ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 116 to 207 have been prepared under the supervision of the chief financial officer, Mr AZ Khumalo CA (SA). The annual financial statements have been audited by Ernst & Young Inc.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS AND COMPANY SECRETARY'S CONFIRMATION

In approving the annual financial statements the directors hereby confirm:

1. That they are responsible for the preparation, integrity and fair presentation of the annual financial statements of Northam and its subsidiaries. The auditors are responsible for auditing and reporting on whether the financial statements are fairly presented. Their report appears on page 115.
2. 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.
3. The annual financial statements presented on pages 116 to 207 have been prepared in accordance with International Financial Reporting Standards as more fully described on pages 128 to 145. 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.
4. Adequate accounting records and an effective system of internal controls and risk management have been maintained during the entire financial year.
5. They have reviewed the additional information included in the annual report and are responsible for both the accuracy and consistency with the annual financial statements.
6. The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the group will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the company and the group.
7. 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 including minutes of all meetings of shareholders, the board of directors and committees of the board. 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 presented on page 115.
8. A corporate governance report appears on pages 20 to 25 and includes information regarding the group's compliance with the King lll Code.

The annual financial statements were approved by the board of directors on 25 September 2015 and are signed on its behalf by:

PL Zim	**PA Dunne**	**AR Martin**
Chairman	Chief executive	Chairman – audit and risk committee

Johannesburg
25 September 2015

COMPANY SECRETARY'S CONFIRMATION

I, PB Beale, in my capacity as company secretary of Northam, hereby certify in terms of section 88(2) of the Companies Act that all returns and notices required of a public company in terms of the Act have, in respect of the year under review, 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

Johannesburg
25 September 2015

REPORT OF THE AUDIT AND RISK COMMITTEE

RESPONSIBILITIES OF THE COMMITTEE

The committee, which operates in terms of a mandate approved by the board meets at least five times a year. Its responsibilities include:

- The appointment and evaluation of external auditors and their terms of engagement;
- The appointment and evaluation of the internal auditors and their mandate;
- The approval of remuneration of external and internal auditors;
- Ensuring the independence of external and internal auditors;
- Ensuring that the appointment of both the external and internal auditors is made in compliance with the provisions of the Companies Act;
- The approval of non-audit work which may be performed by the external auditors which includes tax compliance services, assurance related work in respect of any corporate actions and opinions not related to any prohibited services;
- Approving the internal audit plan;
- Approving the external audit plan without infringing on the auditors independence ;
- Reviewing interim and preliminary results of the company;
- Reviewing and recommendation to the board for approval the interim report and preliminary announcement of results, the annual financial statements and the annual integrated report;
- Ensuring that the risks of the company are adequately assessed and monitored by management through a risk register, and ensuring that such risks are properly mitigated;
- Ensuring that internal controls of the company are implemented, effective and monitored;
- Ensuring a cordial working relationship between management and internal auditors; and
- To deal appropriately with any concerns or complaints raised by any of the company's stakeholders relating to accounting policies or practices and internal audit, content or auditing of the company's financial statement, internal financial controls or any related matter.

APPROPRIATENESS OF THE EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER

In terms of the JSE listings requirements, the audit and risk committee has satisfied itself as to the appropriateness of the expertise and experience of the chief financial officer.

APPOINTMENT OF EXTERNAL AUDITORS

The committee confirms the skills, independence, audit plan, reporting and overall performance of the external auditors are acceptable and that it recommends their re-appointment for the financial year ending 30 June 2016.

GOING CONCERN STATEMENT

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

ANNUAL FINANCIAL STATEMENT

The committee has:

- Reviewed and discussed the audited annual financial statements included in the annual integrated report with the external auditors, the chief executive officer and the chief financial officer;
- Reviewed the external auditor's management letter and management's response thereto; and
- Reviewed significant adjustments resulting from external audit queries and accepted any unadjusted audit differences; and received and considered reports from the internal auditors.

The committee 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 financial statements, which will be open for discussion at the forthcoming AGM.

AR Martin

Chairman – audit and risk committee

Johannesburg

25 September 2015

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NORTHAM PLATINUM LIMITED

We have audited the consolidated and separate financial statements of Northam Platinum Limited set out on pages 116 to 207, which comprise the statements of financial position as at 30 June 2015, the statements of comprehensive income, statements of changes in equity and statement of cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Northam Platinum Limited as at 30 June 2015, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2015 we have read the report of the audit and risk committee, the company secretary's certificate and the directors' report for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst & Young Inc

Director – Mike Herbst
Registered auditor
Chartered accountant (SA)

102 Rivonia Road
Sandton
25 September 2015

DIRECTORS' REPORT

The directors have pleasure in submitting their report for the year ended 30 June 2015. The review of the group's business performance is set out on pages 45 to 111, whilst the nature of business is described in the corporate profile which appears on page 3.

MAIN BUSINESS AND OPERATIONS

Booysendal mine

Booysendal mine came into production on 1 July 2013 and has continued the progressive ramp-up to its annual steady-state PGMs production target of 160 000oz, which is planned for achievement in the first half of F2016.

Operationally good progress is being made with the equipping of the last two production sections, scheduled for October 2015, to complete the original capital footprint. The concentrator performed well above its nameplate capacity in the last three months of the year, achieving an average recovery of 86%. The plan to exploit the Merensky reef from the existing footprint advanced well with the box cut completed and the development of the declines in progress to extract a bulk sample for metallurgical test work. This work is expected to be complete in the second half of F2016 following which a decision will be made on developing a Merensky mining module.

During the F2016 conceptual design work on exploiting the Booysendal South orebody (including the former Everest infrastructure) will be progressed to a feasibility study. The decision to begin construction of new mining modules will be taken against the background of current and expected PGM market conditions and the potential return on investment.

The feasibility is expected to cost R22.0 million and will be completed by May 2016.

For the year as a whole Booysendal's run-of-mine production totalled 1 670 437 tonnes (F2014: 1 233 089 tonnes) with the tonnage milled increasing to 1 786 375 tonnes (F2014: 1 517 109 tonnes) at a head grade of 2.6g/t (F2014: 2.6g/t).

Zondereinde mine

The Zondereinde mine (which incorporates Northam Chrome Producers Proprietary Limited (NCP), a company that receives and treats UG2 tailings from the mine to produce chrome), is operating at steady state, and its performance during the year under review reflects this stability and our confidence in its sustainability. Despite the No.1 shaft incident early in the financial year, and the one-week work stoppage in January, Zondereinde delivered 795 885 tonnes (F2014: 803 736 tonnes) of Merensky reef to its processing plant at a head grade of 5.7g/t (F2014: 5.8g/t). UG2 tonnages came in at 1 064 499 tonnes (F2014: 920 420 tonnes) to the processing plant at a head grade of 4.3g/t (F2014: 4.3g/t).

This blend of reef resulted in the overall head grade falling to 4.9g/t (F2014: 5.0g/t). Metals produced from underground increased to 7 950kg (F2014: 7 331kg) and that in concentrates purchased was 2 338kg (F2014: 1 975kg) (including Booysendal sales to Zondereinde following the change in accounting for sales within the group from 1 June 2015 in terms of which Booysendal now sells all its stock to Zondereinde). At the year's end available ore reserves on the Merensky reef were sufficient for 20 months' production and on the UG2 reef for 24 months'.

Overall the Zondereinde mine operated well during the year. However, mining flexibility on the Merensky reef horizon remains constrained owing to challenging geological conditions, particularly in the north-west quadrant of the mine. Production from the UG2 horizon is relatively easier. With planned modifications to the processing plant, the smelter will be in a position to accommodate a higher proportion of UG2 reef. Future production from Zondereinde is consequently planned at a 65:35 UG2: Merensky ratio for 21 years.

Construction of the decline section has progressed satisfactorily with the conveyor decline on the 16 level elevation and good progress is being made in developing the barrels of the material incline between 14 and 16 levels. An underground refrigeration plant was commissioned during the year on 13 level which has improved environmental conditions in the deepening section of the mine markedly. The completion of this suite of infrastructure will provide access to good quality Merensky reef and increase the life of Zondereinde to more than 20 years.

Wage negotiations started in May 2015 and were successfully concluded after the year end with the signing of a three year agreement with the NUM.

ASSOCIATES AND JOINT VENTURES

The group has an interest in the following entities and joint ventures:

Dwaalkop joint venture

This project is a PGM development opportunity in joint venture with Lonmin plc. The group's share of the exploration expenditure amounted to R0.2 million (2014: R0.7 million), which was charged to sundry expenditure. The carrying value of the group's investment is R136.2 million after impairment charge of R164.5 million in F2015 (2014: R300.7 million). Further details of the group's interest in Dwaalkop are set out in Annexure 2 on page 186.

Kokerboom joint venture

This is an early stage Iron Oxide Copper Gold and Massive Sulphide deposit situated in the Northern Cape Province, The exploration is being undertaken in joint venture with two other parties, with the group having a 51% interest. The group spent R1.5 million (2014: R1.3 million), during the year, which was charged to sundry expenditure.

Pandora joint venture

As a consequence of the low PGM prices which adversely affected all PGM mining companies the Pandora joint venture recorded a loss, of which the group's share was R10.7 million (2014: loss of R3.3 million). The carrying value of the group's investment was R70.7 million (2014: R114.9 million) after an impairment charge of R40.5 million in F2015. Further details of the group's interest in Pandora are set out in Annexure 2 on page 186.

Trans Hex

The group has a 20.3% interest in this company, a diamond producing and marketing company, which is listed on the JSE. The group's share of earnings from Trans Hex, including its share of other comprehensive income amounted to R35.0 million (2014: 5.5 million). The carrying value of the group's investment amounted to R68.9 million (2014: R79.4 million) after an impairment charge of R34.1 million. Further details of the group's interest in Trans Hex are set out in Annexure 2 on page 186.

CORPORATE GOVERNANCE

In line with the recommendations of King lll, the board of directors subscribes to high standards of ethical leadership, business sustainability, stakeholder engagement and sound corporate governance. The board and management recognise that effective governance underpins the group's reputation and its performance, and serves to promote full accountability and transparency.

The board ensures that its composition is appropriate in terms of skills, knowledge, experience, independence and gender in accordance with the provisions of its board charter and MOI, available on the Northam website at www.northam.co.za. It also takes responsibility for corporate strategy and the management of risk and opportunities of the group which are executed within the confines of its corporate governance structure.

Northam complies with the JSE listings requirements, applicable statutes, regulatory requirements and other authoritative directives regulating its conduct. Further details on the group's corporate governance practices are set out in the corporate governance report on page 20 to 25.

DIRECTORS' REPORT CONTINUED

MINING LICENCES

Booysendal mine

Booysendal Platinum Proprietary Limited (formerly Micawber 278 Proprietary Limited), a 100% owned subsidiary of Northam, holds a consolidated new order mining right for the Booysendal mine which covers an area of approximately 15 151 hectares on the farms Booysendal 43 JT, Buttonshope 51 JT, Der Brochen 7 JT, Draaikraal 48 JT, Hebron 5 JT, Hermansdal 3 JT, Kliprivier 73 JT, Pietersburg 44 JT, Uysedoorns 47 JT, Johannesburg 45 JT, Sheeprun 50 JT and Sheeprun 179 JT.

Zondereinde mine

Northam holds two new order mining rights in respect of the Zondereinde mine covering an area of approximately 7 625 hectares on the farms Aapieskraal 377 KQ, Amandelbult 383 KQ, Elandsfontein 386 KQ, Grootkuil 376 KQ, Kopje Alleen 422 KQ, Middeldrift 379 KQ, Vrugbaar 381 KQ, Vrugbaar 387 KQ, Witvley 423 KQ and Zondereinde 384 KQ.

The converted new order mining rights were executed on 13 July 2011 and have been lodged for registration in the Mining Titles Registration Office (MTRO).

FINANCIAL RESULTS

The accounting policies, statements of financial position, statements of profit or loss and other comprehensive income, statements of cash flow and statements of changes in equity and notes to the financial statements, on pages 128 to 207, reflect the financial results and position of the company and the group.

DIVIDENDS

Given the current difficult conditions in the industry and the potential cash requirements of the group's operations and, for the development of its assets, the board has resolved not to declare a dividend for the F2015 year. (F2014: Rnil)

STATED CAPITAL

The authorised share capital of the company increased for the Northam BEE transaction, from 545 000 000 shares to 2 000 000 000 shares. The increase in share capital was approved by shareholders at the general meeting (GM) held on 19 March 2015, as defined in the transaction circular dated 17 February 2015.

In terms of the Northam BEE transaction, 112 195 122 shares (22% of the issued share capital) were allotted and issued to Zambezi Platinum on 18 May 2015, resulting in the issued share capital at 30 June 2015 increasing to 509 781 212 (2014: 397 586 090) shares.

No shares were allotted and issued to participants of the Northam Share Option Scheme or the Northam Share Incentive Plan during the year.

REPURCHASE OF ISSUED SHARES

At the GM held on 19 March 2015 shareholders approved a special resolution granting a general authority for the repurchase of ordinary shares by the company (or any one of its wholly-owned subsidiaries), subject to the JSE listings requirements and the provisions of the Companies Act. No shares were repurchased in the current or prior year. This general authority is valid until the company's next AGM or for 15 months from the date of the aforementioned resolution (being 19 March 2015) whichever period is the shorter. Approval to renew this general authority will be sought at the AGM to be held on Wednesday, 11 November 2015.The text of the necessary special resolution, as well as the reasons therefor and the effects thereof, appear in the notice of AGM on page 5, which forms part of the abridged annual report.

BORROWINGS AND BORROWING POWERS

In terms of the MOI the directors may borrow for purposes of the company, such sums as they deem fit.

In November 2011 the company entered into a five-year revolving credit facility agreement with Nedbank Limited for an amount of R1 billion. An additional R400 million revolving credit facility was arranged during F2014, which was available until March 2015. There were limited drawings from the facility during the year and which were repaid by 30 June 2015. There have been no drawings from this facility between the reporting date and the date of this report.

On 3 September 2012 the company announced that it had raised R1.25 billion through the issue of senior unsecured floating rate notes, in terms of the company's R2 billion domestic medium term note (DMTN) programme dated 3 August 2012. On 11 July 2013, the company announced that a further R120.0 million had been raised in the domestic capital market through the DMTN programme.

These funds have been used for the development of the Booysendal mine, the deepening project at the Zondereinde mine and other operational and working capital requirements of the group. After year end, the DMTN of R1.37 billion has been repaid on the due date of 4 September 2015. Management is considering another DMTN of up to R1.8 billion depending on the borrowing rates and appetite of the market at the date of this report.

In addition to the above a subsidiary, Norplats Properties Proprietary Limited has arranged loan facilities of up to R91 million to fund the sale of houses to employees in terms of the group's affordable housing initiative, of which R33.9 million is still available.

Details of the interest rates and terms of these loans are contained in notes 21 and 25 to the annual financial statements on pages 170 to 171.

FINANCIAL ASSISTANCE

At the forthcoming AGM shareholders will be asked to approve a special resolution to authorise the granting of the necessary financial assistance as set out below. The text of the special resolution is contained in the notice of AGM and abridged annual report.

Section 45 of the Companies Act requires that shareholders approve the granting of financial assistance by a company to, *inter alia*, any of its subsidiaries. At the date of this report Northam had granted the following financial assistance to its subsidiaries.

Name of subsidiary	Approved facility at 30 June 2015 R'000	Balance at 30 June 2015 R'000	Additional amount to be advanced in coming year R'000	New loan facility R'000	Total financial assistance to be granted R'000
Booysendal Platinum Proprietary Limited (formerly Micawber 278 Proprietary Limited) (1)	4 970 000	4 159 333	Nil	4 970 000	4 970 000
Norplats Properties Proprietary Limited – fixed-term loan (2)	34 300	24 456	Nil	34 300	34 300
Norplats Properties Proprietary Limited – general loan (2)	39 000	26 007	5 000	44 000	44 000
Windfall 38 Properties Proprietary Limited (3)	15 800	14 862	Nil	15 800	15 800
Mvelaphanda Resources Proprietary Limited (4)	Nil	957	Nil	42 000	42 000
Mining Technical Services Proprietary Limited (formerly Dialstat Trading 133 Proprietary Limited) (5)	260 000	1	Nil	20 000	20 000
Total loan facilities	**5 319 100**	**4 225 616**	**5 000**	**5 126 100**	**5 126 100**

Notes

(1) At year end, Northam has finance facilities available in the form of an undrawn revolving credit facility of R1.0 billion with Nedbank Limited, and finance in the form of a R1.37 billion on domestic medium term notes (DMTN). In view of the fact that interest will be payable on these borrowings, Booysendal Platinum has entered into an appropriate loan agreement with Northam in terms of which the loan from Northam is interest bearing, on the portion that relates to external funding.

The interest rate payable by Booysendal Platinum is based on the three-month JIBAR rate plus 375 basis points, so that the total interest payable approximates the interest payable by Northam.

(2) The loan facility granted to Norplats Properties comprises an interest bearing portion of R34.3 million which is repayable in 2026. The loan from Northam to Norplats Properties consists of an interest free portion of R44.0 million which has no fixed repayment date. The interest bearing portion of R34.3 million carries interest at prime less 2.0%.

(3) The loan to Windfall 38 Properties, is repayable out of surplus cash funds and bears interest at prime less 2.0%.

(4) The loan facility to Mvelaphanda Resources is due to the fact that its liabilities exceed its assets by R40.5 million. This facility will only be used if a need arises and this is not likely to be in the current financial year.

(5) The loan facility to Mining Technical Services is for the company to establish a division to facilitate the execution of the group's growth projects.

DIRECTORS' REPORT CONTINUED

STRATE (SHARE TRANSACTIONS TOTALLY ELECTRONIC)

Shareholders who have not already dematerialised their shares (certificated shareholders) are once again urged to do so as soon as possible (unless it is their explicit intention not to do so) in order to enable them to trade in such shares. It is most important for certificated shareholders to note that their shares may not be traded on the JSE unless the shares have been dematerialised.

NORTHAM SHARE OPTION SCHEME (THE SCHEME)

The Scheme was established on 4 January 1995 with the objective of attracting and retaining employees with appropriate levels of ability and expertise who make a significant contribution to the operations of the company.

The Scheme was discontinued in 2011 owing to its dilutionary nature, although share options issued before its discontinuance will be allowed to run their course until 2017.

Options were offered at the volume weighted average price at which Northam shares traded on the JSE on the trading day immediately preceding the offer date. Options not exercised within seven years of the offer date shall lapse.

In March 2013 the JSE approved a change to the rules of the Scheme in terms of which option holders may elect, at the time of exercising their option, to receive either the shares over which an option has been granted or a cash payment equivalent to the difference between the volume weighted average price at which Northam shares traded on the day preceding the exercise date and the exercise price.

A summary of the options held at 30 June 2015 is as follows:

Earliest and latest exercise date	Price per share R	Total number of options
22 October 2009 and 21 October 2014	48.00	1 210 674
27 November 2010 and 26 November 2015	32.38	166 272
5 November 2011 and 4 November 2016	36.95	537 788
1 July 2012 and 30 June 2017	45.59	129 901
12 October 2012 and 11 October 2017	46.57	2 675 950
Number of options held at 30 June 2014		4 720 585
Number of options forfeited during the year		(1 236 648)
Number of options exercised during the year – refer Annexure 5 on page 196		
Cash settled options		(756 021)
Number of options held at 30 June 2015		**2 727 916**

At 30 June 2015 the outstanding options were exercisable as follows:

Earliest and latest exercise date	Price per share R	Total number of options	Options vested at 30 June 2015 at price per share	Options vested at 30 June 2015 at claw back offer price of R40.00
27 November 2010 and 26 November 2015	32.38	72 744	70 000	2 744
5 November 2011 and 4 November 2016	36.95	394 898	380 000	14 898
1 July 2012 and 30 June 2017	45.59	129 901	125 000	4 901
12 October 2012 and 11 October 2017	46.57	2 130 373	2 050 000	80 373
Number of options held at 30 June 2015		**2 727 916**	**2 625 000**	**102 916**

Full details of the options exercised during the year are set out in Annexure 5 on page 196, and are summarised as follows:

	Cash settled options		
Grant date	Number of options exercised	Exercise price R	Total gain paid to participants R'000
27 November 2008	90 000	32.38	1 612
5 November 2009	137 500	36.95	1 882
12 October 2010	500 000	46.57	2 224
15 November 2013	28 521	40.00	310
Total	**756 021**		**6 028**

NORTHAM SHARE INCENTIVE PLAN (SIP)

The SIP was approved in 2011 when shareholders approved a proposal that the Scheme be discontinued and replaced by the SIP, as the Scheme no longer served the primary purpose of attracting and retaining employees.

The SIP is a full share-type plan which incorporates a combination of a conditional share plan (CSP) and a forfeitable share plan (FSP). The key features that are common to both the CSP and the FSP are as follows:

- All senior officials and executives, including executive directors, in job grade D1 and above are eligible;
- Non-executive directors are not eligible to participate;
- Employees will not be required to pay for shares granted to them;
- In the event of a change of control of the company, all awards will vest;
- In the event of a variation in share capital such as a capitalisation issue, subdivision of shares, consolidation of shares, liquidation etc, employees will continue to participate in the SIP. The committee may make such adjustment to awards or take such other action to place employees in no worse a position than they were prior to the happening of the relevant event, and to ensure that the fair value of awards immediately after the event is materially the same as the fair value thereof immediately before the event;
- The issue of shares as consideration for an acquisition or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to awards;
- Where necessary, the auditors of the company will confirm to the company and JSE that the adjustments are calculated on a non-prejudicial basis;
- Any adjustments made will be reported in the company's annual financial statements in the year during which the adjustment is made.

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

Key features of the CSP and FSP are as follows:

CSP

- Shares will be awarded or granted to employees once a year;
- The number of conditional shares awarded, and the extent to which they will be subject to performance conditions, will primarily be based on the employee's annual salary, grade, performance, retention requirements and market benchmarks or some combination thereof;
- Both the retention shares and the performance shares will vest after three years; and
- Performance conditions will be set by the SE&HR committee before an award is made, and will be based on appropriate company performance measures at the time.

DIRECTORS' REPORT CONTINUED

FSP

- Shares, which have no performance conditions attached, can only be awarded or granted in exceptional circumstances, approved by the SE&HR committee, for purposes of attracting key new employees;
- The number of forfeitable shares to be made to an employee will primarily be based on the employee's annual salary, grade, performance and retention or attraction requirements;
- The forfeitable shares will be delivered to the employees, free of charge, subsequent to the award date, with them enjoying all shareholder rights from inception;
- Awards will, however, be subject to restrictions that will prevent the forfeitable shares from being disposed of, ceded, transferred or otherwise encumbered before vesting; and
- Vesting of the forfeitable shares will only be subject to the particular employee remaining in the employ of a group company for a pre-determined vesting period. No company performance conditions will apply.

No forfeitable shares have been awarded since the inception of the SIP.

In March 2013 the JSE approved a change to the rules of the SIP in terms of which, upon the vesting of any awards, participants may elect to receive either the shares that have vested or a cash amount equal to the volume weighted average price on the day preceding the settlement date.

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

No shares were allocated under the FSP during the year under review, whilst the details of the shares allocated under the CSP are set out below.

Grant date	Details	Total	Retention shares	Performance shares
Balance at 30 June 2014		4 883 000	1 466 000	3 417 000
4 November 2014	Shares awarded	2 971 000	750 500	2 220 500
	Shares forfeited	(204 400)	(63 900)	(140 500)
	Shares cash-settled	(1 959 600)	(807 400)	(1 152 200)
Balance at 30 June 2015		**5 690 000**	**1 345 200**	**4 344 800**

At 30 June 2015 the following awards were outstanding:

Grant date	Details	Total number of shares	Shares to be settled in F2016	Shares to be settled thereafter
6 November 2012	Performance shares	1 129 000	1 129 000	–
15 November 2013	Retention shares	627 000	627 000	–
15 November 2013	Performance shares	1 091 000	–	1 091 000
4 November 2014	Retention shares	718 200	–	718 200
4 November 2014	Performance shares	2 124 800	–	2 124 800
Balance at 30 June 2015		**5 690 000**	**1 756 000**	**3 934 000**

Full details of the shares granted during the year are set out in Annexure 5 on page 196.

At the 2014 AGM shareholders approved the following:

- the maximum number of shares that may be awarded under the scheme may not exceed 5% of the issued share capital (previously 10%) equaling to approximately 19.9 million shares.
- the maximum number that may be awarded to any single employee in any cycle is limited to 0.5%, equal to approximately 2.0 million shares;

- in order to avoid any future dilution, all shares will either be cash-settled or equity settled through purchases in the open market;
- both the retention shares and the performance shares will vest after three years;
- measurement of performance conditions on share awards are to made over a three year period rather that split in three year lots measured on an annual basis;
- performance conditions or criteria for the F2015 awards going forward will include certain rate-of-return related target/measures (Total Shareholder Return and or Return On Investment or related target) with a weighting of not less than 30%.

DIRECTORATE

During the year ender review, Mr JAK Cochrane resigned as a director on 15 April 2015.

Subsequent to year-end on 18 August 2015, Mr R Havenstein replaced Mr AR Martin as the lead independent director and Mr KB Mosehla was appointed a non-executive director on 19 August 2015 representing Zambezi Platinum.

The composition of the board of directors, as well as of board appointed committees, and details of the election and re-appointment of directors is reflected on page 18 to 25 of this integrated report.

In addition, in terms of Section 94 of the Companies Act, shareholders are required to appoint the company's audit and risk committee. The members of the committee are Messrs. Beckett, Havenstein, Ms Kgosi and Mr Martin, all of whom are independent non-executive directors. Accordingly at the forthcoming AGM members will be requested to consider resolutions providing for the appointment of the aforementioned members of the audit and risk committee.

DIRECTORS' FEES

In terms of the MOI the fees for services as directors are determined by the company in general meeting.

It is proposed to increase the fees of non-executive directors by an average of 7.0% per annum in line with market norms.

At the forthcoming AGM members will accordingly be requested to consider a special resolution providing for the increase in the fees for the year ending 30 June 2016 as set out below:

Board	Proposed fee 2015 AGM	Approved fee 2014 AGM
	(per annum)	(per annum)
Board chairman	135 500	126 600
Lead independent director	100 500	93 900
Board members	63 300	59 100
Board meeting attendance fees per meeting	40 900	38 200
Audit and risk committee		
Committee chairman	60 700	56 700
Committee members	30 400	28 400
Committee meeting attendance fees per meeting	19 800	18 500
Social, ethics and human resources committee		
Committee chairman	51 700	48 300
Committee members	23 800	22 200
Committee meeting attendance fees per meeting	15 900	14 800
Other board appointed committees		
Committee chairman	48 500	45 300
Committee members	23 800	22 200
Committee meeting attendance fees per meeting	15 900	14 800
Ad hoc fees per hour	3 170	2 960

DIRECTORS' REPORT CONTINUED

DIRECTORS' REMUNERATION

The directors' remuneration for the year ended 30 June 2015 is as follows:

	Fees R'000	Remuneration package R'000	Performance bonus R'000	Benefits R'000	Gain on share based payments R'000	Total 2015 R'000	Total 2014 R'000
Executive*							
PA Dunne	–	5 700	2 184	763	–	8 647	2 651
AZ Khumalo	–	2 708	1 686	347	4 740 #	9 481	4 530
GT Lewis (1)	–	–	–	–	–	–	51 471
Non-executive							
ME Beckett	616	–	–	–	–	616	611
CK Chabedi	413	–	–	–	–	413	447
JAK Cochrane (2)	276	–	–	–	–	276	340
R Havenstein	744	–	–	–	–	744	718
NJ Dlamini (3)	–	–	–	–	–	–	89
TE Kgosi	579	–	–	–	–	579	643
AR Martin	557	–	–	–	–	557	523
PL Zim	318	–	–	–	–	318	330
	3 503	8 408	3 870	1 110	4 740	21 631	62 353

(1) *Mr GT Lewis resigned as director and CEO on 1 March 2014.*
(2) *Mr JAK Cochrane resigned as director on 15 April 2015.*
(3) *Dr NJ Dlamini resigned as director on 30 September 2013.*
R1.4 million of this amount should have been paid in F2014 but could not be paid due to closed periods. This was eventually paid in F2015.
* *See remuneration report of the social, ethics and human resources committee from page 26 of this integrated report regarding executive director remuneration policy.*

An analysis of the non-executive fees in respect of the board and board committee services is as follows:

	Board R'000	Audit and risk committee R'000	Health, safety and environmental committee R'000	Investment committee R'000	Social, ethics and human resources committee R'000	*Ad hoc* fees R'000	Total 2015 R'000	Total 2014 R'000
ME Beckett	288	121	81	–	126	–	616	611
CK Chabedi	250	–	81	82	–	–	413	447
JAK Cochrane (1)	200	–	–	76	–	–	276	340
R Havenstein	288	121	105	105	125	–	744	718
NJ Dlamini (2)	–	–	–	–	–	–	–	89
TE Kgosi	250	121	–	–	152	56	579	643
AR Martin	323	149	–	81	–	4	557	523
PL Zim	318	–	–	–	–	–	318	330
	1 917	512	267	344	403	60	3 503	3 701

(1) *Mr JAK Cochrane resigned as director on 15 April 2015.*
(2) *Dr NJ Dlamini resigned as director on 30 September 2013.*

SERVICE CONTRACTS

Mr P A Dunne, the chief executive officer, has a service contract with the company which is subject to a notice period of 1 year. Mr A Z Khumalo, the chief financial officer, has a service contract with the company which is subject to a notice period of three months.

DIRECTORS' INTERESTS

According to information available to the company after reasonable enquiry, the interests of the directors and their families in the shares of the company at 30 June 2015 were as follows:

	Direct beneficial holding	Indirect beneficial holding	Total 2015	Total 2014
ME Beckett	30 000	–	30 000	30 000
CK Chabedi*	–	204 000	204 000	–
TE Kgosi*	–	635 000	635 000	–
PL Zim*	–	17 547 097	17 547 097	–
Total	**30 000**	**18 386 097**	**18 416 097**	**30 000**

** Pursuant to the Northam BEE transaction, Mr Chabedi, Ms Kgosi and Mr Zim acquired beneficial interests in the ordinary share capital of Zambezi Platinum on 18 May 2015. This resulted in them and their associates acquiring effective interests in Northam shares. The SENS announcement for the aforementioned directors dealings in securities is available on the Northam website at www.northam.co.za.*

There have been no changes in these holdings from 30 June 2015 to the date of this integrated report.

ANALYSIS OF SHAREHOLDERS AT 30 JUNE 2015

Shareholding range	Number of shareholders	Total of shareholding	Percentage holding (%)
1 – 5000	6 054	5 661 689	1.11
5001 – 10 000	274	1 971 749	0.40
10 001 – 50 000	391	9 398 214	1.84
50 001 – 100 000	125	8 827 550	1.73
100 001 – 1 000 000	239	68 838 595	13.50
1 000 001 and over	67	415 083 415	81.42
Total	**7 150**	**509 781 212**	**100.00**

Geographical analysis of shareholders	Total shareholding	Percentage holding (%)
Australasia	76 740	0.02
Europe and United Kingdom	16 355 258	3.21
North America	42 930 442	8.42
Far East	61 894	0.01
Rest of Africa	226 982	0.04
South Africa	438 933 679	86.10
Other	11 196 217	2.20
Total	**509 781 212**	**100.00**

DIRECTORS' REPORT CONTINUED

Major shareholders at 30 June 2015 (based on total issued share capital of 509 781 212)	Number of shares	Percentage holding (%)
Owner		
Zambezi Platinum (RF) Limited	159 905 453	31.37
Fund manager		
Coronation Asset Management	137 046 146	26.88
Public Investment Corporation (PIC)	40 049 690	7.86
Foord Asset Management	27 570 724	5.41
Clients of Allan Gray	23 137 013	4.54
Sanlam Investment Management	22 775 410	4.47

Shareholder spread at 30 June 2015	Number of shareholders	Percentage holding (%)
Public	7 146	99.94
Non-public		
– Directors	4	0.06
Total	**7 150**	**100.00**

HDSA ownership levels in the company are pegged at 35.4% following the conclusion of the R6.6 billion BEE transaction referred to on page 4 of this integrated report.

NORTHAM PLATINUM RESTORATION TRUST FUND

The Northam Platinum Restoration Trust Fund was established in 1996 to assist the group in making financial provision for the environmental rehabilitation of the group's mines, in terms of the MPRDA, upon cessation of their mining operations. Details of the contributions made and provisions raised are disclosed in notes 10 and 20 of the notes to the financial statements. In addition, the group has procured the issue of guarantees for R157.9 million (2014: R114.9 million) in respect of certain unfunded environmental restoration costs, as more fully disclosed in note 11 of the notes to the financial statements.

BUTTONSHOPE CONSERVANCY TRUST

The Buttonshope Conservancy Trust was established in 2011 as part of an initiative to retain a portion of the freehold land adjacent to the Booysendal mine as an environmental conservancy. Details of the contributions made and provisions raised are disclosed in note 12 of the notes to the financial statements.

TORO EMPLOYEE EMPOWERMENT TRUST

The group has entered into an agreement with the representative unions at the Zondereinde mine in terms of which the group contributes 4% of Zondereinde mine's after-tax profits to a registered trust fund (The Toro Employee Empowerment Trust), providing Zondereinde mine's unskilled and semi-skilled employees of Zondereinde with an opportunity to participate in the profits of the mine. Eligible employees will receive payment at the end of each five year cycle, with the first payments having been made in F2013.

SUBSIDIARIES

Northam purchased an additional 20% of NCP for R50.0 million, with effect from 1 August 2014. This brings Northam's total holding in the subsidiary to 100%. NCP produces chrome from Zondereinde's UG2 tailings.

On 10 February 2015 the company entered into a sale of assets agreement with AQPSA. In terms of the transaction Northam acquired the Everest mining assets on 26 June 2015 for a total cash purchase consideration of R400.0 million (excluding VAT). As part of the transaction, Booysendal Platinum acquired 100% of TKO Investment Holdings Limited (TKO Investment), together with various other subsidiary farming companies. A further payment of R50.0 million (excluding VAT) for the Everest mining right, will be paid to AQPSA once the Section 11 consent has been granted by the Minister of Mineral Resources to transfer the mining licence to Booysendal Platinum.

Details of Northam's subsidiaries at 30 June 2015 are set out in Annexure 3 on page 192.

SPECIAL RESOLUTIONS

Special resolutions relating to directors' remuneration, and financial assistance were approved at the AGM in November 2014.

Further special resolutions were approved at the general meeting in March 2015 in terms of the Northam BEE transaction, relating to the adoption of the new MOI, authority for directors' to issue shares, financial assistance to directors and, authority to repurchase issued shares.

GOING CONCERN AND ASSESSMENT OF RECOVERABLE AMOUNTS

Going concern

Mining operations have a finite life and are also dependent amongst other things on geological, technical as well as economic factors such as commodity prices and exchange rates. The global economic outlook and low US dollar metal prices are a concern as Northam is an exporter of PGMs to global markets. Operations continue to be under pressure due to rising input costs (mainly associated with power and labour) and lower US dollar metal prices.

The ZAR/US$ exchange rate however continues to weaken and to a certain extent cushions the effect of lower metal prices.

Management has implemented thorough cost-cutting initiatives. This effort, along with the group's strong balance sheet and current operational cash flows has informed the opinion of management that the group remains a going concern.

Assessment of recoverable amounts

In addition management has assessed whether there are any indicators of impairment in the market and believes that low US dollar metal prices for PGMs are an indicator. Accordingly impairment tests have been performed and the Dwaalkop and Pandora joint ventures and Trans Hex Group associate investments were impaired by R164.5 million, R40.5 million and R34.0 million respectively in F2015. No other assets were impaired.

COMPANY SECRETARY

Ms PB Beale continues in office as company secretary. Relevant details appear on the inside back cover of this report.

LISTING

Northam is listed on the JSE, trading under the share code NHM, ISIN code ZAE000030912 and for the DMTN programme, under the debt issuer code NHM1, ISIN code ZAG000099524.

ADR LISTING

The company terminated its Level 1 American Depositary Receipt (ADR) programme on 15 June 2015. The ADR programme attracted little or no interest since it was established in June 2011.

EVENTS AFTER THE REPORTING DATE

Shareholders were advised on 30 July 2015 that the management of Zondereinde had signed a three-year wage agreement with the recognised union at the mine, apart from the wage agreement there were no other events after year end which requires adjustment in the financial statements or additional disclosure.

ACCOUNTING POLICIES

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are stated at fair value, in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements incorporate the following accounting policies which have been applied on a basis consistent with the previous year, with the exception of the policies adopted during the year as more fully set out below in accounting policy note 1.1.

The preparation of financial statements in conformity with IFRS requires that management and the board exercises their judgement in the process of applying the company's group 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 financial statements are disclosed in note 1 to the financial statements.

1.1 New accounting policies adopted

The group has adopted the following new and amended International Financial Reporting Standards and IFRIC interpretations during the year. The effect of the adoption of these standards, interpretations and amendments in the current financial year is set out below:

IFRS 2 – Share-based payment – definitions of vesting conditions (Annual improvements 2010-2012 cycle)

Performance condition and service condition are defined in order to clarify various issues, including the following:

- A performance condition must contain a service condition.
- A performance target must be met while the counterparty is rendering service.
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group.
- A performance condition may be a market or non-market condition.

If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The impact of the adoption of this amendment has not yet been assessed.

IFRS 3 – Business combinations – accounting for contingent consideration in a business combination (Annual improvements 2010-2012 cycle)

The amendment clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). The adoption of this amendment had no impact on the group as the principle was already being applied.

IFRS 3 – Business combinations – scope exceptions for joint ventures (Annual improvements 2011-2013 cycle)

The amendment clarifies that joint arrangements, not just joint ventures, are outside the scope of IFRS 3. The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The adoption of this amendment had no impact on the entity as it is applied prospectively and there were no joint arrangements acquired during the year.

IFRS 8 – Operating segments – Aggregation of operating segments (Annual improvements 2010-2012 cycle)

The amendment clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g. sales and gross margins) used to assess whether the segments are 'similar'. The impact of the adoption of this amendment has not yet been assessed.

IFRS 8 – Operating segments – Reconciliation of the total of the reportable segments' assets to the entity's assets (Annual improvements 2010-2012 cycle)

The amendment clarifies that the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The adoption of this amendment had no impact on the group as the principle was already being applied.

IFRS 10, IFRS 12, IAS 27 – Consolidated financial statements – Investment entities final amendment – exception to consolidation (amendment)

The amendment provides an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IAS 39 *Financial instruments: recognition and measurement*. The adoption of this amendment had no impact on the group as the holding company is not an investment entity as defined.

IFRS 13 – Fair value measurement – Short term receivables and payables (Annual improvements 2010-2012 cycle)

The amendment clarifies in the Basis for Conclusions that short term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The adoption of this amendment had no impact on the group as the principle was already being applied.

IAS 19 – Defined benefit plans: employee contributions – Amendments to IAS 19

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The adoption of this amendment had no impact on the group as it does not have a defined benefit plan.

IAS 24 – Related party disclosures – Key management personnel (Annual improvements 2010-2012 cycle)

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The adoption of this amendment had no impact on the group as they are not making use of any management entities in the performance of key management personnel services.

IAS 32 – Financial instruments: presentation – offsetting financial assets and financial liabilities (amendment)

The amendments clarify the accounting requirements for offsetting financial instruments. New guidance clarifies that the right of set-off must not be contingent on a future event and must be legally enforceable in the normal course of business, or in the event of a default, or in the event of insolvency or bankruptcy of the entity and all of the counterparties. The adoption of this amendment had no impact on the group, as the financial instruments that were previously offset complied with the new criteria also.

IAS 36 – Impairment of assets – recoverable amount disclosures for non-financial assets (amendment)

These amendments clarify the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarify that additional information should also be disclosed on discount rates if fair value less costs of disposal is based on present value techniques. This amendment had no impact on the group, as impairment calculations were done on a value-in-use basis.

IAS 40 – Investment property – interrelationship between IFRS 3 and IAS 40 (ancillary services) (Annual improvements 2011-2013 cycle)

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e. property, plant and equipment). The amendment clarifies that IFRS 3, not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The adoption of this amendment had no impact on the group as it is applied prospectively and the group didn't enter into any business combinations during the year.

IFRIC 21 – Levies

The interpretation clarifies that a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, contingent liabilities and contingent assets and those where the timing and amount of the levy is certain. The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The impact of this interpretation has not yet been assessed.

IAS 39 Novation of derivatives and continuation of hedge accounting — amendments to IAS 39

The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument. The amendments cover novations:

- that arise as a consequence of laws or regulations, or the introduction of laws or regulations
- in which the parties to the hedging instrument agree that one or more clearing counterparties replace the original counterparty to become the new counterparty to each of the parties
- that did not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing

All of the above criteria must be met to continue hedge accounting under this exception.

ACCOUNTING POLICIES CONTINUED

The amendments cover novations to central counterparties, as well as to intermediaries such as clearing members, or clients of the latter that are themselves intermediaries. For novations that do not meet the criteria for the exception, entities have to assess the changes to the hedging instrument against the derecognition criteria for financial instruments and the general conditions for continuation of hedge accounting. The adoption of this amendment had no impact on the group as it does not apply hedge accounting.

IFRS 1 First-time adoption of international financial reporting standards meaning of effective IFRS

The amendment clarifies in the Basis for conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. The adoption of this amendment had no impact on the group as the group has applied IFRS previously.

IAS 16 Property, plant and equipment and IAS 38 Intangible assets revaluation method – proportionate restatement of accumulated depreciation/amortisation

The amendments to IAS 16 and IAS 38 clarify that the revaluation can be performed, as follows:

- adjust the gross carrying amount of the asset to market value, or
- determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value.

The amendments also clarify that accumulated depreciation/amortisation is the difference between the gross and carrying amounts of the asset. The amendments must be applied retrospectively. The adoption of this amendment had no impact on the group as the group does not apply the revaluation method.

IFRS 13 Fair value measurement scope of paragraph 52 (portfolio exception)

The amendment clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The amendment must be applied prospectively. The adoption of this amendment had no impact on the group.

1.2 Standards and interpretations issued and not yet effective:

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective. The effective date refers to periods beginning on or after, unless otherwise indicated.

Standard or interpretation	Description	Impact	Effective date
IFRS 5	Non-current assets held for sale and discontinued operations - changes in methods of disposal (Annual improvements 2012-2014 cycle)	Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. As this amendment will become effective prospectively, the impact will be assessed for disposal groups during the period of the amendment becoming effective.	1 January 2016
IFRS 7	Financial instruments: disclosures - servicing contracts (Annual improvements 2012-2014 cycle)	The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. The disclosure requirements will be incorporated retrospectively, if needed, when the amendment becomes effective.	1 January 2016
IFRS 7	Financial instruments: disclosures - applicability of the offsetting disclosures to condensed interim financial statements (Annual improvements 2012-2014 cycle)	The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. Upon adoption the disclosure requirements will be incorporated into interim reports where needed.	1 January 2016

Standard or interpretation	Description	Impact	Effective date
IFRS 9	Financial instruments-classification and measurement of financial assets and liabilities	Financial assets: This phase applies to financial assets and simplifies the classification of financial assets whilst retaining the measurement principles, being at fair value or amortised cost. Financial assets are classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The IAS 39 exemption which allows equity instruments to be measured at cost will be limited further and reclassifications between categories will only be allowed in exceptional circumstances. IFRS 9 could impact the classification and measurement of the group's financial assets – the impact has not yet been assessed as the group is still awaiting the finalisation of the other chapters in the accounting standard, e.g. amortised cost and impairment. Financial liabilities: The Standard retains the existing IAS 39 classification and measurement requirements for financial liabilities not designated at fair value through profit or loss using the fair value option as well as the criteria within IAS 39 for using the fair value option for financial liabilities. The changes only affect the measurement of fair value option liabilities. All other requirements in IAS 39 in respect of liabilities are carried forward into IFRS 9. For fair value option liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income (OCI). The remainder of the change in fair value is presented in profit or loss. The Standard prohibits any recycling through profit or loss of amounts recognised in OCI upon derecognition of the liability, but these amounts may be transferred to retained earnings upon derecognition. Liabilities arising from certain derivatives on unquoted equity instruments will no longer be able to be measured at cost and will be required to be measured at fair value. Hedge accounting: Hedge effectiveness testing must be done prospectively and can be qualitative, depending on the complexity of the hedge. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable. The time value of an option, the forward element of a forward contract and any foreign currency basis spread can be excluded from the hedge instrument designation requirement and accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions. The impairment requirements are based on an expected credit loss model that replaces the IAS 39 incurred loss model. The model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, contract assets under IFRS 15 and lease receivables under IAS 17. Entities are generally required to recognise either 12-months' or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised. The impacts of this Standard have not yet been assessed.	1 January 2018

ACCOUNTING POLICIES CONTINUED

Standard or interpretation	Description	Impact	Effective date
IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture - amendments	The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3 *Business combinations*, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. As the amendment will be applied prospectively, the impact will be assessed upon adoption.	1 January 2016
IFRS 11	Joint arrangements – accounting for acquisitions of interests in joint operations (amendments to IFRS 11)	The amendment amends IFRS 11 such that the acquirer of an interest in a joint operation, in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11. Accordingly, a joint operator that is an acquirer of such an interest has to: • measure most identifiable assets and liabilities at fair value; • expense acquisition-related costs (other than debt or equity issuance costs); • recognise deferred taxes; • recognising any goodwill or bargain purchase gain; • perform impairment tests for the cash generating units to which goodwill has been allocated; • disclose information required relevant for business combinations. The amendments apply to the acquisition of an interest in an existing joint operation and also to the acquisition of an interest in a joint operation on its formation, unless the formation of the joint operation coincides with the formation of the business. As the amendment will be applied prospectively, the impact will be assessed upon adoption.	1 January 2016
IFRS 15	Revenue from customer contracts	The core principal of IFRS15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The principles in IFRS 15 will be applied using a five step model which includes the identification of performance obligations within a single contract. Entities will need to exercise judgement when considering the terms of the contracts and all relevant facts and circumstances. The impact of this new standard has not yet been assessed.	1 January 2018

Standard or interpretation	Description	Impact	Effective date
IAS 1	Disclosure initiative - amendments to IAS 1	The amendments to IAS 1 presentation of financial statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify: • The materiality requirements in IAS 1 • That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated • That entities have flexibility as to the order in which they present the notes to financial statements • That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional sub-totals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. The impact of the materiality and sub-totals amendments are still to be assessed. The other amendments will have no impact as these principles are applied already.	1 January 2016
IAS 16, IAS 38	Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	These amendments clarify the principle in IAS 16 Property, plant and equipment and IAS 38 Intangible assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The adoption of these amendments will not have an impact on the group as the straight-line method of depreciation is used to depreciate property, plant and equipment.	1 January 2016
IAS 19	Employee benefits – discount rate: regional market issue (Annual improvements 2012-2014 cycle)	The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment will have no impact on the group as the application of the projected unit credit method in South Africa is based on government bond rates and all the group's plans are denominated in the South African rand, being the group's functional currency.	1 January 2016

ACCOUNTING POLICIES CONTINUED

Standard or interpretation	Description	Impact	Effective date
IAS 27	Equity method in separate financial statements – amendments to IAS 27	The amendments to IAS 27 Separate financial statements allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, an entity must account for these investments either: • At cost • In accordance with IFRS 9 (or IAS 39) Or • Using the equity method The entity must apply the same accounting for each category of investment. A consequential amendment was also made to IFRS 1 *First-time adoption of International Financial Reporting Standards*. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment. Northam currently accounts for investments in subsidiaries, joint ventures and associates at cost in its separate financial statements and does not anticipate adopting the equity accounting method in accounting for these investments when the amendment becomes effective.	1 January 2016
IAS 34	Interim financial reporting (annual improvements 2012-2014 cycle)	The amendment clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g. in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The disclosures required by this amendment will be incorporated into the interim reports presented when the amendment becomes effective.	1 January 2016

The group does not intend early adopting any of the above amendments, standards and interpretations.

2. CONSOLIDATION

The consolidated financial statements include the results, financial position and cash flows of Northam, its subsidiaries, joint ventures and associates. A subsidiary is an entity that is controlled due to the company being exposed or having rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of any subsidiary acquired or disposed of during the year are included from the date control was obtained up to the date control ceased to exist. Where an acquisition of a subsidiary is made during the financial year, any excess or deficit of the purchase price compared to the fair value of the attributable net identifiable assets is recognised respectively as goodwill (excess) and accounted for as described in the goodwill accounting policy note 4 or in profit or loss (deficit) as a bargain purchase gain.

The financial statements of the subsidiaries are prepared for the same reporting period as Northam, using consistent accounting policies, and all intra-group transactions and balances are eliminated on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not held by the group and are presented separately in profit or loss and within equity in the consolidated statement of financial position, separately from parent shareholders equity. Changes in the group's ownership interest in a subsidiary that do not result in the group losing control of the subsidiary are equity transactions.

If the group loses control of a subsidiary, the group shall:

- Derecognise the assets and liabilities of the former subsidiary.
- Recognise any investment retained in the former subsidiary at its fair value when control is lost and subsequently account for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with IAS 39 or, when appropriate, the cost on initial recognition of an investment in associate or joint venture.
- Recognise the gain or loss associated with the loss of control in profit or loss.

Investments in subsidiaries are recognised at cost less accumulated impairment losses in the accounts of the company.

3. ASSOCIATES AND JOINT ARRANGEMENTS

An associate is an entity in which the group has significant influence. The group has an interest in a "joint venture" which is classified as an investment in associate due to the existence of significant influence as opposed to joint control; as well as other interests in associates. The group's investment in its associates is accounted for using the equity method of accounting except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current assets held for sale and discontinued operations*.

The group also has an interest in a joint arrangement which is classified as a joint venture in terms of IFRS 11 *Joint arrangements*. The group's investment in this joint venture is accounted for using the equity method of accounting except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5.

Under the equity method, the investment in the associates and joint venture is carried in the statement of financial position at cost plus post acquisition changes in the group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Profit or loss in the Statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in other comprehensive income or equity of the associate or joint venture, the group recognises its share of any changes and recognises this, when applicable, in other comprehensive income or equity within the statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The share of profit of associates or joint venture is shown on the face of the Statement of comprehensive income in profit or loss. This is the profit attributable to equity holders of the associate or joint venture and is therefore profit after tax and non-controlling interests.

The financial statements of the associates and joint venture are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the group.

After application of the equity method, the group determines whether it is necessary to recognise an impairment loss on the group's investment in its associates or joint venture. The group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

ACCOUNTING POLICIES CONTINUED

Upon loss of significant influence over the associate or joint control over the joint venture, the group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

4. BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised in accordance with IAS 39 *Financial instruments: recognition and measurement*, either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the date of acquisition. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss. Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) that is expected to benefit from the combination. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Goodwill is tested for impairment annually or more frequently if events or circumstances suggest that it might be impaired and an impairment loss recognised is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

5. PROPERTY, PLANT AND EQUIPMENT

5.1 Mining assets

Mining assets are recorded at cost of acquisition less accumulated depreciation and accumulated impairment losses.

5.2 Mine development costs

Capitalised mine development costs include expenditure incurred to develop new orebodies, to define further mineralisation in existing orebodies and to expand the capacity of the mine. Costs include interest capitalised during the construction period until commercial production is reached where development is financed by borrowings, and the net present value of future decommissioning costs. Depreciation is first charged on new mining ventures from the date on which the mining venture 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. Mine development costs are depreciated on a straight-line basis, over the estimated economic life of the mine, based on measured and indicated resources which are revised annually.

5.3 Mining plant and equipment

Mining plant and equipment, including the decommissioning asset, is depreciated on a straight-line basis over the lesser of the estimated economic life of the mine, based on measured and indicated resources, which are revised annually, or their expected useful lives. 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.

Research costs associated with the design of new items of plant and equipment, or improvements to existing items of plant and equipment, are expensed when incurred, unless the recognition criteria are met.

Items of property, plant and equipment that are withdrawn from use, or have no reasonable prospect of being recovered through use or sale, are regularly identified and impaired/scrapped.

5.4 Decommissioning asset

The decommissioning asset is depreciated on a straight-line basis over the estimated economic life of the mine, based on measured and indicated resources 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 note 11.1.1.

5.5 Intangible assets comprising mining properties

Mining properties, 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 straight-line basis over the estimated economic life of the mine, based on measured and indicated resources which are revised annually.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is expensed in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense of intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

5.6 Plant and equipment

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.

5.7 Land

Land is recorded at cost of acquisition less accumulated impairment losses and is not depreciated.

5.8 Impairment

At each reporting date, the group assesses whether there is any indication that an asset or cash-generating-unit may be impaired. Where an indicator of impairment exists or where annual impairment testing for an asset is required, the group makes a formal estimate of the asset or cash-generating-unit’s recoverable amount. Where the carrying amount of an asset or cash-generating-unit exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount and the difference is recognised in profit or loss. The recoverable amount is the higher of value in use and fair value less cost of disposal.

ACCOUNTING POLICIES CONTINUED

The value in use of mining assets is determined by applying a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset to the anticipated cash flows for the remaining useful life of the assets.

The fair value less costs of disposal of non-mining assets is determined with reference to market values by making use of a valuation model.

The revised carrying amounts are depreciated on a systematic basis over the remaining useful lives of such affected assets.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

An impairment calculation used during a previous financial year can be re-used if:
- the assets and liabilities making up the unit have not changed significantly;
- the recoverable amount is significantly greater than the carrying amount; and
- an analysis of events indicates that the chances of the difference being eliminated are remote.

5.9 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.

5.10 Annual review of residual values, depreciation method and useful lives

The assets' residual value, depreciation method and useful life are reviewed, and adjusted prospectively, if appropriate, at each financial year end.

5.11 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 group. All other subsequent expenditure is recognised as an expense and included in profit before tax.

6. LAND AND TOWNSHIP DEVELOPMENT

Land and township development, which is an initiative in order to assist the group's employees to acquire their own affordable housing, is initially recognised at cost, being the fair value of the consideration given and including acquisition charges. Where the recoverable amount is less than the carrying value, an impairment loss is recognised in accordance with accounting policy note 5.8. 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.

Northam is not a developer of properties but is obligated under South Africa 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 on favourable terms. This activity is undertaken by a 100% owned subsidiary of Northam, which is consolidated into the Northam group. The houses are for employees only and not for third parties or outsiders. 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 group is mining platinum group metals.

Due to the fact that the assets are recognised on the statement of financial position in accordance with IAS 2, the assets are not depreciated. In addition, these assets do not carry significant risk of impairment because the houses are sold to employees at cost price and there is a shortage of housing at mines. We are therefore comfortable that a buyer (employee) will always be found. Because these assets are normally held for a period of longer than 12 months, they are deemed to be non-current assets. These assets are held at the lower of cost and net realisable value.

The land and township assets are not considered to be part of Northam's normal operating activities, because Northam is a platinum miner. Therefore the decision was taken to disclose these land and township assets as separate non-current assets on the statement of financial position.

7. FINANCIAL INSTRUMENTS

Financial instruments recognised on the statement of financial position include investments, cash and cash equivalents, long term receivables, trade accounts receivable, trade accounts payable, borrowings and derivative instruments. These are recognised when the group becomes party to the contractual agreements. All financial instruments are initially recorded at fair value and in the case of financial instruments not at fair value through profit or loss, directly attributable transaction costs.

7.1 Investments

Investments acquired for the purpose of selling in the near term are classified as held for trading and is part of the fair value through profit or loss category of financial assets. Other investments are classified as available for sale or amortised cost, depending on the nature of the investment.

After initial recognition, investments, which are classified as available for sale, are re-measured at fair value with unrealised gains or losses recognised as other comprehensive income until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired when it is recognised in profit or loss – refer to accounting policy note 7.7.

Gains or losses on investments held for trading are recognised in profit or loss.

After initial recognition, investments at amortised cost 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 investments are derecognised or impaired, as well as through the amortisation process. Interest income on these investments is recognised in profit or loss.

7.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and include trade and other receivables, long term receivables and cash and cash equivalents. After initial measurement 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.

7.3 Cash and cash equivalents

Cash and cash equivalents comprise demand and time deposits with banking institutions and money market instruments readily convertible to known amounts of cash subject to insignificant risk of changes in value. Current account balances are only netted off when set-off would apply or when the balances are with the same banking institution. Cash and cash equivalents are subsequently carried at amortised cost.

Negotiable instruments are recorded initially at the fair value of the consideration given subsequent measurement is at amortised cost which is incorporated in the determination of investment income.

7.4 Trade and other payables

Trade and other payables are stated at the recognised obligation less payments made and adjustments made to reflect the fair value of the expected outflow of economic resources and are subsequently carried at amortised cost.

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

7.5 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 settlement.

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

7.6 Derivative instruments

In the ordinary course of its operations, the group is exposed to fluctuations in metal prices, exchange rates and changes in interest rates. The group does not speculate, acquire, hold or issue derivative instruments for trading purposes, and does not apply hedge accounting.

Derivatives are initially measured at fair value and associated transaction costs are charged to profit or loss when incurred. Subsequently these instruments are measured as set out below:

- All forward and option contracts outstanding at reporting date are marked to market and any changes in their fair value is included in net sundry income/(expenditure).
- Gains and losses on all contracts not outstanding at reporting date are recognised and included in net sundry income/(expenditure) at the time that the contracts expire.

ACCOUNTING POLICIES CONTINUED

7.7 Impairment of financial instruments

The group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in estimated future cash flows. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss.

The group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

In relation to loans and receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Available for sale investments

For available for sale investments, the group assesses at each reporting date whether there is objective evidence that an investment or group of investments is impaired.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost.

If an available for sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available for sale are never reversed. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

7.8 Derecognition of financial instruments

Financial assets

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 group 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 group has transferred substantially all the risks and rewards of the asset or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or 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.

Financial guarantee contracts

Financial guarantee contracts issued by the group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation. Amortisation is based on the total value of underlying liability still outstanding, as this better reflects the pattern of how the company provides the guarantee.

8. COMMODITY CONTRACTS

Contracts that are entered into and continue to meet the group's expected purchase, sale or usage requirements that were designated for that purpose at their inception and are expected to be settled by delivery are recognised in the financial period when the risks and rewards of ownership of such items have passed.

9. INVENTORIES

9.1 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.

9.2 Metal on hand

Stocks of the three major platinum group elements and gold (3 PGEs + Au), either in refined or concentrate form, are valued at the lower of cost of production (including the value of any purchased concentrate) or net realisable value. Production costs include an appropriate portion of overhead expenses. Cost is determined on the first-in, first-out basis. No account is taken of the value of metal in the process of production prior to the production of flotation concentrate.

Other metals are accounted for as by-products and are not capitalised as inventory.

10. 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 deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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 recovered.

Deferred income tax assets and liabilities are measured at the tax rate 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 and not in profit or loss.

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

ACCOUNTING POLICIES CONTINUED

11. PROVISIONS

11.1 Environmental rehabilitation provisions

11.1.1 Decommissioning provision

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 result 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 it is such an indication, the asset is tested for impairment by estimating its recoverable amount in accordance with accounting policy note 5.8.

11.1.2 Environmental restoration provision

Provision is made for the estimated cost to be incurred on long term environmental obligations, comprising 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.

11.1.3 Environmental rehabilitation fund

The group makes annual contributions 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 group's profit or loss in the period to which it relates.

In terms of IFRIC 5 *Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds*, the Fund is consolidated.

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

11.2 Other provisions

Provisions are recognised where the group has a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

12. FOREIGN CURRENCIES

The functional and presentation currency of the group is the South African rand. Transactions in foreign currencies are translated into South African rand at the rates of exchange ruling at the transaction date. Monetary assets or liabilities denominated in foreign currencies are translated at rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Profits and losses arising on the translation of foreign currencies, whether realised or unrealised, are credited to or charged to profit or loss.

13. REVENUE RECOGNITION

Revenue is recognised to the extent it is probable that the economic benefits associated with the transaction will flow to the group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the amounts received or receivable net of value added tax, cash discounts and rebates.

13.1 Metal sales

Revenue from the sale of metal is accounted for when the risks and rewards of ownership have passed and is recorded at the invoiced amounts with an adjustment for provisional pricing at each reporting date. Adjustments, in respect of final assayed quantities and/or prices, arising between the date of recognition of the revenue and the date of settlement are recognised in the period in which the adjustment arises.

13.2 Income from the sale of township land

Income from the sale of township land which is sold under suspensive sale agreements is recognised when the substantial risks and rewards of ownership have been assigned to the purchaser.

13.3 Interest revenue

Interest revenue is recognised as it accrues, using the effective interest rate method.

13.4 Dividends

Dividend revenue is recognised when the right to receive payment has been established.

13.5 Sundry income

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

14. LEASED METAL

When metal is leased to fulfil marketing commitments, the equivalent cost of production is charged to cost of sales in profit or loss and is reflected in the statement of financial position as a liability. On the maturity of the lease the liability is credited to metal inventories.

The leasing transaction costs associated with the borrowed metal are charged to other costs in net sundry revenue on a time proportional basis.

15. BORROWING COSTS

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 use are complete. Other borrowing costs are recognised as an expense when incurred.

In determining the amount of borrowing cost eligible for capitalisation during a period, any investment income earned on such funds is deducted from the borrowing costs incurred.

16. EMPLOYEE BENEFITS

16.1 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 group expects to pay when the leave is used.

16.2 Equity compensation plans

16.2.1 Share Option Scheme

Options granted to employees in terms of the rules of the Northam Share Option Scheme (the Scheme) are valued at the grant date using the Binomial Model. The value so determined is recognised as an expense within operating costs, together with a corresponding increase in the equity compensation reserve, evenly over the period between the grant date and the date on which the relevant employees become fully entitled to the award (vesting date).

The cumulative expense recognised for these options at each reporting date until the vesting date reflects the best estimate of the value attributable to the number of options that will ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share and diluted headline earnings per share.

Where employees exercise options in terms of the rules of the Scheme, shares are issued to them as beneficial owners. In exchange, employees pay in cash a consideration equal to the price specified in the option allocated to them. The nominal value of the shares are credited to share capital and the difference between the nominal value and the price of the cash consideration credited to share premium.

ACCOUNTING POLICIES CONTINUED

Options granted to an employee are forfeited in the event of the employee resigning or being dismissed.

The accumulated credit to the equity compensation reserve in respect of options that have lapsed or been forfeited after their vesting date is transferred to retained earnings.

16.2.2 Share Incentive Plan

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. Retention shares awarded prior to November 2014 vest after two years with no performance criteria.

The group initially measures the cost of cash-settled transactions with employees using a market value model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in the 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 Annexure 5.

16.2.3 Equity settled instruments in respect to the BEE transaction

Equity settled share-based payment expense relates to the BEE transaction and vested on the grant date. The value of the expense was determined by way of a Monte-Carlo simulation.

16.3 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.

16.4 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.

16.5 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' service terminate.

16.6 Toro employee empowerment trust

The Toro employee empowerment trust ("the Trust") was established for the benefit of eligible employees. Northam contributes 4% of its after tax profits to the Trust where after eligible employees will receive payment at the end of each five year cycle. The amount of this cash to be distributed is based on the valuation of the fund and Northam does not guarantee any values over and above what is included in the Trust and managed accordingly by the investment manager.

The Trust is a structured entity that is consolidated in terms of IFRS 10 *Consolidated financial statements*.

Since the cash distribution is payable to employees after the end of the period in which the related services are rendered and it is not a post-employment benefit or a termination benefit, the Trust is accounted for as an "Other Long Term Employee Benefit" in terms of IAS 19. The benefits payable to employees are therefore measured using the Projected Unit Credit Method.

Independent actuarial valuations are conducted annually. Re-measurements, comprising actuarial gains and losses arising as a result of experience adjustments and/or the effects of changes in actuarial assumptions, the effect of changes to the asset ceiling and the return on plan assets (excluding interest) are recognised immediately in profit and loss when they occur. Any increase in the present value of plan liabilities expected to arise from employee service during the period is charged to operating profit. Net interest is determined by applying the discount rate at the beginning of the year to the net defined liability or asset.

Past-service cost is recognised immediately in profit or loss in the period to the extent that benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by the Trust and are not available to the creditors of the group.

17. LEASES

17.1 Group as lessee

A finance lease transfers substantially all the risks and rewards of ownership of an asset to the group.

Assets subject to finance leases are capitalised as property, plant and equipment at the lower of the fair value of the leased asset at inception of the lease or the present value of the minimum lease payments with the related lease obligation recognised at the same amount. Capitalised leased assets are depreciated over the estimated useful lives. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Finance lease payments are allocated between finance costs and the capital repayment so as to achieve a constant rate of interest on the remaining balance of the liability.

Leases in respect of which the lessor retains substantially all the risks and rewards of ownership of an asset are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the period of the lease.

17.2 Group as lessor

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

18. TAXATION

18.1 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 or substantially 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.

18.2 Deferred tax

Deferred tax is provided at enacted or substantially enacted tax rates, as more fully set out in Note 10 – Deferred tax of the accounting policies.

18.3 Dividends withholding tax

The group withholds dividends tax on behalf of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of the group's tax charge but rather as part of the dividend paid recognised directly in equity.

18.4 Value added tax

Revenue, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authorities, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item where applicable; and
- receivables and payables that are stated with the amount of value added tax included.

19. DIVIDENDS DECLARED

Dividends declared are charged to equity in the period in which the dividend is declared.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

		Group		Company	
		2015	2014	2015	2014
	Note	R000	R000	R000	R000
ASSETS					
Non-current assets		13 367 048	12 745 424	12 988 803	8 369 853
Property, plant and equipment	2	7 065 352	6 287 062	2 419 013	2 295 671
Mining properties and mineral resources	3	5 636 478	5 653 328	109 362	113 091
Interest in associates and joint ventures	5	275 847	496 509	116 961	109 938
Investments in subsidiaries	6	–	–	10 236 000	5 747 619
Unlisted investment	7	6	6	6	6
Land and township development	8	10 000	10 204	–	–
Long term receivables	9	94 503	94 047	–	–
Investments held by Northam Platinum Restoration Trust Fund	10	49 092	46 468	38 868	36 791
Environmental Guarantee Investment	11	52 122	51 024	44 137	42 281
Buttonshope Conservancy Trust	12	11 037	10 702	–	–
Deferred tax asset	19	172 611	96 074	–	–
Long term subsidiary loans	13	–	–	24 456	24 456
Current assets		5 784 288	1 995 572	6 074 996	6 116 903
Short term subsidiary loans	13	–	–	4 201 563	4 588 974
Inventories	14	1 126 550	1 076 853	1 045 353	700 983
Trade and other receivables	15	498 854	244 672	281 497	192 186
Cash and cash equivalents	16	4 138 189	666 174	534 959	634 760
Tax receivable		20 695	7 873	11 624	–
Total assets		19 151 336	14 740 996	19 063 799	14 486 756

	Note	Group 2015 R000	Group 2014 R000	Company 2015 R000	Company 2014 R000
EQUITY AND LIABILITIES					
Stated capital	17	13 778 114	9 178 688	13 778 114	9 178 688
Treasury shares	17	(6 556 123)	–	–	–
Retained earnings		1 139 808	2 223 135	(6 349 735)	2 302 455
Equity settled share based payment reserve	18	874 448	–	1 173 756	–
Share of other comprehensive income from associate		(19 822)	(15 340)	–	–
Equity attributable to owners of the parent		9 216 425	11 386 483	8 602 135	11 481 143
Non-controlling interests		–	5 389	–	–
Total equity		9 216 425	11 391 872	8 602 135	11 481 143
Non-current liabilities		7 310 753	2 157 462	8 235 923	2 063 084
Deferred tax liability	19	521 452	502 097	527 234	506 818
Long term provisions	20	187 217	142 709	114 509	96 834
Long term loans	21	39 963	43 763	–	–
Long term share based payment liability	24	69 466	98 893	58 236	89 432
Domestic medium term notes	25	–	1 370 000	–	1 370 000
Financial guarantee liability	23	–	–	7 535 944	–
Preference share liability	22	6 492 655	–	–	–
Current liabilities		2 624 158	1 191 662	2 225 741	942 529
Current portion of long term loans	21	3 801	3 801	–	–
Short term share based payment liability	24	61 019	69 942	49 974	63 449
Domestic medium term notes	25	1 370 000	–	1 370 000	–
Bank overdraft	16	–	118	–	118
Tax payable		102 072	121 481	–	15 390
Trade and other payables	26	959 996	877 365	685 303	751 577
Short term provisions	27	127 270	118 955	120 464	111 995
Total equity and liabilities		19 151 336	14 740 996	19 063 799	14 486 756

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2015

		Group		Company	
		2015	2014	2015	2014
	Note	R000	R000	R000	R000
Revenue	29	6 173 618	5 477 558	4 629 208	4 702 912
Sales revenue	29	6 035 535	5 339 397	4 230 121	4 268 436
Cost of Sales		5 439 722	5 277 915	3 980 584	4 152 938
Operating costs	30	4 342 571	3 536 002	3 114 831	2 690 872
Concentrates purchased		602 395	918 605	963 011	918 605
Refining and other costs		199 470	267 117	83 408	155 789
Depreciation and write-offs	31	339 949	445 875	165 091	209 430
Change in metal inventories		(44 663)	110 316	(345 757)	178 242
Operating profit		595 813	61 482	249 537	115 498
Share of earnings from associate and joint venture	32	28 769	3 464	–	69
Investment revenue	33	72 043	59 963	220 904	261 274
Finance charges		(245 937)	(176 124)	(140 342)	(170 690)
Sundry expenditure	34	(1 587 264)	(26 724)	(9 244 535)	(89 442)
Sundry income	34	268 250	123 735	377 490	216 334
(Loss)/profit before tax		(868 326)	45 796	(8 536 946)	333 043
Taxation	35	(165 619)	(26 199)	(115 244)	(93 870)
(Loss)/profit for the year		(1 033 945)	19 597	(8 652 190)	239 173
Other comprehensive income		(4 482)	(1 327)	–	–
Items that will not be reclassified subsequently to profit and loss		–	418	–	–
Share of associate's remeasurements of post-employment benefit obligations net of tax		–	418	–	–
Items that will be subsequently reclassified to profit and loss		(4 482)	(1 745)	–	–
Share of associate's exchange differences on translating foreign operations		(4 482)	(1 738)	–	–
Share of associate's fair value adjustment on available for sale financial assets		–	(7)	–	–
Total comprehensive income for the year		(1 038 427)	18 270	(8 652 190)	239 173
(Loss)/profit attributable to:					
Owners of the parent		(1 035 649)	9 486	(8 652 190)	239 173
Non-controlling interests		1 704	10 111	–	–
(Loss)/profit for the year		(1 033 945)	19 597	(8 652 190)	239 173
Total comprehensive income attributable to:					
Owners of the parent		(1 040 131)	8 159	(8 652 190)	239 173
Non-controlling interests		1 704	10 111	–	–
Total comprehensive income for the year		(1 038 427)	18 270	(8 652 190)	239 173

		Cents	Cents
(Loss)/earnings per share	36	(264.3)	2.4
Fully diluted (loss)/earnings per share	36	(264.3)	2.4
Headlines (loss)/earnings per share	36	(202.9)	2.2
Fully diluted headline (loss)/earnings per share	36	(202.9)	2.2

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Stated capital R000	Equity settled share-based payment reserve R000	Retained earnings R000	Other comprehensive income from associate R000	Non-controlling interests R000	Total equity R000
GROUP						
Balance at 1 July 2013	8 599 655	–	2 220 477	(14 013)	9 516	10 815 635
Acquisition of non-controlling interest	–	–	(6 828)	–	(3 172)	(10 000)
Total comprehensive income for the year	–	–	9 486	(1 327)	10 111	18 270
Profit for the year	–	–	9 486	–	10 111	19 597
Other comprehensive income for the year	–	–	–	(1 327)	–	(1 327)
Dividends declared #	–	–	–	–	(11 066)	(11 066)
Issue of new shares	579 033	–	–	–	–	579 033
Balance at 1 July 2014	9 178 688	–	2 223 135	(15 340)	5 389	11 391 872
Acquisition of non-controlling interest	–	–	(46 815)	–	(3 185)	(50 000)
Total comprehensive income for the year	–	–	(1 033 945)	(4 482)	1 704	(1 036 723)
Loss for the year	–	–	(1 033 945)		1 704	(1 032 241)
Other comprehensive income for the year	–	–	–	(4 482)	–	(4 482)
Dividends declared #	–	–	(2 567)	–	(3 908)	(6 475)
Issue of new shares	4 599 426					4 599 426
Treasury shares	(6 556 123)	–	–	–	–	(6 556 123)
Share based payment reserve	–	874 448	–	–	–	874 448
Balance at 30 June 2015	**7 221 991**	**874 448**	**1 139 808**	**(19 822)**	**–**	**9 216 425**
Note	17	18				

Non-controlling interest's portion of dividends declared by entities within the Northam group.

STATEMENT OF CHANGES IN EQUITY CONTINUED

for the year ended 30 June 2015

	Stated capital R000	Equity settled share-based payment reserve R000	Retained earnings R000	Total equity R000
COMPANY				
Balance at 1 July 2013	8 599 655	–	2 063 282	10 662 937
Total comprehensive income for the year	–	–	239 173	239 173
Issue of new shares	579 033	–	–	579 033
Balance at 1 July 2014	9 178 688	–	2 302 455	11 481 143
Loss for the year	–	–	(8 652 190)	(8 652 190)
Share-based payment reserve	–	1 173 756	–	1 173 756
Issue of new shares	4 599 426	–	–	4 599 426
Balance at 30 June 2015	**13 778 114**	**1 173 756**	**(6 349 735)**	**8 602 135**
Note	17	18		

STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

		Group		Company	
		2015	2014	2015	2014
	Note	R000	R000	R000	R000
Cash flows from operating activities		**340 950**	**885 379**	**(117 395)**	**670 485**
Cash generated from operations	37	745 187	693 774	283 498	507 329
Interest received		72 043	52 583	220 904	35 516
Change in working capital	38	(221 248)	270 414	(499 955)	238 050
Taxation paid	39	(255 032)	(131 392)	(121 842)	(110 410)
Cash flows utilised in investing activities		**(1 101 462)**	**(765 945)**	**(4 448 845)**	**(523 201)**
Property, plant, equipment and mining properties and mineral reserves					
Additions to maintain operations		(322 980)	(358 200)	(286 245)	(351 466)
Additions to expand operations		(779 068)	(539 645)	–	–
Proceeds from sale of development ounces		–	137 687	–	–
Disposal proceeds		1 551	3 508	1 402	1 297
Land and township development					
Additions		(1 088)	(2 825)	–	–
Disposals proceeds		885	8 174	–	–
Investment in associate – cash distributed		12 918	69	–	69
Additional investment made in associate		(9 623)	–	(9 623)	–
Decrease/(increase) in subsidiary loans		–	–	387 411	(248 911)
Increase in investments held by Northam Platinum Restoration Trust Fund		(2 624)	(5 520)	(2 077)	(2 878)
Increase in investments held by Environmental Guarantee Investment		(1 098)	(8 617)	(1 856)	(6 316)
Increase in investment held in Buttonshope Conservancy Trust		(335)	(576)	–	–
Additional investment in subsidiary		–	–	(4 650 000)	(10 000)
Dividends received		–	–	112 143	95 004
Cash flows generated from financing activities		**4 232 645**	**248 042**	**4 466 557**	**278 343**
Proceeds from issue of shares		4 600 000	600 000	4 600 000	600 000
Transaction costs		(574)	(20 967)	(574)	(20 967)
Liquidity fees paid		(163 903)	–	–	–
Acquisition of non-controlling interest		(50 000)	(10 000)	–	–
Finance charges		(145 170)	(176 124)	(132 869)	(170 690)
Dividends paid		(3 908)	(11 066)	–	–
Decrease in long term loans		(3 800)	(3 801)	–	–
Revolving credit facilities repaid		–	(250 000)	–	(250 000)
Domestic medium term notes issued		–	120 000	–	120 000
Increase in cash and cash equivalents		**3 472 133**	**367 476**	**(99 683)**	**425 627**
Cash and cash equivalents at beginning of year		**666 056**	**298 580**	**634 642**	**209 015**
Cash and cash equivalents at end of year	16	**4 138 189**	**666 056**	**534 959**	**634 642**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2015

1. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the company and group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date.

However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of assets or liabilities affected in future.

These estimates and assumptions are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

1.1 Impairment of assets

The group assesses each cash generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair-value-less-costs-of-disposal or value in use. These assessments require the use of estimates and assumptions such as long term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. 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 and eventual disposal, 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.

Impairment testing requires management to make significant judgements concerning the existence of impairment indicators, identification of cash-generating units, remaining useful lives of assets and estimates of projected cash flows and fair-value-less-costs-of-disposal. Management's analysis of cash-generating units involves an assessment of a group of assets' ability to independently generate cash inflows and involves analysing the extent to which different products make use of the same assets. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

The determined value in use of the cash-generating unit is most sensitive to the platinum price, the US dollar exchange rate and the discount rate.

In assessing the value in use, the following key estimates and judgements were made by management, which are based on management interpretation of market forecast and the future.

	Group and company	
	2015	2014
The main assumptions include:		
long term real platinum price – US$ per ounce	1 663	1 495
long term real exchange rate – US$ = R	11.64	9.00
long term real discount rate – %	15.10	13.40

Management estimated the residual amount of mineral assets that the group is not currently developing. For those assets, the residual amount is calculated on a fair-value-less-cost-of-disposal basis taking into account earlier binding sales agreements between market participants.

1.2 Mine rehabilitation provision

The net present value of current decommissioning and restoration costs are based on the following assumptions:

	Group and company	
	2015	2014
Long term inflation rate for South Africa – %	6.00	6.00
Long term real discount rate – % (based on long bond yield rates)	8.00	8.00

Mine rehabilitation costs will be incurred by the group at the end of the operating life of some of the group's facilities and mine properties. The group assesses its mine rehabilitation provision at each reporting date. 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 6% (2014: 6%), and changes in discount rates 8% (2014: 8%). 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 established which would affect future financial results.

The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

1.3 Useful lives and residual values of property, plant and equipment

In assessing the useful lives of its assets, technological innovation, product life cycles, physical condition of the assets and maintenance programmes are taken into consideration by the group.

As residual values are the expected values at the end of an asset's useful life, a process of estimation is required to determine the residual values at year end.

1.4 Ore reserve and mineral resource estimates (life of mine)

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the group's mining properties. The group estimates its ore reserves and mineral resources, based on information compiled by appropriately qualified persons, relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resources estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, provision for rehabilitation, recognition of deferred tax assets (if any), and depreciation and amortisation charges. The group estimates and reports ore reserves in line with the principles contained in the South African Code for Reporting of Mineral Resources and Mineral Reserves of 2007, revised in 2009 (SAMREC 2009).

1.5 Production start date for mine developments

The group assesses the stage of a mine under construction to determine when the mine moves into the production phase. This being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of that mines construction project, such as the complexity of the project and its location. The group considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from "pre-production development expenditure" to "property, plant and equipment".

Some of the criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared to the original construction cost estimate
- Ability to produce metal in saleable form (within specification)
- Ability to sustain ongoing production of metal

When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation commences.

1.6 Capitalisation of borrowing costs

Northam obtained various forms of borrowings to fund the development of new mines. Only borrowing costs relating to qualifying assets is capitalised as borrowing costs.

1.7 TORO Employee Empowerment Trust

In applying the projected unit credit method, the following estimates were used:

	Group and company	
	2015	2014
Discount rate – %	7.60	7.90
Interest rate – %	7.90	8.20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2015

The company entered into an agreement with the representative unions at the Northam mine in terms of which the company has undertaken to contribute 4% of its after tax profits to the Toro Employee Empowerment Trust, providing Northam's Zondereinde mine unskilled and semi-skilled employees an opportunity to participate in the profits of the company. In the event of the company making a loss, no contributions are made to the trust. Eligible employees will receive payment at the end of each five year cycle, starting from September 2013. The amount of this cash to be distributed is based on the valuation of the fund and Northam does not guarantee any values over and above what is included in the Trust and managed accordingly by the investment manager.

The substance of the transaction has been assessed and, based on the results of this assessment, management has concluded that the Trust is a structured entity under IFRS 10 and, that it controls it with no non-controlling interests. The Trust is accounted for as an "other long term employee benefit" in terms of IAS 19.

1.8 Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Judgement is required to determine which arrangements are considered to be a tax on income as opposed to an operating cost. Judgement is also required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the reporting date could be impacted.

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

1.9 Contingencies

By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

1.10 Inventories

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained PGM ounces is based on assay data, and the estimated recovery percentage is based on the expected processing method.

Stockpile tonnages are verified by periodic surveys.

1.11 Fair value measurement

The group measures financial instruments at fair value at each financial reporting date. Also, from time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g., when the entity acquires a business, or where an entity measures the recoverable amount of an asset or cash-generating unit at fair-value-less-costs-of-disposal.

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.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Changes in estimates and assumptions about these inputs could affect the reported fair value.

1.12 Exploration and evaluation expenditure

The application of the group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely,from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

In addition to applying judgement to determine whether economic benefits are likely to arise from the group's exploration assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the group has to apply a number of estimates and assumptions.

Exploration costs are currently being expensed.

Mineral resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e. measured, indicated or inferred).

If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off in the profit or loss in a period when the new information becomes available.

1.13 Guarantee to BEE SPV

A financial guarantee contract was issued by Northam to Zambezi Platinum to guarantee the preference shares that were issued by Zambezi as part of the BEE transaction.

The redemption of the BEE preference shares is planned to occur through cash accumulation from dividends received from Northam, and after the lock-in the possible sell-off of Northam Platinum Limited shares into the market to realise the capital value, to redeem the preference shares. In the event that this is not sufficient to settle the liability, it will be secured by the Company in terms of a financial guarantee ("Northam Guarantee"), in terms of which Northam Platinum Limited will be responsible for the payment of all amounts which Zambezi Platinum (RF) Limited has contracted but failed to pay in terms of the BEE preference share terms by means of a cash payment or the issue of a determinable number of Northam Platinum Limited shares to the BEE preference shareholders, or a cash and Northam Platinum Limited share combination.

In the Northam separate financial statements, the financial guarantee was recognised as a financial guarantee liability. Refer to note 23 for details of the financial guarantee contract. Measuring the guarantee contract liability required to use of estimates, these assumptions include:

	Company	
	2015	**2014**
Dividend yield rate	0.30%	–
Volatility	30.00%	–
Risk free rate	8.42%	–

The financial guarantee liability is amortised based on the total value of preference shares still outstanding, as this better reflects the pattern of how Northam Platinum Limited provides the guarantee.

1.14 BEE transaction cost

The group executed the BEE transaction during the year, various costs were incurred by the group to facilitate the transaction. The services provided by the advisors included finding appropriate shareholders, raising debt and ensuring that all legal requirements were complied with. These costs were expensed, as there was no reasonable basis on which these costs could be allocated directly to the issuance of the debt (preference shares) or equity (ordinary shares). Also, in undertaking the transaction, the group obtained BEE credentials, which does not qualify for capitalisation.

1.15 Liquidity fees

Subscription undertakings for the full value of the preference shares were secured at a 2.5% liquidity fee. The liquidity fee is classified as a transaction cost in terms of IAS 39 at a group level. In terms of IAS 39.43 transaction costs will be included in the initial measurement of the financial liability, except when it is classified as a financial liability held at fair value through profit or loss. The BEE preference share liability will be measured at amortised cost and therefore the transaction cost should be included on initial measurement.

The liquidity fee payable of R163.9 million is of a capital nature and therefore not tax resulting in a permanent difference.

Included in the Northam Platinum Limited company accounts these costs were expensed as transaction costs.

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for the year ended 30 June 2015

1.16 Determining the recoverable of investment in associate

In applying IAS 36 to the group's investment in Trans Hex, the group determined the recoverable amount as the higher of the value in use and fair value less costs of disposal. The fair value was calculated with reference to the ruling market price at year end multiplied by the number of shares as required by IFRS 13. No liquidity adjustment was made. The impairment loss was based on value in use which incorporated net cash flows to be received upon disposal of the investment at a future date.

1.17 Zambezi Platinum (RF) Limited

Zambezi Platinum was created and designed for the sole purpose of providing Northam with BEE credentials and as a structure to hold the listed BEE preference shares. If Northam does not comply with the HDSA requirements in the Mining Charter they will not be able to retain their mining rights. Northam is able to direct the strategic direction of Zambezi and as per the subscription and relationship agreement between the two companies, Zambezi's memorandum of incorporation may not be amended or replaced without Northam's prior written consent. Northam assumes full responsibility for the administration of Zambezi as well as any costs incurred by Zambezi up to a certain limit. Furthermore, Northam provides a guarantee for Zambezi's obligation in respect of the preference shares. All these points indicate that Northam has been involved from the inception of the transaction, to ensure that the design and operation of Zambezi achieves the purpose for which it was created. In terms of the transaction, an "N" share was issued to Northam, which gave them the right to implement mitigating action should Zambezi not comply with certain undertakings as per the transaction's agreements and in other limited instances aimed at maintaining the integrity of the transaction at all times. Zambezi can also not dispose of the Northam ordinary shares without the prior consent of Northam. Northam has significant exposure to the variable returns of Zambezi, through the creation and maintenance of the BEE credentials during the 10 year lock-in period as well as through the guarantee provided by Northam. The decision making power of Zambezi's board of directors is restricted to maintaining Northam's BEE credentials and funding arrangements.

All of these factors have been considered in determining that even though Northam Platinum do not have majority of the voting rights in Zambezi, they still have control over the entity.

1.18 Pandora joint venture

The group's interest in the "joint venture" is classified as an investment in an associate due to the existence of significant influence as opposed to joint control. The entity is called the Pandora joint venture because there are four parties that have an interest in the entity, the two main parties hold 85% interest. Joint control only exists for the two majority parties and the minority interest holders only have significant influence due to board representation. Thus the investment has been accounted for as an investment in associate.

1.19 Operating segments

Two operating segments have been identified, being the Zondereinde mine and Booysendal mine. Both of these mines engage in business activities from where they earn revenue and incur expenses, the operating results of these two segments are also regularly reviewed by the chief decision makers at Northam and their performance assessed separately. Furthermore, discrete financial information is available for both segments.

The Zondereinde mine includes the results of Northam Chrome Producers. This segment does not meet the quantitative thresholds to be separately reported and the nature of the products and type of customers is similar to that of Zondereinde.

Zambezi Platinum has been included in Annexure 6 segmental analysis, in order to reconcile the amounts to the reported statement of financial position and statement of comprehensive income. Zambezi Platinum is not a separate operating segment as it does not engage in business activities from which it earns revenue and incurs expenses and in addition to this their operating results are not regularly reviewed by the chief operating decision maker in assessing the performance of the company.

1.20 Equity settled share based payment

Northam will effectively be paying for BEE credentials by distributing Northam ordinary shares to the various participant SPVs. This constitutes a share based payment as defined which will be classified as an equity-settled share-based payment to be delivered after the 10 year lock-in period. Current indications are that there are no vesting conditions attached to the BEE equity that will be held by the BEE participants. The valuation of the share-based expense would therefore take into account the restrictions on the participants' ability to dispose of the shares as well as the fact that they will only receive 10% of actual dividends declared during the 10 year lock-in period. The fair value at grant date will therefore not necessarily be the same as the listed share price. IFRS 2 requires equity-settled transactions to be accounted for at the fair value at grant date, defined as the date at which the entity and another party agree to a share-based payment arrangement, being the date when the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement. This will result in the full share-based payment in respect of the BEE transaction being incurred on day one of the BEE transaction.

2. PROPERTY, PLANT AND EQUIPMENT

Group – 30 June 2015	Mining plant and equipment R000	Mine development costs R000	Decommissioning asset R000	Motor vehicles R000	Total R000
Property, plant and equipment					
at cost	4 951 289	4 115 766	132 814	17 198	9 217 067
accumulated depreciation	(1 766 611)	(354 575)	(25 097)	(5 432)	(2 151 715)
Balance at end of year	**3 184 678**	**3 761 191**	**107 717**	**11 766**	**7 065 352**
Reconciliation of movement in property, plant and equipment					
balance at beginning of year	2 275 249	3 930 054	73 464	8 295	6 287 062
additions to maintain operations	281 805	–	–	4 207	286 012
additions to expand operations	776 140	–	–	2 928	779 068
present value of decommissioning asset capitalised (note 20)	–	–	36 968	–	36 968
disposals at cost	(31 479)	–	–	(7 997)	(39 476)
depreciation charged for the year	(148 516)	(168 863)	(2 715)	(3 005)	(323 099)
accumulated depreciation on disposals during the year	31 479	–	–	7 338	38 817
Balance at end of year	**3 184 678**	**3 761 191**	**107 717**	**11 766**	**7 065 352**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2015

2. PROPERTY, PLANT AND EQUIPMENT continued

Group – 30 June 2014	Mining plant and equipment R000	Mine development costs R000	Decommis-sioning asset R000	Motor vehicles R000	Total R000
Property, plant and equipment					
at cost	3 920 378	4 115 766	95 544	18 318	8 150 006
accumulated depreciation	(1 645 129)	(185 712)	(22 080)	(10 023)	(1 862 944)
Balance at end of year	**2 275 249**	**3 930 054**	**73 464**	**8 295**	**6 287 062**
Reconciliation of movement in property, plant and equipment					
balance at beginning of year	2 117 502	4 016 435	77 477	10 812	6 222 226
additions to maintain operations	358 086	–	–	–	358 086
additions to expand operations	–	537 336	–	2 309	539 645
proceeds from sale of development ounces	–	(137 687)	–	–	(137 687)
reclassification of development tonnes to inventory (note 38)	–	(300 318)	–	–	(300 318)
present value of decommissioning asset capitalised (note 20)	–	–	114	–	114
disposals at cost	(94 464)	–	–	(3 221)	(97 685)
depreciation charged for the year	(197 356)	(185 712)	(4 127)	(3 183)	(390 378)
accumulated depreciation on disposals during the year	91 481	–	–	1 578	93 059
Balance at end of year	**2 275 249**	**3 930 054**	**73 464**	**8 295**	**6 287 062**

Company – 30 June 2015	Mining plant and equipment R000	Mine development costs R000	Decommis-sioning asset R000	Motor vehicles R000	Total R000
Property, plant and equipment					
at cost	4 154 469	–	67 485	7 937	4 229 891
accumulated depreciation	(1 786 243)	–	(21 502)	(3 133)	(1 810 878)
Balance at end of year	**2 368 226**	**–**	**45 983**	**4 804**	**2 419 013**
Reconciliation of movement in property, plant and equipment					
balance at beginning of year	2 260 580	–	32 308	2 783	2 295 671
additions to maintain operations	267 295	–	–	4 207	271 502
present value of decommissioning asset capitalised (note 20)	–	–	14 743	–	14 743
disposals at cost	(17 985)	–	–	(3 373)	(21 358)
depreciation charged for the year	(159 462)	–	(1 068)	(832)	(161 362)
accumulated depreciation on disposals during the year	17 798	–	–	2 019	19 817
Balance at end of year	**2 368 226**	**–**	**45 983**	**4 804**	**2 419 013**

Company – 30 June 2014	Mining plant and equipment and development cost R000	Decom-mission-ing asset R000	Motor vehicles R000	Total R000
Property, plant and equipment				
at cost	3 905 157	52 742	7 103	3 965 002
accumulated depreciation	(1 644 577)	(20 434)	(4 320)	(1 669 331)
Balance at end of year	**2 260 580**	**32 308**	**2 783**	**2 295 671**
Reconciliation of movement in property, plant and equipment				
balance at beginning of year	2 107 197	34 675	5 218	2 147 090
additions to maintain operations	351 352	–	–	351 352
present value of decommissioning asset capitalised (note 20)	–	114	–	114
disposals at cost	(91 013)	–	(2 640)	(93 653)
depreciation charged for the year	(197 242)	(2 481)	(1 036)	(200 759)
accumulated depreciation on disposals during the year	90 286	–	1 241	91 527
Balance at end of year	**2 260 580**	**32 308**	**2 783**	**2 295 671**

3. MINING PROPERTIES AND MINERAL RESOURCES

	Mining properties R000	Mineral resources R000	Total R000
Group – 30 June 2015			
at cost	282 374	5 571 003	5 853 377
accumulated amortisation	(156 952)	(59 947)	(216 899)
Balance at end of year	**125 422**	**5 511 056**	**5 636 478**
Reconciliation of movement in mining properties and mineral resources			
balance at beginning of year	129 151	5 524 177	5 653 328
amortisation charged for the year	(3 729)	(13 121)	(16 850)
Balance at end of year	**125 422**	**5 511 056**	**5 636 478**
Group – 30 June 2014			
at cost	282 374	5 571 003	5 853 377
accumulated amortisation	(153 223)	(46 826)	(200 049)
Balance at end of year	**129 151**	**5 524 177**	**5 653 328**
Reconciliation of movement in mining properties and mineral resources:			
balance at beginning of year	137 822	5 571 003	5 708 825
amortisation charged for the year	(8 671)	(46 826)	(55 497)
Balance at end of year	**129 151**	**5 524 177**	**5 653 328**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2015

3. MINING PROPERTIES AND MINERAL RESOURCES continued

	Mining properties R000	Mineral resources R000	Total R000
Company – 30 June 2015			
at cost	266 314	–	266 314
accumulated amortisation	(156 952)	–	(156 952)
Balance at end of year	**109 362**	**–**	**109 362**
Reconciliation of movement in mining properties and mineral resources:			
balance at beginning of year	113 091	–	113 091
amortisation charged for the year	(3 729)	–	(3 729)
Balance at end of year	**109 362**	**–**	**109 362**
Company – 30 June 2014			
at cost	266 314	–	266 314
accumulated amortisation	(153 223)	–	(153 223)
Balance at end of year	**113 091**	**–**	**113 091**
Reconciliation of movement in mining properties and mineral resources:			
balance at beginning of year	121 762	–	121 762
amortisation charged for the year	(8 671)	–	(8 671)
Balance at end of year	**113 091**	**–**	**113 091**

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.

4. ACQUISITION OF NON-CONTROLLING INTERESTS

Acquisitions in 2015

Acquisition of non-controlling interest

On 1 August 2014, the company acquired the last remaining 20% of the voting shares in Northam Chrome Producers Proprietary Limited (NCP) which was not held by Northam for a consideration of R50 million. The company now wholly owns NCP.

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
Non-controlling interest				
Non-controlling interest acquired	3 185	–		
Adjustment to retained earnings	46 815	–		
Purchase consideration transferred	50 000	–		

Acquisitions in 2014

On 1 July 2013, the company acquired an additional 10% of the voting shares in Northam Chrome Producers Proprietary Limited (NCP) for a consideration of R10 million. This represented an acquisition of non-controlling interest, and increased the company's shareholding in NCP to 80%.

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
Non-controlling interest				
Non-controlling interest acquired	–	3 172		
Adjustment to retained earnings	–	6 828		
Purchase consideration transferred	–	10 000		

5. INTEREST IN ASSOCIATES AND JOINT VENTURES

Interest in associates and joint ventures comprises of a 7.5% interest in the Pandora joint venture (associate), a 50% interest in the Dwaalkop platinum project (joint venture), a 51% interest in the Kokerboom (joint venture) exploration project and a 20.3% interest in the issued share capital of Trans Hex Group Limited (associate). The percentage holdings remain unchanged from the prior year.

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
Dwaalkop joint venture	136 230	300 679	–	–
Pandora joint venture/associate	70 720	114 927	49 356	42 333
Trans Hex Group Limited	68 897	80 903	67 605	67 605
	275 847	496 509	116 961	109 938

Details of the group's share of the comprehensive income and financial position are set out in Annexure 2 from page 186, which forms part of these notes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2015

6. INVESTMENTS IN SUBSIDIARIES

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Khumama Platinum Proprietary Limited [1]	–	–	10 166 000	5 566 000
Mining Technical Services Proprietary Limited [2]	–	–	*	*
Mvelaphanda Resources Proprietary Limited [3]	–	–	–	161 619
Norplats Properties Proprietary Limited [4]	–	–	*	*
Northam Chrome Producers Proprietary Limited [5]	–	–	70 000	20 000
Windfall 38 Properties Proprietary Limited [6]	–	–	*	*
Zambezi Platinum (RF) Limited [7]	–	–	*	–
Balance at end of year	**–**	**–**	**10 236 000**	**5 747 619**

** Represents investment of less than R1 000.*

[1] The company holds 505 (2014: 405) ordinary shares representing a 100% equity interest in Khumama Platinum Proprietary Limited.

[2] The company holds 120 ordinary shares representing a 100% equity interest in Mining Technical Services Proprietary Limited, formerly known as Dialstat Trading Proprietary Limited.

[3] The company holds 217 881 101 ordinary shares representing a 100% equity interest in Mvelaphanda Resources Proprietary Limited. The investment was fully impaired in the current year.

[4] The company holds 100 ordinary shares representing a 100% equity interest in Norplats Properties Proprietary Limited.

[5] The company holds 100 ordinary shares representing a 100% equity interest in Northam Chrome Producers Proprietary Limited (2014: the company held 80 ordinary shares representing a 80% equity interest).

[6] The company holds 100 ordinary shares representing a 100% equity interest in Windfall 38 Properties Proprietary Limited.

[7] The company holds a single N share in Zambezi Platinum (RF) Limited as a protective right.

All companies are incorporated in the Republic of South Africa, and wholly owned, from the current year.

Details of the subsidiaries are contained in Annexure 3, which forms part of these notes.

7. UNLISTED INVESTMENTS

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Investment in Rand Mutual Assurance Company	6	6	6	6

The unlisted investment represents an equity investment in a mining industry service organisation, Rand Mutual Assurance Company Limited. This investment was acquired a number of years ago to assist with the administration of occupational injuries and diseases. The shares are disclosed at cost as the fair value is not available as the shares are not traded in an active market. Management is not planning to dispose these shares.

8. LAND AND TOWNSHIP DEVELOPMENT

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Balance at beginning of year	10 204	15 553	–	–
Construction in progress	–	23	–	–
Acquisitions	884	2 802	–	–
Disposals	(1 088)	(8 174)	–	–
Balance at end of year	**10 000**	**10 204**	**–**	**–**

Township development comprising 411 residential erven with houses erected thereon in Northam, District of Thabazimbi. These properties have been acquired in order to assist the group's employees to acquire affordable housing. The 411 erven are registered in the name of the company's subsidiary, Norplats Properties Proprietary Limited.

14 houses (2014: 38 houses) were sold in Mojuteng Township of Northam town during the year, totalling the number of houses sold to date at 388 (2014: 373), which includes properties surrendered of 11 during the current year (2014: 3) which will be available for resell in future periods bringing the total number of surrendered properties to 28 (2014: 17).

9. LONG TERM RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Long term receivables	99 692	102 484	–	–
Current portion of long term receivables (note 15)	(5 189)	(8 437)	–	–
Non-current portion of long term receivables	**94 503**	**94 047**	**–**	**–**

This comprises balances due by employees in respect of Northam's employee home ownership scheme under suspensive sale agreements. The loans to the employees bear interest at prime, and repayable over 15 years. In terms of the agreements, employees enjoy the full benefits of home ownership, and at such a time as the loan is paid off, the title to the houses will be transferred to the employees. As at 30 June 2015 there were no receivables (2014: Rnil) which were impaired and fully provided for. The group has pledged the installment sales agreements as security for the loan secured from Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N V (FMO) (note 21).

10. INVESTMENTS HELD BY NORTHAM PLATINUM RESTORATION TRUST FUND

The company contributes to a dedicated environmental restoration trust fund to provide for the estimated decommissioning and environmental restoration costs at the end of the mine's life.

The balance of the fund comprises:

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Balance at beginning of year	46 468	40 948	36 791	33 913
Contributions made during the year	–	2 774	–	603
Income earned during the year (note 33)	2 624	2 746	2 078	2 275
Balance at end of year	**49 092**	**46 468**	**38 869**	**36 791**

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

11. ENVIRONMENTAL GUARANTEE INVESTMENT

The balance of the fund comprises:

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Balance at beginning of year	51 024	42 407	42 281	35 965
Contributions made during the year	–	6 000	–	3 000
Management fees	(2 304)	(1 441)	(978)	(479)
Income earned during the year (note 33)	3 402	4 058	2 834	3 795
Balance at end of year	**52 122**	**51 024**	**44 137**	**42 281**

The Environmental Guarantee Investment policy was issued in terms of the insurance guarantee for R157.9 million (2014: R114.9 million) relating to the group and R67.0 million (2014: R49.0 million) for the company.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2015

12. BUTTONSHOPE CONSERVANCY TRUST

The balance of the fund comprises:

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
Balance at beginning of year	10 702	10 126		
Contributions received during the year	–	141		
Interest earned during the year (note 33)	574	576		
Less expenditure incurred during the year	(239)	(141)		
Balance at end of year	**11 037**	**10 702**		

The trust was established as a conservancy trust by Northam Platinum Limited (Northam), with the principal objective of engaging in the conservation, rehabilitation and/or protection of the natural environment, including flora, fauna and the biosphere as well as promoting the establishment of, and education and training programmes relating to, environmental awareness, greening, cleanup and/or sustainable development projects in respect of Portion 1 of the Farm Buttonshope 51, Registration Division JT, Mpumalanga Province, and which may involve the participation by local communities. The aforementioned property is owned by Booysendal Platinum Proprietary Limited (previously Micawber 278 Proprietary Limited), an indirect subsidiary of Northam. An initial contribution of R10 million was required by Booysendal Platinum in terms of the trust agreement.

Funds of R3.0 million (2014: R2.5 million) are invested with Standard Bank Limited in a call account and R8.0 million (2014:R8.1 million) is held in a Extra Income Fund with Stanlib Collective Investments Limited.

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

13. SUBSIDIARY LOANS

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
Long term subsidiary loans receivable				
Norplats Properties Proprietary Limited			24 456	24 456
The loan bears interest at 2.0% below South African prime interest rate and may only be repaid once the loan from FMO has been repaid by Norplats Properties Proprietary Limited (note 21), by no later than 30 September 2026.				
Short term subsidiary loans receivable				
Booysendal Platinum Proprietary Limited (previously Micawber 278 Proprietary Limited)			4 159 333	4 556 577
Buttonshope Conservancy Trust			403	–
Mvelaphanda Resources Proprietary Limited			957	945
Norplats Properties Proprietary Limited			26 007	16 284
Windfall 38 Properties Proprietary Limited			14 862	15 167
Mining Technical Services Proprietary Limited (previously Dialstat Trading Proprietary Limited)			1	1
			4 201 563	4 588 974
Total subsidiary loans receivable			4 226 019	4 613 430

The loan to Booysendal Platinum bears interest at JIBAR plus 3.75% from 1 January 2015 on the portion of the loan that relates to third party funding. Previously the loan bore interest at 2.0% below the South African prime interest rate. The loan is repayable on demand and therefore stated as current.

All other loans, except Windfall 38 Properties, are unsecured and interest free, repayable on demand and therefore stated as current.

The loan to Windfall 38 Properties bears interest at 2.0% below the South African prime interest rate, repayable on demand and therefore stated as current.

Details of the subsidiaries are set out in Annexure 3, which forms part of these notes.

14. INVENTORIES

Inventory comprise:

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Metals on hand and in transit – at net realisable value	1 052 774	1 007 945	993 247	647 491
Chrome finished product – at cost	222	176	–	–
Consumable stores – at cost	73 554	68 732	52 106	53 492
Total inventories at the lower of cost and net realisable value	1 126 550	1 076 853	1 045 353	700 983

The cost of sales figure disclosed in the statement of comprehensive income approximates the cost of inventory expensed.

Included in cost of sales is Rnil (2014: R1.1 million) for consumable stores written down to net realisable value and R273.0 million (2014: R325.3 million) recognised as an expense for metals on hand and in transit carried at net realisable value.

15. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise:

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Trade receivables	160 064	108 875	143 068	107 159
Prepayments and deposits	3 946	5 698	3 516	5 088
SARS – value added tax	244 497	61 702	70 343	20 377
Current portion of long term receivables (note 9)	5 189	8 437	–	–
Other	85 158	59 960	64 570	59 562
	498 854	244 672	281 497	192 186

Trade receivables are unsecured, non-interest-bearing and are generally on 30 day terms except for metal debtors who have payment terms of between 2 – 5 days. As at 30 June 2015 a single receivable balance of R22.4 million was impaired (2014: Rnil), relating to other receivables.

The age analysis of trade receivables as at 30 June 2015 is set out in Annexure 1 from page 182, which forms part of these notes.

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for the year ended 30 June 2015

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
Cash at bank and on hand	3 779	135 555	1 716	108 441
Restricted cash	104 936	27 300	23 000	23 000
Short term deposits	4 029 474	503 319	510 243	503 319
Cash and cash equivalents	4 138 189	666 174	534 959	634 760
Bank overdraft	–	(118)	–	(118)
Total cash and cash equivalents including bank overdrafts	4 138 189	666 056	534 959	634 642

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods depending on the immediate cash requirements of the group, and earn interest at the respective short term deposit rates.

At 30 June 2015 the group had R1.0 billion (2014: R1.4 billion) of undrawn committed borrowing facilities.

Included in restricted cash is R8.5 million (2014: R4.3 million) that has been pledged to FMO by Norplats Properties Proprietary Limited as a debt service reserve account (the account) as security for servicing of the loan from FMO (note 21). In accordance with the FMO agreement, Norplats Properties Proprietary Limited shall maintain at all times a balance in the account equal to not less than the sum of all payments of principal and interest on each loan which will be due and payable during the next relevant period. Norplats Props may withdraw amounts from the account only for the purpose of paying principal and interest under the agreement. Norplats Props shall not withdraw funds from the account for any other purpose without the written consent of FMO.

Restricted cash includes a guarantee of R23.0 million relating to an electricity supply agreement between the company and Eskom Holdings SOC Limited.

Also included in restricted cash is money ring fenced for the benefit of the ESOP Trust, the Zondereinde Community Trust and the Booysendal Community Trust, which may only be spent in terms of the various Trust deeds.

For the purpose of the statement of cash flows, cash and cash equivalents comprise only the above balances as the group has no bank overdrafts.

17. STATED CAPITAL

	2015		2014	
	R000	Number of shares	R000	Number of shares
	Group and company		Group and company	
Authorised share capital		2 000 000 000		545 000 000
Issued share capital				
At 1 July 2013	8 599 655	382 586 090	8 599 655	382 586 090
Shares issued during the year for cash on the exercise of share options	579 033	15 000 000	579 033	15 000 000
At 1 July 2014	9 178 688	397 586 090	9 178 688	397 586 090
Shares issued as part of the BEE empowerment transaction	4 599 426	112 195 122		
At 30 June 2015	13 778 114	509 781 212		
Treasury shares	(6 556 123)	(159 905 453)		
At 30 June 2015	7 221 991	349 875 759		

Details of share capital and shares held by the directors are contained in the directors' report.

18. EQUITY SETTLED SHARE BASED PAYMENT RESERVE

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Balance at beginning of year	–	–	–	–
Creation of an equity compensation reserve as a result of the BEE transaction	874 448	–	1 173 756	–
Balance at end of year	**874 448**	**–**	**1 173 756**	**–**

The issue of preference shares by Zambezi Platinum resulted in a need to account for a share based payment charge and related reserve in terms of IFRS 2. The actual share based payment charge and related reserve were calculated according to market information available as at 30 June 2015.

A Monte Carlo simulation was used to determine the share based payment expense.

These BEE shares vested immediately on grant date. The input relating to the calculation of the share based payment expense included a risk free rate of 8.17%, volatility of 30% and a dividend yield rate of 0.3% over a 10 year period.

19. DEFERRED TAX LIABILITY AND ASSET

The principle components of the deferred tax liability are as follows:

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Deferred tax liabilities				
Property, plant and equipment	(612 073)	(585 184)	(622 282)	(596 812)
Metal inventory	(4 755)	(12 662)	(4 755)	(12 662)
Restoration trust fund	(10 883)	(10 301)	(10 883)	(10 301)
Section 24C allowance in respect of long term receivables	(6 791)	(8 977)	–	–
	(634 502)	(617 124)	(637 920)	(619 775)
Deferred tax assets				
Employee benefits relating to leave pay and bonus provisions	49 128	43 441	48 324	43 036
Decommissioning and environmental restoration provisions	32 063	27 155	32 063	27 114
Share-based payment liability	30 299	42 807	30 299	42 807
Calculated loss	1 560	1 624	–	–
	113 050	115 027	110 686	112 957
Net deferred tax liability	(521 452)	(502 097)	(527 234)	(506 818)
The charge in the deferred tax balance is reconciled as follows:				
Deferred tax liability at beginning of year	(502 097)	(476 053)	(506 818)	(484 447)
Charge for the year (per note 35)	(19 355)	(26 044)	(20 416)	(22 371)
Temporary differences in respect of property, plant and equipment	(26 889)	(37 312)	(25 470)	(37 137)
Depreciation component included in metals on hand and in transit	7 907	4 309	7 907	4 309
Temporary differences in respect of restoration trust fund	(582)	(10 301)	(582)	(10 301)
Section 24C allowance in respect of long term receivables	2 186	(5 231)	–	–
Calculated loss	(64)	1 624	–	–
Temporary difference in respect of employee benefits	5 687	4 102	5 288	3 988
Temporary difference in respect of decommissioning and environmental restoration provisions	4 908	1 825	4 949	1 830
Temporary difference in respect of share-based payment liabilities	(12 508)	14 940	(12 508)	14 940
Net deferred tax liability at end of year	(521 452)	(502 097)	(527 234)	(506 818)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2015

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
19. DEFERRED TAX LIABILITY AND ASSET continued				
The group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.				
19.1 Booysendal Platinum Proprietary Limited – deferred tax asset				
A deferred tax asset has been raised for items included in Booysendal Platinum Proprietary Limited as taxable profits will be generated in the foreseeable future against which the deferred tax asset can be utilised.				
Deferred tax liability				
Metal inventory	(947)	(21 065)		
Restoration trust fund	(2 863)	(2 710)		
Employee benefits relating to bonus provisions	–	(3 206)		
	(3 810)	(26 981)		
Deferred tax assets				
Property, plant and equipment	144 666	56 533		
Employee benefits relating to leave provisions	5 160	692		
Decommissioning and environmental restoration provisions	20 358	12 803		
Share-based payment liability	6 237	2 204		
Calculated loss	–	50 823		
	176 421	123 055		
Net deferred tax asset	172 611	96 074		
The charge in the deferred tax balance is reconciled as follows:				
Deferred tax liability at beginning of year	96 074	–		
Charge for the year	76 537	96 074		
Temporary differences in respect of property, plant and equipment	88 133	56 533		
Depreciation component included in metals on hand and in transit	20 118	(21 065)		
Temporary differences in respect of restoration trust fund	(153)	(2 710)		
Calculated loss	(50 823)	50 823		
Temporary difference in respect of employee benefits	7 674	(2 514)		
Temporary difference in respect of decommissioning and environmental restoration provisions	7 555	12 803		
Temporary difference in respect of share-based payment liabilities	4 033	2 204		
Net deferred tax asset at end of year	172 611	96 074		

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
20. LONG TERM PROVISIONS				
Provision for decommissioning costs				
Balance at beginning of year	113 000	105 653	80 402	75 139
Change in estimate and capitalisation of decommissioning costs as part of the development of the Booysendal mine (note 2)	36 968	114	14 743	114
Unwinding of discount (note 30)	–	7 233	–	5 149
Balance at end of year	**149 968**	**113 000**	**95 145**	**80 402**
Provision for restoration costs				
Balance at beginning of year	29 709	27 614	16 432	15 160
Change in estimate (note 30)	5 163	(114)	1 618	59
Unwinding of discount (note 30)	2 377	2 209	1 314	1 213
Balance at end of year	**37 249**	**29 709**	**19 364**	**16 432**
Total long term provisions	**187 217**	**142 709**	**114 509**	**96 834**

In terms of, *inter alia,* the Mineral and Petroleum Resources Development Act no 28, of 2002, the company is required to make financial provision for its decommissioning and restoration costs that will be incurred upon the cessation of mining activities. The future value of the environmental obligation will be paid over to Northam Platinum Restoration Trust fund (note 10) over the remaining life of the Zondereinde mine which is currently estimated at 15 years (2014: 16 years), and over the remaining life of the Booysendal mine which is currently estimated at over 26 years (2014: 25 years). Financial provision is not however required to be made for the decommissioning of certain structures, such as housing, which may have alternative use.

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Provisions before funding	187 217	142 709	114 509	96 834
Less: Northam Platinum Restoration Trust Fund (note 10)	(49 092)	(46 468)	(38 868)	(36 791)
Less: Environmental Guarantee Investment (note 11)	(52 122)	(51 024)	(44 137)	(42 281)
Net present value of unfunded environmental rehabilitation obligations	86 003	45 217	31 504	17 762
The future value of the environmental rehabilitation obligation will be paid over to the Northam Platinum Restoration Trust Fund (note 10) over the remaining life of the mines.				
The present value of the environmental restoration obligation is determined by applying a pre-tax discount rate of 8.0% (2014: 8.0%) and a long term inflation rate of 6.0% (2014: 6.0%) over the remaining life of the mines.				
The decommissioning and restoration costs are reviewed on an annual basis, and at the reporting date the net unfunded future obligations were as follows:				
Undiscounted decommissioning obligations	215 070	160 450	125 938	108 432
Undiscounted restoration obligations	54 706	43 106	25 631	22 159
Total decommissioning and restoration obligation	269 776	203 556	151 569	130 591
Less: Obligation not requiring financial provision	(51 105)	(46 096)	(51 105)	(46 096)
	218 671	157 460	100 464	84 495
Less: Funds held by Northam Platinum Restoration Trust Fund (note 10)	(49 092)	(46 468)	(38 868)	(36 791)
Environmental Guarantee Investment (note 11)	(52 122)	(51 024)	(44 137)	(42 281)
Total unfunded current rehabilitation obligations	117 457	59 968	17 459	5 423

The group has procured the issue of an insurance guarantee for R157.9 million (2014: R114.9 million) in respect of the unfunded decommissioning and restoration costs, of which R67.0 million (2014: R49.0 million) relates to the company.

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	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
21. LONG TERM LOANS				
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N V (FMO)	43 764	47 564	–	–
Current portion of long term loans	(3 801)	(3 801)	–	–
Total long term loans	39 963	43 763	–	–

The loan, which is repayable in equal bi-annual installments over 15 years, bears interest at 3.5% above JIBAR, with the last payment due 30 September 2026.

The group has pledged the installment sales agreement as security for the loan (note 9).

	Group 2015 R000	Group 2014 R000	Company 2015 R000	Company 2014 R000
22. PREFERENCE SHARE LIABILITY				
Zambezi Platinum preference shares	6 492 655	–	–	–

Zambezi Platinum issued 159 905 453 preference shares, at R41 per share, on 18 May 2015 as a result of the BEE transaction. These are repayable on 18 May 2025 at the end of the lock-in period. The preference's rights, limitations and other terms associated with the Zambezi preference shares are set out in the Zambezi MOI.

The preference shares will accrue a cumulative variable dividend of 3.5% over the prime overdraft rate in South Africa.

	Group 2015 R000	Group 2014 R000	Company 2015 R000	Company 2014 R000
23. FINANCIAL GUARANTEE LIABILITY				
Financial guarantee	–	–	7 535 944	–

The redemption of the Zambezi Preference Shares is secured by the company in terms of a financial guarantee ("Northam Guarantee"), in terms of which Northam will be responsible for the payment of all amounts which Zambezi Platinum has contracted but failed to pay in terms of the BEE Preference Share terms by means of a cash payment or the issue of a determinable number of Northam shares to the BEE preference shareholders, or a cash and Northam share combination.

24. SHARE BASED PAYMENT LIABILITY

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Total share-based payment liability	130 485	168 835	108 210	152 881
Short term share based payment liability	(61 019)	(69 942)	(49 974)	(63 449)
Long term share-based payment liability	69 466	98 893	58 236	89 432

The group operates the Northam Share Option Scheme (the Scheme) as well as the Northam Share Incentive Plan (the SIP). The Scheme has been discontinued owing to its dilutionary nature although share options issued before its discontinuance will be allowed to run their course.

Where the counterparty has a right to elect for the settlement in either shares or cash, IFRS 2 regards the transaction as a compound transaction to which split accounting must be applied. The general principle is the transaction must be analysed into a liability component (the counterparty's right to demand settlement in cash) and an equity component (the counterparty's right to demand settlement in shares).

Management considered the requirements and determined that based on historical information very few individuals, if any, have kept their Northam shares, and that the majority of the outstanding options, performance and retention shares will be settled in cash and should therefore be accounted for as a cash-settled rather than an equity-settled share based payment.

Refer to Annexure 5 from page 196, which forms part of these notes, for further details on the share based payments.

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
25. DOMESTIC MEDIUM TERM NOTES AND REVOLVING CREDIT FACILITIES				
Domestic medium term notes	1 370 000	1 370 000	1 370 000	1 370 000
The group raised term debt through the issue of R1.25 billion 3 year senior unsecured floating rate notes (notes) under its R2 billion Domestic Medium Term Note Programme dated 3 August 2012. The notes attract a coupon of 350 basis points above three month JIBAR and interest payments are due quarterly. The notes matured on 4 September 2015.				
On 11 July 2013, the company raised an additional amount of R120 million in the domestic capital market through a tap issue which matured on 4 September 2015.				
The interest rate for the tap issue notes was placed at a lower rate of JIBAR plus 330 basis points, which was accounted for in the issue price.				
The issues were guaranteed by Northam's wholly owned subsidiaries, Booysendal Platinum Proprietary Limited (previously Micawber 278 Proprietary Limited) and Khumama Platinum Proprietary Limited, who are the statutory entities in which the Booysendal mine is housed.				
Due to the maturity date being 4 September 2015, the Domestic Medium Term Note was classified as current (2014: non-current).				
Revolving credit facilities	–	–	–	–

The group entered into a facility agreement with Nedbank Limited in August 2011 regarding a R1.0 billion 5 year senior unsecured revolving credit facility (the facility). The facility is available to be utilised by way of periodic drawdown requests until the earlier of 1 month prior to final maturity and cancellation of the agreement. Interest is calculate at JIBAR plus 2.80% for each applicable interest period. The facility was not drawn at year-end (2014: Rnil).

26. TRADE AND OTHER PAYABLES

Trade and other payables comprise:

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Trade payables	206 830	312 499	149 687	266 257
Accruals	563 785	403 540	385 772	356 069
SARS – value added tax	15 186	13 141	–	–
Other	174 195	148 185	149 844	129 251
	959 996	877 365	685 303	751 577

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

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27. SHORT TERM PROVISIONS

Provision for leave pay

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Balance at beginning of year	118 955	104 670	111 995	104 670
Additional amounts raised	261 209	194 968	255 057	188 008
Utilised	(252 894)	(180 683)	(246 588)	(180 683)
Balance at end of year	**127 270**	**118 955**	**120 464**	**111 995**

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

28. TORO EMPLOYEE EMPOWERMENT TRUST

The company entered into an agreement with the representative unions at the Northam mine in terms of which the company has undertaken to contribute 4% of its after tax profits to the Toro Employee Empowerment Trust, providing Northam's Zondereinde mine unskilled and semi-skilled employees an opportunity to participate in the profits of the company. Eligible employees will receive payment at the end of each five year cycle, starting from September 2013.

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Assets at fair market value as at 1 July	94 234	127 170	–	–
Expected return on assets	7 420	4 641	–	–
Employer contributions	(28)	9 189	–	–
Benefits paid	(586)	(54 995)	–	–
Actuarial (loss)/gain	(3 405)	8 229	–	–
Assets at fair market value as at 30 June	97 635	94 234	–	–
Unrecognised due to asset ceiling limit	81 056	83 180	–	–
Other long term employee benefit as at 1 July	11 054	51 637	–	–
Service cost	14 252	13 675	–	–
Interest cost	1 976	1 052	–	–
Actuarial gain	(10 117)	(315)	–	–
Benefits paid	(586)	(54 995)	–	–
Other long term employee benefit as at 30 June	16 579	11 054	–	–
Asset/(liability) recognised on the statement of financial position	–	–	–	–

** The "asset ceiling limit" ensures the asset to be recognised on the company's statement of financial position is subject to the present value of any economic benefits available to the company in the form of refunds or reductions in future contributions.*

The company is not entitled to any refund from the fund and hence the economic benefits available to the company is Rnil.

29. REVENUE

Total revenue comprises:

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Sales revenue	6 035 535	5 339 397	4 230 121	4 268 436
Investment revenue (note 33)	72 043	59 963	220 904	261 274
Sundry revenue (note 34)	66 040	78 198	178 183	173 202
	6 173 618	5 477 558	4 629 208	4 702 912

Sales revenue comprises of the turnover of platinum group metals and related precious and base metals, net of value added tax, trade discounts and intra-group sales.

30. OPERATING COSTS

Operating costs comprise mining and concentrating costs, excluding depreciation, and consist of the following principal prime cost categories:

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Labour (note 41)	1 622 438	1 499 144	1 487 601	1 354 749
Stores	984 392	735 647	833 180	652 232
Utilities	544 217	443 016	447 313	372 396
Sundries	1 183 984	848 850	343 805	305 074
Provision for decommissioning and restoration costs (note 20)	7 540	9 345	2 932	6 421
	4 342 571	3 536 002	3 114 831	2 690 872
The analysis of operating costs by principal activity is as follows:				
Mining operations	3 518 241	2 814 611	2 469 040	2 112 238
Smelter operations	74 900	77 266	74 900	77 266
Base metal removal plant operations	59 716	38 769	59 716	38 769
Overheads	682 174	596 011	508 243	456 178
Provision for decommissioning and restoration costs (note 20)	7 540	9 345	2 932	6 421
	4 342 571	3 536 002	3 114 831	2 690 872
Sundry operating costs include the following:				
Directors' remuneration				
Non executive fees	3 503	3 701	3 503	3 701
Executive remuneration (agreed to annexure PA Dunne and AZ Khumalo)	18 128	58 652	18 128	58 652
Share-based payment expense	36 037	139 081	22 994	117 739
Operating lease payments				
Office equipment	2 131	2 475	1 126	1 063
Premises	4 723	1 456	1 201	1 454

Details of directors' remuneration are contained in the directors' report on page 124.

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31. DEPRECIATION

Depreciation of mining properties, plant and equipment consists of the following:

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
Mining property	16 850	55 497	3 729	8 671
Property, plant and equipment and mine development costs	317 379	383 068	159 462	197 242
Decommissioning asset	2 715	4 127	1 068	2 481
Vehicles	3 005	3 183	832	1 036
	339 949	445 875	165 091	209 430
32. SHARE OF EARNINGS FROM ASSOCIATES AND JOINT VENTURES				
Share of earnings from associates/dividends received (refer Annexure 2)	28 769	3 464	–	69
33. INVESTMENT REVENUE				
Investment revenue consists of the following:				
Interest received on cash and cash equivalents and other	55 595	43 802	26 892	35 516
Interest received from subsidiary	–	–	189 100	219 688
Interest received on installment sale agreement	9 848	8 781	–	–
Interest received in Northam Platinum Restoration Trust Fund (note 10)	2 624	2 746	2 078	2 275
Interest received in Environmental Guarantee Investment (note 11)	3 402	4 058	2 834	3 795
Interest received in Buttonshope Conservancy Trust (note 12)	574	576	–	–
	72 043	59 963	220 904	261 274
34. NET SUNDRY INCOME				
Net sundry income is arrived taking into account the following:				
Dividends received	–	–	112 143	95 004
Treatment charges in respect of concentrates purchased	66 040	78 198	66 040	78 198
Sundry revenue (note 29)	66 040	78 198	178 183	173 202
Rent received	5 847	5 926	5 803	5 870
Sale of scrap	2 028	2 675	1 935	2 620
Insurance claim	183 774	–	183 774	–
Other income	3 379	4 829	1 644	2 535
Currency translation gain	6 151	32 107	6 151	32 107
Profit on sale of property, plant and equipment	1 031	–	–	–
Total sundry income	268 250	123 735	377 490	216 334
Sundry expenditure				
Loss on sale of property, plant and equipment	(139)	(1 118)	(139)	(829)
Amortisation of participation interest of the Pandora joint venture	(2 600)	(2 600)	(2 600)	(2 600)
Net BEE Lock in fee	(242 429)	–	(174 198)	–
Write-down of investments and accounts receivable	(261 488)	–	(184 054)	(73 799)
IFRS 2 share based payment expense relating to BEE transaction	(874 448)	–	(1 173 756)	–
Guarantee charge	–	–	(7 535 944)	–
Corporate action costs	(172 640)	–	(162 491)	–
Other expenditure	(33 520)	(23 006)	(11 353)	(12 214)
Total sundry expenditure	(1 587 264)	(26 724)	(9 244 535)	(89 442)
Net sundry expenditure/income	(1 319 014)	97 011	(8 867 045)	126 892

35. TAXATION

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Current income tax				
Current income tax charge	210 884	102 829	92 682	78 202
Adjustment in respect of current income tax of previous year	(530)	(6 600)	2 146	(6 703)
Dividend withholding tax	12 447	–	–	–
	222 801	96 229	94 828	71 499
Deferred tax				
Relating to origination and reversal of temporary differences (note 19)	(57 182)	(17 583)	20 416	22 371
Relating to calculated tax losses (note 19)	–	(52 447)	–	–
Income tax expense reported in profit or loss	165 619	26 199	115 244	93 870
Taxation comprises:				
Mining tax	51 350	32 437	51 350	32 437
Non mining tax	84 918	70 327	41 308	45 700
Tax on share of earnings from associate – current year	24	65	24	65
Adjustment in respect of prior years	(530)	(6 600)	2 146	(6 703)
Temporary differences	(57 182)	(17 583)	20 416	22 371
Calculated loss	–	(52 447)	–	–
Dividend withholding tax	12 447	–	–	–
Capital gains tax	74 592	–	–	–
	165 619	26 199	115 244	93 870
A reconciliation of the standard rate of South African tax compared with that charged in the statement of comprehensive income is set out below:	%	%	%	%
South African normal tax	28.0	28.0	28.0	28.0
Adjustments in respect of prior periods	–	(14.4)	–	(2.0)
Expenditure disallowed and other adjustments	(37.1)	43.6	(29.8)	2.2
Exempt income and other adjustments	–	–	0.4	–
Dividend withholding tax	(1.4)	–	–	–
Capital gains tax	(8.6)	–	–	–
Effective tax rate	(19.1)	57.2	(1.4)	28.2

35.1 Mining tax

The current rate of mining tax applicable to the company is 28% (2014: 28%).

35.2 Non-mining tax

Non-mining income is subject to a rate of 28% (2014: 28%).

35.3 Deferred tax

Deferred tax is provided at the statutory rate of 28% for all temporary differences.

35.4 Dividends withholding tax

Dividends withholding tax is levied at 15% for local shareholders, who are not companies.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2015

35. TAXATION continued

35.5 Capital gains tax

Capital gains tax at an effective rate of 18.7% is payable on any gains realised on the disposal of investments or mining properties.

35.6 Tax on share of earnings from associate

Mining and non-mining income is subject to a rate of 28% (2014: 28%).

36. EARNINGS AND DIVIDEND PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares of 391 834 708 (2014: 390 969 652) outstanding during the year. Headline earnings per share are based on headline earnings and are reconciled to profit attributable to shareholders as follows:

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
(Loss)/profit attributable to shareholders	(1 035 649)	9 486		
(Profit)/loss on sale of property, plant and equipment	(892)	1 118		
Impairment of associate's assets	17 493	–		
Negative goodwill on assets acquired by associate	(26 804)	–		
Profit on sale of associate's investment	(7 105)	(2 347)		
Foreign currency differences on repayment of long term receivables from associates foreign operations reclassified to profit or loss	(922)	–		
Impairment of property, plant and equipment	2 525	–		
Impairment of investments and receivable balances	261 488	–		
Tax effect on above	(5 097)	344		
Headline (loss)/earnings	(794 963)	8 601		
Fully diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.				
Fully diluted headline earnings per share are based on the headline earnings and the average number of potential diluted shares in issue.				
Dividends per share (cents)	–	–		
The number of potential diluted shares are calculated as follows:				
Average number of ordinary shares in issue during the year	391 834 708	390 969 652		
Average number of potential diluted ordinary shares in issue	391 834 708	390 969 652		

37. CASH GENERATED FROM OPERATIONS

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
(Loss)/profit before taxation	(868 326)	45 796	(8 536 946)	333 043
Adjusted for non-cash items				
Profit/(loss) on disposal of property,plant and equipment	(892)	1 118	139	829
Depreciation and write-offs	339 949	445 875	165 091	209 430
Increase in long term provisions	44 508	9 442	17 675	6 535
Movement in financial guarantee	–	–	7 535 944	–
Increase in long term receivables	(456)	(6 647)	–	–
Change in short term provisions	8 315	14 285	8 469	7 325
Equity settled share based payment expense	874 448	–	1 173 756	–
Share of profit from associate	(28 769)	(3 464)	–	(69)
Amortisation of participation interest in the Pandora joint venture	2 600	2 600	2 600	2 600
Finance charges on preference shares	100 767	–	–	–
Impairment of investment in associate subsidiary	239 054	–	161 619	73 799
Cash settled share based payment	(38 350)	61 228	(44 671)	53 355
Interest paid	145 170	176 124	132 869	170 690
Interest received	(72 831)	(52 583)	(220 904)	(255 204)
Dividend received	–	–	(112 143)	(95 004)
	745 187	693 774	283 498	507 329

38. CHANGE IN WORKING CAPITAL

	Group 2015 R000	Group 2014 R000	Company 2015 R000	Company 2014 R000
Inventories	(49 697)	(198 323)	(344 370)	171 350
Reclassification of Development tonnes to inventory (Note 2)	–	300 318	–	–
Trade and other receivables	(254 182)	303 248	(89 311)	141 773
Trade and other payables	82 631	(134 829)	(66 274)	(75 073)
	(221 248)	270 414	(499 955)	238 050

39. TAXATION PAID

	Group 2015 R000	Group 2014 R000	Company 2015 R000	Company 2014 R000
Balance owing at beginning of year	113 608	147 318	15 390	52 848
Profit or loss charge	222 801	96 229	94 828	71 499
Write-off of state share of profits	–	1 453	–	1 453
Balance owing at end of year	(81 377)	(113 608)	11 624	(15 390)
	255 032	131 392	121 842	110 410

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for the year ended 30 June 2015

40. COMMITMENTS

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
Capital Expenditure – Booysendal mine				
Authorised but not contracted	367 584	338 204	–	–
Contracted	74 506	145 186	–	–
Capital Expenditure – Zondereinde mine				
Authorised but not contracted	795 628	172 316	795 628	172 316
Contracted	42 376	154 060	42 376	154 060
Information Technology Outsource Service Providers				
Due within one year	26 675	10 293	20 986	10 293
Due within two to five years	18 403	21 460	13 785	21 460
Operating lease rentals – office equipment				
Due within one year	2 136	1 947	1 442	1 126
Due within two to five years	1 684	1 004	1 483	1 004
Operating lease – premises				
Due within one year	5 599	4 585	2 797	1 201
Due within two to five years	27 324	13 588	12 545	2 233
More than five years	–	5 959	–	–
Housing development				
Authorised	4 800	4 800	4 800	4 800
Bank guarantees issued	73 266	78 736	73 266	78 736

These commitments will be funded from a combination of internal retentions and debt as more fully described in the financial review and directors' report.

41. EMPLOYEE BENEFITS

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
The aggregate earnings and benefits of employees, including directors, were:				
Salaries, wages and other benefits	1 405 790	1 331 209	1 292 544	1 193 532
Contributions to retirement benefit funds	114 565	99 685	107 479	94 160
Contributions to health-care funds	66 074	59 061	64 612	57 868
Share based payment expense	36 037	–	22 994	–
Employee empowerment scheme (note 28)	(28)	9 189	(28)	9 189
	1 622 438	1 499 144	1 487 601	1 354 749
Fees paid to non-executive directors	3 503	3 701	3 503	3 701
	1 625 941	1 502 845	1 491 104	1 358 450

Please see Annexure 4 on page 194 for the directors' remuneration disclosed per director.

42. RELATED PARTIES

Details of transactions and period end balances with those entities identified as related parties are contained in Annexure 4 which forms part of these notes.

43. SEGMENTAL REPORTING

The group has two (2014: two) business segments, the Zondereinde mine and Booysendal mine. The group's operating committee looks at the performance of the Zondereinde and Booysendal mines when allocating resources and assessing the segmental performances.

Details of the financial position and net income of the two segments are set out in Annexure 6 which forms part of these notes.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The group may enter into derivative transactions, being forward currency contracts or metal hedging contracts. The purpose is to manage the currency risks arising from the group's operations and its sources of finance.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk, foreign currency risk, commodity price risk and credit risk. The board of directors reviews and agrees policies for managing each of these risks which are summarised below:

(a) Market risk

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

(b) Foreign currency risk

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 group has transactional currency exposures. Such exposure arises from sales in currencies other than the unit's functional currency. The majority of the group's sales are denominated in currencies other than functional currency of the operating unit making the sale, whilst 96% of costs are denominated in the unit's functional currency, the South African rand.

The following table demonstrates the sensitivity to a possible change in exchange rates with all other variables held constant, of the group's profit before tax due to changes in the fair value of monetary assets and liabilities.

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
Weakening by 10%	5 192	16 424	5 192	16 424
Strengthening by 10%	(5 192)	(16 424)	(5 192)	(16 424)
At year end the foreign currency value of items under their respective statement of financial position classifications were as follows:				
Accounts receivable – US$	5 415	5 327	5 415	5 327
Cash and cash equivalents – US$	–	10 150	–	10 150
Accounts payable – €	(1 023)	–	(1 023)	–
Exchange rates at year end:				
ZAR/US $	12.16	10.61	12.16	10.61
ZAR/€	13.62	14.50	13.62	14.50

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2015

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

(c) Commodity price risk

The group 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.

The following is an indication of the effect that changes in the commodity prices would have on the profit before tax, based on the outstanding accounts receivable balance at year end:

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Increase of 10%	16 006	10 716	16 006	10 716
Decrease of 10%	(16 006)	(10 716)	(16 006)	(10 716)

The group did not enter into any hedging contracts during the year.

(d) 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 group is exposed to credit risk from its operating activities with banks and financial institutions. The group trades only with recognised, creditworthy third parties. It is the group's 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 group's exposure to bad debts is not significant. The significant concentration of credit risk within the group is disclosed in Annexure 1.

With respect to credit risk arising from other financial assets of the group, which comprise cash and cash equivalents, available for sale investments and loans, the group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as per Annexure 1, which forms part of these notes.

(e) 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 rate. The group's exposure to risk of changes in market interest rates relates primarily to the group's cash balances with floating interest rates and the long term loan.

As part of the process of managing the group's interest rate risk, all borrowing and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

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

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Cash and cash equivalents				
Increase of 1%	41 382	6 661	5 350	6 346
Decrease of 1%	(41 382)	(6 661)	(5 350)	(6 346)
Floating rate borrowings				
Increase of 1%	(79 064)	(14 176)	(13 700)	(13 700)
Decrease of 1%	79 064	14 176	13 700	13 700

(f) 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 another valuation technique.

Management is of the opinion that the book value of financial instruments approximates fair value. The fair value is based on the net present value of the expected resources attributable to the realisation of the asset or the extinguishing of the liability.

(g) Liquidity risk

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

They assist the group in monitoring its risk to 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 group.

In addition to the loan secured from Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N V (FMO) (note 21) by Norplats Properties Proprietary Limited, the group has the following unsecured loans at financial reporting date: Funding in the debt capital market through the issue of R1.25 billion 3 year senior unsecured floating rate notes (the notes) under its R2 billion Domestic Medium Term Note Programme dated 3 August 2012. The notes attract a coupon of 350 basis points above three month JIBAR and interest payments are due quarterly. The notes matured on 4 September 2015. On 11 July 2013, the company raised an additional amount of R120 million in the domestic capital market through a tap issue which also matured on 4 September 2015. The group had entered into a facility agreement with Nedbank Limited in August 2011 regarding a R1.0 billion 5 year senior unsecured revolving credit facility (the facility). The facility is available to be utilised by way of periodic drawdown requests until the earlier of 1 month prior to final maturity and cancellation of the agreement. Interest is calculated at JIBAR plus 2.80% for each applicable interest period. At year end no amount of the Nedbank facility was utilised.

Zambezi Platinum Limited issued 159 905 453 preference shares at R41 per share on 18 May 2015 in terms of the BEE transaction. These preference shares are repayable in 10 years time, and accrue cumulative variable dividends at 3.5% over the prime overdraft rate in South Africa.

All trade accounts payable are due within 30 days. The maturity profile of the group's financial liabilities is set out in Annexure 1, which forms part of these notes.

(h) Capital management

The primary objective of the group'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.

The group 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 group 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 years ended 30 June 2015 and 30 June 2014.

(i) Categories of financial instruments

The various categories of financial instruments are set out in Annexure 1, which forms part of these notes.

45. EVENTS AFTER THE REPORTING DATE

Shareholders were advised on 30 July 2015 that the management of Zondereinde has signed a three-year wage agreement with the recognised union at the mine.

46. MAJOR SHAREHOLDERS AND SHAREHOLDER SPREAD

Please refer to major shareholders at 30 June 2015 on page 126 of the directors' report and shareholder spread at 30 June 2015 on page 126 of the directors' report.