258	906	78 164
Palladium	96 554	1 487	98 041
Rhodium	256 482	5 795	262 277
Gold	1 638	3	1 641
Total metal inventory	431 932	8 191	440 123

	Own production 30 June 2022	Purchased material 30 June 2022	Total metal inventories 30 June 2022
	R000	R000	R000
Change in metal inventories for the year	(249 568)	(8 191)	(257 759)

	Own production 30 June 2021	Purchased material 30 June 2021	Total metal inventories 30 June 2021
	R000	R000	R000
Change in metal inventories for the year	250 105	8 191	258 296

Below is a breakdown of inventory disclosed as own production and purchased material:

	Own production 30 June 2022	Purchased material 30 June 2022	Total metal inventories 30 June 2022
	oz	oz	oz
Platinum	10 761	–	10 761
Palladium	5 366	–	5 366
Rhodium	1 961	–	1 961
Gold	81	–	81
4E	18 169	–	18 169

	Own production 30 June 2021	Purchased material 30 June 2021	Total metal inventories 30 June 2021
	oz	oz	oz
Platinum	25 470	64	25 534
Palladium	13 064	41	13 105
Rhodium	4 483	22	4 505
Gold	328	1	329
4E	43 345	128	43 473

Metal inventory quantities on hand is allocated as follows:

	30 June 2022	30 June 2021
	oz	oz
Ore stockpile inventory	9 218	15 988
Concentrate in process	8 951	27 485
4E	18 169	43 473

The cost of sales figure disclosed in the statement of profit or loss and other comprehensive income approximates the cost of inventory expensed.

Included in cost of sales are R Nil (30 June 2021: R Nil) relating to metal inventory that was written down to net realisable value. Consumables to the value of R Nil (30 June 2021: R Nil) was written off during the year.

All inventory over and above pipeline material is considered excess inventory. No inventories are encumbered.

Significant estimates: Net realisable value and measurement of inventory

Work in progress metal inventory is valued at the lower of net realisable value and the average cost of production less net revenue from sales of by-products in the ratio of the contribution of these metals to gross sales revenue. Production costs are allocated to platinum, palladium, rhodium and gold (joint products) by dividing the mine output into total mine production costs, determined on a six-month average basis except for concentrates and ore purchased which are recognised at the cost at which it is purchased. The quantity of ounces of joint products in work in progress is calculated based on the following factors: Theoretical inventory is calculated by adding the inputs to the previous physical inventory and then deducting the outputs for the inventory period. The inputs and outputs include estimates due to the delay in finalising analytical values. The estimates are subsequently trued up to the final metal accounting quantities when available. The theoretical inventory is then converted to an in concentrate inventory by applying appropriate recoveries depending on where the material is within the production pipeline. The recoveries are based on actual results as determined by the inventory count and are in line with industry standards.

The nature of the production process inherently limits the ability to precisely measure recoverability levels. As a result, the metallurgical balancing process is monitored on an ongoing basis and the variables used in the process are refined based on actual results over time.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained 4E ounces is based on assay data, and the estimated recovery percentage is based on the expected processing method. Stockpile tonnages are also verified by independent third-party surveyors.

Non-current inventory is determined as inventory that will not be sold within the next 12 months.

Below is a summary of the commodity prices and exchange rate used to determine the net realisable value of inventories:

		30 June 2022	30 June 2021
Platinum	USD/oz	926	1 077
Palladium	USD/oz	1 890	2 623
Rhodium	USD/oz	13 775	20 275
Gold	USD/oz	1 831	1 776
Closing exchange rate at year end	ZAR/USD	R16.28	R14.28

The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Normal capacity is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance. The actual level of production may be used if it approximates normal capacity. The amount of fixed overheads allocated to each unit of production is not increased as a consequence of low production or an idle plant. Unallocated overheads are recognised as an expense in the period in which they are incurred.

Inventory is required to be assessed at each reporting period for possible write downs due to net realisable values being lower than the costs allocated to inventory.

Net realisable value tests represent the expected selling prices which are based on prevailing market prices, less estimated costs to complete production and to bring the product to sale.

All inventory is accounted for at the lower of cost and net realisable value.

All net realisable value adjustments have been disclosed.

16. Loans to group companies

	30 June 2022	30 June 2021
	R000	R000
Amounts due by Northam Platinum Limited	19 191 783	9 630 124
	19 191 783	9 630 124

The amounts due by Northam Platinum Limited, the holding company, does not attract any interest and is payable on demand.

17. Trade and other receivables

	30 June 2022	30 June 2021
	R000	R000
Trade receivables	61 424	17 194
Provisional pricing receivables	560 297	58 179
Prepayments and deposits	40 387	5 057
Accrued interest	811	647
South African Revenue Service – Mineral royalties	252 294	58 366
Current portion of interest-free home loans to employees	3 394	2 230
Other	3 236	1 008
	921 843	142 681

Trade and other receivables are unsecured, non-interest bearing and generally settled on 30-day terms. Trade and other receivables to the value of R Nil was provided for or impaired during the current financial year (30 June 2021: R Nil).

Prepayments relates to amounts repaid on insurance as well as machinery and equipment.

The carrying value of trade and other receivables approximate the fair value, due to their short-term nature.

The company did not have exposure to foreign currency denominated balances as at 30 June 2022 (2021: R Nil).

Provisional pricing receivables are made up as follows:

	30 June 2022	30 June 2021
	R000	R000
Chrome provisional receivables	560 297	58 179
Provisional pricing receivables	560 297	58 179

Chrome provisional receivables are settled within 45 days from date of delivery.

The table below summarises the maturity profile of the company's trade and other receivables:

	30 June 2022	30 June 2021
	R000	R000
Current	191 081	28 559
30 – 60 days	209 031	50 717
60 – 90 days	357 331	80
More than 90 days*	164 400	63 325
	921 843	142 681

**Management considers this amount to be fully recoverable*

Chrome provisional pricing receivables

Chrome sales allow for price adjustments based on the market price at the end of the relevant quotational period stipulated in the sales agreements. These are referred to as provisional pricing arrangements and are such that the selling price for chrome is based on prevailing spot prices on a specified future date after delivery to the customer. Adjustments to the sales price occur based on movements in quoted market prices up to the end of the quotational period. The period between provisional invoicing and the end of the quotational period can be between one and four months.

Provisional pricing receivables are non-interest bearing, but are exposed to future commodity price movements over the quotational period and are measured at fair value up until the date of settlement. Provisional pricing receivables are initially measured at the amount which the company expects to be entitled, being the estimate of the price expected to be received at the end of the quotational period.

The full value of the provisional invoice relating to chrome sales is received in cash a month after delivery. Any negative movement in the chrome price could therefore result in amounts required to be refunded to the customer (refer to note 27 and 28).

Platinum Group Metals provisional pricing receivables

To honour the Everest offtake agreement, the company now sells Platinum Group Metals concentrate from the Booysendal mine under terms containing provisional pricing features.

The salient features of the agreement contains payment terms calculated with reference to a Price Index (PI) based on ruling market prices over the month in which concentrate is delivered to the counterparty. The calculated PI is applied against assayed 4E content from delivered concentrate, and with a contractually-agreed fixed percentage being applied in respect of assayed base metals content from delivered concentrate. Where assayed results are not yet available in respect of delivered concentrate, an estimate of 4E content and base metals included in concentrate delivered during a particular month is made. The calculated USD-denominated purchase price (receivable from the counterparty) is converted in applying the average exchange rate over the month prior to the month of payment.

The concentrate purchase price calculated (with reference to the above) is payable four months following the month during which concentrate was delivered.

Significant estimate: Trade and other receivables and Expected Credit Losses (ECL)

The company applies the simplified approach in calculating ECLs and therefore recognises a loss allowance based on the financial assets' lifetime ECL at each reporting date. The company considers historical loss experiences, adjusted for forward looking factors, that could indicate impairments taking into account the specific debtor and economic environment.

Chrome debtor balances are held with only a limited number of selected premium customers and are generally on 45-day terms with no historical defaults.

Trade receivables have been assessed for ECL's, and the effect is considered to be negligible due to the company's history of recovery of these balances; as well as the credit rating of the customers that these balances are held with.

The assessment of the correlation between historical observed recovery rates, forecast economic conditions and ECLs is an estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Increased uncertainty in financial markets and the economy as a whole, has increased the risk of default on all financial assets, including trade and other receivables.

The company trades only with recognised, creditworthy third parties. It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

Sales are only made to customers with an appropriate credit history.

A detailed assessment was performed to confirm the recoverability of trade and other receivables at the reporting period and all balances are considered recoverable.

18. Cash and cash equivalents

	30 June 2022	30 June 2021
	R000	R000
Cash at bank and on hand	3 100	344
	3 100	344

Cash at bank earns interest at floating rates based on daily bank deposit rates.

For the purpose of the statement of cash flows, cash and cash equivalents comprise only the above balances as the company had no bank overdraft.

The carrying value approximates fair value.

Also refer to note 34 for fair value and financial risk disclosure.

19. Stated capital

	30 June 2022	30 June 2021
	R000	R000
Authorised share capital		
1 000 ordinary shares of no par value		
Issued share capital and fully paid		
284 no par value shares issued	8 675 932	8 675 932

All shares in issue have been issued to Northam Platinum Limited.

20. Deferred taxation

The principal components of the deferred tax asset and liability are as follows:

	30 June 2022	30 June 2021
	R000	R000
Deferred tax liability		
Revaluation of assets	–	(1 605 294)
Property, plant and equipment	(4 577 117)	(2 925 718)
Metal inventory	(8 724)	(19 300)
Restoration Trust Fund	(19 249)	(19 044)
	(4 605 090)	(4 569 356)
Deferred tax asset		
Employee benefits relating to leave provision	65 225	61 593
Decommissioning and environmental restoration provision	71 021	66 233
Share-based payment liability	92 639	141 858
Deferred income	7 056	9 791
Lease liabilities	13 989	15 958
Other	2 793	2 099
	252 723	297 532
Net deferred tax liability	(4 352 367)	(4 271 824)

The charge in the deferred tax balance is reconciled as follows:

	30 June 2022	30 June 2021
	R000	R000
Deferred tax liability at the beginning of the year	(4 271 824)	(2 704 110)
Charge for the year:	(80 543)	(1 567 714)
Metal inventory	10 576	(19 300)
Restoration Trust Fund	(205)	(1 022)
Revaluation of assets	1 605 294	11 671
Property, plant and equipment	(1 651 399)	(1 667 815)
Employee benefits relating to leave provision	3 632	23 439
Decommissioning and environmental restoration provision	4 788	6 504
Share-based payment liability	(49 219)	83 811
Deferred income	(2 735)	(2 785)
Lease liabilities	(1 969)	(2 261)
Other	694	44
	(4 352 367)	(4 271 824)

On 23 February 2022, the South African Minister of Finance confirmed that the corporate tax rate reductions announced in the 2021 budget speech would become effective for companies from the year of assessment ending on or after 31 March 2023. This would change the rate from 28.0% to 27.0%.

IAS 12.46 requires current tax liabilities and assets for the current and prior periods to be measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year. Likewise, IAS 12.47 states that deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year.

21. Long-term provisions

	30 June 2022	30 June 2021
	R000	R000
Opening balance	236 545	213 318
Change in decommissioning estimate (refer to note 9)	3 131	9 952
Change in restoration estimate (refer to note 3)	3 022	(5 071)
Unwinding of discount (refer to note 5)	20 343	18 346
	263 041	236 545

Below is a breakdown of the rehabilitation provision:

	30 June 2022	30 June 2021
	R000	R000
Provision for decommissioning costs		
Opening balance	141 129	120 789
Change in estimate (refer to note 9)	3 131	9 952
Unwinding of discount (refer to note 5)	12 137	10 388
	156 397	141 129
Provision for restoration costs		
Opening balance	95 416	92 529
Change in estimate (refer to note 3)	3 022	(5 071)
Unwinding of discount (refer to note 5)	8 206	7 958
	106 644	95 416
Total rehabilitation provision	263 041	236 545

On an annual basis, at year-end, a third party expert is engaged to estimate the decommissioning and restoration liability for Booysendal.

The future value of the environmental obligation could either be paid over to the Northam Platinum Restoration Trust Fund over the remaining life of the various operations, or through other financial provisions, insurance or financial products as approved by the Department of Mineral Resources and Energy in terms of the NEMA.

The environmental obligation will be financed, other than the amounts already covered by the investment held through the Northam Platinum Restoration Trust Fund, either by way of guarantees or other insurance products and not through cash contributions to the Northam Platinum Restoration Trust Fund, due to the uncertainty created by changes in legislation.

Northam procures the issue of guarantees in respect of the unfunded decommissioning and restoration costs, not covered by the investment held through the Northam Platinum Restoration Trust Fund.

Refer to note 13 and note 14 for further details on the Northam Platinum Restoration Trust Fund as well as the various environmental guarantees taken out.

Significant judgements and estimates: Determination of the rehabilitation and decommissioning liabilities

Northam's mining activities are subject to extensive environmental laws and regulations. These laws and regulations are continually changing and are generally becoming more onerous and more restrictive. Northam has incurred, and expects to incur in future, expenditure to comply with such laws and regulations, but cannot predict the full amount of such expenditure. Estimated future rehabilitation costs are based on current legal and regulatory requirements.

NEMA, as well as the MPRDA, which apply to all prospecting and mining operations, require that operations are carried out in accordance with generally accepted principles of sustainable development. It is a NEMA requirement that an applicant for a mining right must make prescribed financial provisions for the rehabilitation or management of negative environmental impacts, which must be reviewed annually.

In terms of NEMA, mining operations are required to make financial provisions for decommissioning and restoration costs that will be incurred upon the cessation of mining activities.

Northam makes full provision for the future commercial cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities. The restoration and decommissioning provision represents the present value of rehabilitation and decommissioning costs relating to mine sites, which are expected to be incurred once mining seizes. These provisions are based on assessments prepared by an independent third-party expert, SRK Consulting (South Africa) Proprietary Limited, with the Principal Scientist being James Lake Pr Sci Nat, Msc (Geochemistry).

The provision is based on the current best estimate for rehabilitation and decommissioning costs and is determined using commercial closure cost assessments and not the Department of Mineral Resources and Energy (DMRE) published rates. Management believes using commercial closure cost assessments more accurately reflects the potential future costs and therefore the liability. The commercial closure costs assessment is significantly more than what the liability would have been should the current published DMRE rates have been applied.

Financial provision is not required to be made for the decommissioning of certain structures, such as housing, which may have an alternative use.

The present value of the environmental restoration obligation was determined by applying a pre-tax discount rate of 8.6% (30 June 2021: 8.6%) and a long-term inflation rate of 6.0% (30 June 2021: 6.0%) over the remaining life of the various mines.

The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions which would affect future financial results. Furthermore, the timing of rehabilitation will likely depend on when the various operations cease to produce at economically viable rates which will, in turn, depend on future commodity prices and exchange rates, which are inherently uncertain.

On 20 November 2015, NEMA Financial Provisioning (FP) Regulations, 2015 (2015 FP Regulations) were promulgated, resulting in significant changes from the requirements contained in the MPRDA.

The 2015 FP Regulations were immediately applicable to applicants for a prospecting right, mining permit, mining right, exploration right or production right (i.e. new applicants). In terms of the 2015 FP Regulations transitional provisions, holders of a right or permit were able to elect to comply either within three months of their financial year-end or 15 months from promulgation of the 2015 FP Regulations. Due to an outcry from the minerals industry around the practical implications of complying within such a limited timeframe, holders of a right or permit were initially granted an extended transitional period of 39 months from the 2015 FP Regulations date of promulgation to comply.

The Environmental Minister published her intention to repeal the 2015 FP Regulations and publish the proposed 2021 Draft FP Regulations, being the third set of draft FP Regulations published since the 2015 FP Regulations. The 2021 Draft FP Regulations have not been enacted into law. It is envisaged that the final FP Regulations, based largely on the 2021 Draft FP Regulations, will be published shortly. This will also require publication of the NEMLAA IV Act, to inter alia align NEMA with the FP Regulations.

The FP regulatory framework has been subject to severe criticism and significant resistance since the promulgation of the 2015 FP Regulations. Following ad hoc amendments, extensions of the prescribed transitional period and becoming the subject of judicial challenge, the Department of Forestry, Fisheries and the Environment proposed an overhaul of the FP regime with the publication of the 2017 Draft FP Regulations. The 2017 Draft FP Regulations were viewed as more reasonable however were never enacted.

With a sector facing various extensive regulatory hurdles and uncertainty under the 2015 FP Regulations, promulgation of a final set of regulations was deemed as a priority at the time of publication of the 2017 Draft FP Regulations. Despite this, the 2019 Draft FP Regulations were only published for comment at the end of May 2019 and the 2021 Draft FP Regulations, the third attempt at overhauling the FP regime, were only published on 27 August 2021. The fifth itineration of the draft NEMA FP Regulations were published by the Department of Forestry Fisheries and Environment on 11 July 2022 for a 45 days commenting period.

Northam will comply with the relevant Financial Provision Regulations when required to do so.

22. Long-term liabilities

	30 June 2022	30 June 2021
	R000	R000
Buttonshope Conservancy Trust Liability	12 636	7 499
Current portion of Buttonshope Conservancy Trust Liability	(1 050)	(550)
	11 586	6 949

Previously, Booysendal donated a fixed amount of R400 000 per annum, with effect from F2016, regardless of the operational performance with a fixed increase of R25 000 per annum. During the current financial year at the request of the Buttonshope trustees, management agreed to increase the annual contribution to an amount of R1.0 million per annum (30 June 2021: R525 000), which will increase by R50 000 annually.

The long-term liability is made up as follows:

	30 June 2022	30 June 2021
	R000	R000
Opening balance	7 499	7 338
Modification on the Buttonshope liability	6 137	–
Unwinding of Buttonshope liability	–	686
Less amounts paid during the current year	(1 000)	(525)
	12 636	7 499

23. Long-term loans

	30 June 2022	30 June 2021
	R000	R000
Security of supply contribution	26 132	34 967
Current portion of security of supply contribution	(5 501)	(8 834)
	20 631	26 133

The security of supply contribution relates to amounts received to guarantee the supply of future product. These amounts will be recognised over the guaranteed supply period, which commenced during the 2017 financial year.

No further amounts will be received with regards to the security of supply contributions. Amounts previously received were once-off arrangements between the company and the customer.

24. Lease liabilities

	30 June 2022	30 June 2021
	R000	R000
Opening balance	56 994	65 068
Change in lease terms	432	(400)
Unwinding of interest	5 331	6 007
Payments made	(11 659)	(13 681)
Total lease liabilities	51 098	56 994
Current portion of lease liabilities	(7 954)	(11 216)
Non-current portion of lease liabilities	43 144	45 778

The following amounts relating to lease liabilities and associated right-of-use assets were recognised in profit or loss:

	30 June 2022	30 June 2021
	R000	R000
Depreciation expense for right-of-use assets (refer to note 9)	8 134	10 661
Finance costs relating to lease liabilities (refer to note 6)	5 331	6 007
Expenses relating to leases of low-value assets	4 574	4 175
	18 039	20 843

The lease liabilities relate to leases for accommodation and a notarial agreement of lease of land for the company.

Leases relating to accommodation are generally between five and ten years, with options to renew for an additional five years.

The notarial agreement for lease of land relating to the company is for the life of mine and is payable to the Bakoni Ba Phetla Communal Property Association.

The company also has certain leases of assets with low value, relating to leases for information technology and office equipment. The company has applied the lease of low value assets recognition exemptions for these assets under IFRS 16.

Refer to note 9 for a reconciliation on the right-of-use assets.

The maturity analysis of the lease liabilities is disclosed in note 34.

Significant estimate: Estimating the incremental borrowing rate

The company cannot readily determine the interest rate implicit to its leases. Therefore, the relevant incremental borrowing rate (IBR) is used to measure lease liabilities. The IBR is the rate of interest that the company would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment over a similar term, and with a similar security. The company estimates the IBR using observable inputs when available and considers certain contract and entity-specific judgements such as the lease term and the Northam groups' credit rating.

25. Share-based payment liability

	30 June 2022	30 June 2021
	R000	R000
Share-based payment liability	343 108	506 637
Short-term share-based payment liability	(77 157)	(210 423)
Long-term share-based payment liability	265 951	296 214

The movement in the share-base payment liability is made up as follows:

	30 June 2022	30 June 2021
	R000	R000
Opening balance	506 637	207 312
Share-based payment expense during the year (refer to note 3)	72 380	347 188
Shares settled in cash during the year	(235 909)	(47 863)
Total share-based payment liability	343 108	506 637

The short-term portion is based on the shares which will be settled or expire in the next 12 months. All other share-based payment liabilities are disclosed as non-current due to the contractual terms as per the Northam share incentive plan (SIP).

Share incentive plan (SIP)

The SIP was approved in 2011 when shareholders approved that the Northam share option scheme be discontinued and replaced by the SIP, as the scheme no longer served the primary purpose of attracting and retaining employees.

In order to avoid any future dilution, all shares will either be cash settled or equity settled through purchases in the open market. Currently all shares are treated as cash settled.

The remuneration committee of the group shall be entitled to determine that a participant shall receive the settlement amount in lieu of receiving the conditional shares (including Zambezi BEE Transaction conditional shares) on settlement.

The remuneration committee of the group, which is charged with overseeing the group's remuneration policy, reviews the performance criteria annually and revises them as economic and operational circumstances dictate.

The shares awarded in terms of the rules of the SIP previously comprised: retention shares, which vested after three years from grant date with no performance conditions, and performance shares, which vest after three years from grant date. The final number of performance shares that an employee will receive will be subject to certain performance conditions being met, which includes safety, production, unit cash cost and share performance. During the current year no retention shares were awarded, therefore all shares awarded have performance conditions attached which will ultimately determine the number of performances that will vest.

The remuneration committee of the group elects the settlement of all SIP awards of conditional shares in cash or with shares. Currently all awards are expected to be settled in cash and are therefore treated as cash settled. All awards will be subject to performance conditions.

All awards that had not yet vested but were cash-settled during the year relate to employees who retired or passed away.

Refer to the remuneration report of Northam Holdings for further details of the SIP and the various elements associated with the SIP.

Below is an analysis of share incentives held relating to performance and retention shares:

	30 June 2022 Retention shares	**30 June 2022** Performance shares	**30 June 2022** Total
	Number of awards	Number of awards	Number of awards
Balance as at 1 July 2021	328 725	992 470	1 321 195
Shares awarded during the year in terms of the rules of the SIP	–	345 510	345 510
Shares forfeited	(12 570)	(62 160)	(74 730)
Shares cash settled during the year	(163 395)	(495 610)	(659 005)
Balance as at 30 June 2022	152 760	780 210	932 970

	30 June 2021 Retention shares	**30 June 2021** Performance shares	**30 June 2021** Total
	Number of awards	Number of awards	Number of awards
Balance as at 1 July 2020	382 755	1 150 340	1 533 095
Shares awarded during the year in terms of the rules of the SIP	73 860	221 670	295 530
Shares forfeited	(12 705)	(208 086)	(220 791)
Shares cash settled during the year	(115 185)	(171 454)	(286 639)
Balance as at 30 June 2021	328 725	992 470	1 321 195

The following table lists the inputs to the model used for the valuation of the share-based payment liability for the year ended 30 June 2022:

	30 June 2022	**30 June 2022**	**30 June 2022**
	F2020 awards	F2021 awards	F2022 awards
Dividend yield (%)	–	–	–
Forfeiture rate (%)	10.0	10.0	10.0
Expected life of share awards (years)	0.34	1.34	2.34
30-day VWAP (R/share)	R174.83	R174.83	R174.83
Model used*	Market value	Market value	Market value
Valuation per share award (R/share)	R169.31	R153.92	R139.89

**Given that the value of the shares will be paid out, and not just the growth in the price, an option valuation model is not appropriate,* therefore the 30-day VWAP at year-end adjusted for dividends forfeited during the vesting period was used.

The following table lists the inputs to the model used for the valuation of the share-based payment liability for the year ended 30 June 2021:

	30 June 2021	**30 June 2021**	**30 June 2021**
	F2019 awards	F2020 awards	F2021 awards
Dividend yield (%)	–	–	–
Forfeiture rate (%)	10.0	10.0	10.0
Expected life of share awards (years)	0.35	1.34	2.34
30-day VWAP (R/share)	R220.33	R220.33	R220.33
Model used*	Market value	Market value	Market value
Valuation per share award (R/share)	R212.96	R193.86	R176.23

*Given that the value of the shares will be paid out, and not just the growth in the price, an option valuation model is not appropriate, therefore the 30-day VWAP at year-end adjusted for dividends forfeited during the vesting period was used.

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the incentive shares is indicative of future trends, which may not necessarily be the actual outcome.

Lock-in and incentive mechanism (LIM)

Below is a summary of the Lock-in and incentive mechanism incentives held:

	30 June 2022	30 June 2021
	Number of awards	Number of awards
Opening balance	400 000	200 000
Incentive mechanism shares awarded during the year	–	200 000
Zambezi Platinum (RF) Limited lock-in incentive mechanism share awards	400 000	400 000

The implementation of the Zambezi BEE Transaction resulted in a number of significant benefits for the group including compliance with the required empowerment criteria in terms of the MPRDA and the Mining Charter, as well as a significant cash injection to fund both acquisitions and organic growth.

However, the related Northam guarantee to the holders of the Zambezi preference shares may have resulted in a dilution for Northam shareholders, eroding shareholder value as a result.

Therefore, at the request of shareholders, Northam introduced a management incentive plan on implementation of the Zambezi BEE Transaction in 2015.

Vesting was previously subject to the satisfaction of the performance condition that Zambezi fully settles the redemption amount and fully settles or makes adequate provision for all its tax liabilities arising from settlement of the redemption amount. This was on the basis that no Northam guarantee liability would arise and no member of the group would have been required to give any direct or indirect financial assistance for the purpose of or in connection with, the settlement of the redemption amount.

In terms of the rules of the SIP (rules), a redemption by Zambezi of the Zambezi preference shares prior the original maturity date of the Zambezi preference shares, being 17 May 2025 (original maturity date) would have resulted in the Zambezi BEE Transaction conditional shares awarded to the management team under the LIM (participants) being subject to a proportionate vesting with the balance lapsing (proportionate vesting). The implementation of the composite transaction (as detailed in the circular to Northam shareholders dated 31 May 2021 (circular)) entailed the Zambezi preference shares being redeemed by Zambezi on or prior to the original maturity date, at Zambezi's election. The proportionate vesting could therefore occur as a result of the implementation of the composite transaction (or an element thereof) to the extent that Zambezi elects to redeem, and redeems, the Zambezi preference shares prior to the original maturity date.

In order to maintain the retention of the management team and to continue to incentivise the management team until the original maturity date, and to prevent the possible proportionate vesting upon implementation of the composite transaction (or an element thereof), the rules were amended, with effect from the implementation of the Zambezi Scheme (as contemplated in circular), being 23 August 2021 (Zambezi Scheme implementation date), to inter alia cater for:

- no proportionate vesting to occur if Zambezi elects to redeem, and redeems, the Zambezi preference shares prior to the original maturity date;
- the Zambezi BEE Transaction conditional shares, subject to the vesting condition (as defined in the rules) being fulfilled on such date, vesting on the original maturity date and the performance condition (as defined in the rules) relating thereto being deemed to have been fulfilled on such date;
- subject to certain provisions applicable in respect of no fault termination and early retirement (as defined in the rules), dividends which are declared and paid in respect of Northam shares from the Zambezi Scheme implementation date until the original maturity date shall notionally accrue to the Zambezi BEE Transaction conditional shares and the aggregate amount of such notional dividends shall be paid in cash to the participants within 30 days of the original maturity date, provided that the vesting condition has been fulfilled on the original maturity date.

This avoided a cliff vesting event and ensures continued alignment of the interests of the management team and Northam Holdings shareholders.

In terms of the LIM share awards, a maximum aggregate of five million shares could be awarded.

The following table lists the inputs to the model used for the LIM share valuation:

	30 June 2022	30 June 2021
	LIM shares	LIM shares
Dividend yield (%)	–	–
Forfeiture rate (%)	–	–
Expected life of share awards (years)	2.88	3.88
Spot price (R/share)	R171.29	R216.93
Model used*	Market value	Market value
Valuation per share award (R/share)	R171.29	R216.93

*Given that the value of the shares will be paid out, and not just the growth in the price, an option valuation model is not appropriate, but the share price at year-end adjusted for dividends forfeited during the vesting period was used.

All LIM share awards will vest on 17 May 2025, irrespective of the grant date.

26. Loans from group companies

	30 June 2022	30 June 2021
	R000	R000
Northam Platinum Limited	3 128 254	–
	3 128 254	–

The loan payable to Northam Platinum Limited has no fixed terms of repayment and are therefore stated as current.

Northam reserves the right to charge interest at market related rates.

27. Trade and other payables

	30 June 2022	30 June 2021
	R000	R000
Trade payables	518 630	624 305
Accruals	163 733	118 906
Concentrate purchase accrual	209 972	251 545
Capital accruals	17 338	55 380
South African Revenue Service - Value added tax	147 485	81 421
Employee related accruals	148 172	153 682
Provisional pricing payable	–	7 478
Other	39	38
	1 205 369	1 292 755

Trade payables are unsecured, non-interest bearing and are normally settled on 30-day payment terms.

The carrying value of trade and other payables approximate their fair value, due to their short-term nature.

Below are the uncovered foreign currency denominated balances as at 30 June included in trade and other payables above:

	30 June 2022	30 June 2021
Euro (€000)	14	36
€ closing exchange rate*	R17.07	R16.93
Trade and other payables denominated in € (R000)	241	614
US dollars (USD000)	7 407	–
USD closing exchange rate*	R16.28	–
Trade and other payables denominated in USD (R000)	120 586	–

*Rounded to the nearest cent

Refer to note 34 for the fair value and financial risk disclosure.

28. Provisional pricing derivative

	30 June 2022	30 June 2021
	R000	R000
Provisional pricing derivative	–	–
	–	–

Provisional pricing derivatives relate to amounts received in advance for chrome deliveries during the quotation period. Therefore, any negative movement in the chrome price subsequent to payment being received will result in a payable to the customer

Subsequent to the quotational price the selling price is finalised and any amounts that is required to be refunded is accounted for as a provisional pricing payable (refer to note 27).

29. Short-term provisions

	30 June 2022	30 June 2021
	R000	R000
Opening balance	120 664	92 170
Amounts raised during the year	186 907	151 998
Amounts utilised by employees during the year	(156 693)	(123 504)
	150 878	120 664

Short-term provisions are considered short-term employee benefits and are not measured in terms of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Employee entitlements to annual leave are recognised when they accrue to employees. An estimated liability for annual leave as a result of services rendered by employees up to the reporting date based on the basic cost of employment and available leave entitlement at that date is recognised.

30. Cash flows generated from operations

	30 June 2022	30 June 2021
	R000	R000
Profit before taxation	10 509 981	9 796 794
Adjusted for:		
Finance charges (refer to note 5)	25 726	25 042
Investment income (refer to note 4)	(7 263)	(5 052)
Movement in share-based payment liabilities (refer to note 25)	(235 909)	299 325
Movement in long-term provisions charged to operating costs	75 402	(5 071)
Movement in long-term receivables (refer to note 12)	(3 869)	(3 609)
Movement in short-term provisions (refer to note 29)	30 214	28 494
Depreciation and write offs (refer to note 9 and note10)	646 389	566 072
Other	5 137	(926)
	11 045 808	10 701 069

31. Movement in working capital

	30 June 2022	30 June 2021
	R000	R000
Movement in inventories	233 989	(279 068)
Movement in trade and other receivables	(778 998)	(37 937)
Movement in trade and other payables and provisional pricing derivatives	(49 344)	632 425
	(594 353)	315 420

32. Tax paid

	30 June 2022	30 June 2021
	R000	R000
Opening balance	125 617	3 074
Income tax charge to the statement of profit or loss and other comprehensive income	(2 701 661)	(1 186 642)
Closing balance	27 860	(125 617)
	(2 548 184)	(1 309 185)

33. Commitments

Capital and other commitments, including guarantees provided were as follows:

	30 June 2022	30 June 2021
	R000	R000
Capital commitments		
Authorised but not contracted	1 232 900	964 797
Contracted	254 056	195 557
	1 486 956	1 160 354

These commitments will be funded from a combination of internal retentions and debt.

Below is a summary of the bank guarantees issued as well as guarantees issued to the DMRE:

	30 June 2022	30 June 2021
	R000	R000
Bank guarantees		
Eskom Holdings SOC Limited	87 932	87 932
The Commission for Conciliation, Mediation and Arbitration (CCMA)	2 737	–
	90 669	87 932

	30 June 2022	30 June 2021
	R000	R000
Other environmental guarantees		
Department of Mineral Resources and Energy (refer to note 14)	247 975	223 536
	247 975	223 536

Other commitments

Booysendal has guaranteed the obligations of Northam in terms of a revolving credit facility and general banking facility for R5.0 billion (30 June 2021: R5.0 billion) entered into with Nedbank Limited. The guarantee is limited to the capital amount owing in terms of the facility, together with any unpaid interest and commitment fees. The group has undrawn banking facilities (which includes both the revolving credit facility and the general banking facility) of R3.6 billion (30 June 2021: R5.0 billion).

Booysendal has also issued guarantees in respect of notes issued under Northam's R15.0 billion Domestic Medium-Term Note (DMTN) Programme. The guarantees are limited to the capital amount owing in terms of the notes in issue, together with any unpaid interest and commitment fees. At year-end, a capital amount of R11.3 billion (30 June 2021: R7.8 billion) was outstanding in terms of the notes issued under the DMTN Programme.

Furthermore, Booysendal has guaranteed the payment obligations of Northam Holdings in respect of the deferred acquisition consideration and deferred option consideration (as defined in the Glossary included in the summarised financial results of Northam Platinum Holdings Limited), related to the interest in Royal Bafokeng Platinum Limited.

34. Financial risk management objectives and policies

The company's activities are exposed to a variety of financial risks, market risk (including foreign currency risk, interest rate risk and commodity price risks), credit risk and liquidity risks. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Financial risk management is carried out by the finance department. Policies are approved by the board of directors, which sets guidelines to identify, evaluate and manage financial risks in cooperation with the operating units. The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

The company's principal financial liabilities comprise loans and borrowings, as well as trade and other payables. The main purpose of these financial liabilities is to finance the company's operations and to provide guarantees to support its operations. The company has various financial assets such as trade and other receivables, investments, long-term receivables and cash and cash equivalents, which arise directly from its operations.

Market risk

Market risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise the following types of risk: foreign currency risk, interest rate risk, commodity price risk and other price risk, such as equity risk.

Foreign currency risk

The group operates on international commodity markets and is therefore exposed to foreign exchange risk primarily with respect to the US dollar. Foreign exchange risks arise from future commercial transactions and are recognised both in financial assets and liabilities. To manage foreign exchange risks arising from future commercial transactions, the company, from time to time, may use forward exchange contracts within board-approval limits.

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The company has transactional currency exposures. Such exposure arises from sales in currencies other than the functional currency. The majority of the company's sales are based on commodities which are denominated in currencies other than functional currency of the operating unit making the sale, whilst most of the costs are denominated in the functional currency, the South African Rand.

Below are the uncovered foreign currency denominated balances as at 30 June included in trade and other payables:

	30 June 2022	30 June 2021
Euro (€000)	14	36
€ closing exchange rate*	R17.07	R16.93
Trade and other payables denominated in € (R000)	241	614
US dollars (USD000)	7 407	–
USD closing exchange rate*	R16.28	–
Trade and other payables denominated in USD (R000)	120 586	–

*Rounded to the nearest cent

The following table demonstrates the sensitivity to a possible change in exchange rates with all other variables held constant, of the company's profit before tax due to changes in the fair value of monetary assets and liabilities, with a debit to profit or loss being disclosed in brackets. There is no direct impact on the company's equity.

	30 June 2022	30 June 2021
	R000	R000
ZAR weakening by 10% to the €	(24)	(61)
ZAR strengthening by 10% to the €	24	61
ZAR weakening by 10% to the USD	(12 059)	–
ZAR strengthening by 10% to the USD	12 059	–

The company did not enter into any foreign currency hedging contracts during the current or previous year.

The company has a policy of not hedging against foreign currency of commodity price fluctuations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The company's exposure to risk of changes in market interest rates relates primarily to the cash balance, and investments with floating interest rates.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the company's profit before tax (through the impact on floating rate borrowings and cash and cash equivalents). There is no direct impact on the company's equity.

	30 June 2022	**30 June 2021**
	R000	R000
Investments held by Northam Platinum Restoration Trust Fund (refer to note 13)		
Increase of 1%	713	680
Decrease of 1%	(713)	(680)
Cash and cash equivalents (refer to note 18)		
Increase of 1%	31	3
Decrease of 1%	(31)	(3)

The company monitors its exposure to fluctuating interest rates. Cash and cash equivalents are invested with short-term maturity dates, which exposes the company to cash flow interest rate risks.

Commodity price risk

The company is subject to commodity price risks as a result of the prices at which it sells its products being determined by reference to international commodity exchanges. PGMs are sold, with prices being fixed based on contractual terms relating to the month in which the product was sold.

At year-end the balances outstanding relating to provisional priced receivables and provisional pricing derivatives amounted to:

	30 June 2022	**30 June 2021**
	R000	R000
Chrome receivable	560 297	58 179
Total provisional priced receivables (refer to note 17)	560 297	58 179
Chrome payable (refer to note 27)	–	–
Provisional pricing derivatives	–	–
Total provisional pricing exposure	560 297	58 179

Chrome sales allow for price adjustments based on the market price at the end of the relevant quotational period stipulated in the sales agreements. These are referred to as provisional pricing arrangements and are such that the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after delivery to the customer. Adjustments to the sales price occur based on movements in quoted market prices up to the end of the quotational period. The period between provisional invoicing and the end of the quotational period can be between one and four months.

Provisional pricing receivables are non-interest bearing, but are exposed to future commodity price movements over the quotational period and are measured at fair value up until the date of settlement. Provisional pricing receivables are initially measured at the amount which the group expects to be entitled, being the estimate of the price expected to be received at the end of the quotational period.

Chrome provisional receivables are settled within 45 days from date of delivery.

The following is an indication of the effect that changes in provisionally priced receivables would have on profit before tax, should there be a change in commodity prices based on the outstanding accounts receivable balance at year-end. There is no direct impact on the company's equity

	30 June 2022	**30 June 2021**
	R000	R000
Weakening by 10% of the respective commodity prices	(56 030)	(5 818)
Strengthening by 10% of the respective commodity prices	56 030	5 818

The company did not enter into any commodity hedging contracts during the year under review.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities with banks and financial institutions. The company trades only with recognised, creditworthy third parties. It is the policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the exposure to bad debts is not significant.

With respect to credit risk arising from other financial assets of the company, which comprise cash and cash equivalents, investments and loans, the company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There is no material concentration of credit risk in cash and cash equivalents, trade and other receivables and loans. There are policies that limit the amount of credit exposure related to cash and cash equivalents to any single financial institution by only dealing with well-established financial institutions of high credit quality standing. The credit exposure to any one of the counterparties is managed by setting exposure limits which are approved by the board.

With regard to trade and other receivables, the sale of PGM's is made only to the holding company and chrome is sold to a single customer with an appropriate credit history. Trade receivables are presented in the statement of financial position net of any provision for impairment.

Credit risk relating to loans mainly consists of employee housing loans (refer note 12). These loans are secured by a second bond over residential properties. The maximum credit risk (before taking into account any collateral held) relating to the long-term receivables amount to R24.4 million (30 June 2021: R17.4 million).

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The group has undrawn banking facilities (which includes both the revolving credit facility and the general banking facility) of R3.6 billion (30 June 2021: R5.0 billion).

The company's treasury operations are managed by a reputable treasury management institution.

They assist in monitoring the risk of a shortage of funds by only depositing its surplus cash funds with major banks of high credit standing. They consider and monitor the maturity and returns of all financial investments. Management performs regular projected cash flow forecasts for the company.

Management regularly monitors rolling forecasts of the liquidity reserve comprising undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. Cash and cash equivalents are immediately available.

Prudent liquidity management enables the ongoing viability of our business including our ongoing growth strategy. It involves the management of sufficient cash and cash equivalents, as well as available funding through committed credit facilities.

The maturity profile of the company's financial liabilities for the year ended 30 June 2022 is set out below, into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date representing the undiscounted contractual cash flows:

	Payable on demand	1 – 6 months	More than 6 months	More than a year	Total
	30 June 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022
	R000	R000	R000	R000	R000
Trade payables	–	518 630	–	–	518 630
Accruals	–	163 733	–	–	163 733
Concentrate purchase accrual	–	209 972	–	–	209 972
Capital accruals	–	17 338	–	–	17 338
South African Revenue Service - Value added tax	–	147 485	–	–	147 485
Employee related accruals	–	148 172	–	–	148 172
Provisional pricing payable	–	–	–	–	–
Other	–	39	–	–	39
Lease liabilities	1 006	5 028	2 194	105 289	113 517

The maturity profile of the company's financial liabilities for the year ended 30 June 2021 is set out below, into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date representing the undiscounted contractual cash flows:

	Payable on demand	1 – 6 months	More than 6 months	More than a year	Total
	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021
	R000	R000	R000	R000	R000
Trade payables	–	624 305	–	–	624 305
Accruals	–	118 906	–	–	118 906
Concentrate purchase accrual	–	251 545	–	–	251 545
Capital accruals	–	55 380	–	–	55 380
South African Revenue Service - Value added tax	–	81 421	–	–	81 421
Employee related accruals	–	153 682	–	–	153 682
Provisional pricing payable	–	7 478	–	–	7 478
Other	–	38	–	–	38
Lease liabilities	948	4 737	6 060	112 167	123 912

Fair value

The fair value of financial instruments is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using other valuation techniques.

The fair values have been determined using available market information and appropriate valuation methodologies.

Management applies the established fair value hierarchy that categorises the inputs into valuation techniques used to measure fair value into three levels:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 – a technique where all inputs that have an impact on the value are observable, either directly or indirectly.

Level 3 – a technique where all inputs that have an impact on the value are not observable.

The provisional pricing derivatives and receivables are also classified as level 2 as the balances are underlined by quoted commodity prices.

Investments held in the Northam Platinum Restoration Trust Fund, environmental guarantee investment and Buttonshope Conservancy Trust are classified as level 1 as these balances are underlined by quoted (unadjusted) prices in active markets for identical assets.

There were no transfers of financial instruments between the various fair value levels during the current or previous year.

Capital management (including equity risk)

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. In addition, capital management objectives include the company's ability to continue as a going concern, in order to provide returns for shareholders and benefits to other stakeholders while maintaining an optimal capital structure to reduce the cost of capital.

The company manages its capital structure (which consists of equity) and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the year under review.

Categories of financial instruments

The following table summarises the classification of financial instruments for the company for the year ended 30 June 2022:

	Fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Non-financial instruments	Total
	30 June 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022
	R000	R000	R000	R000	R000
Long-term receivables	–	13 257	–	–	13 257
Investment held by Northam Platinum Restoration Trust Fund	71 293	–	–	–	71 293
Environmental guarantee investment	25 669	–	–	–	25 669
Subsidiary loans receivable	–	19 191 783	–	–	19 191 783
Trade and other receivables	560 297	109 252	–	252 294	921 843
Cash and cash equivalents	–	3 100	–	–	3 100
Long-term loans	–	–	(26 132)	–	(26 132)
Trade and other payables	–	–	(1 057 884)	(147 485)	(1 205 369)
Subsidiary loans payable	–	–	(3 128 254)	–	(3 128 254)
Provisional pricing derivatives	–	–	–	–	–

The following table summarises the classification of financial instruments for the company for the year ended 30 June 2021:

	Fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Non-financial instruments	Total
	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021
	R000	R000	R000	R000	R000
Long-term receivables	–	9 388	–	–	9 388
Investment held by Northam Platinum Restoration Trust Fund	68 015	–	–	–	68 015
Environmental guarantee investment	14 809	–	–	–	14 809
Subsidiary loans receivable	–	9 630 124	–	–	9 630 124
Trade and other receivables	58 179	26 136	–	58 366	142 681
Cash and cash equivalents	–	344	–	–	344
Long-term loans	–	–	(34 967)	–	(34 967)
Trade and other payables	–	–	(1 211 334)	(81 421)	(1 292 755)
Provisional pricing derivatives	–	–	–	–	–

35. Related parties

Below is a summary of the key related party transactions:

Guarantees

Northam Platinum Limited (Northam) currently has finance facilities available in the form of a revolving credit facility (RCF) of R4.0 billion (30 June 2021: R4.0 billion) and a general banking facility (GBF) to the value of R1.0 billion (30 June 2021: R1.0 billion) with Nedbank Limited. Booysendal Platinum Proprietary Limited (Booysendal) and Eland Platinum Proprietary Limited (Eland) have both signed a letter of guarantee concerning these facilities.

In addition, during December 2021 Northam obtained a Bridge facility from Nedbank Limited to the value of R3.0 billion. Northam Platinum Holdings Limited, Booysendal and Eland have all signed a letter of guarantee relating to this facility.

Northam Holdings and Royal Bafokeng Investment Company Holdings Proprietary Limited (RBIH) entered into a pledge and cession agreement in terms of which Northam Holdings has pledged and ceded in securitatem debiti the 93 930 378 Royal Bafokeng Platinum Limited shares and the relevant option shares acquired by Northam Holdings for the deferred option consideration (to the extent applicable), in favour of RBIH as security for the payment by Northam Holdings of the deferred acquisition consideration and deferred option consideration, to the extent applicable.

Furthermore, Northam, Booysendal and RBIH have entered into a guarantee, in terms of which Northam and Booysendal guarantee the payment obligations of Northam Holdings in respect of the deferred acquisition consideration and deferred option consideration.

In addition, as at 30 June 2022, Northam had DMTNs in an aggregate amount of R11.3 billion (30 June 2021: R7.8 billion) in issue on the debt capital market. These DMTNs were issued under the R15.0 billion DMTN Programme. Booysendal is a guarantor for these issued DMTNs.

Other related party transactions

SSG Holdings Proprietary Limited (SSG)

The Northam group has a 33.7% (30 June 2021: 33.7%) interest in SSG Holdings Proprietary Limited, owning 3 000 shares out of 8 900 issued shares.

SSG Holdings Proprietary Limited provides security and facility services to the group.

Below is a summary of transactions between the company and SSG Holdings Proprietary Limited:

	30 June 2022	**30 June 2021**
	R000	R000
SSG Facilities Proprietary Limited	8 627	8 669
SSG Securities Solutions Proprietary Limited	37 350	35 241
Security and facilities services provided by SSG Holdings Proprietary Limited to the company during the year accounted for as part of operating costs	45 977	43 910
Amounts payable to SSG Holdings Proprietary Limited included as part of trade payables	4 400	4 418

The table below summarises the executive directors' remuneration which was paid by the holding company, Northam:

	30 June 2022	30 June 2021
	R000	R000
PA Dunne	57 656	43 718
AH Coetzee	26 249	16 053
LC van Schalkwyk	23 732	18 112

37. Events after the reporting period

There have been no events, other than what has been disclosed, subsequent to the year-end which require additional disclosure or adjustment to these annual financial statements.

ADMINISTRATION AND CONTACT INFORMATION

Booysendal Platinum Proprietary Limited
Incorporated in the Republic of South Africa
Registration number: 2002/016771/07

Holding company
Northam Platinum Limited
Incorporated in the Republic of South Africa
Registration number 1977/003282/06
Debt issuer code: NHMI

Bond code: NHM015
Bond ISIN: ZAG000164922
Bond code: NHM016
Bond ISIN: ZAG000167750
Bond code: NHM018
Bond ISIN: ZAG000168097
Bond code: NHM019
Bond ISIN: ZAG000168105
Bond code: NHM020
Bond ISIN: ZAG000172594
Bond code: NHM021
Bond ISIN: ZAG000181496
Bond code: NHM022
Bond ISIN: ZAG000190133

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Anonymous whistleblower facility
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