Zambezi
Platinum (RF) Limited

ANNUAL REPORT 2015

EMPOWERING NORTHAM PLATINUM

WHO WE ARE

The mighty Zambezi River, one of Africa's largest, sustains the livelihoods of millions of people in four sub-Saharan countries.

Much like this invaluable watercourse, Zambezi Platinum (RF) Limited (Zambezi or Zambezi Platinum) provides a solid foundation to fuel new mining opportunities, grow a sustainable modern mining company and deliver benefits for all its stakeholders for many years to come.

Zambezi is a special purpose black economic empowerment (BEE) vehicle established in October 2014 as a result of a R6.6 billion BEE transaction with Northam Platinum Limited (Northam). The transaction included the successful raising of R4.6 billion and was approved by Northam shareholders on 19 March 2015.

In terms of the transaction, Northam issued 112 195 122 new shares (equivalent to 22% of Northam's issued share capital). These shares were supplemented by 47 710 331 shares (equivalent to 9.4% of Northam's issued share capital), sold to Zambezi by the Public Investment Corporation SOC Limited (PIC), a long-standing Northam shareholder.

Zambezi comprises a range of historically disadvantaged South African (HDSA) stakeholders including an employee trust, two community trusts, a women's group and a core of strategic partners. Together they hold a 31.4% stake in Northam.

Zambezi has financed the acquisition of shares in Northam through a preference share arrangement. Apart from this function Zambezi will not conduct any operational business. Zambezi's preference shares were listed on the JSE Limited (JSE) on 11 May 2015.

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The annual financial statements set out on page 16 to 45 have been prepared under the supervision of the chief financial officer of Northam Platinum Limited, Mr AZ Khumalo CA(SA). The annual financial statements have been audited by Ernst & Young Inc.

www.northam.co.za/zambezi/

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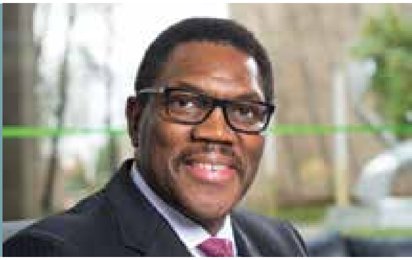


"Zambezi is unique and breaks considerable ground in the BEE sector."

It is with a considerable sense of accomplishment that I write this, my first public review of Zambezi, though our company had only been in existence as a listed entity for fewer than two months by its financial year's end.

Plans for the Northam BEE transaction were announced in October 2014 and the succeeding period, up to Zambezi's successful stock exchange listing on 11 May 2015, was occupied with finalising the transaction's details.

Zambezi is unique and breaks considerable ground in the BEE sector. It is a special purpose vehicle, listed through preference shares on the JSE and housing the newly constituted HDSA group's shareholding in Northam. Our sole asset is a 31.4% shareholding in Northam – an investment we shall hold intact for at least 10 years and which, for the foreseeable future, will remain our sole asset.

To say that Zambezi's creation is unprecedented would be to downplay its importance. Unlike many BEE investments which have stumbled on falling share prices of their underlying companies, Zambezi's completely ring-fenced shareholding will protect its own shareholders and those of Northam from the vicissitudes of the market. There is no risk of the shareholding in Northam being sold or compromised for 10 years. For anyone needing information on the progress of our underlying investment, they need simply to turn to Northam's own annual reports.

On its listing, the value of Zambezi's Northam shareholding was R6.6 billion and, coincidental with the listing, Northam was enabled to raise R4.6 billion to strengthen its balance sheet and thereby add to its foundation for future growth.

As I write, the platinum market is uncertain, with prices generally in decline since the middle of the 2014 calendar year and their slide persisting beyond the end of our financial year. As I have said, however, Zambezi's ring-fencing protects Northam and its BEE credentials from the vicissitudes of the platinum market.

I remain confident that platinum will emerge from its current difficulties over time, particularly as economic growth rates eventually increase around the globe. But we shall need to be patient and remain focused on the longer term rather than on day-to-day market movements. Northam itself is in a developmental phase, particularly following the acquisition of the Everest property, with its strategic processing plant, adjacent to the Booysendal mine. Expansion at Booysendal will be value accretive as the mine's orebody is shallow with mechanised workings.

Our strategy at Zambezi is to distribute 10% of the dividends we receive from our Northam shares, to our strategic partners, employee shareholders and communities that will, themselves, benefit from development projects.

I am privileged to work with board colleagues who bring to the company a valuable range of business and technical skills and look forward to a long collaboration.

Lazarus Zim
Chairman
25 September 2015

DIRECTORS' REPORT

The directors have pleasure in submitting their report for the year ended 30 June 2015.

HISTORY AND NATURE OF BUSINESS

Zambezi (formerly Business Venture Investments No. 1834 Proprietary Limited) was incorporated as a private company on 2 June 2014, as a special purpose vehicle to facilitate the Northam BEE transaction as detailed in the Northam transaction circular dated 17 February 2015 (transaction circular), the Zambezi prospectus to Northam shareholders dated 21 April 2015 (prospectus) and the Northam offer circular dated 21 April 2015 (offer circular) (collectively the circulars). These circulars are available on the Northam website at: www.northam.co.za.

On 16 February 2015, the company converted to a public company, changed its name to Zambezi Platinum (RF) Limited and became a ring-fenced company in terms of the Companies Act, No.71 of 2008, as amended from time to time (Companies Act) with restrictions in terms of its conduct of business activities. On 11 May 2015, Zambezi listed on the main board of the JSE in terms of the JSE debt listings requirements (debt listings requirements), with the preference share code ZPLP, to facilitate the Northam BEE transaction. Prior to the company's conversion to a public company and listing on the JSE, Zambezi did not conduct any business operations or activities.

On the implementation date of the Northam BEE transaction described in the offer circular and prospectus (18 May 2015), Zambezi allotted and issued 159 905 453 Zambezi preference shares to offer participants, 10 000 Zambezi ordinary shares to HDSA participants and 1 N share to Northam. The Zambezi ordinary shares and the N share are not listed on the JSE. Further details of the shareholders can be found on page 8 of this annual report.

As part of the Northam BEE transaction, the company received 112 195 122 Northam shares and acquired a further 47 710 331 Northam shares from the PIC, totalling 159 905 453 Northam shares (BEE shares). The company has undertaken to not dispose of or encumber the BEE shares for the duration of the 10 year lock-in period, other than in accordance with the preference share terms and the Zambezi pledge and cession. Further details of the lock-in and restraint payment may be found on page 9 of this annual report.

The Northam shares held by Zambezi represent 31.4% of Northam's issued share capital. Along with the 4% BEE credit recognised through the Northam employees' Toro Employee Empowerment Trust (a profit share scheme), the total HDSA holding in Northam is 35.4%, in excess of the 26% required by the Mining Charter. Further details can be found in the Northam 2015 annual integrated report available on the Northam website: www.northam.co.za.

CORPORATE GOVERNANCE

The board of directors (the board) is committed to the principles of fairness, accountability, responsibility and transparency as advocated in the third King Report on Corporate Governance for South Africa 2009 (King III), as well as other applicable legislation.

The majority of King III corporate governance principles are not applicable for Zambezi due to, *inter alia,* the company:

- having restricted trading activities;
- being ring-fenced in terms of the Companies Act;
- being a special purpose vehicle for the Northam BEE transaction;
- being listed on the JSE in terms of the debt listings requirements (which are less onerous than the JSE listings requirements for equity issuers); and
- having its day-to-day management and business affairs managed and administered by Northam.

Furthermore, the company has no employees, subsidiary companies, operational mines or independent directors (each director represents a shareholder of the company). The board is therefore satisfied that, where relevant, there is adequate compliance with King III. The corporate governance principles adopted by Northam are available on the Northam website: www.northam.co.za.

BOARD OF DIRECTORS

At 30 June 2015, the board comprised seven directors, all of whom are non-executive directors and represent the following shareholders of the company:

Board members

Name of director:	Representation and % held in the ordinary share capital of the company:
Mr PL Zim – Chairman	Atisa Resources (RF) Proprietary Limited – 12.8%*
Mr PA Dunne	Northam Platinum Limited (1 N Share) – provides a protective right to Northam
Mr AZ Khumalo	The Northam Employees' Trust – 9.6%
Mr KB Mosehla	Malundi Resources (RF) Proprietary Limited – 12.8%
Mr GS Mseleku	Mpilo Platinum (RF) Proprietary Limited – 29.8%
Ms N Mazwai	Zambezi Platinum Women's SPV (RF) Proprietary Limited – 19.1%
Mr LC van Schalkwyk	The Northam Booysendal Community Trust and, the Northam Zondereinde Community Trust – each Trust holds 7.95%

* *Mr PL Zim also has an indirect interest of 16.67% in Mpilo Platinum (RF) Proprietary Limited via Zim Group Proprietary Limited.*

Board committee members

Audit committee	Social and ethics committee
Mr KB Mosehla – Chairman	Mr GS Mseleku – Chairman
Mr GS Mseleku	Mr LC van Schalkwyk
Ms N Mazwai	Mr CA Smith*

The aforementioned committee members were appointed on 18 June 2015.

* *Mr Smith, Northam's executive: human resources is a member of the social and ethics committee.*

APPOINTMENT OF DIRECTORS

Ms WL van Staden, the sole director and shareholder of the company since date of incorporation on 2 June 2014, resigned as a director on 2 October 2014.

Mr Dunne was appointed as the Northam appointed director on 2 October 2014, in terms of clause 25.17 and, Mr van Schalkwyk was appointed as a director on the same day, in terms of clause 25.7 of the company's Memorandum of Incorporation (MOI).

Mr Khumalo was appointed as a director on 16 March 2015, in terms of clause 25.7 of the MOI.

Messrs Zim, Mosehla, Mseleku and Ms Mazwai were appointed as directors on 18 May 2015, in terms of clause 25.7 of the MOI.

Mr Zim was appointed as chairman of the board on 18 June 2015.

In terms of clause 25.22 of the MOI, at each annual general meeting (AGM) of the company 1/3 (one third) of the directors who have been longest in office since their last election must retire. Messrs Dunne, van Schalkwyk and Khumalo, in accordance with the provisions of the MOI, retire from office and, being eligible and available, have offered themselves for re-election and appointment. Accordingly at the forthcoming AGM to be held on Wednesday, 11 November 2015 at 09h30, members will be requested to consider resolutions providing for the election and re-appointment of the aforementioned directors of the company.

Brief summaries of their *curricula vitae* are set out on pages 10 to 11 of this annual report.

DISCLOSURE OF INTERESTS AND DIRECTORS' DEALINGS IN SHARES

Disclosure of personal financial interests is a standing board and committee agenda item. In terms of directors' dealings in shares, all board members are required to obtain prior approval from the chairperson, or in his absence, Northam as secretaries and technical and administrative advisers to the company (secretaries), for dealings in Zambezi preference shares and/or Northam ordinary shares, either directly or indirectly. Such approval will not be unreasonably withheld but will not be granted during any embargo or closed period in terms of the JSE listings requirements.

BOARD CHARTER AND BOARD COMMITTEE TERMS OF REFERENCE

The board charter articulates the objectives and responsibilities of the board. Each of the board committees operates in accordance with written terms of reference, which are approved by the board. The board charter and the audit committee's terms of reference are available on the Zambezi website at www.northam.co.za/zambezi/

BOARD AND COMMITTEE MEETINGS

Meetings of the board are held at such time and at such venue as the board deems appropriate, but will normally take place at least twice a year or at the call of the chairperson of the board.

The meetings of the audit committee shall be held at least twice a year and the social and ethics committee shall meet as and when required.

Attendance at board meetings:

Date	18 June 2015
PL Zim	✓
PA Dunne	✓
AZ Khumalo	✓
KB Mosehla	✓
GS Mseleku	✓
N Mazwai (Ms)	✓
LC van Schalkwyk	✓

Key

✓ attended

COMMITTEE MEETINGS

The audit committee and the social and ethics committee were established by the board on 18 June 2015.

The members of the audit committee are Messrs Mosehla (Chairman), Mseleku and Ms Mazwai. Subsequent to year-end, members of the audit committee met on Monday, 21 September 2015 and recommended approval to the board of the company's annual report for the year ended 30 June 2015.

The social and ethics committee members are Messrs Mseleku (Chairman) and van Schalkwyk as directors of the company and Mr Smith as Northam's executive: human resources. There were no meetings held during the financial year under review.

Stated capital

Authorised stated capital at 30 June 2015	
11 000 Zambezi ordinary shares	
159 905 453 Zambezi preference shares	
1 N share	
Issued stated capital at 30 June 2015	
10 000 Zambezi ordinary shares at an issue price of R0.01 per ordinary share	R100
159 905 453 Zambezi preference shares at an issue price of R41.00 per preference share	R6 556 123 573
1 N share at an issue price of R0.01 per N share	R0.01

SHAREHOLDERS

On 18 May 2015, in accordance with the circulars, the following Zambezi shares were allotted and issued to:

Name of ordinary shareholder	Number of Zambezi Platinum ordinary shares	% of Zambezi Platinum	% of Northam Platinum
1. Atisa Resources (RF) Proprietary Limited *	1 280	12.80	4.0
2. Malundi Resources (RF) Proprietary Limited *	1 280	12.80	4.0
3. Mpilo Platinum (RF) Proprietary Limited *	2 980	29.80	9.4
4. Zambezi Platinum Women's SPV (RF) Proprietary Limited **	1 910	19.10	6.0
5. The Northam Employees' Trust	960	9.60	3.0
6. The Northam Booysendal Community Trust	795	7.95	2.5
7. The Northam Zondereinde Community Trust	795	7.95	2.5
	10 000	100.00	31.4

* *Shareholders defined as the (Strategic Partners)*

** *Shareholder defined as the (Women's Consortium)*

Shareholders numbered 1 to 7 (HDSA participants)

Name of N shareholder	Number of N share	(%)
Northam Platinum Limited	1	100

The following directors (together with their associates) have a beneficial interest in the company in accordance with the table below:

Name of director	Consortia in which the director has an interest	Effective interest in Zambezi ordinary shares (%)
Mr Zim	Atisa Resources (RF) Proprietary Limited and Mpilo Platinum (RF) Proprietary Limited	11.0
Mr Mseleku	Mpilo Platinum (RF) Proprietary Limited	9.8
Mr Mosehla	Malundi Resources (RF) Proprietary Limited	3.2
Ms Mazwai	Zambezi Platinum Women's SPV (RF) Proprietary Limited	6.6
Total		30.6

In terms of the subscription agreement, the shareholders have undertaken not to dispose of or encumber their shares for the duration of the lock-in period, being 10 years.

	Number of Zambezi Platinum preference shares	(%)
Note: The Zambezi preference shares were listed on the JSE on 11 May 2015 and allotted and issued to shareholders in terms of the offer circular on 18 May 2015	159 905 453#	100

These are held as Treasury shares in the consolidated financials of Northam which include Zambezi.

LOCK-IN AND RESTRAINT PAYMENT

In terms of the Northam BEE transaction, Zambezi has undertaken not to dispose of or encumber the BEE shares for the duration of the 10 year lock-in period, other than in accordance with the preference share terms and the Zambezi pledge and cession. In terms of the relationship agreements, the ordinary shareholders referred to in the table as 1 to 7 on page 8 (the HDSA participants) have, in turn, undertaken not to dispose of or encumber their Zambezi ordinary shares for the duration of the lock-in period. Furthermore, Zambezi has, pursuant to the subscription agreement, and the HDSA participants have, pursuant to their respective relationship agreements, undertaken in favour of Northam not to be engaged, directly or indirectly, or in any way to be interested, in any platinum group metal (PGM) exploration, PGM prospecting or PGM mining activities or in any competitor of the Northam group for the duration of the lock-in period, save to the extent specifically permitted under such relationship agreements.

As consideration for entering into the lock-in arrangement, and in recognition of the benefit that Northam and the Northam shareholders will derive from the lock-in arrangement, on 18 May 2015 Northam paid a lock-in and restraint payment to Zambezi, being a once-off gross amount of R400 000 000.

Zambezi then distributed the lock-in and restraint payment, net of taxes, to its ordinary shareholders (HDSA participants), as a dividend on 21 May 2015. In terms of the circulars, each of the HDSA participants have, in turn, utilised their portion of the lock-in and restraint payment (lock-in funds) as follows:

- each of the Strategic Partners and the Women's Consortium have distributed their portion of the lock-in funds as a dividend to their shareholders;
- the Northam Employees' Trust will invest its portion of the lock-in funds in permanent capital goods and infrastructure or education or healthcare projects for the benefit of its beneficiaries, as approved by Northam;
- each of the Northam Zondereinde Community Trust and the Northam Booysendal Community Trust will invest their portion of the lock-in funds in community development activities for the benefit of their beneficiary communities as approved by Northam.

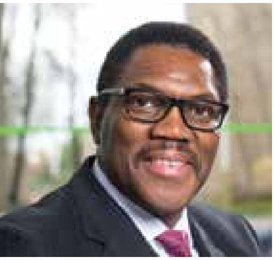
FINANCIAL RESULTS

The statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity and accompanying notes reflect the results of the company for the year ended 30 June 2015 and the financial position of the company at that date.

EVENTS AFTER THE REPORTING DATE

There have been no facts or circumstances of a material nature that have occurred between the accounting date and the date of this annual report.

BOARD OF DIRECTORS



PL ZIM (55)
BCom Hons; MCom
Non-executive chairman *Joined the board in May 2015*

Mr Zim is the non-executive chairman of Northam. A director of Atisa Platinum (RF) Proprietary Limited, Sanlam Limited and Sanlam Life Insurance Limited. He is also a past President of the Chamber of Mines of South Africa. Previously chairman of Telkom SA SOC Limited, he has also held senior executive positions at Anglo American South Africa Limited, M-Net Supersport and MTN Group Limited. He was voted African Business Leader of the Year in 2005 and is an Honorary Colonel in the South African Army.

PA DUNNE (52) *(British)*
BSc (Hons); MBA
Non-executive director *Joined the board in October 2014*

Mr Dunne is the chief executive officer of Northam. Prior to joining Northam he was employed by Impala Platinum Holdings Limited (Implats) as an executive director responsible for all mining, concentrating and smelting operations at Implats' Rustenburg and Marula mines.

AZ KHUMALO (50)
BCompt (Hons); CA (SA)
Non-executive director *Joined the board in March 2015*

Mr Khumalo is the chief financial officer of Northam. He has extensive mining and corporate finance experience. From September 2008 he was the group finance executive of Coal of Africa Limited. Prior to that, from 2004 to 2008, he was director of finance of Aquarius Platinum South Africa Proprietary Limited.

KB MOSEHLA (43)
BCompt; CA (SA)
Non-executive director *Joined the board in May 2015*

Mr Mosehla is a non-executive director of Northam and is the chief executive officer of Mosomo Investment Holdings Proprietary Limited. He is also a director of Malundi Resources (RF) Proprietary Limited and Coal of Africa Limited.

Chairman of the audit committee

LC VAN SCHALKWYK (50)

Chartered management accountant (FCMA)

Non-executive director *Joined the board in October 2014*

Mr van Schalkwyk is Northam's chief commercial officer. He previously held the position of group executive strategic finance, having risen through the ranks at Implats.

Member of the social and ethics committee

GS MSELEKU (49)

BA (Hons) LLB, LLM (Tax Law); H Dip Co Law; Attorney of the High Court of SA

Non-executive director *Joined the board in May 2015*

Mr Mseleku is the executive chairman of Sakumnotho Group Holdings, and of the Oakhurst Insurance Company. He serves on the board of Sulzer Pumps SA, and on a number of other companies. He is founder and Immediate Past President of the Pan African Chamber of Commerce and Industry.

Member of the audit committee and chairman of the social and ethics committee

N MAZWAI (57)

BA (Hons) Journalism

Non-executive director *Joined the board in May 2015*

Ms Mazwai is the founder and Festival Director of the BuyelEkhaya Pan African Cultural Festival. She has 20 years' experience in senior management, consultancy and programme management roles.

Member of the audit committee

CA SMITH (40)

BSocSc (Hons)

Mr Smith is not a director of the company but a member of the social and ethics committee and is the executive: human resources for Northam. He has extensive experience in the mining sector and has held senior human resources positions at AngloGold Ashanti, Richards Bay Coal Terminal and Impala Platinum.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2015

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 this annual report. 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 International Financial Reporting Standards (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 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. To enable the directors to meet these responsibilities, the board of directors sets standards of internal controls aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and the directors are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. 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, based on the information and explanations given by Northam, as administrators and secretaries 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 provide only reasonable, and not absolute, assurance against material misstatement or loss.

Northam has guaranteed that they will enable the company to settle any preference shares, dividends and repurchases as required by the BEE transaction, as well as any other expenses incurred by the company.

The audit committee has confirmed to the directors of the company that the audit committee functions in terms of the Companies Act, have been performed without any exceptions noted in relation to the financial statements and that they are satisfied that the auditors were independent of the company.

The auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 14 and 15.

The financial statements for the year ended 30 June 2015 set out on pages 16 to 45 have been approved by the board of directors.

PL Zim	**PA Dunne**	**KB Mosehla**
Chairman	Director	Chairman – audit committee
25 September 2015		

REPORT OF THE AUDIT COMMITTEE TO THE DIRECTORS

for the year ended 30 June 2015

REAPPOINTMENT OF THE EXTERNAL AUDITORS

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

ANNUAL FINANCIAL STATEMENTS

The audit committee has:

- reviewed and discussed the audited annual financial statements included in the annual report with the external auditors and management;
- reviewed the external auditor's management letter and management's response thereto; and
- reviewed significant adjustments resulting from external audit queries and accepted any unadjusted audit differences.

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

KB Mosehla
Chairman – audit committee
25 September 2015

COMPANY SECRETARY'S CONFIRMATION

I, PB Beale, in my capacity as company secretary of Northam, as secretaries, hereby certify in terms of section 88(2) of the Companies Act that all returns and notices required of a public company in terms of the Companies Act have, in respect of the year under review, been lodged with the Companies and Intellectual Property Commission and that all such returns are true, correct and up to date.

Northam Platinum Limited
Secretaries
per PB Beale
Johannesburg
25 September 2015

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ZAMBEZI PLATINUM (RF) LIMITED

We have audited the consolidated and separate financial statements of Zambezi Platinum (RF) Limited set out on pages 16 to 45, which comprise the statements of financial position as at 30 June 2015, the statements of comprehensive income, statements of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

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

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

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

Ernst & Young Inc
Director – Mike Herbst

Registered auditor
Chartered accountant (SA)
102 Rivonia Road
Sandton
25 September 2015

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 16 to 45 have been prepared under the supervision of Mr AZ Khumalo, chartered accountant (South Africa). The annual financial statements have been audited by Ernst & Young Inc.

ACCOUNTING POLICIES

1 BASIS OF PREPARATION

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

The financial statements incorporate the following accounting policies which have been applied as more fully set out in the notes below:

The preparation of financial statements in conformity with IFRS requires that management and the board exercises their judgement in the process of applying the company's accounting policies. It also requires the use of certain critical economic and other estimates.

1.1 Standards and interpretations issued and not yet effective:

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

Standard or interpretation	Description	Impact	Effective date
IFRS 9	Financial instruments-classification and measurement of financial assets and liabilities	**Financial assets:** This phase applies to financial assets and simplifies the classification of financial assets whilst retaining the measurement principles, being at fair value or amortised cost. Financial assets are classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The IAS 39 exemption which allows equity instruments to be measured at cost will be limited further and reclassifications between categories will only be allowed in exceptional circumstances. IFRS 9 could impact the classification and measurement of the company's financial assets – the impact has not yet been assessed as the company is still awaiting the finalisation of the other chapters in the accounting standard, e.g. amortised cost and impairment.	1 January 2018

Standard or interpretation	Description	Impact	Effective date
IAS 1	Disclosure initiatives – amendments to IAS	The amendments to IAS 1 *Presentation of financial statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify • The materiality requirements in IAS 1 • That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated • That entities have flexibility as to the order in which they present the notes to financial statements • That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those that will or will not be subsequently reclassified to profit or loss Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income. Early application is permitted and entities do not need to disclose that fact because the board considers these amendments to be clarifications that do not affect an entity's accounting policies or accounting estimates. These amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS.	1 January 2016

ACCOUNTING POLICIES continued

Standard or interpretation	Description	Impact	Effective date
		Financial liabilities: The standard retains the existing IAS 39 classification and measurement requirements for financial liabilities not designated at fair value through profit or loss using the fair value option as well as the criteria within IAS 39 for using the fair value option for financial liabilities. The changes only affect the measurement of fair value option liabilities. All other requirements in IAS 39 in respect of liabilities are carried forward into IFRS 9. For fair value option liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income (OCI). The remainder of the change in fair value is presented in profit or loss. The standard prohibits any recycling through profit or loss of amounts recognised in OCI upon derecognition of the liability, but these amounts may be transferred to retained earnings upon derecognition. Liabilities arising from certain derivatives on unquoted equity instruments will no longer be able to be measured at cost and will be required to be measured at fair value. **Hedge accounting:** Hedge effectiveness testing must be done prospectively and can be qualitative, depending on the complexity of the hedge. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable. The time value of an option, the forward element of a forward contract and any foreign currency basis spread can be excluded from the hedge instrument designation requirement and accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions.	

Standard or interpretation	Description	Impact	Effective date
		The impairment requirements are based on an expected credit loss model that replaces the IAS 39 incurred loss model. The model applies to debt instruments accounted for at amortised cost or at fair value through other comprehensive income (FVOCI), most loan commitments, financial guarantee contracts, contract assets under IFRS 15 and lease receivables under IAS 17. Entities are generally required to recognise either 12-months' or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised. The impacts of this standard have not yet been assessed.	
IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture – amendments	The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3 *Business combinations*, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. As the amendment will be applied prospectively, the impact will be assessed upon adoption.	1 January 2016

ACCOUNTING POLICIES continued

Standard or interpretation	Description	Impact	Effective date
IAS 27	Equity method in separate financial statements – amendments to IAS 27	The amendments to IAS 27 *Separate financial statements* allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, an entity must account for these investments either: • At cost • In accordance with IFRS 9 (or IAS 39) or • Using the equity method The entity must apply the same accounting for each category of investment. A consequential amendment was also made to IFRS 1 *First-time adoption of international financial reporting standards*. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment. Zambezi currently accounts for investments in associates in its separate financial statements, at fair value through profit and loss.	1 January 2016
IAS 34	Interim financial reporting (Annual improvements 2012-2014 cycle)	The amendment clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The disclosures required by this amendment will be incorporated into the interim reports presented when the amendment becomes effective.	1 January 2016

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

2 ASSOCIATE

An associate is an entity over which the entity has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The group's investments in its associate and joint venture are accounted for using the equity method.

Entities in which the group has significant influence and which are neither subsidiaries nor joint ventures, are associates, and are accounted for using the equity method of accounting.

Under the equity method of accounting, the investment in the associate is recognised on the statement of financial position on the date of acquisition at the fair value of the purchase consideration where this is higher than the fair value of the identifiable net assets acquired, or, if the purchase consideration is less than the fair value of the identifiable net assets acquired, at the fair value of the identifiable net assets acquired. In this way, goodwill is included within the associate balance when the fair value of the investment is less than the consideration paid. The carrying amount is adjusted by Zambezi's share of the post-acquisition profit or loss, depreciation, amortisation or impairment arising from fair value adjustments made at date of acquisition and certain inter-entity transactions together with a reduction for any dividends received or receivable from the associate. Where there has been a change recognised directly in the equity of the associate, the entity recognises its share of such changes in equity.

The income statement reflects the entity's share of the results of operations of the associate. Any change in 'Other Comprehensive Income' of those investees is presented as part of the group's 'Other Comprehensive Income'. In addition, when there has been a change recognised directly in the equity of the associate, the group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the group's share of profit or loss of an associate is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the group, using consistent accounting policies.

After application of the equity method, the group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'share of profit of an associate' in the income statement.

ACCOUNTING POLICIES continued

The entity discontinues its use of the equity method from the date on which it ceases to have significant influence, and from that date accounts for the investment in accordance with IAS 39 (with its initial cost being the carrying amount of the associate at that date), provided the investment does not then qualify as a subsidiary or joint venture.

The entity's income statement reflects the 'share of associate's' results after tax and the entity statement of comprehensive income includes any amounts recognised by associates outside of the income statement.

The investment in associate is accounted at fair value through profit and loss in the separate company financial statements.

3 BUSINESS COMBINATIONS AND GOODWILL

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

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

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

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

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

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

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

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

4 FINANCIAL INSTRUMENTS

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

4.1 Investments

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

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

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

After initial recognition, investments at amortised cost are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process. Interest income on these investments is recognised in profit or loss.

4.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and include trade and other receivables, and cash and cash equivalents. After initial measurement, receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the receivables are derecognised or impaired, as well as through the amortisation process.

4.3 Cash and cash equivalents

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

4.4 Trade and other payables

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

ACCOUNTING POLICIES continued

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

4.5 Borrowings

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

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

4.6 Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effect, are recognised as a deduction from equity.

Preference shares

The redeemable preference shares are classified as financial liabilities, because they bear compulsory dividends and are redeemable in cash at the end of the 10-year lock-in period. The dividends thereon are recognised as interest expense in profit or loss as accrued.

4.7 Impairment of financial instruments

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

Assets carried at amortised cost

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

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

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

Available for sale investments

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

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

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

4.8 Derecognition of financial instruments

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a company 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.

Financial liabilities

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

ACCOUNTING POLICIES continued

5. DEFERRED TAX

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

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

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profits will be available, against which the deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilised in the foreseeable future except:

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

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

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

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

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

6. PROVISIONS

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

7. REVENUE RECOGNITION

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

7.1 Interest revenue

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

7.2 Dividends

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

7.3 Sundry income

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

8 TAXATION

8.1 Current tax

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

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

8.2 Deferred tax

Deferred tax is provided at enacted or substantially enacted tax rates, as more fully set out in 'Note 5 – Deferred tax' of the accounting policies.

8.3 Dividends withholding tax

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

9 DIVIDENDS DECLARED

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

STATEMENT OF FINANCIAL POSITION

at 30 June 2015

GROUP 2014 R	GROUP 2015 R		Note	COMPANY 2015 R	COMPANY 2014 R
		ASSETS			
		Non-current assets			
–	6 430 907 572	Investment in associate	2	6 437 793 538	–
		Current assets			
–	425 446	Cash and cash equivalents	3	425 446	–
–	6 431 333 018	**Total assets**		6 438 218 984	–
		EQUITY			
		Equity			
–	101	Stated capital	5	101	–
–	(225 559 191)	Accumulated loss		(218 673 225)	–
–	(225 559 090)	**Total equity**		(218 673 124)	–
		Non-current liabilities			
–	6 656 890 294	Preference share liability	6	6 656 890 294	–
		Current liabilities			
–	1 814	South African Revenue Services		1 814	–
–	6 431 333 018	**Total equity and liabilities**		6 438 218 984	–

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2015

GROUP 2014 R	GROUP 2015 R		Note	COMPANY 2015 R	COMPANY 2014 R
		INCOME			
–	588 320	Investment revenue	7	588 320	–
–	400 000 000	Lock-in payment received		400 000 000	–
–	(125 216 001)	Share of losses from associate		–	–
–	–	Initial recognition gain	2	999 409 081	–
–	–	Mark to market adjustment	2	(1 117 739 116)	–
–	275 372 319			282 258 285	–
		EXPENDITURE			
	(100 766 804)	**Expenditure**		(100 766 804)	–
–	(83)	Bank charges		(83)	–
–	(100 766 721)	Finance charges	8	(100 766 721)	–
–	174 605 515	**Profit before tax**		181 491 481	–
–	(74 756 706)	Taxation	9	(74 756 706)	–
–	99 848 809	**Total comprehensive income for the year**		106 734 775	–

STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

GROUP 2014 R	GROUP 2015 R		Note	COMPANY 2015 R	COMPANY 2014 R
–	325 833 345	**Cash flow from operating activities**		325 833 345	–
–	400 588 237	Cash generated from operations	10	400 588 237	–
–	(74 754 892)	Tax paid	11	(74 754 892)	–
–	(4 600 000 002)	**Cash flow from investing activities**		(4 600 000 002)	–
–	(4 600 000 002)	Purchase of investments	2	(4 600 000 002)	–
–	4 274 592 103	**Cash flow from financing activities**		4 274 592 103	–
–	101	Issue of stated capital	5	101	–
–	4 600 000 002	Issue of preference shares for cash	6	4 600 000 002	–
–	(325 408 000)	Dividends paid		(325 408 000)	–
–	425 446	Increase in cash and cash equivalents		425 446	–
–	–	Cash and cash equivalents at the beginning of the year		–	–
–	425 446	**Cash and cash equivalents at end of the year**	3	425 446	–

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Stated capital R	Accumulated loss R	Total equity R
GROUP			
Balance at 1 July 2014			
Capital issued as part of the incorporation	101	–	101
Total comprehensive income for the year	–	99 848 809	99 848 809
Dividends paid	–	(325 408 000)	(325 408 000)
Balance at 30 June 2015	**101**	**(225 559 191)**	**(225 559 090)**
COMPANY			
Balance at 1 July 2014			
Capital issued as part of the incorporation	101	–	101
Total comprehensive income for the year	–	106 734 775	106 734 775
Dividends paid	–	(325 408 000)	(325 408 000)
Balance at 30 June 2015	**101**	**(218 673 225)**	**(218 673 124)**

During the year ended 30 June 2015, a dividend per share of R3 254 080 (2014: Rnil) was declared and paid.

1 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the group's exposure to risks and uncertainties include capital management, financial risk management and sensitivity analysis disclosure.

Judgements

In the process of applying the group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Fair value through profit or loss of the Northam investment

The investment in Northam shares at a Zambezi company level will be accounted for in terms of IAS 39. An entity may designate a financial asset or financial liability at fair value through profit or loss only in either of the following circumstances: when doing so results in more relevant information, because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise; or
- a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis.

Therefore the intention of Zambezi is to settle the preference share liability, which is recognised at amortised costs as a result of the capital escalation of their investment in Northam. It is therefore important to disclose what the fair value of the Northam shares are versus the preference share liability to determine what the potential exposure is at any given time, as the investment is managed on a fair value basis to determine what the potential shortfall might be.

Fair value of the preference share liability at initial recognition

The implementation date of the Northam BEE transaction described in the offer circular and prospectus was 18 May 2015. Zambezi allotted and issued 159 905 453 Zambezi preference shares on 11 May 2015. The fair value of the preference shares is therefore determined as being R41 which was both the issue price as well as the trading price on 18 May 2015. Minimal trading of the preference shares occurred before the implementation date.

Operating segments

There is only one operating segment in Zambezi, as there are no components which engage in different business activities and whose results are reviewed and assessed separately.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the group. Such changes are reflected in the assumptions when they occur.

Determination of recoverable amount of investment in associate

The recoverable amount of the investment in associate is valued at the higher of the quoted prices in an active market or determined by using valuation techniques including the discounted cash flow (DCF) model to estimate the value in use. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

GROUP 2014 R	GROUP 2015 R		COMPANY 2015 R	COMPANY 2014 R
		2 INVESTMENT IN ASSOCIATE		
–	–	Value at the beginning of the year	–	–
–	4 600 000 002	112 195 122 Northam shares acquired for cash at R41 a share	4 600 000 002	–
–	1 956 123 571	47 710 331 Northam shares swopped for preference shares	1 956 123 571	–
–	6 556 123 573	Total consideration for the investment	6 556 123 573	–
		Initial recognition gain	999 409 081	–
		Fair value of investment at acquisition date	7 555 532 654	–
–	(125 216 001)	Share of losses from associate	–	–
–	–	Mark to market fair value adjustment	(1 117 739 116)	–
–	6 430 907 572		6 437 793 538	–

Investment in Associate

The 'Investment in associate' represents a 31.4% investment in Northam Platinum Limited, a company listed on the JSE. The fair value of the investment was determined with reference to the share price as at acquisition date, being 18 May 2015 and the share price at year end, 30 June 2015. The trading of the Northam shares are restricted for the lock-in period of 10 years, due to the lock-in fee paid to the company. Zambezi is therefore not allowed to trade their Northam shares during this period.

The share of losses from associate represents Zambezi's 31.4% share in the losses made by Northam from 18 May 2015 to 30 June 2015.

Details of the group's share of the comprehensive income and financial position are set out in Annexure 1, which forms part of these notes.

GROUP 2014 R	GROUP 2015 R		COMPANY 2015 R	COMPANY 2014 R
		3 CASH AND CASH EQUIVALENTS		
–	425 446	Cash on hand and at banks	425 446	–
	425 446		425 446	
		Cash at banks earns interest at floating rates based on daily bank deposit rates.		

4 DEFERRED TAX

The utilisation of a deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of taxable temporary differences.

In light of the company's structure, there is inherent uncertainty if future taxable profits will be available against which the deferred tax asset can be utilised.

No deferred tax asset relating to temporary differences on the mark to market adjustments of R118 330 035 was therefore raised. This will continuously be assessed going forward.

GROUP AND COMPANY Number of shares	GROUP AND COMPANY 2015 R		GROUP AND COMPANY 2014 R	GROUP AND COMPANY Number of shares
		5 STATED CAPITAL		
		Authorised stated capital		
11 000	110	Ordinary shares	–	–
1	1	N share	–	–
		Issued stated capital		
–	–	At 1 July 2014	–	–
10 001	101	Shares issued during the year		–
10 000	100	Ordinary	–	–
1	1	N share	–	–
10 001	101		–	–

The N share was issued to Northam, the purpose of which is to allow Northam to take certain mitigating action in the event of the occurrence of an early redemption event under the preference share terms and/or the unwinding of the transaction prior to the expiry of the lock-in period.

Details of the group's share of the comprehensive income and financial position are set out in Annexure 1, which forms part of these notes.

GROUP 2014 R	GROUP 2015 R		COMPANY 2015 R	COMPANY 2014 R
		6 PREFERENCE SHARE LIABILITY		
–	6 556 123 573	Proceeds from the issue of redeemable shares	6 556 123 573	–
–	100 766 721	Accrued dividends	100 766 721	–
–	6 656 890 294	Carrying amount at 30 June 2015	6 656 890 294	–
		In May 2015, 159 905 453 cumulative redeemable preference shares were issued by Zambezi at an issue price of R41. The preference shares are redeemable in 10 years' time at R41 plus the cumulative preference dividends. The preference shareholders are entitled to receive a dividend equal to the issue price multiplied by the dividend rate of prime plus 3.5% calculated on a daily basis based on a 365-day year compounded annually.		
		The redeemable preference shares do not carry the right to vote.		

GROUP 2014 R	GROUP 2015 R		COMPANY 2015 R	COMPANY 2014 R
		7 INVESTMENT REVENUE		
		Investment revenue consists of the following:		
–	100 527	Interest received on cash and cash equivalents	100 527	–
–	487 793	Interest received on investments	487 793	–
–	588 320		588 320	–

GROUP 2014 R	GROUP 2015 R		COMPANY 2015 R	COMPANY 2014 R
		8 FINANCE CHARGES		
–	100 766 721	Dividends on the preference shares	100 766 721	–
–	100 766 721		100 766 721	–
		The company issued 159 905 453 preference shares, at R41 per share, on 18 May 2015 as a result of the BEE transaction. These are payable in 10 years' time at the end of the lock-in period. The preference shares' rights, limitations and other terms are set out in the Zambezi MOI.		
		The preference shares will accrue a cumulative variable dividend of 3.5% over the prime overdraft rate in South Africa.		
		The accrued dividend is recognised as a finance charge in profit or loss.		
		9 TAXATION		
		Current income tax		
	74 756 706	Income tax expense reported in profit or loss	74 756 706	
	74 756 706	Taxation comprises:	74 756 706	
	164 706	– Normal	164 706	
	74 592 000	– Capital gains tax (CGT)	74 592 000	
%	%	A reconciliation of the standard rate of South African tax compared with that charged in the statement of comprehensive income is set out below:	%	%
28.0	28.0	– South African normal tax	28.0	28.0
–	42.7	– Capital gains tax inclusion	41.1	–
–	(64.1)	– Exempt non taxable income	(61.7)	–
–	28.7	– Non deductible expenditure	33.80	–
–	20.1	Share of losses from associate	–	–
–	(12.6)	Deferred tax asset not raised	–	–
–	42.8	**Effective tax rate**	41.2	–

GROUP			COMPANY	
2014 R	2015 R		2015 R	2014 R
		10 CASH UTILISED IN OPERATIONS		
–	174 605 515	Profit before tax:	181 491 481	–
		Adjusted for non-cash items:		
–	125 216 001	Share of losses from associate	–	–
–	100 766 721	Finance charge	100 766 721	–
–	–	Initial recognition gain	(999 409 081)	–
–	–	Mark to market adjustment	1 117 739 116	–
–	400 588 237		400 588 237	–
		11 TAXATION PAID		
		Tax paid consists of the following:		
–	162 892	Provisional tax payment	162 892	–
–	74 592 000	Provisional CGT payment	74 592 000	–
–	74 754 892		74 754 892	–

12 DIRECTORS' REMUNERATION

As per the company's MOI no remuneration shall be paid to any director in his capacity as a director.

13 RELATED PARTIES

The group was established as a special purpose vehicle by Northam, with the principal objective of ensuring BEE compliance.

The group was involved in the following related party transactions.

Zambezi was incorporated on 2 June 2014. The company was created for the purpose of assisting Northam to comply with the HDSA ownership requirements set by the Mining Charter. The company was set up as a special purpose vehicle for the purpose of facilitating a transaction in which it holds shares in Northam as a new issue, and in turn issued preference shares to relevant qualifying shareholders to fund the purchase of Northam shares.

Zambezi therefore holds 159 905 453 Northam shares which amounts to approximately 31.4% of the total issued ordinary share capital of Northam.

Zambezi is a ring-fenced entity created for the specific purpose of raising funds to subscribe for the BEE shares. As such, Zambezi will not be conducting any other business activities until the expiry of the lock-in period (which is 10 years).

13 RELATED PARTIES continued

At the end of the 10-year period, Zambezi is required to redeem the preference shares with cash or Northam shares. All amounts payable to the holders of the preference shares are guaranteed by Northam in terms of the transaction agreement. Further, Northam is required to settle the operational expenses of Zambezi, subject to certain limitations.

The preference shares' dividend rate is calculated with reference to the prime rate and is not dependent on the financial performance of either Northam or Zambezi.

Zambezi's prospects are therefore limited in nature in that they are dependent on the prospects of Northam and the returns attributable to the preference shares are constant and fluctuate only in accordance with prevailing interest rates. Various characteristics of the preference shares, such as the Northam Guarantee and redemption payment structure, provide the holders with additional certainty regarding the recoverability of their dividends and capital.

However, the preference shares retain equity risk as a result of its redemption being ultimately supported by the value of Northam shares and/or Northam's ability to continue as a going concern. The preference shares therefore present their holders with a combination of the risks and rewards associated with equity and debt instruments. Northam's prospects for growth and continued profitability are subject to various external and internal factors which cannot be accurately predicted, forecasted or controlled by Zambezi as an investor in Northam.

The redemption of the preference shares is planned to occur through cash accumulation from dividends received from Northam, and after the lock-in the possible sell-off of Northam shares into the market to realise the capital value, to redeem the preference shares. In the event that this is not sufficient to settle the liability, it will be secured by the Company in terms of a financial guarantee (Northam guarantee).

Should a liability arise under the Northam guarantee, Northam may settle this liability by capitalising Zambezi with cash and/or Northam shares before the redemption amount becomes due or making payment directly to the preference shareholders. The manner of settlement is not contractually specified.

Therefore should the Northam share price not increase in value over the next 10 years there could be a significant dilution in value for all Northam shareholders, should additional shares be issued to the preference shareholders.

Northam guarantee

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

Lock-in and restraint payment

As consideration for entering into the lock-in arrangement, and in recognition of the benefit that Northam and the Northam shareholders will derive from the lock-in arrangement, on 18 May 2015 Northam paid a lock-in and restraint payment to Zambezi Platinum, being a once-off gross amount of R400 000 000.

Refer to page 9 for detail of the lock-in and restraint payment arrangement.

N share

Zambezi issued the N share to Northam, the purpose of which is to allow Northam to take certain mitigating action in the event of the occurrence of an early redemption event under the preference share terms and/or the unwinding of the transaction prior to the expiry of the lock-in period.

The N share shall rank ahead of the distribution rights of the holders of the Zambezi ordinary shares and shall be equal to the amount of the lock-in and restraint payment plus interest accrued thereon from the date on which the lock-in and restraint payment was made until the date of payment of the N share distribution, at the dividend rate compounded annually.

Other than as required in terms of the Companies Act, the N share will not entitle Northam to any voting rights.

Administration of Zambezi

For purposes of ensuring that Zambezi does not incur any liabilities or indebtedness, other than pursuant to the transaction agreements, and that it remains ring-fenced, Zambezi and Northam entered into an administration services agreement in terms of which Zambezi will appoint Northam to attend to the day-to-day management of Zambezi's business and the administration of Zambezi's affairs at Northam's sole cost and expense and with no recourse to Zambezi subject to maximum costs and expenses of up to R2 000 000 per annum, escalating annually at CPI from the 1st (first) anniversary of the implementation date.

14 FINANCIAL RISK MANAGEMENT AND OBJECTIVES

Exposure to interest and credit risk arises in the normal course of the company's business. The group's objective in using financial instruments is to reduce the uncertainty over future cash flows arising from the movement in interest rates.

It is the company's policy that no trading in derivatives shall be undertaken.

GROUP			COMPANY	
2014 R	2015 R		2015 R	2014 R
		The main risks arising from the company's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. Management reviews and agrees policies for managing each of these risks which are summarised below.		
		(a) Financial instruments by category		
		Loans and receivables		
–	425 446	– cash and cash equivalents	425 446	–
		Financial instruments through profit or loss		
		– investment in associate	6 437 793 538	–
		Financial instruments at amortised cost		
–	6 656 890 294	– preference share liability	6 656 890 294	–

GROUP 2014 R	GROUP 2015 R		COMPANY 2015 R	COMPANY 2014 R
		14 FINANCIAL RISK MANAGEMENT AND OBJECTIVES continued		
		(b) Financial instruments by risk factor		
		Interest rate risk management		
		The company's exposure to the risk of changes in market interest rates relates primarily to the preference share liability and cash held at banks.		
		Interest rate risk table		
Effect on profit after tax	**Effect on profit after tax**	The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the group's profit before tax (through the impact on floating rate borrowings).	**Effect on profit after tax**	Effect on profit after tax
–	**(66 564 648)**	Increase in basis points (+100)	**(66 564 648)**	–
–	**66 564 648**	Decrease in basis points (-100)	**66 564 648**	–
		Liquidity risk		
		In order to mitigate any liquidity risk the company has limited access to funds from Northam if required.		
		At maturity of the cumulative preference share liability, the contracted undiscounted value of the payment will be the following, assuming prime interest rate stays unchanged.		
		Funding and liquidity		
–	**21 800 977 384**	Due in 10 years	**21 800 977 384**	–

Credit risk management

The risk on cash and cash equivalents is managed by dealing with reputable financial institutions with good credit standing.

Fair values

The fair values of financial instruments are substantially identical to carrying values reflected in the statement of financial position.

The fair value of the investment in associate on a company level has been determined using a level 1 input.

Capital management

The primary objective of the company's capital management is to ensure that it has sufficient capital to meet its preference share obligations. The redemption of the preference shares is secured by Northam in terms of a financial guarantee, in terms of which Northam will be responsible for the payment of all amounts which Zambezi has contracted but failed to pay in terms of the preference share terms by means of a cash payment or the issue of a determinable number of Northam shares to the preference shareholders, or a cash and Northam share combination.

15 GOING CONCERN

Zambezi incurred a net profit of R106 734 775 for the year ended 30 June 2015 and, as of that date, the company's total liabilities exceed its total assets by R218 673 124 and it will continue to incur losses going forward.

Northam has guaranteed that it will enable Zambezi to settle any preference share capital and dividends required by the transaction, as well as any other expenses incurred by the company.

Payment of the redemption price in respect of the preference shares and the preference dividends will be guaranteed by Northam by way of the Northam Guarantee. Northam will guarantee the payment of all amounts which Zambezi Platinum has contracted to pay (but failed to pay on the due date therefor) in respect of the preference shares by means of, at Northam's election, a cash payment and/or the issue of a determinable number of Northam shares to the holders.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the company will continue to receive the support of its fellow subsidiary company and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

The consolidated financial statements have been prepared on a going concern basis, which assumes that the group will be able to meet the repayment terms of the preference shares.

ANNEXURE 1

Interest in associate at 30 June 2015

Below is a summary of the statement of comprehensive income of the company's associate, Northam's financial results as at 30 June 2015.

STATEMENT OF COMPREHENSIVE INCOME

	Interest in Northam Platinum Limited 2015 R
Sales revenue	6 035 535 000
Cost of sales	5 439 722 000
– Operating costs	4 342 571 000
– Concentrates purchased	602 395 000
– Refining and other costs	199 470 000
– Depreciation and write-offs	339 949 000
– Change in metal inventories	(44 663 000)
Operating profit	595 813 000
Share of earnings from associate and joint venture	28 769 000
Investment revenue	72 043 000
Sundry expenditure	(1 587 264 000)
Sundry income	268 250 000
Finance charges	(245 937 000)
Loss before tax	(868 326 000)
Taxation	(165 619 000)
Loss for the year	(1 033 945 000)
Other comprehensive income	(4 482 000)
Total comprehensive income for the year	**(1 038 427 000)**
Total comprehensive income for the period 18 May 2015 – 30 June 2015 attributable to Zambezi	**(398 777 074)**
Zambezi's 31.4% share of profit and loss	**(125 216 001)**

Below is a summary of the statement of financial position of the company's associate, Northam's financial results as at 30 June 2015.

STATEMENT OF FINANCIAL POSITION

	Interest in Northam Platinum Limited 2015 R
Assets	
Non-current assets	**13 367 048 000**
Property, plant and equipment	7 065 352 000
Mining properties and mineral resources	5 636 478 000
Interest in associates and joint venture	275 847 000
Unlisted investment	6 000
Land and township development	10 000 000
Long-term receivables	94 503 000
Investments held by Northam Platinum Restoration Trust Fund	49 092 000
Environmental Guarantee Investment	52 122 000
Buttonshope Conservancy Trust	11 037 000
Deferred tax asset	172 611 000
Current assets	**5 784 288 000**
Inventories	1 126 550 000
Trade and other receivables	498 854 000
Cash and cash equivalents	4 138 189 000
Tax receivable	20 695 000
Total assets	**19 151 336 000**

ANNEXURE 1 continued

Interest in associate at 30 June 2015

STATEMENT OF FINANCIAL POSITION

	Interest in Northam Platinum Limited 2015 R
Equity and liabilities	
Total equity	9 216 425 000
Stated capital	13 778 114 000
Treasury shares	(6 556 123 000)
Retained earnings	1 139 808 000
Equity settled share based payment reserve	874 448 000
Share of other comprehensive income from associate	(19 822 000)
Non-current liabilities	**7 310 753 000**
Deferred tax liability	521 452 000
Long-term provisions	187 217 000
Preference share liability	6 492 655 000
Long-term loans	39 963 000
Long-term share-based payment liability	69 466 000
Current liabilities	**2 624 158 000**
Current portion of long-term loans	3 801 000
Short-term share-based payment liability	61 019 000
Domestic medium term notes	1 370 000 000
Tax payable	102 072 000
Trade and other payables	959 996 000
Short-term provisions	127 270 000
Total equity and liabilities	**19 151 336 000**
Net asset value at 31.4%	6 013 519 504
Acquisition fair value and other adjustments	417 388 068
Carrying value of investment in associate	**6 430 907 572**

ANNEXURE 2

SEGMENTAL ANALYSIS AS AT 30 JUNE 2015

	2015	
	Zambezi	Total group
Non current assets		
Investment in associate	6 430 907 572	6 430 907 572
Current assets		
Cash and cash equivalents	425 446	425 446
Total assets	**6 431 333 018**	**6 431 333 018**
Equity		
Stated capital	101	101
Accumulated loss	(225 559 191)	(225 559 191)
Non current liabilities		
Preference share liability	6 656 890 294	6 656 890 294
Current liabilities		
South African Revenue Services	1 814	1 814
Total equity and liabilities	**6 431 333 018**	**6 431 333 018**

SEGMENTAL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2015	
	Zambezi	Total group
Income		
Investment revenue	588 320	588 320
Lock-in payment received	400 000 000	400 000 000
Share of earnings from associate	(125 216 001)	(125 216 001)
Expenditure		
Bank charges	(83)	(83)
Finance charges	(100 766 721)	(100 766 721)
Profit before tax	**174 605 515**	**174 605 515**
Tax expense	(74 756 706)	(74 756 706)
Total comprehensive income for the year	**99 848 809**	**99 848 809**

All non-current assets are in South Africa.

All external revenues are earned in South Africa.

The majority of income is earned from the investment in associate.

NOTICE OF THE 1ST ANNUAL GENERAL MEETING OF ORDINARY SHAREHOLDERS OF THE COMPANY (AGM)

Notice is hereby given in terms of section 62(1) of the Companies Act, No. 71 of 2008 (as amended), (the Companies Act) and clause 19.4 of the company's Memorandum of Incorporation (MOI), that the AGM of ordinary shareholders of Zambezi Platinum (Notice) will be held at Glen Hove Conferencing, 52 Glenhove Road, Melrose Estate, Johannesburg, South Africa on Wednesday, 11 November 2015 at 09h30 for the following purposes:

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

ORDINARY RESOLUTIONS

- receiving, considering and adopting the audited annual financial statements of Zambezi Platinum for the year ended 30 June 2015;
- re-electing directors;
- re-appointing external auditors;
- re-electing audit committee members; and
- transacting any other business as may be conducted at an AGM.

RECORD DATES

In terms of section 59(1)(a) and (b) of the Companies Act, the board of directors of the company (board) has set the record date for the purpose of determining which shareholders are entitled to:

- receive notice of the AGM (being the date on which a shareholder must be registered in the company's ordinary share register in order to receive Notice) as Friday, 18 September 2015; and
- participate in and vote at the AGM (being the date on which an ordinary shareholder must be registered in the company's share register in order to participate in and vote at the AGM) on Friday, 6 November 2015.

ORDINARY RESOLUTIONS

ORDINARY RESOLUTION NUMBER 1: ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS

"Resolved that the audited annual financial statements for the year ended 30 June 2015, including the reports of the directors, auditors and the audit committee, be and are hereby adopted."

This annual report is available on the Zambezi Platinum website www.northam.co.za/zambezi/ or can be obtained from the company's registered office on request.

ORDINARY RESOLUTION NUMBERS 2.1, 2.2, AND 2.3: RE-ELECTION OF DIRECTORS

"Resolved that Mr PA Dunne, who retires by rotation in terms of clause 25.22 of the company's MOI and being eligible and offering himself for re-election, be and is hereby re-elected as a director."

"Resolved that Mr LC van Schalkwyk, who retires by rotation in terms of clause 25.22 of the company's MOI and being eligible and offering himself for re-election, be and is hereby re-elected as a director."

"Resolved that Mr AZ Khumalo, who retires by rotation in terms of clause 25.22 of the company's MOI and being eligible and offering himself for re-election, be and is hereby re-elected as a director."

Brief summaries of their *curricula vitae* are set out on pages 5, 10 and 11 of the annual report.

ORDINARY RESOLUTION NUMBER 3: RE-APPOINTMENT OF EXTERNAL AUDITORS

"Resolved that Ernst & Young Inc (with the designated registered auditor being M Herbst) be and is hereby re-appointed as the independent external auditor of the company."

The audit committee has evaluated the performance of Ernst & Young Inc and recommends their re-appointment as independent auditors of the company.

ORDINARY RESOLUTION NUMBERS 4.1, 4.2, AND 4.3 RE-ELECTION OF THE MEMBERS OF THE AUDIT COMMITTEE

"Resolved that Mr KB Mosehla, being eligible and offering himself for re-election, be and is hereby re-elected as a member of the audit committee."

"Resolved that Ms N Mazwai, being eligible and offering herself for re-election, be and is hereby re-elected as a member of the audit committee."

"Resolved that Mr GS Mseleku, being eligible and offering himself for re-election, be and is hereby re-elected as a member of the audit committee."

Brief summaries of their *curricula vitae* are set out on pages 5, 10 and 11 of the annual report.

Directors' responsibility statement – The directors, whose names are given on pages 5, 10 and 11 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the resolutions set out above and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement in these resolutions false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Notice contains all information required by law and, where necessary, in terms of the debt listings requirements of the JSE.

TO TRANSACT ANY OTHER BUSINESS AS MAY BE CONDUCTED AT AN AGM

APPROVALS REQUIRED FOR RESOLUTIONS

The ordinary resolutions contained in this Notice require the approval of more than fifty percent (50%) of the total votes cast on the resolutions by ordinary shareholders present or represented by proxy at the AGM.

PROXIES AND IDENTIFICATION

Shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to attend, participate in and vote at the meeting in the place of the shareholder.

On a show of hands, every ordinary shareholder of the company present in person or represented by proxy shall have only one (1) vote. On a poll, every ordinary shareholder of the company shall have one vote for every share held in the company by such shareholder.

A proxy need not also be the shareholder.

NOTICE OF THE 1ST ANNUAL GENERAL MEETING OF ORDINARY SHAREHOLDERS OF THE COMPANY (AGM) continued

A proxy form is attached for use by ordinary shareholders. To be effective, a proxy form must be executed in terms of the company's MOI and in accordance with the relevant instructions set out on the form, and must be lodged with Northam, in its capacity as secretaries and technical and administrative advisers to the company (secretaries), **e-mail: trish.beale@norplats.co.za**, not less than 24 hours **(being Tuesday, 10 November 2015 at 09h30)** before the time set down for the AGM. If required, additional proxy forms may be obtained from the secretaries.

In terms of section 63(1) of the Companies Act any person attending or participating in an AGM 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.

Northam Platinum Limited
Secretaries
per PB Beale
Johannesburg
25 September 2015

FORM OF PROXY

ZAMBEZI PLATINUM (RF) LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2014/106927/06)
JSE preference share code: ZPLP
ISIN code: ZAE000202552
(Zambezi Platinum or the company)

TO BE COMPLETED BY ORDINARY SHAREHOLDERS ONLY.

For use in respect of the annual general meeting (AGM) of ordinary shareholders of the company, to be held at Glen Hove Conferencing, 52 Glenhove Road, Melrose Estate, Johannesburg, South Africa on Wednesday, 11 November 2015 at 09h30.

I/We (full names in block letters)

Telephone (work) Telephone (home)

being the holder(s) of ordinary shares in the company, appoint (see note 1):

1. or failing him/her,
2. or failing him/her,
3. the chairman of the AGM, as my/our proxy to act on my/our behalf at the AGM which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at any adjournment thereof and to vote for or against the ordinary resolutions in respect of the Zambezi ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 2):

	Number of votes (one vote per ordinary share)		
Resolutions	**For**	**Against**	**Abstain**
Ordinary resolution number 1 – adoption of annual financial statements for the year ended 30 June 2015			
Ordinary resolution number 2.1 – re-election of Mr PA Dunne as a director			
Ordinary resolution number 2.2 – re-election of Mr LC van Schalkwyk as a director			
Ordinary resolution number 2.3 – re-election of Mr AZ Khumalo as a director			
Ordinary resolution number 3 – re-appointment of Ernst & Young Inc as the independent external auditor of the company			
Ordinary resolution number 4.1 – re-election of Mr KB Mosehla as a member of the audit committee			
Ordinary resolution number 4.2 – re-election of Ms N Mazwai as a member of the audit committee			
Ordinary resolution number 4.3 – re-election of Mr GS Mseleku as a member of the audit committee			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.)

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak, and on a poll, vote in place of that shareholder at the AGM.

Signed at on 2015

Signature(s) Capacity

Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

1. A shareholder may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space(s) provided, with or without deleting 'the chairman of the AGM'. The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.

2. A shareholder should insert an 'X' in the relevant space according to how they wish their votes to be cast. However, if a shareholder wishes to cast a vote in respect of a lesser number of Zambezi Platinum ordinary shares than they own in the company, they should insert the number of Zambezi Platinum ordinary shares held in respect of which they wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholders' votes exercisable at the AGM. A shareholder is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the shareholder.

3. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such member wish to so do.

4. The chairman of the AGM may reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.

5. Any alteration to this form of proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.

6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a company, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the company or waived by the chairman of the AGM.

7. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her capacity are produced or have been recorded by the company.

8. Forms of proxy should be e-mailed to **Trish Beale**, company secretary of Northam, e-mail: **trish.beale@norplats.co.za** or delivered at **Northam's Offices, Block 1A Albury Park, Magalieszicht Avenue, Dunkeld West, 2196**, so as to be received by no later than **09:30 on Tuesday, 10 November 2015**.

NOTES

NOTES

ADMINISTRATION AND CONTACT INFORMATION

ZAMBEZI PLATINUM (RF) LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2014/106927/06)
JSE preference share code: ZPLP
ISIN code: ZAE000202552

REGISTERED OFFICE
Block 1A Albury Park
Magalieszicht Avenue
Dunkeld West 2196
Johannesburg
South Africa

NEW REGISTERED OFFICE
(effective 1 January 2016)
Building 4
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South Africa

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South Africa

Telephone +27 11 759 6000
Facsimile +27 11 325 4795

WEBSITE
www.northam.co.za/zambezi/

SECRETARIES
Northam Platinum Limited
Per PB Beale – company secretary
Block 1A Albury Park
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Dunkeld West 2196
Johannesburg
South Africa

PO Box 412694
Craighall 2024
South Africa

e-mail: trish.beale@norplats.co.za

BANKERS
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30 Baker Street
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