NORTHAM
PLATINUM HOLDINGS LIMITED

Booysendal Platinum Proprietary Limited: Mining that matters

Annual financial statements
30 June 2023

smart platinum mining

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Defined terms

Unless otherwise defined, capitalised words and terms contained in these annual financial statements shall bear the same meaning ascribed thereto in the Glossary included in the summarised financial results of Northam Platinum Holdings Limited for the year ended 30 June 2023, available on our website at www.northam.co.za.

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

Directors' responsibilities and approval of the annual financial statements

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

- They are responsible for the preparation, integrity and fair presentation of the annual financial statements of Booysendal Platinum Proprietary Limited (Booysendal or the company). The auditors are responsible for auditing and reporting on whether the annual financial statements are fairly presented.
- The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can only provide reasonable and not absolute, assurance against material misstatement or loss.
- The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). They conform and adhere to applicable accounting standards and are presented after applying accounting policies supported by reasonable and prudent judgements and estimates made by management, which have been consistently applied.
- Adequate accounting records and an effective system of internal controls and risk management have been maintained during the entire financial year.
- The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future based on forecasts and available cash resources. These annual financial statements support the viability of the company.
- The annual financial statements have been audited by the independent auditors, PricewaterhouseCoopers Incorporated (PwC) who were given unrestricted access to all financial records and related data including minutes of all meetings of shareholders, the board of directors and board committees. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate. The unmodified audit report of PwC is included in these annual financial statements.

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

PA Dunne

Chief executive officer

AH Coetzee

Chief financial officer

Johannesburg

29 September 2023

Company secretary's confirmation

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

PB Beale

Company secretary

For and behalf of Northam Platinum Limited

Johannesburg

29 September 2023

Independent auditor's report

To the Shareholder of Booysendal Platinum Proprietary Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Booysendal Platinum Proprietary Limited (the Company) as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Booysendal Platinum Proprietary Limited's financial statements set out on pages 11 to 84 comprise:

- the statement of financial position as at 30 June 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Booysendal Platinum Proprietary Limited Annual financial statements 30 June 2023", which includes the Directors' report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

PricewaterhouseCoopers Inc.
Director: AJ Rossouw
Registered Auditor
Johannesburg, South Africa
29 September 2023

Directors' report

The directors have pleasure in presenting their report on the activities and financial results of Booysendal for the year ended 30 June 2023.

Nature of business

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

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

Financial results

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

The annual financial statements comprise the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows, statement of changes in equity and notes to the annual financial statements, including a summary of significant accounting policies which reflects the financial performance and position as at 30 June 2023.

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

Mining licences and Mineral Resources and Mineral Reserves

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

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

Please refer to the Mineral Resources and Mineral Reserves statement which is included in the Northam annual integrated reporting suite. This is available on Northam's website, www.northam.co.za.

Stated capital

The authorised stated capital of Booysendal as at 30 June 2023 amounts to 1 000 ordinary shares of no par value (30 June 2022: 1 000 ordinary shares of no par value).

Refer to note 19 for more details on the authorised and issued stated capital.

Dividends

Dividends of R19.9 billion (30 June 2022: R Nil) were declared and settled during the year under review.

Directors' report continued

Directors' responsibility in relation to annual financial statements

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

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

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

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

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

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

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

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

The directors are of the opinion that the annual financial statements fairly present the financial position of the company and the results of its operations and cash flow information for the year ended 30 June 2023. The directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the company continues to adopt the going concern basis in preparing the annual financial statements.

Directorate

As at 30 June 2023, the board of directors of Booysendal comprised the following directors:

Director	Nationality	Date first appointed
PA Dunne	British	7 March 2014
AH Coetzee	South African	1 November 2018
LC van Schalkwyk	South African	11 March 2015

Corporate Governance

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

The board operates in terms of a board charter, which defines its functions and responsibilities. The responsibilities of the chairman and the chief executive officer (CEO) are clearly defined and separated, as set out in our board charter. Whilst the board may delegate authority to the CEO, the separation of responsibilities is designed to ensure that no single person or group has unrestricted powers and that appropriate balances of power and authority exist on the board.

The relevant Northam Holdings board committees perform the functions required by such committees in terms of, inter alia, the Debt Listings Requirements, on behalf of Booysendal.

Accordingly, shareholders and Northam Platinum bondholders are referred to the Northam Holdings Corporate governance report for the (i) reports of the Northam Holdings board committees; and (ii) disclosures in respect of the application and interpretation of King IV™, which is available on the company's website at www.northam.co.za.

Assessment of going concern

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

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

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

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

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

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

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

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

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

Events after the reporting date

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

Notice of annual general meeting

This copy of the notice of annual general meeting has been included in the annual financial statements for information purposes only.

Notice is hereby given that the annual general meeting of the Company's shareholders (shareholder) will be held at Building 4, 1st Floor, Maxwell Office Park, Magwa Crescent West, Waterfall City, Jukskei View, 2090 at 12:00 South African (SA) time on Monday, 30 October 2023, subject to any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, adopting, with or without modification, the unanimous, ordinary and special resolutions set out below:

Ordinary resolutions

Ordinary resolution no. 1 – adoption of the annual financial statements

"Resolved that the audited annual financial statements for the year ended 30 June 2023, including the reports of the directors and the auditors of the company, be and are hereby adopted."

The audited annual financial statements have been made available for presentation to the shareholders and can be obtained from the company's registered office on request.

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

"Resolved that PricewaterhouseCoopers Incorporated (PwC) (with the designated external audit partner being Mr AJ Rossouw CA (SA)) be and is hereby re-appointed as the independent external auditor of the company."

Ordinary resolution no. 3 – confirmation of audit and risk committee

"Resolved that, the audit and risk committee of Northam Platinum Holdings Limited perform the functions required under section 94 of the Companies Act on behalf of the company."

Special resolution

Special resolution no.1 – financial assistance in terms of sections 44 and 45 of the Companies Act

"Resolved that, the board of the company (board) be and is hereby authorised in terms of and subject to the provisions of sections 44 and 45 of the Companies Act, to authorise the company to provide any financial assistance in any form or amount to any company or corporation which is or becomes related or inter-related to the company (as defined in the Companies Act), on the terms and conditions that the Board may determine from time to time."

Approvals required for resolutions

Each ordinary resolution contained in this notice requires the approval of more than 50% of the total voting rights exercised on such resolution by shareholders eligible to vote and present or represented by proxy at the annual general meeting.

Each special resolution contained in this notice requires the approval of at least 75% of the total voting rights exercised on such resolution by shareholders eligible to vote and present or represented by proxy at the annual general meeting.

Record date

In terms of section 59 of the Companies Act, the record date for the purpose of determining which shareholders are entitled to receive this notice of annual general meeting is the date of this notice.

In terms of section 59 of the Companies Act, the record date for the purpose of determining which shareholders are entitled to attend, participate and vote at the annual general meeting is the date of the annual general meeting.

Proxies and identification

A Shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, participate in and vote at the annual general meeting in the place of the Shareholder.

A proxy need not also be a Shareholder.

In terms of section 63(1) of the Companies Act, any person attending or participating in an annual general meeting must provide satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote, whether as shareholder or as proxy for a shareholder, has been reasonably verified.

By order of the board

PB Beale

Company secretary

For and behalf of Northam Platinum Limited

Johannesburg

29 September 2023

Report of the Northam Platinum Holdings Limited audit and risk committee to the directors

Re-appointment of the external auditors

The audit and risk committee of Northam Holdings (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 2024.

Annual financial statements

The committee chairperson has:

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

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

Going concern

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

HH Hickey

Chairperson of the audit and risk committee

For and behalf of Northam Platinum Holdings Limited

Johannesburg

29 September 2023

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	30 June 2023 R000	30 June 2022 R000
Sales revenue	2	19 240 376	18 964 038
Cost of sales		(10 615 765)	(8 419 761)
Operating costs	3	(8 766 715)	(6 355 381)
Concentrates purchased		(1 193 653)	(1 160 232)
Depreciation and write-offs	9 & 10	(776 643)	(646 389)
Change in metal inventory	15	121 246	(257 759)
Gross profit		8 624 611	10 544 277
Investment income	4	58 983	7 263
Finance charges	5	(27 443)	(25 726)
Net foreign exchange transaction (losses)/gains		(240)	365
Sundry income	6	6 148	8 176
Sundry expenditure	7	(26 236)	(24 374)
Profit before tax		8 635 823	10 509 981
Tax	8	(2 330 909)	(2 782 204)
Profit and total comprehensive income for the year		6 304 914	7 727 777

Statement of financial position

As at 30 June 2023

	Note	30 June 2023 R000	30 June 2022 R000
ASSETS			
Non-current assets		18 535 642	17 835 704
Property, plant and equipment	9	12 138 684	11 390 850
Mining properties and Mineral Resources	10	6 230 080	6 293 484
Land and township development	11	35 966	41 151
Long-term receivables	12	15 817	13 257
Investments held by Northam Platinum Restoration Trust Fund	13	76 976	71 293
Environmental guarantee investment	14	38 119	25 669
Current assets		3 582 393	20 482 361
Inventories	15	536 186	365 635
Loans to group companies	16	1 862 470	19 191 783
Trade and other receivables	17	1 150 152	921 843
Cash and cash equivalents	18	852	3 100
Tax receivable		32 733	–
Total assets		22 118 035	38 318 065
EQUITY AND LIABILITIES			
Capital and reserves		15 209 500	28 757 322
Stated capital	19	8 675 932	8 675 932
Non-distributable reserve	10	2 501 755	2 501 755
Retained earnings		4 031 813	17 579 635
Non-current liabilities		5 081 488	4 956 720
Deferred taxation	20	4 506 169	4 352 367
Long-term provisions	21	256 610	263 041
Long-term liabilities	22	8 825	11 586
Long-term loans	23	15 129	20 631
Lease liabilities	24	44 283	43 144
Share-based payment liability	25	250 472	265 951
Current liabilities		1 827 047	4 604 023
Current portion of long-term liabilities	22	1 100	1 050
Current portion of long-term loans	23	5 502	5 501
Current portion of lease liabilities	24	4 428	7 954
Current portion of share-based payment liability	25	52 230	77 157
Tax payable		–	27 860
Loans from group companies	26	–	3 128 254
Trade and other payables	27	1 585 450	1 205 369
Provisional pricing liability	28	–	–
Short-term provisions	29	178 337	150 878
Total equity and liabilities		22 118 035	38 318 065

Statement of changes in equity

For the year ended 30 June 2023

	Stated capital	Non distributable reserve	Retained earnings	Total
	R000	R000	R000	R000
Opening balance as at 1 July 2021	8 675 932	2 501 755	9 851 858	21 029 545
Profit and total comprehensive income for the year	–	–	7 727 777	7 727 777
Balance at 30 June 2022	8 675 932	2 501 755	17 579 635	28 757 322
Profit and total comprehensive income for the year	–	–	6 304 914	6 304 914
Dividend declared and distributed to Northam Platinum Limited	–	–	(19 852 736)	(19 852 736)
Balance at 30 June 2023	8 675 932	2 501 755	4 031 813	15 209 500

Non-distributable reserve

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

Statement of cash flows

For the year ended 30 June 2023

	Note	30 June 2023 R000	30 June 2022 R000
Cash flows from operating activities		7 087 684	7 913 822
Cash flows generated from operations	30	9 350 133	11 045 808
Movement in land and township development		5 185	10 551
Movement in working capital	31	(29 934)	(594 353)
Tax paid	32	(2 237 700)	(2 548 184)
Cash flows utilised in investing activities		(1 429 999)	(1 457 115)
Purchase of property, plant and equipment		(1 467 238)	(1 450 076)
Investment income		55 705	7 099
Increase in investments held by the Northam Platinum Restoration Trust Fund	13	(5 683)	(3 278)
Increase in investments held by the environmental guarantee investment	14	(12 783)	(10 860)
Cash flows utilised in financing activities		(5 659 933)	(6 453 951)
Movement in loans to group companies	16	(2 523 423)	(9 561 659)
Movement in loans from group companies	26	(3 128 254)	3 128 254
Movement in long-term loans	23	–	(8 835)
Payment of principle portion of lease liabilities	24	(8 251)	(11 659)
Finance charges		(5)	(52)
(Decrease)/increase in cash and cash equivalents		(2 248)	2 756
Cash and cash equivalents at the beginning of year		3 100	344
Cash and cash equivalents at the end of year	18	852	3 100

Accounting policies

1. Basis of preparation

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

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

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

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

1.1 New accounting policies adopted

The following standards, amendments or interpretations applicable to the company which became effective for the year beginning 1 July 2022 were adopted in the company's year-end results:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

The nature and effect of the changes as a result of the adoption of these new accounting standards are described below.

The adoption of all other standards, amendments or interpretations with effect from 1 July 2022 had no impact on the financial statements.

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

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

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

There is no transition relief for first-time adopters.

This amendment did not have a material impact on the company.

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

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

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

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

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

Accounting policies continued

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

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

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

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

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

The amendment must be applied retrospectively, effective for annual periods beginning on or after 1 January 2024.

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

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

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

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

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

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

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

Accounting policies continued

1.3 Property, plant and equipment

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

Interest on borrowings relating to the financing of major capital projects under construction is capitalised during the construction phase as part of the cost of the project. Such borrowings costs are capitalised over the period during which the asset is being constructed and borrowings have been incurred.

Capitalisation ceases when construction is interrupted for an extended period or when the asset is substantially complete. Other borrowing costs are expensed as incurred.

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

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

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

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

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

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

Decommissioning asset

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

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

General infrastructure, other assets including buildings

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

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

Land and assets under construction

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

Subsequent expenditure

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

Accounting policies continued

Derecognition

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

Impairment

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

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

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

Annual review of residual values, depreciation method and useful lives

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

Exploration expenditure

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

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

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

1.4 Mining properties and mineral resources

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

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

1.5 Land and township development

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

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

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

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

1.6 Financial instruments

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

Fair value

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

Effective interest method

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

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

Financial assets

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

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

Investments classified as fair value through profit or loss

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

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

Financial assets carried at amortised cost

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

Accounting policies continued

Provisional pricing receivables/liabilities

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

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

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

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

Impairment of financial instruments

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

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

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

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

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

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

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

Financial liabilities

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

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

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

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

Derecognition of financial instruments

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

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

1.7 Inventories

Consumable stores

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

Metal on hand

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

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

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

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

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

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

1.8 Non-current assets held for sale

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

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

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

1.9 Provisions

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

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

Decommissioning provision

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

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

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

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

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

Provision for restoration costs

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

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

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

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

Environmental rehabilitation fund

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

The company controls the fund and therefore consolidates it.

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

1.10 Revenue recognition

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

Precious and base metal sales to Northam Platinum Limited

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

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

Precious and base metal sales to third parties

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

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

Chrome sales

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

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

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

Sundry income (including treatment charges)

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

Investment income

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

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

1.11 Borrowing costs

Borrowing costs are charged to finance charges.

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

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

1.12 Employee benefits

Short-term employee benefits

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

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

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

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

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

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

Retirement benefits

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

Medical benefits

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

Post-retirement medical costs

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

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

1.13 Leases

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

Company as lessee

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

Right-of-use assets

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

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

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

Lease liabilities

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

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

Short-term and low-value leases

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

Company as lessor

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

1.14 Taxation

Current tax

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

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

Deferred tax

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

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

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

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

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

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

Dividend Withholding Tax

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

Uncertain tax positions

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

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

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

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

1.15 Foreign currencies

The South African Rand (ZAR) is the functional currency of the company.

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

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

Notes to the annual financial statements

2. Sales revenue

Sales revenue can be disaggregated as follows:

	30 June 2023	30 June 2022
	R000	R000
Revenue from contracts with customers	19 445 093	18 851 258
Revenue from fair value adjustments with regards to IFRS 9	(204 717)	112 780
Total sales revenue	19 240 376	18 964 038

Sales revenue comprises revenue from the following metals:

	30 June 2023	30 June 2022
	R000	R000
Platinum	4 155 575	3 253 117
Palladium	3 809 482	3 764 649
Rhodium	7 854 330	9 577 892
Gold	136 414	97 749
Iridium	892 080	782 909
Ruthenium	516 185	517 768
Nickel	345 395	254 186
Copper	50 357	43 553
Chrome	1 480 558	672 215
	19 240 376	18 964 038

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

Most of the revenue generated, except for revenue generated from the sale of chrome and concentrate sold to honour the Everest off take agreement amounting to R1.7 billion (30 June 2022: R1.6 billion), is generated from Northam Platinum Limited (Northam Platinum).

All revenue is generated in South Africa.

3. Operating costs

	30 June 2023	30 June 2022
	R000	R000
On mine operations	6 372 593	4 454 801
Concentrator operations	1 124 991	938 708
Chrome processing	39 219	31 671
Selling and administration overheads	177 667	169 116
Royalty charges	905 209	666 689
Share-based payment expense (refer to note 25)	47 164	72 380
Employee profit share scheme	110 469	18 994
Rehabilitation (refer to note 21)	(10 597)	3 022
	8 766 715	6 355 381

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

	30 June 2023	30 June 2022
	R000	R000
Employee costs	2 632 541	1 989 963
Stores: Diesel and fuel	200 282	146 408
Stores: Other	2 739 602	1 894 262
Utilities: Electricity cost	530 815	410 291
Utilities: Water cost	37 089	26 959
Sundries	661 472	477 451
Royalty charges	905 209	666 689
Share-based payment expenses	47 164	72 380
Employee profit share scheme	110 469	18 994
Contractors	912 669	710 356
Rehabilitation	(10 597)	3 022
Development cost capitalised to property, plant and equipment	–	(61 394)
	8 766 715	6 355 381

Details of stores are further provided for additional disclosure:

	30 June 2023	30 June 2022
	R000	R000
Chemicals	465 109	275 332
Equipment	1 330 734	909 622
Explosives	292 801	212 578
Steel	412 185	310 649
Support	131 197	97 920
Various	107 576	88 161
Stores: Other	2 739 602	1 894 262

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

	30 June 2023	30 June 2022
	%	%
Employee costs	30.0	31.0
Stores: Diesel and fuel	2.3	2.3
Stores: Other	31.2	29.5
Utilities: Electricity cost	6.1	6.4
Utilities: Water cost	0.4	0.4
Sundries	7.5	7.4
Royalty charges	10.3	10.4
Share-based payment expenses	0.5	1.1
Employee profit share scheme	1.3	0.3
Contractors	10.4	11.1
Rehabilitation	–	0.1
	100.0	100.0

4. Investment income

	30 June 2023	30 June 2022
	R000	R000
Interest received on cash and cash equivalents	43	35
Growth in Northam Platinum Restoration Trust Fund (refer to note 13)	6 189	3 442
Deemed interest on the interest-free home loans	3 105	2 586
Interest received from the South African Revenue Service	49 364	1 043
Other	282	157
	58 983	7 263

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

	30 June 2023	30 June 2022
	R000	R000
Interest recognised on the effective interest rate method	58 983	7 263
Investment income	58 983	7 263

5. Finance charges

	30 June 2023	30 June 2022
	R000	R000
Unwinding of rehabilitation liability (refer to note 21)	(22 621)	(20 343)
Finance costs relating to lease liabilities (refer to note 24)	(4 817)	(5 331)
Other	(5)	(52)
	(27 443)	(25 726)

6. Sundry income

	30 June 2023	30 June 2022
	R000	R000
Sale of scrap	2 912	6 779
Environmental guarantee investment income (refer to note 14)	2 065	1 135
Other	1 171	262
	6 148	8 176

7. Sundry expenditure

	30 June 2023	30 June 2022
	R000	R000
Donations	(48)	(198)
Land management	(10 010)	(9 106)
Donations made to the Buttonshope Conservancy Trust	(7 825)	–
Environmental guarantee costs (refer to note 14)	(2 301)	(2 514)
Accommodation and housing expenses	(369)	(1 103)
Other	(5 683)	(11 453)
	(26 236)	(24 374)

8. Taxation

	30 June 2023	30 June 2022
	R000	R000
Normal tax		
Current mining income tax charge	2 173 788	2 701 529
Current non-mining income tax charge	7 350	–
Adjustment in respect of current income tax of previous years	(4 031)	132
Deferred tax		
Current and prior year deferred tax charge	153 802	241 743
Change in the South African company tax rate from 28% to 27%	–	(161 200)
Charge for the year	2 330 909	2 782 204

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

	30 June 2023	30 June 2022
	%	%
South African companies tax rate	27.0	28.0
Adjustment in respect of current income tax of previous years	0.0	0.0
Exempt income received	(0.0)	(0.0)
Expenditure and contingencies incurred which is not deductible	0.0	0.0
Change in the corporate tax rate relating to the deferred tax balances	–	(1.5)
Effective tax rate	27.0	26.5

On 23 February 2022, the South African Minister of Finance confirmed that the corporate tax rate reductions announced in the 2021 budget speech would become effective for companies from the year of assessment ending on or after 31 March 2023. This changed the corporate rate from 28.0% to 27.0% during F2022.

9. Property, plant and equipment

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

	Shafts, mining development and infrastructure	Metallurgical and refining plants	Land and buildings	General infrastructure including other assets	Decommissioning and rehabilitation assets	Right-of-use assets	Assets under construction	Total
	R000	R000	R000	R000	R000	R000	R000	R000
Cost								
At 1 July 2021	9 385 903	2 281 130	119 378	214 390	62 882	71 648	653 149	12 788 480
Reassessment of IFRS 16 Leases (refer to note 24)	–	–	–	–	–	432	–	432
Additions	–	–	–	–	–	–	1 412 034	1 412 034
Transfer from assets under construction	1 507 821	75 977	–	9 569	–	–	(1 593 367)	–
Disposals and write-offs	–	–	–	–	–	–	–	–
Present value of decommissioning asset capitalised (refer to note 21)	–	–	–	–	3 131	–	–	3 131
Closing cost as at 30 June 2022	10 893 724	2 357 107	119 378	223 959	66 013	72 080	471 816	14 204 077
Reassessment of IFRS 16 Leases (refer to note 24)	–	–	–	–	–	1 047	–	1 047
Additions	–	–	–	–	–	–	1 478 901	1 478 901
Transfer from assets under construction	1 569 446	94 090	–	3 853	–	–	(1 667 389)	–
Disposals and write-offs	–	–	–	(961)	–	(26 658)	–	(27 619)
Present value of decommissioning asset capitalised (refer to note 21)	–	–	–	–	(18 455)	–	–	(18 455)
Closing cost as at 30 June 2023	12 463 170	2 451 197	119 378	226 851	47 558	46 469	283 328	15 637 951

9. Property, plant and equipment continued

	Shafts, mining development and infrastructure	Metallurgical and refining plants	Land and buildings	General infrastructure including other assets	Decommissioning and rehabilitation assets	Right-of-use assets	Assets under construction	Total
	R000	R000	R000	R000	R000	R000	R000	R000
Accumulated depreciation								
At 1 July 2021	(1 633 737)	(453 510)	(19 889)	(80 742)	(15 652)	(22 276)	–	(2 225 806)
Depreciation	(478 104)	(80 206)	(4 383)	(14 567)	(2 027)	(8 134)	–	(587 421)
Accumulated depreciation balance as at 30 June 2022	(2 111 841)	(533 716)	(24 272)	(95 309)	(17 679)	(30 410)	–	(2 813 227)
Depreciation	(595 699)	(91 655)	(4 401)	(13 989)	(2 328)	(5 167)	–	(713 239)
Disposals and write offs	–	–	–	541	–	26 658	–	27 199
Accumulated depreciation balance as at 30 June 2023	(2 707 540)	(625 371)	(28 673)	(108 757)	(20 007)	(8 919)	–	(3 499 267)
Net carrying value at 30 June 2022	8 781 883	1 823 391	95 106	128 650	48 334	41 670	471 816	11 390 850
Net carrying value at 30 June 2023	9 755 630	1 825 826	90 705	118 094	27 550	37 551	283 328	12 138 684

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

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

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

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

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

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

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

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

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

		30 June 2023	30 June 2022
Long-term real platinum price	USD/oz	1 289	1 537
Long-term real palladium price	USD/oz	1 289	1 537
Long-term real rhodium price	USD/oz	9 000	18 079
Long-term real gold price	USD/oz	1 507	1 537
Long-term real ruthenium price	USD/oz	532	542
Long-term real iridium price	USD/oz	3 989	4 068
Long-term real nickel price	USD/t	21 275	18 079
Long-term real copper price	USD/t	8 864	9 040
Long-term real chrome price	USD/t	177	163
Long-term real exchange rate	ZAR/USD	R16.67	R14.52
Long-term real discount rate	%	11.82	11.34

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

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

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

		30 June 2023	30 June 2022
4E *in situ* available ounces value	USD/oz	8.25	10.15

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

10. Mining properties and Mineral Resources

	Mining properties	Mined mineral reserves	Unmined mineral reserves	Total
	R000	R000	R000	R000
Cost				
At 1 July 2022	–	1 570 928	5 009 813	6 580 741
Reallocation between current and project Mineral Reserves and Mineral Resources	–	–	–	–
At 30 June 2023	–	1 570 928	5 009 813	6 580 741
Accumulated depreciation				
Opening balance as at 1 July 2022	–	(287 257)	–	(287 257)
Depreciation	–	(63 404)	–	(63 404)
At 30 June 2023	–	(350 661)	–	(350 661)
Net carrying value at 30 June 2023	–	1 220 267	5 009 813	6 230 080

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

Revaluation of Mineral Resources

	30 June 2023	30 June 2022
	R000	R000
Original value of Mineral Resources	48 771	48 771
Revaluation of assets	5 939 229	5 939 229
Revalued as at 31 December 2008	5 988 000	5 988 000
Revaluation of assets accounted for as:		
Non-distributable reserves	4 276 245	4 276 245
Deferred taxation at revaluation date	1 662 984	1 662 984
	5 939 229	5 939 229
Non-distributable reserve declared as a dividend *in specie* in prior years	(1 774 490)	(1 774 490)
Non-distributable reserve at year end	2 501 755	2 501 755

Mineral Resources have been acquired in a number of transactions:

	30 June 2023	30 June 2022
	R000	R000
Mvelaphanda unbundling transaction and the revalued mineral reserves included in the accounts of Micawber 278 Proprietary Limited	5 988 000	5 988 000
Acquisition of the additional De Brochen property	537 586	537 586
Acquisition of the Everest mining rights	55 155	55 155
	6 580 741	6 580 741

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

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

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

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

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

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

Significant judgements and estimates: Calculation of depreciation

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

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

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

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

11. Land and township development

	30 June 2023	30 June 2022
	R000	R000
Lydenburg extension 79 – Booysendal Platinum Proprietary Limited	29 920	35 105
Lydenburg extension 78 – Booysendal Platinum Proprietary Limited	6 046	6 046
	35 966	41 151

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

12. Long-term receivables

	30 June 2023	30 June 2022
	R000	R000
Interest-free home loans	19 363	16 651
Current portion of interest-free home loans (refer to note 17)	(3 546)	(3 394)
	15 817	13 257

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

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

There was R2.4 million (30 June 2022: R2.0 million) worth of long-term receivables which were impaired and fully provided for, relating to employees who have resigned and for whom the outstanding amounts needs to be settled in full.

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

	30 June 2023	30 June 2022
	R000	R000
Current portion	3 546	3 394
Due within 1 − 5 years	5 635	4 938
Due within 5 − 10 years	4 902	4 122
More than 10 years	5 280	4 197
	19 363	16 651

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

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

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

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

Interest-free home loans

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

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

Interest-free home loans repayments are deducted from employees' salaries on a monthly basis and are secured with a second mortgage bond over the property. In the event of an employee resigning, any outstanding balance is required to be settled in full.

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

13. Investments held by Northam Platinum Restoration Trust Fund

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

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

The balance of the fund comprises:

	30 June 2023	30 June 2022
	R000	R000
Balance at the beginning of the year	71 293	68 015
Income earned during the year	5 683	3 278
Balance at the end of the year	76 976	71 293

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

	30 June 2023	30 June 2022
	R000	R000
Stanlib Balanced Fund R	1 267	1 103
Stanlib Income Fund B2	54 557	49 578
Stanlib Institutional Money Market Fund B3	21 152	20 612
Balance at the end of the year	76 976	71 293

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

	30 June 2023	30 June 2022
	R000	R000
Accrued interest relating to the Northam Platinum Restoration Trust Fund	1 317	811
	1 317	811

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

14. Environmental guarantee investment

The environmental obligation under the rehabilitation and decommissioning provision, refer to note 21, will be financed, other than the amounts already covered by the investment held by Northam Platinum Restoration Trust Fund, refer to note 13, either by way of guarantees or other insurance products as approved by the Department of Mineral Resources and Energy (DMRE) in terms of the South African National Environmental Management Act, No. 107 of 1998 (NEMA) and not through cash contributions to the Northam Platinum Restoration Trust Fund, due to the uncertainty created by changes in legislation.

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

The environmental guarantee investment is made up as follows:

	30 June 2023	30 June 2022
	R000	R000
Opening balance	25 669	14 809
Contributions made during the year	12 783	12 401
Income earned during the year (net of fees) (refer to note 6)	2 065	1 135
Guarantee fees (refer to note 7)	(2 301)	(2 514)
Other (included in sundry costs as per note 3)	(97)	(162)
	38 119	25 669

The annual contribution payable with regards to the environmental guarantee investments are calculated as 5% of the total environmental guarantees in issue, and is included in the environmental guarantee investments.

The annual fees with regards to the guarantees issued amounts to between 0.75% and 0.95% based on the guaranteed value, refer to note 8 for details regarding the environmental guarantee costs.

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

The investments are managed by Guardrisk Insurance Company Limited and Centriq Insurance Company Limited.

Below is a summary of the various environmental guarantees issued:

	30 June 2023	30 June 2022
	R000	R000
GR/G/20396/0311/0011	65 900	65 900
GR/G/20396/0315/0232	25 000	25 000
GR/G/20396/0417/0434	1 908	1 908
GR/G/20396/0517/0459	2 085	2 085
GR/G/02396/0618/0535	2 267	2 267
GR/G/02396/0618/0536	1 267	1 267
CQ/G/30381/0621/012	64 044	64 044
GR/G/20396/0421/0791	61 065	61 065
GR/G/20396/0222/0865	24 439	24 439
GR/G/20396/0423/1000	4 544	–
GR/G/20396/0523/1000	3 143	–
Total guarantees relating to Booysendal Platinum Proprietary Limited	255 662	247 975

15. Inventories

	30 June 2023	30 June 2022
	R000	R000
Metals on hand and in transit:		
Platinum	110 370	38 436
Palladium	78 361	39 132
Rhodium	112 394	104 224
Gold	2 485	572
Total metal inventory	303 610	182 364
Consumables at costs	232 576	183 271
Total inventories at the lower of cost and net realisable value	536 186	365 635

Below are the ounces metal inventory available at the reporting date:

	30 June 2023	30 June 2022
	oz	oz
Platinum	15 857	10 761
Palladium	8 021	5 366
Rhodium	2 806	1 961
Gold	173	81
4E	26 857	18 169

Metal inventory quantities on hand is allocated as follows:

	30 June 2023	30 June 2022
	oz	oz
Ore stockpile inventory	20 498	9 218
Concentrate in process	6 359	8 951
4E	26 857	18 169

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

Included in cost of sales are R Nil (30 June 2022: R Nil) relating to metal inventory that was written down to net realisable value. Consumables to the value of R Nil (30 June 2022: R Nil) was written down during the year.

No inventories are encumbered.

Significant estimates: Net realisable value and measurement of inventory

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

The quantity of ounces of joint products in work in progress is calculated based on the following factors: Theoretical inventory is calculated by adding the inputs to the previous physical inventory and then deducting the outputs for the inventory period. The inputs and outputs include estimates due to the delay in finalising analytical values. The estimates are subsequently trued up to the final metal accounting quantities when available. The theoretical inventory is then converted to an in concentrate inventory by applying appropriate recoveries depending on where the material is within the production pipeline. The recoveries are based on actual results as determined by the inventory count and are in line with industry standards.

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

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

Non-current inventory is determined as inventory that will not be sold within the company's normal operating cycle.

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

		30 June 2023	30 June 2022
Platinum	USD/oz	931	926
Palladium	USD/oz	1 307	1 890
Rhodium	USD/oz	5 420	13 775
Gold	USD/oz	1 922	1 831
Closing exchange rate at year end	ZAR/USD	R18.83	R16.28

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

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

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

All inventory is accounted for at the lower of cost and net realisable value and all net realisable value adjustments have been disclosed.

16. Loans to group companies

	30 June 2023	30 June 2022
	R000	R000
Amounts due by Northam Platinum Limited	1 862 402	19 191 783
Amounts due by Eland Platinum Proprietary Limited	68	–
	1 862 470	19 191 783

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

17. Trade and other receivables

	30 June 2023	30 June 2022
	R000	R000
Trade receivables	176 499	61 424
Provisional pricing receivables	919 444	560 297
Prepayments and deposits	26 602	40 387
Accrued interest	1 317	811
South African Revenue Service – Mineral royalties	19 041	252 294
Current portion of interest-free home loans to employees	3 546	3 394
Other	3 703	3 236
	1 150 152	921 843

Trade and other receivables are unsecured, non-interest bearing and generally settled on 30-day terms.

Trade and other receivables to the value of R Nil was provided for or impaired during the current financial year (30 June 2022: R Nil).

Provisional pricing receivables relate to the sale of PGM concentrate to honour the Everest offtake agreement. The debtors balance relating to this sale has a provisional quotation period payment term of four months after month of delivery.

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

Trade receivables are made up as follows:

	30 June 2023	30 June 2022
	R000	R000
PGM receivable	137 945	8 335
Chrome receivable	38 554	53 089
Total trade receivables	176 499	61 424

Provisional pricing receivables are made up as follows:

	30 June 2023	30 June 2022
	R000	R000
PGM provisional receivable	522 190	323 766
Chrome provisional receivable	397 254	236 531
Total provisional pricing receivables	919 444	560 297

Provisional pricing PGM debtors have a provisional quotation period payment term of four months after month of delivery.

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

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

	30 June 2023	30 June 2022
	R000	R000
Current	362 342	191 081
30 – 60 days	357 896	209 031
60 – 90 days	192 250	357 331
More than 90 days*	237 664	164 400
	1 150 152	921 843

**Management considers this amount to be fully recoverable*

Chrome provisional pricing receivables

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

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

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

Platinum Group Metals provisional pricing receivables

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

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

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

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

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

The bulk of PGM debtors have payment terms of between 2 to 5 days with no historical defaults on these debtors and all outstanding balances as at the reporting date have subsequently been received.

Chrome debtor balances relate to a single customer with an appropriate credit history and are generally on 30 to 60-day terms with no historical defaults.

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

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

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

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

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

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

18. Cash and cash equivalents

	30 June 2023	30 June 2022
	R000	R000
Cash at bank and on hand	852	3 100
	852	3 100

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

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

The carrying value approximates fair value.

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

19. Stated capital

	30 June 2023	30 June 2022
	R000	R000
Authorised share capital		
1 000 ordinary shares of no par value		
Issued share capital and fully paid		
284 no par value shares issued	8 675 932	8 675 932
	8 675 932	8 675 932

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

20. Deferred taxation

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

	30 June 2023	30 June 2022
	R000	R000
Deferred tax liabilities		
Property, plant and equipment	(4 762 463)	(4 577 117)
Metal inventory	(12 823)	(8 724)
Northam Platinum Restoration Trust Fund	(20 784)	(19 249)
	(4 796 070)	(4 605 090)
Deferred tax assets		
Employee benefits relating to leave pay and bonus	115 872	65 225
Decommissioning and environmental restoration provision	69 285	71 021
Share-based payment liability	81 730	92 639
Deferred income	5 570	7 056
Lease liabilities	13 152	13 989
Other	4 292	2 793
	289 901	252 723
Net deferred tax liability	(4 506 169)	(4 352 367)

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

	30 June 2023	30 June 2022
	R000	R000
Deferred tax liability at the beginning of the year	(4 352 367)	(4 271 824)
Charge for the year:	(153 802)	(80 543)
Revaluation of assets	–	1 605 294
Property, plant and equipment	(185 346)	(1 651 399)
Metal inventory	(4 099)	10 576
Northam Platinum Restoration Trust Fund	(1 535)	(205)
Employee benefits relating to leave pay and bonus	50 647	3 632
Decommissioning and environmental restoration provision	(1 736)	4 788
Share-based payment liability	(10 909)	(49 219)
Deferred income	(1 486)	(2 735)
Lease liabilities	(837)	(1 969)
Other	1 499	694
	(4 506 169)	(4 352 367)

On 23 February 2022, the South African Minister of Finance confirmed that the corporate tax rate reductions announced in the 2021 budget speech would become effective for companies from the year of assessment ending on or after 31 March 2023. This changed the corporate tax rate from 28.0% to 27.0% during F2022.

21. Long-term provisions

	30 June 2023	30 June 2022
	R000	R000
Opening balance	263 041	236 545
Change in decommissioning estimate (refer to note 9)	(18 455)	3 131
Change in restoration estimate (refer to note 3)	(10 597)	3 022
Unwinding of discount (refer to note 5)	22 621	20 343
Rehabilitation and decommissioning liability provision	256 610	263 041

Below is a breakdown of the rehabilitation provision:

	30 June 2023	30 June 2022
	R000	R000
Provision for decommissioning costs		
Opening balance	156 397	141 129
Change in estimate (refer to note 9)	(18 455)	3 131
Unwinding of discount (refer to note 5)	13 450	12 137
Total provision for decommissioning costs	151 392	156 397
Provision for restoration costs		
Opening balance	106 644	95 416
Change in estimate (refer to note 3)	(10 597)	3 022
Unwinding of discount (refer to note 5)	9 171	8 206
Total provision for restoration costs	105 218	106 644
Rehabilitation and decommissioning liability provision	256 610	263 041

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

The latest assessment was performed as at 30 June 2023.

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

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

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

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

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

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

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

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

The group makes full provision for the future commercial cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities. The restoration and decommissioning provision represent the present value of rehabilitation and decommissioning costs relating to mine sites, which are expected to be incurred once mining ceases. These provisions are based on assessments prepared by an independent third-party expert, SRK Consulting (South Africa) Proprietary Limited, with the Principal Scientist being James Lake Pr Sci Nat, Msc (Geochemistry), which was carried out for the year ended 30 June 2023 (F2023), being the last assessment performed.

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

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

The present value of the environmental restoration obligation was determined by applying a pre-tax discount rate of 9.5% (30 June 2022: 8.6%) and a long-term inflation rate of 6.25% (30 June 2022: 6.0%) over the remaining life of the various mines.

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

On 20 November 2015, NEMA Financial Provisioning (FP) Regulations, 2015 (2015 FP Regulations) were promulgated, resulting in significant changes from the MPRDA's requirements. The Northam group constitutes Existing Holders for purposes of the 2015 FP Regulations and these Regulations are therefore not yet applicable to the Northam group.

The 2015 FP Regulations were immediately applicable to applicants for a mining permit or a prospecting, mining, exploration or production right after 20 November 2015. Under the 2015 FP Regulations a 15-month transitional period was included for holders of a right or permit who applied for such right or permit prior to 20 November 2015 (Existing Holders) to comply with the 2015 FP Regulations. Due to an outcry from the minerals industry regarding the limited transitional period, Existing Holders were initially granted an extended transitional period until February 2019 to comply. Further extended transitional periods for Existing Holders to comply with the 2015 FP Regulations have subsequently been published, with the latest extension date being 19 September 2023. A draft notice was published in May 2023 of the Environmental Minister's intention to further extend the transitional period to 19 February 2024.

On 11 July 2022, the Environmental Minister published her intention to repeal the 2015 FP Regulations and publish the proposed 2022 Draft FP Regulations, being the fourth set of revised draft FP Regulations published since the 2015 FP Regulations. The 2022 Draft FP Regulations have not been enacted into law. It is envisaged that the final FP Regulations, based largely on the 2022 Draft FP Regulations, will be published shortly. This is also given the commencement into law of various sections of the National Environmental Management Laws Amendment Act 2 of 2022 on 30 June 2023, to, inter alia, align NEMA with the FP Regulations.

The FP regulatory framework has been subject to severe criticism and significant resistance since the 2015 FP Regulations' promulgation and the Minerals Council of South Africa (MINCOSA) has over the years since its publication expressed fundamental concerns relating to policy proposals and implementation challenges that would be experienced by the mining industry. Subsequent revised versions did signal traction in addressing certain critical concerns raised by the MINCOSA. Despite the progress, the MINCOSA has noted that some of the mining industry's fundamental concerns have not been addressed in the 2022 Draft FP Regulations. These include, among others, tax implications for inclusion of VAT; legal and administrative burden; above-inflation increases to the calculated quantum, which would impact negatively on the cost of doing business; and the environmental liability of a mining company remaining after closure (despite the issuing of a closure certificate and the requirement that FP must be ceded to the DMRE by a mineral right holder on closure). MINCOSA's Environmental Portfolio Committee's general view is that the 2022 Draft FP Regulations has no substantial changes; none of the real critical issues to the mining sector raised by MINCOSA in submissions to, or lobbying of, the Department of Environmental Affairs, Forestry and Fisheries were addressed; the issues remain largely the same; and that the publication of the final draft of the FP Regulations will likely not address these issues and require court challenge by MINCOSA / its members.

The group will comply with the relevant FP Regulations when required to do so.

22. Long-term liabilities

	30 June 2023	30 June 2022
	R000	R000
Buttonshope Conservancy Trust Liability	9 925	12 636
Current portion of Buttonshope Conservancy Trust Liability	(1 100)	(1 050)
	8 825	11 586

The Buttonshope Conservancy Trust (Buttonshope) was established as a conservancy trust by Northam Platinum, 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, clean-up and/or sustainable development projects in respect of Portion 1 of the Farm Buttonshope 51, Registration Division JT, Mpumalanga Province. The aforementioned property is owned by Booysendal. An initial contribution of R10.0 million was made by Booysendal in terms of the trust agreement.

Booysendal makes a contribution to Buttonshope on an annual basis. During the previous financial year the annual contribution was increased to R1.0 million, and will increase by R50 000 annually going forward.

During the year, in addition to the R1.05 million contribution, Booysendal also contributed an amount of R7.8 million to enable Buttonshope to purchase additional properties, namely Portion 1 of the farm Wanhoop No 78, Portion 1 of the farm Wicht No 101 and Portion 12 of the farm Kliprivier No 73.

These properties span across 802.4 hectares, and were purchased for a total consideration of R15.5 million (excluding Value Added Tax) funded by a combination of Buttonshope's own investments as well as the additional contribution from Booysendal.

All land management costs are carried by Booysendal, refer to note 7.

The long-term liability is made up as follows:

	30 June 2023	30 June 2022
	R000	R000
Opening balance	12 636	7 499
Modification on the Buttonshope liability	–	6 137
Unwinding of Buttonshope liability	(1 661)	–
Less amounts paid during the current year	(1 050)	(1 000)
Closing balance	9 925	12 636

23. Long-term loans

	30 June 2023	30 June 2022
	R000	R000
Security of supply contribution	20 631	26 132
Current portion of security of supply contribution	(5 502)	(5 501)
	15 129	20 631

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

24. Lease liabilities

	30 June 2023	30 June 2022
	R000	R000
Opening balance	51 098	56 994
Change in lease terms – reassessment of IFRS 16 Leases (refer to note 9)	1 047	432
Finance costs relating to lease liabilities (refer to note 5)	4 817	5 331
Payments made	(8 251)	(11 659)
Total lease liabilities	48 711	51 098
Current portion of lease liabilities	(4 428)	(7 954)
Non-current portion of lease liabilities	44 283	43 144

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

	30 June 2023	30 June 2022
	R000	R000
Depreciation expense for right-of-use assets (refer to note 9)	5 167	8 134
Finance costs relating to lease liabilities (refer to note 5)	4 817	5 331
Expenses relating to leases of low-value assets	7 097	4 574
	17 081	18 039

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

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

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

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

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

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

Significant estimate: Estimating the incremental borrowing rate

The company cannot readily determine the interest rate implicit to its leases. Therefore, the relevant incremental borrowing rate (IBR) is used to measure lease liabilities. The IBR is the rate of interest that the company would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment over a similar term, and with a similar security.

The company estimates the IBR using observable inputs when available and considers certain contract and entity-specific judgements such as the lease term and the Northam groups' credit rating.

25. Share-based payment liability

	30 June 2023	30 June 2022
	R000	R000
Share-based payment liability	302 702	343 108
Short-term share-based payment liability	(52 230)	(77 157)
Long-term share-based payment liability	250 472	265 951

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

	30 June 2023	30 June 2022
	R000	R000
Opening balance	343 108	506 637
Share-based payment expense during the year (refer to note 3)	47 164	72 380
Shares settled in cash during the year	(87 570)	(235 909)
Total share-based payment liability	302 702	343 108

The short-term portion is based on the shares which will be settled or expire in the next 12 months.

All other share-based payment liabilities are disclosed as non-current due to the contractual terms as per the Northam share incentive plan (SIP).

Share incentive plan (SIP)

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

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

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

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

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

	30 June 2023 Retention shares	**30 June 2023** Performance shares	**30 June 2023** Total
	Number of awards	Number of awards	Number of awards
Balance as at 1 July 2022	152 760	780 210	932 970
Performance shares awarded to middle management reclassified to retention shares	59 664	(59 664)	–
Shares awarded during the year in terms of the rules of the SIP	120 300	557 900	678 200
Performance conditions remeasured at vesting date	–	(47 889)	(47 889)
Shares forfeited	(34 594)	(150 616)	(185 210)
Shares cash settled during the year	(88 480)	(218 161)	(306 641)
Balance as at 30 June 2023	209 650	861 780	1 071 430

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

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

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

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

The following table lists the inputs to the model used for the valuation of the share-based payment liability for the year ended 30 June 2023:

	30 June 2023	**30 June 2023**	**30 June 2023**
	F2021 awards	F2022 awards	F2023 awards
Dividend yield (%)	–	–	–
Forfeiture rate (%)	10.0	10.0	10.0
Expected life of share awards (years)	0.34	1.34	2.34
30-day VWAP (R/share)	R150.72	R150.72	R150.72
Model used*	Market value	Market value	Market value
Valuation per share award (R/share)	R145.96	R132.66	R120.60

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

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

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

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

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

Lock-in and incentive mechanism (LIM)

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

	30 June 2023	30 June 2022
	Number of awards	Number of awards
Opening balance	400 000	400 000
Intergroup transfer of LIM shares	(200 000)	
LIM shares cancelled during the year	(100 000)	–
Zambezi Platinum (RF) Proprietary Limited lock-in incentive mechanism share awards	100 000	400 000

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

However, the related Northam Guarantee to the holders of the Zambezi Preference Shares may have resulted in a dilution for Northam Platinum shareholders, eroding shareholder value as a result.

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

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

In terms of the rules of the Northam SIP (Rules), a redemption by Zambezi of the Zambezi Preference Shares prior the original maturity date of the Zambezi Preference Shares, being 17 May 2025 (Original Maturity Date) would have resulted in the Zambezi BEE Transaction Conditional Shares awarded to the management team under the LIM (Participants) being subject to a proportionate vesting with the balance lapsing (Proportionate Vesting). The implementation of the Composite Transaction entailed the Zambezi Preference Shares being redeemed by Zambezi on or prior to the Original Maturity Date, at Zambezi's election. The Proportionate Vesting could therefore occur as a result of the implementation of the Transaction to the extent that Zambezi elects to redeem, and redeems, the Zambezi Preference Shares prior to the Original Maturity Date.

In order to maintain the retention of the management team and to continue to incentivise the management team until the Original Maturity Date, and to prevent the possible Proportionate Vesting upon implementation of the Composite Transaction, the Rules were amended, with effect from the Zambezi Scheme Implementation Date, being 23 August 2021 to, inter alia, cater for: no Proportionate Vesting to occur if Zambezi elects to redeem, and redeems, the Zambezi Preference Shares prior to the Original Maturity Date; the Zambezi BEE Transaction Conditional Shares, subject to the vesting condition (as defined in the Rules) being fulfilled on such date, vesting on the Original Maturity Date and the performance condition (as defined in the Rules) relating thereto being deemed to have been fulfilled on such date; subject to certain provisions applicable in respect of no fault termination and early retirement (as defined in the Rules), dividends which are declared and paid in respect of Northam Platinum Shares from the Zambezi Scheme Implementation Date until the Original Maturity Date shall notionally accrue to the Zambezi BEE Transaction Conditional Shares and the aggregate amount of such notional dividends shall be paid in cash to the Participants within 30 days of the Original Maturity Date, provided that the vesting condition has been fulfilled on the Original Maturity Date.

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

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

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

	30 June 2023	30 June 2022
	LIM shares	LIM shares
Dividend yield (%)	–	–
Forfeiture rate (%)	–	–
Expected life of share awards (years)	1.88	2.88
Spot price (R/share)	R125.48	R171.29
Model used*	Market value	Market value
Valuation per share award (R/share)	R125.48	R171.29

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

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

26. Loans from group companies

	30 June 2023	30 June 2022
	R000	R000
Northam Platinum Limited	–	3 128 254
	–	3 128 254

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

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

27. Trade and other payables

	30 June 2023	30 June 2022
	R000	R000
Trade payables	707 935	518 630
Accruals	137 633	163 733
Concentrate purchase accrual	286 546	209 972
Capital accruals	28 999	17 338
South African Revenue Service - Value added tax	83 015	147 485
Employee related accruals	330 779	148 172
Provisional pricing payable	10 504	–
Other	39	39
	1 585 450	1 205 369

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

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

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

	30 June 2023	30 June 2022
Euro (€000)	169	14
€ closing exchange rate*	R20.55	R17.07
Trade and other payables denominated in € (R000)	3 476	241
US dollars (USD000)	4 542	7 407
USD closing exchange rate*	R18.83	R16.28
Trade and other payables denominated in USD (R000)	85 544	120 586

**Rounded to the nearest cent*

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

28. Provisional pricing liabilities

	30 June 2023	30 June 2022
	R000	R000
Provisional pricing liabilities	–	–
	–	–

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

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

29. Short-term provisions

	30 June 2023	30 June 2022
	R000	R000
Opening balance	150 878	120 664
Amounts raised during the year	214 735	186 907
Amounts utilised by employees during the year	(187 276)	(156 693)
	178 337	150 878

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

30. Cash flows generated from operations

	30 June 2023	30 June 2022
	R000	R000
Profit before taxation	8 635 823	10 509 981
Adjusted for:		
Finance charges (refer to note 5)	27 443	25 726
Investment income (refer to note 4)	(58 983)	(7 263)
Movement in share-based payment liability (refer to note 25)	(87 570)	(235 909)
Movement in long-term provisions charged to operating costs	36 566	75 402
Movement in long-term receivables (refer to note 12)	545	(3 869)
Movement in short-term provisions (refer to note 29)	27 459	30 214
Depreciation and write offs (refer to note 9 and note10)	776 643	646 389
Other	(7 793)	5 137
	9 350 133	11 045 808

31. Movement in working capital

	30 June 2023	30 June 2022
	R000	R000
Movement in inventories	(170 551)	233 989
Movement in trade and other receivables	(227 803)	(778 998)
Movement in trade and other payables	368 420	(49 344)
	(29 934)	(594 353)

32. Tax paid

	30 June 2023	30 June 2022
	R000	R000
Opening balance	(27 860)	125 617
Income tax charge to the statement of profit or loss and other comprehensive income	(2 177 107)	(2 701 661)
Closing balance	(32 733)	27 860
	(2 237 700)	(2 548 184)

33. Changes in liabilities arising from financing activities

Below is a reconciliation of the changes in liabilities arising from financing activities:

	Opening balance	Changes from financing cash inflows	Changes from financing cash outflows	Interest	Other	Closing balance
	30 June 2023	30 June 2023	30 June 2023	30 June 2023	30 June 2023	30 June 2023
	R000	R000	R000	R000	R000	R000
Long-term liabilities (refer to note 22)	12 636	–	(1 050)	–	(1 661)	9 925
Security of supply contributions (refer to note 23)	26 132	–	–	–	(5 501)	20 631
Loans from group companies (refer to note 26)	3 128 254	–	(3 128 254)	–	–	–
Lease liabilities (refer to note 24)	51 098	–	(8 251)	4 817	1 047	48 711

	Opening balance	Changes from financing cash inflows	Changes from financing cash outflows	Interest	Other	Closing balance
	30 June 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022
	R000	R000	R000	R000	R000	R000
Long-term liabilities (refer to note 22)	7 499	–	(1 000)	–	6 137	12 636
Security of supply contributions (refer to note 23)	34 967	–	–	–	(8 835)	26 132
Loans from group companies (refer to note 26)	–	3 128 254	–	–	–	3 128 254
Lease liabilities (refer to note 24)	56 994	–	(11 659)	5 331	432	51 098

34. Financial risk management objectives and policies

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

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

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

Market risk

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

Foreign currency risk

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

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

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

	30 June 2023	30 June 2022
Euro (€000)	169	14
€ closing exchange rate*	R20.55	R17.07
Trade and other payables denominated in € (R000)	3 476	241
US dollars (USD000)	4 542	7 407
USD closing exchange rate*	R18.83	R16.28
Trade and other payables denominated in USD (R000)	85 544	120 586

**Rounded to the nearest cent*

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

	30 June 2023	**30 June 2022**
	R000	R000
ZAR weakening by 10% to the €	(348)	(24)
ZAR strengthening by 10% to the €	348	24
ZAR weakening by 10% to the USD	(8 554)	(12 059)
ZAR strengthening by 10% to the USD	8 554	12 059

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

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

Interest rate risk

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

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

	30 June 2023	**30 June 2022**
	R000	R000
Investments held by Northam Platinum Restoration Trust Fund (refer to note 13)		
Increase of 1%	770	713
Decrease of 1%	(770)	(713)
Cash and cash equivalents (refer to note 18)		
Increase of 1%	9	31
Decrease of 1%	(9)	(31)

The company monitors its exposure to fluctuating interest rates.

Cash and cash equivalents are invested with short-term maturity dates, which exposes the company to cash flow interest rate risks.

Commodity price risk

The company is subject to commodity price risks as a result of the prices at which it sells its products being determined by reference to international commodity exchanges. PGM concentrate is sold to honour the Everest offtake agreement, the PGM debtor relating to this sale has a provisional quotation period payment term of four months after month of delivery.

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

	30 June 2023	**30 June 2022**
	R000	R000
PGM provisional receivable	522 190	323 766
Chrome provisional receivable	397 254	236 531
Total provisional priced receivables (refer to note 17)	919 444	560 297
Chrome payable (refer to note 27)	(10 504)	–
Total provisional pricing payables	(10 504)	–
Total provisional pricing exposure	908 940	560 297

Provisional pricing PGM debtors have a provisional quotation period payment term of four months after month of delivery. Chrome provisional receivables are settled within 45 days from date of delivery.

Chrome provisional pricing receivables

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

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

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

PGM provisional pricing receivables

Booysendal mine sells PGM concentrate under terms containing provisional pricing features, to honour the Everest offtake agreement.

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

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

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

	30 June 2023	30 June 2022
	R000	R000
Weakening by 10% of the respective commodity prices	(90 894)	(56 030)
Strengthening by 10% of the respective commodity prices	90 894	56 030

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

Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities with banks and financial institutions. The company trades only with recognised, creditworthy third parties. It is the company'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.

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

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

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

Credit risk relating to loans mainly consists of employee housing loans, refer to note 12. These loans are secured by a second bond over residential properties. The maximum credit risk (before taking into account any collateral held) relating to the long-term receivables amount to the outstanding balance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The group has undrawn facilities (which includes both the revolving credit facility (RCF) and the general banking facility (GBF)) of R11.0 billion (30 June 2022: R3.6 billion).

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.

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

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

It further provides flexibility to return value to shareholders and the ability to manage other stakeholder expectations and effective liquidity risk management improves our credit ratings which leads to reduced borrowing costs.

The following should be taken into account when considering liquidity management for the group:

- Prudent liquidity risk management is available through uncommitted credit facilities.
- Cash preservation flexibility, where various capital projects can be suspended or postponed, and the overall capital budget can be minimised as far as possible without affecting current production. This capital budget flexibility is enabled by Northam's modular expansion approach which it has adopted at the Booysendal mine complex as well as at the Zondereinde mine and Eland mine.
- Policy parameters on Net Debt to EBITDA ratios has been implemented that inform borrowing and spending decisions.
- Regular structured review and approval of capital allocations.
- An active approach to forward looking cash flow management, through regular updates to, and reviews of, Northam's cash flow projections. These comprise short, medium and long-term cash flow projections which include various sensitivity and scenario analysis, including a range of simulated metal price and exchange rate forecasts.
- Maintained focus on cost and capital discipline.

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

	Payable on demand	1 – 6 months	More than 6 months	More than a year	Total
	30 June 2023	30 June 2023	30 June 2023	30 June 2023	30 June 2023
	R000	R000	R000	R000	R000
Trade payables	–	707 935	–	–	707 935
Accruals	–	137 633	–	–	137 633
Concentrate purchase accrual	–	286 546	–	–	286 546
Capital accruals	–	28 999	–	–	28 999
South African Revenue Service - Value added tax	–	83 015	–	–	83 015
Employee related accruals	–	330 779	–	–	330 779
Provisional pricing payable	–	10 504	–	–	10 504
Other	–	39	–	–	39
Lease liabilities	382	1 909	2 343	102 972	107 606

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

Fair value

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

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

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

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

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

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

The carrying amount of financial assets and financial liabilities approximate their fair value.

Capital management (including equity risk)

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

The company manages its capital structure (which consists of equity) and makes adjustments to it, in light of changes in economic conditions.

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

Categories of financial instruments

The following table summarises the classification of financial instruments for the company:

	Fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Non-financial instruments	Total
	30 June 2023	**30 June 2023**	**30 June 2023**	**30 June 2023**	**30 June 2023**
	R000	R000	R000	R000	R000
Long-term receivables	–	15 817	–	–	15 817
Investment held by Northam Platinum Restoration Trust Fund	76 976	–	–	–	76 976
Environmental guarantee investment	38 119	–	–	–	38 119
Subsidiary loans receivable	–	4 602 263	–	–	4 602 263
Trade and other receivables	919 444	211 667	–	19 041	1 150 152
Cash and cash equivalents	–	852	–	–	852
Long-term loans	–	–	(15 129)	–	(15 129)
Trade and other payables	–	–	(1 502 435)	(83 015)	(1 585 450)
Subsidiary loans payable	–	–	(2 739 793)	–	(2 739 793)
Provisional pricing liabilities	–	–	–	–	–

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

35. Related parties

Below is a summary of the key related party transactions:

Guarantees

Northam Platinum Limited (Northam) currently has finance facilities available in the form of a RCF of R10.0 billion (30 June 2022: R4.0 billion) and a GBF to the value of R1.0 billion (30 June 2022: R1.0 billion) with Nedbank Limited. Booysendal Platinum Proprietary Limited (Booysendal) and Eland Platinum Proprietary Limited (Eland) have both signed a letter of guarantee concerning these facilities.

In addition, as at 30 June 2023, Northam had DMTNs in an aggregate amount of R15.0 billion (30 June 2022: R11.3 billion) in issue on the debt capital market. These DMTNs were issued under the R15.0 billion DMTN Programme. Booysendal is a guarantor for these issued DMTNs.

Other related party transactions

SSG Holdings Proprietary Limited (SSG)

The Northam group has a 33.7% (30 June 2022: 33.7%) interest in SSG, owning 3 000 shares out of 8 900 issued shares.

SSG provides security and facility services to the group.

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

	30 June 2023	30 June 2022
	R000	R000
SSG Facilities Proprietary Limited	9 028	8 627
SSG Securities Solutions Proprietary Limited	35 525	37 350
Security and facilities services provided by SSG Holdings Proprietary Limited to the company during the year accounted for as part of operating costs	44 553	45 977
Amounts payable to SSG Holdings Proprietary Limited included as part of trade payables	5 127	4 400

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

	30 June 2023	30 June 2022
	R000	R000
PA Dunne	30 544	57 656
AH Coetzee	15 037	26 249
LC van Schalkwyk	13 174	23 732

36. Commitments

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

	30 June 2023	30 June 2022
	R000	R000
Capital commitments		
Authorised but not contracted	926 376	1 232 900
Contracted	401 064	254 056
	1 327 440	1 486 956

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

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

	30 June 2023	30 June 2022
	R000	R000
Bank guarantees		
Eskom Holdings SOC Limited (Eskom)	–	87 932
The Commission for Conciliation, Mediation and Arbitration (CCMA)	2 737	2 737
	2 737	90 669

Northam Holdings has issued a parent company guarantee to Eskom during the financial year to the value of R340.6 million, in respect of electricity charges for Northam Platinum, Booysendal and Eland.

As a result, all bank guarantees previously issued to Eskom were cancelled during the year.

Below is a summary of guarantees issued to the DMRE:

	30 June 2023	30 June 2022
	R000	R000
Insurance guarantees		
Department of Mineral Resources and Energy (refer to note 14)	255 662	247 975
	255 662	247 975

The environmental guarantees were issued by Guardrisk Insurance Company and Centriq Insurance Company Limited, refer to note 14.

Other commitments

Booysendal has guaranteed the obligations of Northam in terms of a revolving credit facility and general banking facility for R11.0 billion (30 June 2022: R5.0 billion) entered into with Nedbank Limited. The guarantee is limited to the capital amount owing in terms of the facility, together with any unpaid interest and commitment fees. The group has undrawn banking facilities (which includes both the revolving credit facility and the general banking facility) of R11.0 billion (30 June 2022: R3.6 billion).

Booysendal has also issued guarantees in respect of notes issued under Northam's R15.0 billion Domestic Medium-Term Note (DMTN) Programme. The guarantees are limited to the capital amount owing in terms of the notes in issue, together with any unpaid interest and commitment fees. At year-end, a capital amount of R15.0 billion (30 June 2022: R11.3 billion) was outstanding in terms of the notes issued under the DMTN Programme.

Furthermore, Booysendal guaranteed the payment obligations of Northam Holdings in respect of the deferred acquisition consideration and deferred option consideration (as defined in the Glossary included in the summarised financial results of Northam Platinum Holdings Limited), related to the interest in Royal Bafokeng Platinum Limited. The guarantee expired on the settlement of the final Deferred Acquisition Consideration payment on 30 September 2022.

37. Events after the reporting period

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

Administration and contact information

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

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

Bond code: NHM015
Bond ISIN: ZAG000164922
Bond code: NHM016
Bond ISIN: ZAG000167750
Bond code: NHM019
Bond ISIN: ZAG000168105
Bond code: NHM020
Bond ISIN: ZAG000172594
Bond code: NHM021
Bond ISIN: ZAG000181496
Bond code: NHM022
Bond ISIN: ZAG000190133
Bond code: NHM023
Bond ISIN: ZAG000190968
Bond code: NHM024
Bond ISIN: ZAG000195926
Bond code: NHM025
Bond ISIN: ZAG000195934
Bond code: NHM026
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