

ANNUAL REPORT

2020

WHO WE ARE

Zambezi Platinum (RF) Limited's (Zambezi or the company or the group) strategic stake in Northam Platinum Limited (Northam) provides a solid foundation to fuel new mining opportunities for Northam, and to expand the business into a significant, long-life integrated platinum group metals (PGMs) producer, delivering benefits for all its stakeholders for many years to come.

*Incorporated in the Republic of South Africa
Registration number 2014/106927/06
JSE preference share code: ZPLP
ISIN code: ZAE000202552*

The mighty Zambezi river, one of Africa's largest, sustains the livelihood of millions of people in a number of sub-Saharan countries. Much like this invaluable watercourse, Zambezi Platinum (RF) Limited (Zambezi or the company or the group) has been established to deliver benefits for all its stakeholders.

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.

Zambezi comprises a range of historically disadvantaged South African (HDSA) stakeholders including an Employee Trust, two Community Trusts, a Women's Consortium and a core of Strategic Partners. These stakeholders hold a combined 31.4% stake in Northam.

Zambezi financed the acquisition of shares in Northam through a preference share arrangement. Zambezi's preference shares were listed on the exchange operated by the JSE Limited (JSE) on 11 May 2015. Apart from its function as an empowerment vehicle, Zambezi does not and will not conduct any operational business.

Market information and preference share statistics:

	2020	2019
Total number of Zambezi Platinum (RF) Limited preference shares (ZPLPs) in issue	159 905 453	159 905 453
Closing preference share price (cents)	8 100	7 250
Highest preference share price traded (cents)	9 000	7 400
Lowest preference share price traded (cents)	6 200	5 556
Number of preference shares traded	69 095 778	19 284 432
Value of transactions traded (R000)	5 207 400	1 244 231
Number of Zambezi Platinum (RF) Limited preference shares (ZPLPs) held by Northam Platinum Limited	53 595 254	4 230 819
Percentage holding	33.5%	2.6%

Subsequent to year-end, Northam Platinum Limited acquired an additional 21 134 297 ZPLPs in the open market, increasing the percentage holding to 46.7%.

Northam Platinum Limited has been appointed to attend to the day-to-day management of Zambezi Platinum (RF) Limited and the annual financial statements have therefore been prepared under the supervision of the chief financial officer of Northam Platinum Limited.

CONTENTS

Chairman's statement	2
About Zambezi Platinum (RF) Limited	4
Directors' report	7
Board of directors	14
Approval of the annual financial statements	16
Report of the social and ethics committee	18
Report of the audit committee	21
Company secretary's confirmation	27
Independent auditor's report	28
ANNUAL FINANCIAL STATEMENTS	
Statements of profit or loss and other comprehensive income	36
Statements of financial position	37
Statements of changes in equity	38
Statements of cash flows	39
Notes to the financial statements	40
Notice of the sixth annual general meeting of ordinary shareholders of the company (AGM)	77
Form of proxy	81
Notes to form of proxy	82
Summary of rights contained in Section 58 of the Companies Act	83
Glossary	84
Administration and contact information	IBC

KEY FEATURES

There is no risk of Zambezi's shareholding in Northam being sold or compromised for the 10-year lock-in period	
	We remain confident in the long-term fundamentals of platinum group metals (PGMs)
Zambezi's ring-fencing will protect Northam's BEE credentials	
	Our board members provide oversight and contribute a valuable range of business and technical skills

DIRECTORS

KB Mosehla	(non-executive chairman)
PA Dunne	(non-executive director) (<i>British</i>)
AH Coetzee	(non-executive director)
N Mazwai	(non-executive director)
ME Motseki-Zim	(non-executive director)
GS Mseleku	(non-executive director)
BB Nene	(non-executive director)
LC van Schalkwyk	(non-executive director)

CHAIRMAN'S STATEMENT



In my report to shareholders last year I spoke extensively about the rationale for our investment in Northam, along with executive management's competence in consistently producing solid operating results in the face of challenges such as falling metal prices in an uncertain economic environment. This resilience that our investment has demonstrated has been extraordinarily reassuring during the uncertainty and anxiety that the COVID-19 pandemic has caused.

These stresses have been evident throughout society, and impact all our stakeholder groupings – employees, communities, unions, regulators, authorities and investors.

It is reassuring, therefore, that the industry's relationship with the Minister of Mineral Resources and Energy is intact and robust. Throughout this period the minister has been accessible, understanding and focused on pragmatic solutions to keep the industry alive, even as he himself has been personally affected by the COVID-19 pandemic.

The Northam annual integrated report deals comprehensively with the actions and programmes Northam has introduced in order to manage and mitigate the risk that COVID-19 presents to the group's business, and most importantly to the people who keep the business, and our investment, alive.

In spite of the uncertainty that COVID-19 has created, and the continuing threat it presents to the population and our economy at large, the year 2020 has been much more than the virus. For five years after our initial investment in Northam in May 2015, Zambezi shareholders have been watching our investment's assets grow, and along with that expansion, have contributed to the creation of meaningful employment for thousands of individuals. Zambezi shareholders are also encouraged by Northam executive management's vigilance in terms of its debt restructuring and the balance sheet strength.

A further risk-mitigating action taken by Northam was the steady acquisition of Zambezi preference shares. Northam's preference share ownership has reached 46.7%. In addition Northam's share price has appreciated significantly and with the resultant benefits attributable and flowing through to our Zambezi shareholders.

It is particularly pleasing for me to recognise the contribution made by Northam to our Zondereinde and Booyensdal Community Trusts in partnerships with the Mpumalanga and North West provincial authorities respectively: although activities in the past year were hampered by the effects of the COVID-19 pandemic, the Kiwi clinic will provide invaluable health services for local communities who previously needed to travel more than 50 kilometres to access basic health care. In a similar initiative the Zondereinde Community Trust has started with an upgrade to the Lerome high school buildings.

In conclusion I must thank my fellow board members, our communities and the people of Northam. The hardships of COVID-19 have been unprecedented. We still have a way to go before we reach some levels of normalcy. But the business has prevailed on account of the attitude and mind-set of a focused team under visionary leadership. I thank you all.

Brian Mosehla

Chairman

18 August 2020

ABOUT ZAMBEZI PLATINUM (RF) LIMITED

Zambezi holds 159 905 453 Northam shares, representing a 31.4% shareholding in Northam.

The acquisition of the Northam shares by Zambezi consisted of two parts. Firstly, Northam issued 112 195 122 new ordinary shares on 18 May 2015 to Zambezi, representing 22.0% of Northam's issued share capital at a subscription price of R41 per share, for a consideration of R4.6 billion. Secondly, Zambezi acquired 47 710 331 issued Northam shares (representing 9.4% of the issued share capital of Northam) from the Public Investment Corporation SOC Limited (PIC), also at an acquisition price of R41 per share, amounting to a consideration of approximately R2.0 billion.

The investment in Northam shares will be used to settle the preference share liability of Zambezi. The performance of these Northam shares will be evaluated on a fair value basis. The market price is used to determine the fair value, at each period-end and a mark to market fair value adjustment is accounted for through profit or loss in the company accounts.

In terms of the preference share agreement between Zambezi and its preference shareholders, the preference shareholders are entitled to receive dividends equal to the issue price, multiplied by the

dividend rate at the South Africa prime interest rate, plus 3.5% calculated on a daily basis, based on a 365-day year, compounded annually and capitalised at the end of December of every year over the 10-year lock-in period, which ends in May 2025.

The preference shares will be compulsorily redeemable on the day immediately preceding the 10th anniversary of the issue date. The preference shares may only be redeemed before this date upon the occurrence of an early redemption event which is defined in the agreement. The redemption price will be equal to the preference shares' issue price. In terms of the preference share agreement, the cumulative preference shares will accumulate dividends for the 10-year lock-in period if not paid by Zambezi. On the redemption date, Zambezi is required to settle any outstanding dividends accumulated and redeem all preferences shares at the redemption price. Zambezi does not have any discretion to avoid the payment of dividends or the payment of the redemption price, and is therefore obliged to settle this amount by delivering cash, or a variable number of Northam shares or a combination of the two. The preference shares as well as any accumulated and unpaid dividends meet the definition of a financial liability, and are accounted for as such in the statement of financial position.

The Zambezi structure has been set up for the 10-year lock-in period and any change going forward

in the Northam share price and the South African prime rate has a substantial impact on the results of Zambezi. The results published should therefore be seen as a snapshot in time and should be considered as such.

Full details of the financial results of the group and company are set out in the annual financial statements.

DIVIDENDS

The dividends will not be deductible for tax purposes, in the accounts of Zambezi. These dividends will be taxed by way of a withholding tax once paid to the preference shareholders.

Dividends are calculated for the calculation period. A calculation period means each period which commences on the day after a calculation date, being 31 December of each year, and which ends on the next calculation date provided that the first calculation period in respect of each preference share shall commence on the issue date, being 18 May 2015, and end on the first calculation date that occurs immediately thereafter. The last calculation period in respect of each preference share shall end on the actual redemption date of the preference share, or in other specific circumstances as noted in the Memorandum of Incorporation (MOI) of Zambezi.

Dividend equals the issue price multiplied by the dividend rate of the South African prime interest rate plus 3.5% calculated on a daily basis, based on a 365-day year compounded annually and capitalised at the end of December of every year.

The redemption of the preference share liability will occur in part through 90% of the dividends received from Northam. There is however no obligation to settle the preference share liability during the 10-year lock-in period should no dividends be received from Northam.

After the lock-in period of 10 years, the preference share liability will be redeemed in a bullet payment through the possible sell-off of the Northam shares held by Zambezi into the market to realise the capital value. In the event that this is not sufficient to settle the liability, the preference share liability will be secured in terms of a financial guarantee issued by Northam. 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 a choice and is not contractually specified between the two ways mentioned above.

Preference share dividend accumulates if no dividends have been received from Northam.

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 agreement. In terms of the relationship agreements, the ordinary shareholders referred to as 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 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, a lock-in and restraint payment was made to Zambezi, being a once-off gross amount of R400.0 million at inception of the arrangement.

Zambezi distributed the lock-in and restraint payment, net of taxes, to its ordinary shareholders (HDSA participants), as a dividend. Each of the HDSA participants has, 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;
- discussions continue with the National Union of Mineworkers (NUM) and the Association of Mineworkers and Construction Union (AMCU) to implement the Northam Employees' Trust. Once implemented, its portion of the lock-in funds will be invested in permanent capital goods and infrastructure or education or healthcare projects for the benefit of its beneficiaries, as approved by Northam; and
- the Northam Zondereinde Community Trust and the Northam Booyseindal Community Trust (the Community Trusts) are investing their portion of the lock-in funds in community development activities for the benefit of their beneficiary communities as approved by Northam.

DIRECTORS' REPORT

The directors have pleasure in submitting their report for the year ended 30 June 2020.

HISTORY AND NATURE OF THE BUSINESS

Zambezi was incorporated as a private company on 2 June 2014, creating a special purpose vehicle to facilitate the Northam BEE transaction as detailed in the Northam transaction circular dated 17 February 2015, the Northam offer circular dated 21 April 2015 (offer circular) (collectively, the circulars) and the Zambezi prospectus to Northam shareholders dated 21 April 2015 (prospectus). The circulars and prospectus are available on the company's website www.northam.co.za/zambezi/.

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 (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, being 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 of the company can be found in this annual report on page 11.

As part of the Northam BEE transaction, the company received 112 195 122 Northam ordinary shares (Northam shares) and acquired a further 47 710 331 Northam shares from the PIC, totaling 159 905 453 Northam shares (BEE shares).

The company has undertaken not to dispose of or encumber the BEE shares for the duration of the 10-year lock-in period, up until May 2025, other than in accordance with the preference share terms and the Zambezi pledge and cession agreement.

The acquisition of the Northam shares by Zambezi consisted of two parts. Firstly, Northam issued

112 195 122 new ordinary shares on 18 May 2015 to Zambezi, representing 22.0% of Northam's issued share capital, at a subscription price of R41 per share, for a consideration of R4.6 billion. Secondly, Zambezi acquired 47 710 331 issued Northam shares (representing 9.4% of Northam's issued share capital) from the PIC, also at an acquisition price of R41 per share, for a consideration of approximately R2.0 billion.

The Northam shares held by Zambezi represent a 31.4% HDSA holding in Northam's issued share capital.

FINANCIAL RESULTS

The annual financial statements set out on pages 36 to 76 of this annual report have been prepared under the supervision of the chief financial officer and debt officer of Northam, AH Coetzee CA (SA).

The annual financial statements have been audited by the group's auditors, Ernst & Young Inc., under the supervision of E Dhorat CA (SA), a registered auditor. A copy of the unqualified audit opinion together with the annual financial statements is available for inspection at the company's registered address.

Full details of the financial results of the company are set out in the annual financial statements.

The statements of financial position, statements of profit or loss and other comprehensive income, statements of cash flows and statements of changes in equity and the accompanying notes reflect the company's results for the year ended 30 June 2020 and the financial position at that date.

The financial results are also available on the company's website at www.northam.co.za/zambezi/.

STATED CAPITAL

There have been no changes in the stated capital or ownership thereof during the year under review.

The authorised stated capital remains as 11 000 ordinary shares at no par value and 1 N share.

The issued stated capital remains at 10 000 ordinary shares at an issue price of R0.01 per ordinary share and 1 N share at an issue price of R0.01 per share.

BOARD OF DIRECTORS

At 30 June 2020, the board comprised eight (2019: eight) directors, all of whom are non-executive directors, 37.5% of whom are women (2019: 37.5%) and 75.0% of whom are HDSA individuals (2019: 75.0%).

Changes to the board

There were no changes to the company's board of directors during the year under review.

Board members

Name of director	Representation	2020	2019
		% held in the ordinary share capital of the company	% held in the ordinary share capital of the company
Mr KB Mosehla	Malundi Resources (RF) Proprietary Limited	12.80	12.80
Mr PA Dunne	Northam Platinum Limited (1 N share)	Provides a protective right to Northam	Provides a protective right to Northam
Ms AH Coetzee	The Northam Employees' Trust	9.60	9.60
Ms N Mazwai	Zambezi Platinum Women's SPV (RF) Proprietary Limited	19.10	19.10
Advocate ME Motseki-Zim	Atisa Platinum (RF) Proprietary Limited*	12.80	12.80
Mr GS Mseleku	Mpilo Platinum (RF) Proprietary Limited	29.80	29.80
Mr BB Nene	The Northam Zondereinde Community Trust	7.95	7.95
Mr LC van Schalkwyk	The Northam Booysendal Community Trust	7.95	7.95
		100.00	100.00

* The Zim Group Proprietary Limited has an indirect interest in both Atisa Platinum (RF) Proprietary Limited and Mpilo Platinum (RF) Proprietary Limited.

RE-ELECTION OF DIRECTORS

In terms of clause 25.22 of the company's 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. Accordingly, Mr BB Nene, Ms AH Coetzee and Mr GS Mseleku, retire from office and, being eligible and available, have offered themselves for re-election and re-appointment. Accordingly, at the forthcoming AGM to be held on Friday, 27 November 2020, at 09:30, shareholders will be requested to consider resolutions providing for the re-election and re-appointment of the aforementioned directors of the company.

Brief summaries of their curricula vitae are set out on pages 14 to 15 of this annual report.

CORPORATE GOVERNANCE

The Zambezi board of directors (the board) is committed to the principles of fairness, accountability, responsibility and transparency, as advocated in the King IV Report on Corporate Governance for South Africa, 2016 (King IV™), as well as other applicable legislation.

Northam is the appointed company secretaries, technical and administrative advisors of Zambezi (the secretaries), attending to the day-to-day management and business affairs of the company. The majority of the King IV™ recommendations are not applicable to Zambezi due to, *inter alia*, the company:

- having no employees, as its business affairs are managed and administered by the secretaries;
- having no independent directors, as each director represents a shareholder;
- having no subsidiary companies;

- having no operational mines;
- having restricted trading activities;
- being ring-fenced in terms of the Companies Act; and
- being a special purpose vehicle for the Northam BEE transaction.

As a result of the above, Zambezi applies and implements the applicable principles of King IV™ to the extent that Northam does.

The board is therefore satisfied that, where applicable, there is adequate compliance with King IV™.

The corporate governance principles adopted by Northam are available on the Northam website: www.northam.co.za/downloads/send/103-2020/1259-northam-application-of-the-king-iv-principles-2020.

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. The board charter, the audit committee's terms of reference and the social and ethics committee's terms of reference are available on the Zambezi website at www.northam.co.za/zambezi.

Board 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 once a year or at the call of the chairperson of the board.

Attendance at board meetings

Director	Appointment date	Meeting attendance on 20 August 2019
KB Mosehla – chairman	18 May 2015	✓
PA Dunne	2 October 2014	✓
AH Coetzee	15 November 2018	✓
N Mazwai	18 May 2015	✓
ME Motseki-Zim	7 November 2017	✓
GS Mseleku	18 May 2015	✓
BB Nene	4 May 2018	✓
LC van Schalkwyk	2 October 2014	✓

Key

✓ *Attended*

SHAREHOLDERS

Below is a list of the ordinary shareholders of Zambezi, which is unchanged from the prior year:

Name of ordinary shareholder	Number of Zambezi Platinum (RF) Limited ordinary shares	% of Zambezi Platinum (RF) Limited	% of Northam Platinum Limited
Atisa Platinum (RF) Proprietary Limited*	1 280	12.80	4.0
Malundi Resources (RF) Proprietary Limited*	1 280	12.80	4.0
Mpilo Platinum (RF) Proprietary Limited*	2 980	29.80	9.4
Zambezi Platinum Women's SPV (RF) Proprietary Limited**	1 910	19.10	6.0
The Northam Employees' Trust	960	9.60	3.0
The Northam Booyensdal Community Trust	795	7.95	2.5
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

All shareholders are HDSA participants

Zambezi issued the N share to Northam, the purpose of which is to allow Northam to take certain mitigating actions in the event of the occurrence of an early redemption event under the preference share terms and/or the unwinding of the Northam BEE 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 payments 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.

Name of N shareholder	Number of N share	%
Northam Platinum Limited	1	100.0

At 30 June 2020, the following directors (together with their associates) have a beneficial interest in the company in accordance with the table below, which is unchanged from the prior year:

Name of director	Consortia in which the director has an interest	2020 Effective interest in Zambezi ordinary shares (%)	2019 Effective interest in Zambezi ordinary shares (%)
KB Mosehla	Malundi Resources (RF) Proprietary Limited	3.2	3.2
N Mazwai	Zambezi Platinum Women's SPV (RF) Proprietary Limited	6.6	6.6
ME Motseki-Zim	Atisa Platinum (RF) Proprietary Limited and Mpilo Platinum (RF) Proprietary Limited	11.0	11.0
GS Mseleku	Mpilo Platinum (RF) Proprietary Limited	9.8	9.8
		30.6	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 from May 2015. The Zambezi preference shares were listed on the exchange operated by the JSE on 11 May 2015 and allotted and issued to shareholders in terms of the offer circular on 18 May 2015.

DISCLOSURE OF INTERESTS AND DIRECTORS' DEALINGS IN SHARES

Disclosure of personal financial interests is a standing board and committee meeting 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, 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.

The following directors hold Zambezi preference shares, which were acquired on the open market:

Name of director	2020	2019
	Number of shares	Number of shares
KB Mosehla	–	17 200
AH Coetzee	15 800	15 800
LC van Schalkwyk	236 277	225 956

There have been no changes in these holdings from 30 June 2020, to the date of this annual report.

EVENTS AFTER THE REPORTING DATE

There have been no facts or circumstances of a material nature that have occurred between the reporting date and the date of this annual report, that require adjustment to the financial results or the disclosure.



BOARD OF DIRECTORS



1 KB Mosehla



2 PA Dunne



3 AH Coetzee



4 N Mazwai



5 ME Motseki-Zim

1 KB Mosehla (48)

CA (SA)

Non-executive chairman

Joined the board in May 2015

Mr Mosehla is the non-executive chairman of Northam and is the chief executive officer of Mosomo Investment Holdings Proprietary Limited. He is also a non-executive director of Malundi Resources (RF) Proprietary Limited, MC Mining Limited and is the chairman of Tembisa Provincial Tertiary Hospital. Mr Mosehla is the chief financial officer of The Housing Development Agency of South Africa.

2 PA Dunne (57) (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.

He is also a director of the International Platinum Group Metals Association (IPA).

3 AH Coetzee (40)

CA (SA)

Non-executive director

Joined the board in November 2018

Ms Coetzee is the chief financial officer of Northam. She has more than 10 years' experience in and exposure to the mining and manufacturing industries, which includes the auditing of large listed and multinational companies for EY, where she was an associate director.

4 N Mazwai (61)

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 more than 20 years' experience in senior management, consultancy and programme management roles.

Member of the audit committee.

5 ME Motseki-Zim (57)

B Proc; LLB; diplomas in general nursing and midwifery

Non-executive director

Joined the board in November 2017

Advocate Motseki-Zim is a director of Atisa Group Proprietary Limited, Zanozi Properties and



6 GS Mseleku



7 BB Nene



8 LC van Schalkwyk



9 CA Smith

Commodities Proprietary Limited (formerly known as Zim Holdings Proprietary Limited) and is the founder and chairperson of Women Be Adorned, a women's development non-profit organisation.

6 GS Mseleku (54)

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

Non-executive director

Joined the board in May 2015

Mr Mseleku is the executive chairman of Sakhumnotho Group Holdings, and of the Oakhurst Insurance Company. He serves on the board of Sulzer Pumps SA Proprietary Limited, among other companies. He was the founder and immediate past president of the Pan African Chamber of Commerce and Industry. Mr Mseleku is a director of SMS and also has a 10% indirect interest in the company.

Chairman of the audit and the social and ethics committees.

7 BB Nene (47)

CA (SA)

Non-executive director

Joined the board in May 2018

Mr Nene has extensive experience in investment banking, advising on a number of significant merger and acquisition activities in the mining industry. After a tenure at BoE Merchant Bank, he moved to Shanduka Resources Proprietary Limited

where he was part of the mining and marketing team. He was instrumental in turning around and growing Shanduka's coal mining investments and was actively involved in the management of the underlying investments.

Member of the audit committee.

8 LC van Schalkwyk (55)

Chartered management accountant (FCMA)

Non-executive director

Joined the board in October 2014

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

Member of the social and ethics committee.

9 CA Smith (45)

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 Limited, Richards Bay Coal Terminal Proprietary Limited and Implats.

Member of the social and ethics committee.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors are required by the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in 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 judgments 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 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 of the company, 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 (i) the audit committee functions in terms of the Companies Act and the Listings Requirements, (ii) the audit committee has

performed its duties without any exceptions noted in relation to the annual financial statements and (iii) the audit committee is satisfied that the external auditors are independent of the company.

The external 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 an unqualified audit opinion has been issued for the year under review.

The financial statements for the year ended 30 June 2020, set out on pages 36 to 76 of this annual report, have been approved by the board of directors.

KB Mosehla

Chairman

18 August 2020

PA Dunne

Director

GS Mseleku

Chairman – audit committee

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

ROLE AND MANDATE

The Zambezi social and ethics committee (the committee) is constituted as a statutory committee of the company in respect of those statutory duties assigned to it in terms of section 72(4) of the Companies Act (read in conjunction with Regulation 43 of the Companies Regulations, 2011), and as a committee of the board of directors of the company (the board) in respect of all other duties assigned to it by the board.

However, it is noted that not all the duties of a social and ethics committee are applicable to the company, as a result of Zambezi:

- having restricted trading activities;
- being ring-fenced in terms of the Companies Act;
- being a special purposes vehicle for the Northam Platinum Limited (Northam) broad-based black economic empowerment (BEE) transaction;
- day-to-day management and business affairs of the company are managed and administered by Northam; and
- having no employees, subsidiary companies or operational mines.

The committee therefore focuses on:

- Social and economic development, including Zambezi's standing in terms of the goals and purposes of the 10 principles set out in the United Nations Global Compact Principles, where applicable.
- Good corporate citizenship:
 - Promotion of equality, prevention of unfair discrimination, and reduction of corruption.

- Contribution to the development of the communities in which Zambezi's activities are predominantly conducted.
- Record of sponsorship, donations and charitable giving.
- The environment, health and public safety, including the impact of Northam's activities and that of its products or services.
- Consumer relationships, including Northam's advertising, public relations and compliance with consumer protection laws.
- Labour and employment, including:
 - Northam's standing in terms of the International Labour Organisation Protocol on decent work and working conditions.
 - Northam's employment relationships and its contribution towards the educational development of its employees.

See the committee's terms of reference on www.northam.co.za/zambezi.

COMPOSITION OF THE COMMITTEE

As required by its terms of its reference, the committee comprises of three members, being Messrs. GS Mseleku, who is the chairman, LC van Schalkwyk and CA Smith as appointed by the board.

A simple majority of members is a quorum.

The committee meets at least once a year, or as and when required by its chairman, and reports to the board on its activities at the board meetings following each committee meeting.

Number of meetings held during the reporting period and attendance at those meetings

Below is the attendance at committee meetings during the year under review:

Member	Appointment date	Meeting attendance on 20 August 2019
GS Mseleku – chairman	18 June 2016	Apologies
LC van Schalkwyk	18 June 2016	✓
CA Smith	18 June 2016	✓

Key

✓ *Attended*

INVITED ATTENDEES

The committee may invite members of the board and Northam management to attend its meetings, should it so require.

These parties have no voting power.

AREAS OF FOCUS AREAS DURING THE YEAR UNDER REVIEW: TRUST REVIEWS

Progress has been made with the Northam Booyseind Community Trust and the Northam Zondereinde Community Trust to regulate the disbursements which will be paid to the communities in the future. The Community Trusts have already benefitted from their share of the lock-in fee paid in May 2015, and like all other shareholders, will benefit again when Northam resumes dividend payments. Northam has not paid dividends in recent years owing to its large capital expansion programme.

The performance of the Community Trusts has been hampered by the impact of the COVID-19 pandemic, resulting in a number of community initiatives being delayed. Northam donated R1.0 million to each of the Community Trusts as relief funding to deal with need arising in the wake of the pandemic.

The South African Revenue Services has confirmed that both the Booyseind Community Trust and Zondereinde Community Trust have been exempted from paying income tax. This approval is in line with the Community Trusts meeting the requirements of a Public Benefit Organisation (PBO) as set out in section 30(3) of the Income Tax Act No. 58 of 1962.

Northam Booyseind Community Trust

The Northam Booyseind Community Trust funded the following activities during the year under review:

- The construction of the Kiwi clinic (a partnership between the Community Trust, Booyseind mine and the Mpumalanga provincial department of health) has been completed. The clinic will bring much needed relief to the surrounding communities who were travelling more than 50 kilometres to access basic health care services.
- Eight youth members from the community have completed cadetship programmes.
- Four youth members have progressed to the second year of their respective learnership programmes.
- The trust continues to fund six university students, now in their second year, who are studying towards degrees.

- In a collaborative effort with the Thaba-Chweu local municipality and the Mpumalanga provincial department of health, the Northam Booyensdal Community Trust continues to raise health awareness within our communities by running wellness programmes. These focus on cervical cancer screening; voluntary testing and counseling for HIV; screening for sexually transmitted infections and tuberculosis; and dental and eye care services amongst others.

The Northam Booyensdal Community Trust annual general meeting was held with beneficiaries who acknowledged the important role that is played by the Northam Booyensdal Community Trust and also indicated areas of improvement.

NORTHAM ZONDEREINDE COMMUNITY TRUST

The Northam Zondereinde Community Trust funded the following activities:

- Six university and four college students were funded by the Community Trust as an ongoing commitment to see them completing their final years of studies.
- Construction of the Lerome high school upgrade project is ready to start after the delays occasioned by the COVID-19 pandemic related lockdown. The upgrade project is a partnership between the trust, Sun City and the North West provincial department of education.
- Wellness programme have been conducted in the surrounding communities, including testing for HIV, hypertension, cancer and lifestyle afflictions.

During the Northam Zondereinde Community Trust annual general meeting community members raised concerns about the lack of induction on the functioning of the Community Trust and the

contents of the Trust Deed. The trustees have committed to arrange a special workshop where community concerns can be addressed.

NORTHAM EMPLOYEES' TRUST

Discussions continue with organised labour to implement the Northam Employees' Trust. The Association of Mineworkers and Construction Union (AMCU), the majority employee representative union at Booyensdal mine have been trained on the role of trusts and the trustees fiduciary responsibilities.

Areas of focus for the year ending 30 June 2021:

In response to continuous feedback on the Northam Zondereinde Community Trust's scope and performance, there will be a move in 2021 to focus areas on the peripheries of established townships, where communities in need have been identified. Areas earmarked for assistance are early childhood development, professional teacher development, learner support, mathematics and science, bursary opportunities, and access to potable water and health services.

The Northam Booyensdal Community Trust will continue to focus on bursaries, learnerships, school and health infrastructure, community wellness and access to potable water. These needs were identified jointly with beneficiaries and are adjusted as needs change.

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference.

On behalf of the committee.

GS Mseleku

Chairman – social and ethics committee
18 August 2020

REPORT OF THE AUDIT COMMITTEE

The audit committee (the committee) is pleased to present its report for the financial year ended 30 June 2020 (the report). The report has been prepared in terms of section 94(7) of the Companies Act, No. 71 of 2008, as amended (the Companies Act), the JSE Debt Listings Requirements (Listings Requirements), the King IV Report on Corporate Governance for South Africa, 2016 (King IV™) and other applicable regulatory requirements.

This report sets out how the committee has satisfied its various statutory obligations during the year, as well as some of the focus areas considered and how these have been addressed by the committee.

ROLE AND MANDATE

The committee assists the board of directors of the company (the board) in fulfilling its oversight responsibilities, relating to the safeguarding of assets, the operation of adequate risk management and internal control processes, compliance with laws and regulations and the preparation of financial statements in compliance with all applicable legislation and regulations.

In addition, the committee is responsible for assessing the effectiveness of the internal audit function, the chief financial officer (CFO) and the independence and effectiveness of the group's external auditor and the designated individual audit partner.

The committee does not assume the function of management which remains the responsibility of Northam Platinum Limited (Northam), as Northam attends to the day-to-day management of Zambezi

Platinum (RF) Limited's business, in accordance with the administration services agreement of the Northam BEE transaction.

See the audit committee terms of reference at www.northam.co.za/zambezi/.

COMPOSITION OF THE COMMITTEE

The committee comprises three non-executive directors, who all satisfy the requirements to serve as members of an audit committee, as defined by section 94(7) of the Companies Act. Members are elected by shareholders on the recommendation of the board. Collectively, members of the committee have the necessary financial literacy, skills and experience, as required by King IV™, in order to fulfill their duties effectively.

The chairman of the board is not eligible to be chairman or a member of the committee. The board must elect the chairman of the committee and any vacancy of this chairmanship must be filled within 40 business days of it arising in terms of the Companies Act.

The committee meets twice a year. The committee and management may, however, agree on additional scheduled meetings.

NUMBER OF MEETINGS HELD DURING THE REPORTING PERIOD AND ATTENDANCE AT THOSE MEETINGS

The committee should hold at least two meetings *per annum*. The committee and management may, however, agree on additional appropriate scheduled meetings. At least once a year, the committee must meet with the external auditors without the presence of management.

REPORT OF THE AUDIT COMMITTEE continued

Attendance at committee meetings during the year under review:

Member	Appointment date	Meeting attendance on 16 August 2019	Meeting attendance 19 February 2020
GS Mseleku – chairman	18 June 2015	✓	✓
N Mazwai	18 June 2015	Apologies	✓
BB Nene	4 May 2018	✓	✓

Key

✓ *Attended*

INVITED ATTENDEES

The individual designated partner of the external auditors is a standing invitee to the committee meetings, as is the chief executive officer (CEO) and chief financial officer (CFO) of Northam. Invitations to attend committee meetings are extended to senior executives and professional advisors as deemed appropriate.

All directors have the right to attend the committee meetings.

The external auditors may meet with the committee without the presence of management, to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum.

The board is satisfied that the committee members have the appropriate mix of qualifications and experience to fulfil their duties.

Key areas of focus during the year under review as well as significant matters considered in relation to the annual financial statements

The following significant audit matters, including key audit matters, were considered in relation to the annual financial statements for the year ended 30 June 2020:

- The 31.4% shareholding in Northam, accounted for as an investment in associate in terms of IAS 28 Investments in Associates and Joint Ventures, as well as the determination of the recoverable amount of the investment in the associate.
- Consideration of Northam’s share price subsequent to year end as a result of the COVID-19 pandemic.
- Impairment of all other financial assets.
- Utilisation of a deferred tax asset.
- Accounting of the preference share financial liability.

The committee has deliberated on these matters and is comfortable that they have been correctly accounted for in terms of the requirements of IFRS and are fairly represented in the annual financial statements.

The committee evaluated the group and separate annual financial statements for the year ended 30 June 2020 and concluded that they comply, in all material respects, with the requirements of the Companies Act, IFRS and Listings Requirements. The committee therefore recommended the approval of the annual financial statements to the board.

ANNUAL CONFIRMATIONS

Appropriateness of the expertise and experience of the CFO

The committee annually reviews an internal assessment of the skills, expertise and resourcing of the finance function as well as the expertise and experience of the CFO and debt officer of Northam Platinum Limited, who performs the relevant CFO duties on behalf of Zambezi Platinum (RF) Limited.

The committee is satisfied with the appropriateness of the expertise and experience of the CFO, the overall effectiveness of Northam Platinum Limited's finance function and the adequacy of resources.

Assessment of the independence and qualifications of the external auditor, Ernst & Young Incorporated (EY)

The committee is responsible for the appointment or re-appointment and oversight of the external auditors for Zambezi Platinum (RF) Limited.

EY has been the group's external auditor for six years. The designated individual partner rotates every five years, with Ebrahim Dhorat being appointed as the current designated individual audit partner from the financial year ended 30 June 2019. Internally, EY has a number of safeguards to ensure that all members of the audit team are independent.

EY has also provided the committee with the information required in terms of paragraph 7.10(b) of the Listings Requirements, as read with paragraph 22.15(h) of the JSE Limited Listings Requirements. The following information was considered and reviewed by the committee:

- The most recent Independent Regulatory Board for Auditors (IRBA) inspection report for EY's most recent International Statement on Quality Control (ISQC 1) review, which includes the decision letter from the IRBA, the findings report and a copy of the proposed remedial action plan.
- The most recent IRBA inspection report on the designated individual partner, Ebrahim Dhorat, which includes the decision letter from the IRBA, the detailed findings report and a copy of the proposed remedial action to address the findings.

REPORT OF THE AUDIT COMMITTEE continued

- The decision letter from the IRBA for all engagement file reviews on Ebrahim Dhorat for the past audit.
- A summary document which provides context and explanations of the findings for EY and engagement level reports of the IRBA.
- A copy of the 2019 Transparency Report, which EY South Africa prepares in line with the European Union's 8th Company Law Directive. This included the ISQC 1 information the JSE requires EY to communicate to clients. The Transparency Report is also published on EY's website.
- A summary of EY's results of the monitoring of its system of quality control, in terms of paragraph 53 of ISQC 1.
- A summary, including the outcome, of legal or disciplinary proceedings concluded within the past 7 years, which were instituted in terms of legislation or by any professional body of which EY and/or Ebrahim Dhorat are a member or regulator to whom they are accountable, including where the matter is settled by consent order or payment of a fine.

Rotating audit firms

The board is committed to mandatory audit firm rotation, which will become effective from 1 April 2023.

As a listed entity, we believe that the auditing services of an international 'Big 4' auditing firm, with the necessary experience and expertise, is required to ensure that our financial results are reasonable

and comply with IFRS. Our growing business and ever-changing accounting standards furthermore makes it imperative to appoint an auditing firm which has exposure to international best practice and knowledge.

Non-audit services

No non-audit services were provided by the external auditor during the current and previous financial year.

The committee is satisfied that EY, with the designated registered auditor being Mr Ebrahim Dhorat, is independent of the company and the group. The committee has reviewed and assessed the suitability of the external auditor and the designated registered auditor in terms of the Listings Requirements and recommends the re-appointment of EY for the financial year ending 30 June 2021.

GOING CONCERN STATEMENT INCLUDING SOLVENCY AND LIQUIDITY

Based on the solvency and liquidity tests performed, the committee reports that it has a reasonable expectation that the company and the group have adequate resources to continue the relevant operational existence for the foreseeable future. This assumes that the company and the group will continue to receive the support of Northam going forward and is therefore assessed as being a going concern.

The redemption of the preference shares is secured by a financial guarantee from Northam. In terms of the financial guarantee, Northam will be responsible for the payment of all amounts which Zambezi Platinum (RF) Limited has contracted but failed to pay in terms of the BEE preference share terms – either by means of a cash payment or the issue of a determinable number of Northam shares to the BEE preference shareholders, or a combination of both.

The committee is satisfied that the financial statements are prepared on the basis of accounting policies applicable to a going concern. The basis presumes that the company will continue to receive the support from Northam Platinum Limited and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

EFFECTIVENESS OF INTERNAL CONTROLS

The audit committee is responsible for reviewing the effectiveness of systems for internal control, financial reporting and risk management, and for considering the findings of any major internal investigations into control weaknesses, fraud or misconduct, and management's response thereto.

The audit committee delegates the duty to management to continuously identify, assess, mitigate and manage risks within the existing and changing risk profile of our operating environment.

During the year under review, the committee considered various reports in the context of the overall effectiveness of internal controls, which leverage Northam's combined assurance model. This included the external audit reports.

Having considered, reviewed and discussed information provided by management and the external auditors, the committee is of the opinion that the internal controls have been effective in all material respects and that appropriate financial reporting procedures are in place and that these procedures and controls operated throughout the year under review.

ANNUAL FINANCIAL STATEMENTS

The committee has:

- reviewed and discussed the audited annual financial statements with the external auditors and the CFO of Northam Platinum Limited, under whose supervision the annual financial statements have been prepared;
- 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 committee concurs with, and accepts the external auditor's conclusions on the annual financial statements.

The committee evaluated the group and separate annual financial statements for the year ended 30 June 2020 and concluded that they comply, in all material respects, with the requirements of the Companies Act, IFRS and the Listings Requirements. The committee therefore recommended the approval of the annual financial statements to the board.

Areas of focus areas for the year ending 30 June 2021:

The Zambezi Platinum (RF) Limited is a ring-fenced entity with a very specific mandate. Areas of focus therefore stay relatively unchanged from one year to the next. Below is the key areas of focus for the coming year.

- The 31.4% shareholding in Northam, accounted for as an investment in associate in terms of IAS 28 Investments in Associates and Joint Ventures,

as well as the determination of the recoverable amount of the investment in the associate.

- Impairment of all other financial assets.
- Accounting of the preference share financial liability.

The committee is satisfied that it has considered and discharged its responsibilities in accordance with its terms of reference, statutory responsibilities, the Listings Requirements and the King IV™ during the year under review.

On behalf of the committee.

GS Mseleku
Chairman – audit committee
14 August 2020



COMPANY SECRETARY'S CONFIRMATION

I, PB Beale, in my capacity as company secretary of Northam, the secretaries of the company, 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

18 August 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZAMBEZI PLATINUM (RF) LIMITED

TO THE SHAREHOLDERS OF ZAMBEZI PLATINUM (RF) LIMITED

Report on the Audit of the Group and Separate Financial Statements

Opinion

We have audited the group and separate financial statements of Zambezi Platinum (RF) Limited and its subsidiaries ('the group') and Company set out on pages 36 to 76, which comprise of the group and separate statements of financial position as at 30 June 2020, and the group and separate statements of profit or loss and other comprehensive income, the group and separate statements of changes in equity and the group and separate statements of cash flows for the year then ended, and notes to the group and separate financial statements, including a summary of significant accounting policies.

In our opinion, the group and separate financial statements present fairly, in all material respects, the group and separate financial position of the group and company as at 30 June 2020, and its group and separate financial performance and group 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Group and Separate Financial Statements section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other

independence requirements applicable to performing audits of financial statements of the group and company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the group and company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the group and separate financial statements of the current year. These matters were addressed in the context of our audit of the group and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Group and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the group and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying group and separate financial statements.

The Key Audit Matter applies to the audit of the Group Financial Statements.

Key Audit Matter**Investment in Associate**

Zambezi Platinum (RF) Limited Group's investment in Northam Platinum Limited of 31.4% represents a key component of Zambezi's performance results for the year ended 30 June 2020.

The equity accounted profit of Northam is therefore a significant consideration for the financial statements of Zambezi, and therefore we have considered the Key Audit Matter raised within Northam as a Key Audit Matter in the audit of the Zambezi Group.

Metal Inventory valuation has been reported as a key audit matter within the associate as a result of Metal Inventory quantities which is held in a variety of forms across the mining and refining processes and is only physically separated at the very end of the refining process.

Key factors that impact the determination of physical quantities of metal inventory at Northam are:

- Surveying, sampling and assays of the material in process by management's internal experts;
- The historical head grade achieved per mine;
- Various recovery factors at different stages in the process;
- Determination of the split of metals in such material; and
- Inventory quantity is recorded at the lower of theoretical or surveyed.

How our audit addressed the Key Audit Matter

During our audit we obtain audit evidence to confirm that the results and balances reported by the associate is fairly stated, we performed the following procedures:

- We obtained the Consolidated Financial Statements of Northam and recalculated the portion of profit to be equity accounted for within Investment in Associate;
- We obtained an understanding and reviewed the procedures performed by the auditor of the associate to obtain sufficient appropriate audit evidence over the quantity and valuation of the metal inventory and reviewed the supporting working papers.
- We obtained an understanding of the impact of the metal inventory valuation on the profit of Northam and thereby evaluating the possible impact on the Investment in associate of Zambezi.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZAMBEZI PLATINUM (RF) LIMITED continued

Key Audit Matter *continued*

Investment in Associate

Metal inventory is valued at the lower of net realisable value and the average cost of production or purchase less net revenue from sales of other metals in the ratio of the contribution of these metals to gross sales revenue.

Key factors that impact the determination around the valuation of metal inventory are:

- Allocation of mining cost based on a six-month rolling average;
- Net realisable value; and
- Valuation of custom purchase agreements.

Physical quantities and valuation of metal inventory are considered a key audit matter due to the size of the balance in the associate and due to the complexity and sensitive estimations involved in the determination of the quantum of metal inventory and calculation of the value.

This has been identified as a Key Audit Matter based on the possible impact the valuation of metal inventory could have on the results of Northam within Zambezi.



OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the pages titled Zambezi Platinum (RF) Limited Annual Financial Statements for the year ended 30 June 2020, which includes the Chairman Statement, About Zambezi Platinum (RF) Limited, Directors' Report, Report of the Social and Ethics Committee's, Report of the Audit Committee and the Company Secretary's confirmation as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the group or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the group and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the group and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we

are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE GROUP AND SEPARATE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE GROUP AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the group and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZAMBEZI PLATINUM (RF) LIMITED continued

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

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

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

or business activities within the group to express an opinion on the group and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the group and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc., has been the auditor of Zambezi Platinum (RF) Limited for 6 years.



**Building a better
working world**

Ernst & Young Inc.

Director: Ebrahim Dhorat
Registered Auditor
18 August 2020
102 Rivonia, Sandton,
Johannesburg, South Africa

2020
ANNUAL
FINANCIAL
STATEMENTS

CONTENTS

Statements of profit or loss and other comprehensive income	36
Statements of financial position	37
Statements of changes in equity	38
Statements of cash flows	39
Notes to the financial statements	40

The annual financial statements set out on pages 36 to 76 have been prepared under the supervision of the chief financial officer of Northam Platinum Limited, AH Coetzee CA(SA).

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Group		Company	
		2020	2019	2020	2019
		R000	R000	R000	R000
Share of earnings from associate	2	1 076 840	428 272	–	–
Mark to market fair value adjustment	2	–	–	9 146 592	3 569 090
Reversal of impairment	2	–	940 175	–	–
Preference share dividends	8	(1 432 850)	(1 340 718)	(1 432 850)	(1 340 718)
Interest received	9	29	32	29	32
Bank charges		(1)	(4)	(1)	(4)
Other		–	(1)	–	(1)
(Loss)/profit before tax		(355 982)	27 756	7 713 770	2 228 399
Tax	10	(242 930)	(152 600)	(2 048 844)	(644 747)
(Loss)/profit for the year		(598 912)	(124 844)	5 664 926	1 583 652
Other comprehensive income items that may be subsequently reclassified to profit or loss		7 632	3 561	–	–
Share of associate's exchange differences on translating foreign operations	2	7 632	3 561	–	–
Total comprehensive income for the year		(591 280)	(121 283)	5 664 926	1 583 652

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Notes	Group		Company	
		2020	2019	2020	2019
		R000	R000	R000	R000
ASSETS					
Non-current assets		8 321 812	7 237 340	18 581 014	9 434 422
Investment in associate	2	8 321 812	7 237 340	18 581 014	9 434 422
Current assets		502	492	502	492
Trade and other receivables	4	1	6	1	6
Cash and cash equivalents	5	501	486	501	486
Total assets		8 322 314	7 237 832	18 581 516	9 434 914
EQUITY					
Total equity		(4 665 418)	(4 074 138)	3 295 723	(2 369 203)
Stated capital	6	–	–	–	–
(Accumulated loss)/retained earnings		(4 676 497)	(4 077 585)	3 295 723	(2 369 203)
Share of other comprehensive income from associate	2	11 079	3 447	–	–
Non-current liabilities		12 987 732	11 311 960	15 285 793	11 804 107
Deferred tax	7	395 514	152 592	2 693 575	644 739
Preference share liability	8	12 592 218	11 159 368	12 592 218	11 159 368
Current liabilities		–	10	–	10
South African Revenue Service		–	10	–	10
Total equity and liabilities		8 322 314	7 237 832	18 581 516	9 434 914

The group financial statements represent the results of Zambezi Platinum (RF) Limited. The investment held in Northam Platinum Limited is recognised as an associate which is equity accounted for in the group financial statements, and valued at fair value in the separate financial statements of Zambezi Platinum (RF) Limited. The fair value is represented by the market value at the reporting date.

These are not consolidated financial statements as defined by IFRS 10, however they are referred to as group results to indicate that they are not the separate financial statements of Zambezi Platinum (RF) Limited.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

Group				
	Stated capital	Accumulated loss	Share of other comprehensive income from associate	Total
	R000	R000	R000	R000
Balance as at 1 July 2018	*	(3 952 741)	(114)	(3 952 855)
Total comprehensive income for the year	–	(124 844)	3 561	(121 283)
Loss for the year	–	(124 844)	–	(124 844)
Other comprehensive income for the year	–	–	3 561	3 561
Balance as at 30 June 2019	*	(4 077 585)	3 447	(4 074 138)
Total comprehensive income for the year	–	(598 912)	7 632	(591 280)
Loss for the year	–	(598 912)	–	(598 912)
Other comprehensive income for the year	–	–	7 632	7 632
Balance as at 30 June 2020	*	(4 676 497)	11 079	(4 665 418)

*The stated capital amounts to R100.01, therefore less than R1 000, refer to note 6 for further details.

Company			
	Stated capital	Retained earnings/(accumulated loss)	Total
	R000	R000	R000
Balance as at 1 July 2018	*	(3 952 855)	(3 952 855)
Profit and total comprehensive income for the year	–	1 583 652	1 583 652
Balance as at 30 June 2019	*	(2 369 203)	(2 369 203)
Profit and total comprehensive income for the year	–	5 664 926	5 664 926
Balance as at 30 June 2020	*	3 295 723	3 295 723

*The stated capital amounts to R100.01, therefore less than R1 000, refer to note 6 for further details.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Group		Company	
		2020	2019	2020	2019
		R000	R000	R000	R000
Cash flows from operating activities		15	18	15	18
Cash utilised in operations	11	(1)	(5)	(1)	(5)
Change in working capital	12	5	–	5	–
Interest received	9	29	32	29	32
Tax paid	13	(18)	(9)	(18)	(9)
Movement in cash and cash equivalents*		15	18	15	18
Cash and cash equivalents at the beginning of the year		486	468	486	468
Cash and cash equivalents at the end of the year	5	501	486	501	486

*No cash flow movements relating to investing and financing activities were recorded for the current or previous year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

The group and separate financial statements of Zambezi Platinum (RF) Limited for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 18 August 2020. Zambezi Platinum (RF) Limited (Zambezi or the company or the group) is a limited company incorporated and domiciled in South Africa and whose preference shares are publicly traded.

The group and separate financial statements of Zambezi are presented in South African Rand, which is the company's functional currency and all values are rounded to the nearest thousand (R000), except when otherwise indicated.

1. Accounting policies: Basis of preparation and statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act and the Financial Reporting Pronouncements. The financial statements are prepared under the historical cost convention, except for the investment in associate which is carried at fair value through profit or loss in the separate company financial statements and incorporate the following principal accounting policies.

The accounting policies adopted are in accordance with the IFRS issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee, as adopted by the South African Institute of Chartered Accountants (SAICA) and the Financial Reporting Standards Council and are consistent with those applied for the previous financial year, unless specifically indicated.

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

The group financial statements represent the results of Zambezi Platinum (RF) Limited. The investment held in Northam Platinum Limited is recognised as an associate which is equity accounted for in the group financial statements, and valued at fair value through profit or loss in the separate financial statements of Zambezi Platinum (RF) Limited. The fair value is represented by the market value at the reporting date.

These are not consolidated financial statements as anticipated by IFRS 10, however they are referred to as group results to indicate that they are not the separate financial statements of Zambezi Platinum (RF) Limited.

1.1 New accounting policies adopted

The following amendments, standards or interpretations were adopted with effect from 1 July 2019:

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

The company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The company applies judgment in identifying uncertainties over income tax treatments. Upon adoption of the Interpretation, the company considered whether it has any uncertain tax positions. The company determined, based on its tax compliance study, that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

1.2 New and revised IFRSs not adopted

The following standards, amendments and interpretations were in issue but not yet effective. The effective date refers to periods beginning on or after, unless otherwise indicated.

Due to Zambezi Platinum (RF) Limited's ring-fenced nature, only the following standards, amendments and interpretations which were in issue but not yet effective are relevant to the company and the group:

Conceptual Framework

The IASB has revised its Conceptual Framework. The primary purpose of the Framework is to assist the IASB (and the Interpretations Committee) by identifying concepts that it will use when setting standards.

Key changes include:

- Increasing the prominence of stewardship in the objective of financial reporting, which is to provide information that is useful in making resource allocation decisions.
- Reinstating prudence, defined as the exercise of caution when making judgments under conditions of uncertainty, as a component of neutrality.
- Defining a reporting entity, which might be a legal entity or a portion of a legal entity.
- Revising the definition of an asset as a present economic resource controlled by the entity as a result of past events.
- Revising the definition of a liability as a present obligation of the entity to transfer an economic resource as a result of past events.
- Removing the probability threshold for recognition, and adding guidance on derecognition.
- Adding guidance on the information provided by different measurement bases, and explaining factors to consider when selecting a measurement basis.
- Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where the relevance or faithful representation of the financial statements would be enhanced.

The board and interpretations committee will immediately begin using the revised Framework once it has become effective, and the company will consider it when needed in terms of IAS 8 hierarchy dealing with selecting accounting policies not covered by an IFRS standard.

The effective date of the revised Conceptual Framework will be for periods beginning on or after 1 January 2020.

Definition of Material – Amendments to IAS 1 and IAS 8

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of material across the standards and to clarify certain aspects of the definition. The new definition states that, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

The effective date of the amendments to IAS 1 and IAS 8 will be for periods beginning on or after 1 January 2020.

Although the amendments to the definition of material is not expected to have a significant impact on the financial statements, the introduction of the term obscuring information in the definition could potentially impact how materiality judgments are made in practice, by elevating the importance of how information is communicated and organised in the financial statements.

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

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

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

As a result of the COVID-19 pandemic, the IASB has tentatively decided to publish an exposure draft proposing to delay the effective date of the amendments by one year to annual reporting periods beginning on or after 1 January 2023. The IASB expects to publish the exposure draft in May 2020.

Zambezi Platinum (RF) Limited does not intend to early adopt any of the above standards, amendments or interpretations.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

1.3 Associate

Associates are all entities over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not have control or joint control over those policies. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment in associate is initially recognised at cost.

Subsequently, the carrying amount is adjusted by Zambezi's share of the post-acquisition profit or loss, and certain inter-entity transactions together with a reduction for any dividends received or receivable from the associate.

The statements of profit or loss and other comprehensive income 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 statements 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 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 is impaired. If there is such evidence, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

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

1.4 Financial instruments

Financial instruments recognised on the statements of financial position include cash and cash equivalents, trade receivables, preference shares and the investment in associate (which is classified as at fair value through profit or loss in the separate financial statements). These are recognised when the entity becomes party to the contractual agreements. All financial instruments are initially recorded at fair value adjusted for directly attributable transaction costs.

Investment in associate

The investment in associate represents the company's shareholding in Northam Platinum Limited, a listed entity on the JSE and is classified as at fair value through profit or loss in the separate financial statements.

All movements in the value of this investment are determined to be fair value gains and losses due to changes in the quoted market price of the shares.

The movements are therefore not considered to be contractual cash flows of principal and interest on the principle. Therefore this financial asset is required to be classified and measured as at fair value through profit or loss

After initial recognition, this financial instrument is subsequently measured at fair value with all gains or losses recognised directly in profit or loss in line with the requirements of IFRS 9.

Trade and other receivables and cash and cash equivalents

Trade and other receivables and cash and cash equivalents are classified as financial assets measured at amortised costs.

The group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment using the expected credit loss method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Preference shares

The redeemable preference shares are classified as financial liabilities, because they bear compulsory dividends and are redeemable in cash and/or a variable number of Northam Platinum Limited shares at the end of the 10-year lock-in period.

After initial recognition, preference shares are subsequently measured at amortised cost using the effective interest method.

Accrued dividends on preference shares are recognised as preference share dividends in the statement of profit or loss.

The preference share dividend rate is calculated with reference to the South African prime interest rate and is not dependent on the financial performance of either Northam Platinum Limited or Zambezi Platinum (RF) Limited.

Derecognition of financial instruments

A financial asset is derecognised when the rights to receive cash flows from the asset have expired.

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

1.5 Taxation

Current tax

Current tax is measured at the amount expected to be recovered from or paid to the taxation authority. The tax rate and tax laws used to compute the amount of the tax asset or liability are those that are enacted or substantively enacted at the reporting date.

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

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

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except where the 'initial recognition exception' and the exemption associated with the investments in subsidiaries and associates and interest in joint arrangements apply.

Deferred income tax assets and liabilities are measured at the tax rate that is 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. In the case of the group this equates to the capital gains tax rate on 'outside' basis difference.

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

Uncertain tax positions

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

1.6 Revenue and other income

Interest income

Interest income is recognised as interest accrues.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate method.

Interest income is included in Interest received in the statements of profit or loss and other comprehensive income.

Dividends

Dividend income is recognised when the company's right to receive the payment is established, which is generally when directors approve the dividend.

1.7 Dividends

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

2. Investment in associate

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Opening balance 1 July	7 237 340	5 865 332	9 434 422	5 865 332
Share of earnings from associate	1 076 840	428 272	–	–
Mark to market fair value adjustment	–	–	9 146 592	3 569 090
Reversal of impairment	–	940 175	–	–
Share of other comprehensive income from associate	7 632	3 561	–	–
	8 321 812	7 237 340	18 581 014	9 434 422

The investment in associate represents Zambezi Platinum (RF) Limited's 31.4% investment in Northam Platinum Limited, a company listed on the exchange operated by the JSE. The initial fair value of the investment was determined with reference to the share price at acquisition date, being 18 May 2015. The sale or trade of the Northam Platinum Limited shares is restricted for the lock-in period of 10 years, as a lock-in fee was paid and distributed to Zambezi Platinum (RF) Limited's shareholders. Zambezi Platinum (RF) Limited is therefore not allowed to trade their Northam Platinum Limited shares during this period.

The 31.4% investment in Northam Platinum Limited is a strategic investment to protect the black economic empowerment credentials of Northam Platinum Limited for a period of 10 years.

The share of earnings from associate and share of other comprehensive income from associate represents Zambezi Platinum (RF) Limited's 31.4% share in the profits and other comprehensive income of Northam Platinum Limited for the year.

The investment in associate was impaired due to a decrease in the share price of Northam Platinum Limited as at 30 June 2018. During the 30 June 2019 financial year the impairment was reversed in full due to the increase in the Northam Platinum Limited share price.

The mark to market fair value adjustment represents the movement in the share price between reporting periods. Below is the closing share price of Northam Platinum Limited at the year end, together with the number of shares held:

	Company	
	2020	2019
Northam Platinum Limited (trading under share code NHM) closing share price	R116.20	R59.00
Number of shares	159 905 453	159 905 453
Fair value of investment in Northam Platinum Limited (R000)	18 581 014	9 434 422

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Below is the statement of profit or loss and other comprehensive income of the company's associate, Northam Platinum Limited:

Statement of profit or loss and other comprehensive income

	2020	2019
	R000	R000
Sales revenue	17 811 971	10 649 506
Cost of sales	(12 644 983)	(8 239 481)
Operating costs	(9 931 934)	(7 607 161)
Concentrates purchased	(2 460 302)	(327 572)
Refining and other costs	(178 718)	(135 104)
Depreciation and write-offs	(626 152)	(487 165)
Change in metal inventories	686 123	317 521
Gross profit	5 300 988	2 410 025
Share of earnings from associate	16 358	11 153
Investment income	119 220	56 260
Finance charges excluding preference share dividends	(602 595)	(184 027)
Net foreign exchange transaction gains	84 765	10 411
Sundry income	238 903	77 472
Sundry expenditure	(243 787)	(357 713)
Profit before preference share dividends	4 913 852	2 023 581
Amortisation of liquidity fees paid on preference shares	(16 390)	(16 390)
Preference share dividends	(1 133 172)	(1 305 244)
Loss on derecognition of preference share liability	(130 628)	–
Profit before taxation	3 633 662	701 947
Tax	(1 464 478)	(641 854)
Profit for the year	2 169 184	60 093
Other comprehensive income	24 331	11 354
Total comprehensive income for the year	2 193 515	71 447

Below is a reconciliation of Zambezi Platinum (RF) Limited's 31.4% share of earnings:

	2020	2019
	R000	R000
Profit for the year	2 169 184	60 093
<i>Eliminating the preference share dividends and loss on derecognition of the preference share liability:</i>		
Preference share dividends	1 133 172	1 305 244
Loss on derecognition of preference share liability*	130 628	-
Profit for the year ended taking into account intergroup eliminations	3 432 984	1 365 337
Zambezi Platinum (RF) Limited's 31.4% share of earnings	1 076 840	428 272
Other comprehensive income	24 331	11 354
Zambezi Platinum (RF) Limited's 31.4% share of other comprehensive income	7 632	3 561

*The loss on derecognition of the preference share liability relates to the difference between the amortised cost value per Zambezi Platinum (RF) Limited preference shares and the price paid by Northam Platinum Limited together with transaction costs incurred on the purchases of these Zambezi Platinum (RF) Limited preference shares.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Below is the statement of financial position of the company's associate, Northam Platinum Limited:

Statement of financial position

	2020	2019
	R000	R000
Assets		
Non-current assets	24 299 715	21 604 214
Property, plant and equipment	16 522 533	14 484 795
Mining properties and Mineral Resources	6 663 425	6 722 551
Investment held in escrow	-	16 841
Interest in associate	62 657	46 299
Land and township development	75 967	71 414
Long-term receivables	82 232	85 536
Investments held by Northam Platinum Restoration Trust Fund	128 732	120 080
Environmental Guarantee Investment	62 953	42 043
Buttonshope Conservancy Trust	15 850	13 218
Long-term prepayments	-	563
Other financial assets	23 084	-
Non-current inventories	662 282	-
Deferred tax asset	-	874
Current assets	6 367 790	5 340 449
Inventories	3 744 313	3 762 675
Trade and other receivables	456 494	621 938
Cash and cash equivalents	2 160 956	950 315
Tax receivable	6 027	5 521
Total assets	30 667 505	26 944 663
Equity and liabilities		
Total equity	9 650 315	7 456 800
Stated capital	13 778 114	13 778 114
Treasury shares	(6 556 123)	(6 556 123)
Retained earnings/(accumulated loss)	1 518 555	(650 629)
Foreign currency translation reserve	35 321	10 990
Equity settled share-based payment reserve	874 448	874 448
Non-current liabilities	16 639 103	16 870 813
Deferred tax liability	2 177 317	1 419 467
Long-term provisions	729 327	679 459
Preference share liability	8 291 117	10 767 134
Long-term loans	130 533	140 510
Lease liability	64 361	-
Long-term share-based payment liability	354 363	160 746
Domestic medium-term notes	4 892 085	1 566 304
Revolving credit facility	-	2 137 193
Current liabilities	4 378 087	2 617 050
Current portion of long-term loans	28 472	33 837
Current portion of lease liability	16 261	-
Current portion of domestic medium-term notes	616 327	248 580
Short-term share-based payment liability	183 029	86 814
Tax payable	229 628	24 910
Trade and other payables	2 939 251	1 931 173
Provisional pricing derivatives	-	26 206
Short-term provisions	365 119	265 530
Total equity and liabilities	30 667 505	26 944 663

Significant estimates: Impairment assessment

At each reporting date an assessment is made, whether there are indications that the investment in Northam Platinum Limited is impaired. If any indication exists, the investment's recoverable amount is assessed. The recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use, the higher of which has been determined as fair value less costs of disposal.

When the carrying amount of the investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy as per IFRS 13 has three different levels and gives the highest priority to quoted (unadjusted) prices in active markets and the lowest priority to unobservable inputs. An active market is one in which transactions for the asset and liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The frequency and volume of Northam Platinum Limited (trading under share code NHM) share trades on the JSE is considered to be an active market and the share price of the investment in Northam Platinum Limited was therefore considered to be the best assessment of fair value. Below is the closing share price as at year end:

	2020	2019
Northam Platinum Limited closing share price (trading under share code NHM)	R116.20	R59.00
Number of shares held by Zambezi Platinum (RF) Limited in Northam Platinum Limited	159 905 453	159 905 453
Fair value of investment in Northam Platinum Limited (R000)	18 581 014	9 434 422

The Northam Platinum Limited share price had previously been impacted by a general negative market sentiment towards the platinum industry resulting from lackluster global demand and weak metal prices, particularly for platinum during the year ended 30 June 2018.

Due to the significant difference between the value of the investment when equity accounting the 31.4% investment in Northam Platinum Limited and the fair value using the quoted closing share price (Level 1) as at 30 June 2018, an impairment amounting to R940.2 million was accounted for in the group results of Zambezi Platinum (RF) Limited during the 2018 financial year. During the 30 June 2019 financial year the impairment was reversed in full due to the increase in the Northam Platinum Limited share price.

The investment in the associate, Northam Platinum Limited, is considered to be the only CGU as well as the only segment of Zambezi Platinum (RF) Limited.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Impact of COVID-19 on the impairment assessment

COVID-19 has created a lot of uncertainty in the financial markets. This uncertainty flows through to commodity prices, exchange rate and the demand for PGMs.

Zambezi Platinum (RF) Limited was affected by the COVID-19 pandemic indirectly through the performance of Northam Platinum Limited.

As part of the impairment assessment, the impact of COVID-19 was considered as a possible indication of impairment, and therefore a potential impairment of the investment in associate, Northam Platinum Limited.

Northam Platinum Limited, in compliance with the South African national lockdown suspended all but essential operations from midnight on Thursday, 26 March 2020, until Monday 20 April 2020, after which Northam Platinum Limited commenced with a phased and controlled restart, in line with the regulations relating to Section 27(2) of the Disaster Management Act, 2020.

The phased restart is still in process and has negatively impacted production volumes which has flowed through to unit costs, profitability and ultimately Northam Platinum Limited's cash position.

The performance of Northam Platinum Limited was considered during the period under review together with the movement in the share price.

As a result of the increase in the market value of the investment in Northam Platinum Limited, the impact of COVID-19 on the performance of Northam Platinum Limited does not indicate any impairment.

Below is a reconciliation of the value of the investment in associate to the net asset value of the investment based on the statement of financial position of Northam Platinum Limited:

	Group	
	2020	2019
	R000	R000
Net asset value of Northam Platinum Limited	9 650 315	7 456 800
Zambezi Platinum (RF) Limited's 31.4% share of net asset value of Northam Platinum Limited	3 027 059	2 339 009
At acquisition fair value adjustment	3 539 949	3 539 949
Impact of the preference share dividends and loss on derecognition of the preference share liability in Northam Platinum Limited*	1 754 388	1 357 966
Impact of the adoption of IFRS 9 Financial Instruments recognised directly in retained earnings	416	416
Value of investment in associate in the group accounts of Zambezi Platinum (RF) Limited	8 321 812	7 237 340

**The loss on derecognition of the preference share liability relates to the difference between the amortised cost value per Zambezi Platinum (RF) Limited preference shares and the price paid by Northam Platinum Limited together with transaction costs incurred on the purchases of these Zambezi Platinum (RF) Limited preference shares.*

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

3. Nature of Zambezi Platinum (RF) Limited and the relationship with Northam Platinum Limited

The company was established as a special purpose vehicle by Northam Platinum Limited, with the principal objective of achieving Northam Platinum Limited's black economic empowerment (BEE) compliance.

Zambezi Platinum (RF) Limited was incorporated on 2 June 2014. The company was created for the purpose of assisting Northam Platinum Limited to comply with the historically disadvantaged South African (HDSA) ownership requirements set by the Mining Charter. The company was set up for the purpose of facilitating a transaction in which it holds shares in Northam Platinum Limited, and in turn Zambezi Platinum (RF) Limited issued preference shares to relevant qualifying shareholders to fund the purchase of 31.4% of Northam Platinum Limited shares (BEE transaction).

Zambezi Platinum (RF) Limited therefore holds 159 905 453 Northam Platinum Limited shares (BEE shares) which amounts to approximately 31.4% of the total issued ordinary share capital of Northam Platinum Limited, which is accounted for as an associate of Zambezi Platinum (RF) Limited.

Zambezi Platinum (RF) Limited is a ring-fenced entity created for the specific purpose of raising funds to subscribe for the BEE shares. As such, Zambezi Platinum (RF) Limited will not be conducting any other business activities until the expiry of the lock-in period (which is 10 years from May 2015).

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

The preference share dividend rate is calculated with reference to the South African prime interest rate and is not dependent on the financial performance of either Northam Platinum Limited or Zambezi Platinum (RF) Limited.

Zambezi Platinum (RF) Limited's prospects are therefore limited in nature in that they are dependent on the prospects of the Northam Platinum Limited share price 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 (as defined below) 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 Platinum Limited shares and/or Northam Platinum Limited'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 Platinum Limited's prospects for growth and continued profitability are subject to various external and internal factors which cannot be accurately predicted, projected or controlled by Zambezi Platinum (RF) Limited as an investor in Northam Platinum Limited.

The redemption of the preference shares will occur, first and foremost, through any cash received from dividends received from Northam Platinum Limited during the 10-year lock-in period, and after the end of the 10-year lock-in period the possible sell-off of Northam Platinum Limited shares into the market, to redeem the preference shares. In the event that this is not sufficient to settle the liability, it will be secured in terms of a financial guarantee (Northam guarantee).

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

Therefore, should the Northam Platinum Limited share price not increase sufficiently in value over the 10-year lock-in period to cover the preference share liability, there could be a dilution in value for all Northam Platinum Limited shareholders, should additional Northam Platinum Limited shares be issued to the preference shareholders.

Northam guarantee

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

Lock-in and restraint payment

In terms of the Northam BEE transaction, Zambezi Platinum (RF) Limited 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 agreement. In terms of the relationship agreements, the ordinary shareholders have, in turn, undertaken not to dispose of or encumber their Zambezi Platinum (RF) Limited ordinary shares for the duration of the lock-in period.

Furthermore, Zambezi Platinum (RF) Limited has, pursuant to the subscription agreement, and the HDSA participants have, pursuant to their respective relationship agreements, undertaken in favour of Northam Platinum Limited 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 Platinum Limited group for the duration of the lock-in period, save to the extent specifically permitted under such relationship agreements.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

N share

Zambezi Platinum (RF) Limited issued the N share to Northam Platinum Limited, the purpose of which is to allow Northam Platinum Limited 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 ranks ahead of the distribution rights of the holders of the Zambezi Platinum (RF) Limited ordinary shares and is 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 does not entitle Northam Platinum Limited to any voting rights.

Administration of Zambezi Platinum (RF) Limited

For purposes of ensuring that Zambezi Platinum (RF) Limited does not incur any liabilities or indebtedness, other than pursuant to the transaction agreements, and that it remains ring-fenced, Zambezi Platinum (RF) Limited and Northam Platinum Limited entered into an administration services agreement in terms of which Zambezi Platinum (RF) Limited has appointed Northam Platinum Limited to attend to the day-to-day management of Zambezi Platinum (RF) Limited's business and the administration of Zambezi Platinum (RF) Limited's affairs at Northam Platinum Limited's sole cost and expense and with no recourse to Zambezi Platinum (RF) Limited subject to maximum costs and expenses of up to R2.0 million per annum, escalating annually at consumer price index (CPI) from the 1st (first) anniversary of the implementation date of the BEE transaction.

4. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Accrued interest	1	6	1	6
	1	6	1	6

Accrued interest relates to interest earned on short-term deposits.

5. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Cash at bank and on hand	501	486	501	486
	501	486	501	486

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

The weighted average effective interest rate on short-term deposits was 5.86% (2019: 6.80%) and these deposits are immediately available.

For the purposes of the statement of cash flows, cash and cash equivalents comprise of the above balance as the company and group currently have no overdraft facilities.

NOTES TO THE FINANCIAL STATEMENTS *continued*
 FOR THE YEAR ENDED 30 JUNE 2020

6. Stated capital

	Group and company	
	2020	2019
	R000	R000

Authorised stated capital

11 000 ordinary shares at no par value

159 905 453 Zambezi Platinum (RF) Limited preference shares (refer to note 8)

1 N share

Issued and fully paid stated capital

10 000 ordinary shares at an issue price of R0.01 per ordinary share

*

*

1 N share at an issue price of R0.01 per N share

*

*

*Less than R1 000

7. Deferred tax

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

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Deferred tax at the beginning of the year	152 592	–	644 739	–
<i>Charge for the year</i>				
Temporary difference in respect of investment in associate	242 922	152 592	2 048 836	644 739
	395 514	152 592	2 693 575	644 739

On a group basis, the temporary difference in respect of the investment in associate, has been calculated as the difference between the carrying value at the end of the current year and the original purchase price of the Northam Platinum Limited investment at the capital gains tax rate.

On a company basis, the temporary difference in respect of the investment in associate, has been calculated as the difference between the fair value of the investment at the end of the financial year and the original purchase price of the Northam Platinum Limited investment at the capital gains tax rate.

Significant judgments and estimates: Deferred tax liability raised on group basis

A deferred tax liability is raised on a group basis on the investment in associate based on 'outside' basis difference at the capital gains tax rate. The deferred tax liability is recognised as it will be realised upon the unwinding of the structure in May 2025.

NOTES TO THE FINANCIAL STATEMENTS *continued*
 FOR THE YEAR ENDED 30 JUNE 2020

8. Preference share liability

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Opening balance	11 159 368	9 818 650	11 159 368	9 818 650
Accrued preference share dividends for the year	1 432 850	1 340 718	1 432 850	1 340 718
	12 592 218	11 159 368	12 592 218	11 159 368

In May 2015, 159 905 453 cumulative redeemable preference shares were issued by Zambezi Platinum (RF) Limited at an issue price of R41 per share. The preference shares are redeemable in 10 years from date of issue, being 17 May 2025, at R41 per share 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 the South African prime interest rate plus 3.5% calculated on a daily basis, based on a 365-day year compounded annually and capitalised at the end of December of every year.

No dividends were received from Northam Platinum Limited during the current financial year (2019: R Nil). 90% of all dividends received from Northam Platinum Limited must be used to settle the preference share liability. The remaining 10% of the dividends to be received from Northam Platinum Limited will be distributed to Zambezi Platinum (RF) Limited's shareholders as a dividend.

The cumulative redeemable preference shares do not carry the right to vote.

The 159 905 453 cumulative redeemable preference shares issued by Zambezi Platinum (RF) Limited has been listed on the JSE debt market and trades under share code ZPLP.

Impact of COVID-19 on the preference share liability

The interest rate at which the South African Reserve Bank (SARB) lends to commercial banks, known as the repo rate, was cut by 250 basis points since March 2020 to year-end in an attempt by the South African governments to support and relieve some of the mounting pressure on individuals and businesses alike, effectively reducing the cost of borrowings.

Consequently the prime interest rate has dropped in line with the repo rate. This has resulted in a reduction of the preference share dividend accounted in the statement of profit or loss and effectively the preference share liability accounted for in the statement of financial position is therefore less.

9. Interest received

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Interest earned on cash and cash equivalents	29	32	29	32
	29	32	29	32

NOTES TO THE FINANCIAL STATEMENTS *continued*
 FOR THE YEAR ENDED 30 JUNE 2020

10. Tax

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
<i>Normal tax</i>				
Current year tax	8	8	8	8
<i>Deferred tax</i>				
Capital gains liability raised on difference between carrying value and original purchase price in respect of 'outside' basis differences	242 922	152 592	-	-
Current year temporary difference relating to capital gains tax on the mark to market fair value adjustment	-	-	2 048 836	644 739
Charge for the year	242 930	152 600	2 048 844	644 747

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

	Group		Company	
	2020	2019	2020	2019
	%	%	%	%
South African companies tax	28.0	28.0	28.0	28.0
Share of earnings from associate	84.7	(432.0)	-	-
Current year temporary difference relating to capital gains tax on the mark to market fair value adjustment	-	-	(6.6)	(15.9)
Capital gains liability raised on difference between carrying value and original purchase price in respect of 'outside' basis differences	(68.2)	(398.7)	-	-
Preference share dividends not deductible for tax	(112.7)	1 352.5	5.2	16.8
	(68.2)	549.8	26.6	28.9

11. Cash utilised in operations

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
(Loss)/profit before tax	(355 982)	27 756	7 713 770	2 228 399
<i>Adjustment for non-cash items:</i>				
Share of earnings from associate	(1 076 840)	(428 272)	–	–
Reversal of impairment	–	(940 175)	–	–
Preference share dividends	1 432 850	1 340 718	1 432 850	1 340 718
Mark to market fair value adjustment	–	–	(9 146 592)	(3 569 090)
Interest received	(29)	(32)	(29)	(32)
	(1)	(5)	(1)	(5)

12. Change in working capital

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Movement in trade and other receivables	5	–	5	–
	5	–	5	–

13. Tax paid

Tax paid consist of the following:

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Balance owing at the beginning of the year	(10)	(11)	(10)	(11)
Amounts recognised in profit or loss	(8)	(8)	(8)	(8)
Balance owing at the end of the year	–	10	–	10
	(18)	(9)	(18)	(9)

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

14. Changes in liabilities arising from financing activities

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

Group and company						
	1 July 2019	Changes from financing cash flows	Changes in foreign exchange rates	Changes in fair values	Interest accrued	30 June 2020
	R000	R000	R000	R000	R000	R000

Preference share liability	11 159 368	–	–	–	1 432 850	12 592 218
----------------------------	------------	---	---	---	-----------	------------

Group and company						
	1 July 2018	Changes from financing cash flows	Changes in foreign exchange rates	Changes in fair values	Interest accrued	30 June 2019
	R000	R000	R000	R000	R000	R000

Preference share liability	9 818 650	–	–	–	1 340 718	11 159 368
----------------------------	-----------	---	---	---	-----------	------------

15. Segmental analysis

Zambezi Platinum (RF) Limited was created solely to hold 31.4% of the issued share capital of Northam Platinum Limited, in order for Northam Platinum Limited to comply with the requirements of the Mining Charter and the Minerals and Petroleum Resources Development Act, No. 28 of 2002. As a result, the activities of Zambezi Platinum (RF) Limited are restricted. Due to the structure and ring-fenced nature of Zambezi Platinum (RF) Limited the investment held in Northam Platinum Limited is considered significant.

There is therefore only one operating segment relating to Zambezi Platinum (RF) Limited, as there are no components which engage in different business activities and whose results are reviewed and assessed separately.

All assets relate to South African based assets.

All income is earned from sources in South Africa.

The majority of income earned relates to the investment in associate, being Northam Platinum Limited.

Also refer to note 2 investment in associate, for details with regards to the investment in Northam Platinum Limited.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

16. Financial risk management

The group's only financial liability is related to the preference share liability. Financial assets consist of trade and other receivables as well as cash and cash equivalents.

The group is exposed to market, equity, credit and liquidity risk.

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

Northam Platinum Limited oversees the management of these risks and reviews agreed policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and equity risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The group is exposed to interest rate fluctuations in respect to the preference share liability and cash held at banks.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the group's profit before tax and equity (through the impact on floating rate preference shares and cash and cash equivalents).

	Group		Company	
	2020	2019	2020	2019
	R000	R000	R000	R000
Cash and cash equivalents				
Increase of 1%	5	5	5	5
Decrease of 1%	(5)	(5)	(5)	(5)
Preference share liability				
Increase of 1%	(125 922)	(111 594)	(125 922)	(111 594)
Decrease of 1%	125 922	111 594	125 922	111 594

The group does not use interest rate swaps to convert floating rate exposures to fixed rate exposures in order to minimise interest rate risk.

Equity risk

The preference shares retain equity risk as a result of their redemption being ultimately supported by the value of Northam Platinum Limited shares and/or Northam Platinum Limited'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.

Zambezi Platinum (RF) Limited's prospects are therefore limited in nature in that they are dependent on the prospects of the Northam Platinum Limited share price and the returns attributable to the preference shares 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.

The following table demonstrates the sensitivity to a reasonable possible change in the share price of Northam Platinum Limited with all other variables held constant, of the company's profit before tax and equity:

	Company	
	2020	2019
	R000	R000
Investment in associate – mark to market fair value adjustment		
Increase of 10%	1 858 101	943 442
Decrease of 10%	(1 858 101)	(943 442)

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk as a result of cash balances held. The group mitigates the risk by ensuring that its counter parties are credit worthy financial institutions.

The group only places funds with recognised financial institutions with a strong credit rating and does not consider the credit risk exposure to be significant.

The maximum credit risk relating to trade and other receivables and cash and cash equivalents are the balances disclosed on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

Liquidity risk

Liquidity risk is the risk that the group will be unable to meet a financial commitment. In order to mitigate any liquidity risk, the group has limited access to funds from Northam Platinum Limited.

At maturity of the cumulative preference share liability, the contracted undiscounted value of the payment will be the following, assuming the South African prime interest rate stays unchanged.

The preference share liability is due at the end of the 10-year lock-in period, which is 17 May 2025. The reason for the change in the contracted undiscounted value at maturity is a result of the changes made by Treasury to the South African prime interest rate during the year under review.

Group and company		
	Due at the end of the 10-year lock-in period	Due at the end of the 10-year lock-in period
	2020	2019
	R000	R000
Preference share liability	(20 721 062)	(23 882 871)
Prime interest rate assumption on which the preference share liability is calculated	7.25%	10.25%

Subsequent to year-end, the prevailing South African prime interest rate changed to 7.00% and the preference share liability will now amount to R20.5 billion at the end of the 10-year lock-in period which is May 2025.

The redemption of the preference shares will occur, firstly and foremost, through any cash received from dividends received from Northam Platinum Limited during the 10-year lock-in period, and after the end of the lock-in period the possible sell-off of Northam Platinum Limited shares into the market, to redeem the preference shares. In the event that this is not sufficient to settle the liability, it will be secured in terms of a financial guarantee from Northam Platinum Limited (refer to note 3).

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

	Group		
	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	2020	2020	2020
	R000	R000	R000
Trade and other receivables	1	–	1
Cash and cash equivalents	501	–	501
Preference share liability	–	(12 592 218)	(12 592 218)

	Group		
	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	2019	2019	2019
	R000	R000	R000
Trade and other receivables	6	–	6
Cash and cash equivalents	486	–	486
Preference share liability	–	(11 159 368)	(11 159 368)

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

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

Company				
	Fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	2020	2020	2020	2020
	R000	R000	R000	R000
Investment in associate	18 581 014	–	–	18 581 014
Trade and other receivables	–	1	–	1
Cash and cash equivalents	–	501	–	501
Preference share liability	–	–	(12 592 218)	(12 592 218)

Company				
	Fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	2019	2019	2019	2019
	R000	R000	R000	R000
Investment in associate	9 434 422	–	–	9 434 422
Trade and other receivables	–	6	–	6
Cash and cash equivalents	–	486	–	486
Preference share liability	–	–	(11 159 368)	(11 159 368)

Fair value of financial assets and liabilities

The fair value of financial instruments, other than the preference share liability, are substantially identical to the carrying values reflected in the statement of financial position.

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

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

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

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

The investment held in Northam Platinum Limited in the separate stand-alone financial statements is classified as level 1.

The fair value has been determined with reference to the closing trading price of the Zambezi Platinum (RF) Limited preference share price (JSE preference share code: ZPLP) as at the year-end date:

	Group and company	
	2020	2019
Zambezi Platinum (RF) Limited preference share price (trading under share code ZPLP)	R81.00	R72.50
Number of Zambezi Platinum (RF) Limited preference shares in issue	159 905 453	159 905 453
Fair value (R000)	12 952 342	11 593 145

The preference share liability is classified as level 2, due to the low level of activity in the South African debt market.

The carrying value has been determined with reference to the carrying value of the Zambezi Platinum (RF) Limited preference shares at year-end:

	Group and company	
	2020	2019
Value per Zambezi Platinum (RF) Limited preference share*	R78.75	R69.79
Number of Zambezi Platinum (RF) Limited preference shares in issue	159 905 453	159 905 453
Carrying value (R000)	12 592 218	11 159 368

*Rounded to the closest cent.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

The table below discloses the carrying values of the financial assets and liabilities compared to the fair value:

Group				
	2020	2020	2019	2019
	Carrying amount	Fair value	Carrying amount	Fair value
	R000	R000	R000	R000

Financial liabilities

Preference share liability	(12 592 218)	(12 952 342)	(11 159 368)	(11 593 145)
----------------------------	--------------	--------------	--------------	--------------

Company				
	2020	2020	2019	2019
	Carrying amount	Fair value	Carrying amount	Fair value
	R000	R000	R000	R000

Financial assets

Investment in associate	18 581 014	18 581 014	9 434 422	9 434 422
-------------------------	------------	------------	-----------	-----------

Financial liabilities

Preference share liability	(12 592 218)	(12 952 342)	(11 159 368)	(11 593 145)
----------------------------	--------------	--------------	--------------	--------------

All other financial instruments' carrying values approximate their fair value.

Capital management

The primary objective of the group'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 Platinum Limited in terms of a financial guarantee, in terms of which Northam Platinum Limited will be responsible for the payment of all amounts which Zambezi Platinum (RF) Limited has contracted but failed to pay in terms of the preference share terms by means of a cash payment or the issue of a determinable number of Northam Platinum Limited shares to the preference shareholders, or a cash and Northam Platinum Limited share issue combination.

17. Related parties

Zambezi Platinum (RF) Limited holds 159 905 453 Northam Platinum Limited shares which amounts to approximately 31.4% of the total issued ordinary share capital of Northam Platinum Limited, which is accounted for as an associate of Zambezi Platinum (RF) Limited.

Zambezi Platinum (RF) Limited is a ring-fenced entity created for the specific purpose of raising funds to subscribe for the BEE shares. As such, Zambezi Platinum (RF) Limited will not be conducting any other business activities until the expiry of the lock-in period (which is 10 years from May 2015).

The redemption of the preference shares will occur, first and foremost, through any cash received from dividends from Northam Platinum Limited during the 10-year lock-in period, and after the end of the lock-in period the possible sell-off of Northam Platinum Limited shares into the market, to redeem the preference shares. In the event that this is not sufficient to settle the liability, it will be secured in terms of the Northam guarantee.

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

Northam guarantee

The redemption of the preference shares is secured by a financial guarantee from Northam Platinum Limited.

N share

Zambezi Platinum (RF) Limited issued the N share to Northam Platinum Limited, the purpose of which is to allow Northam Platinum Limited 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.

Administration of Zambezi Platinum (RF) Limited

For purposes of ensuring that Zambezi Platinum (RF) Limited does not incur any liabilities or indebtedness, other than pursuant to the transaction agreements, and that it remains ring-fenced, Zambezi Platinum (RF) Limited and Northam Platinum Limited entered into an administration services agreement in terms of which Zambezi Platinum (RF) Limited has appointed Northam Platinum Limited to attend to the day-to-day management of Zambezi Platinum (RF) Limited's business and the administration of Zambezi Platinum (RF) Limited's affairs at Northam Platinum Limited's sole cost and expense and with no recourse to Zambezi Platinum (RF) Limited subject to maximum costs and expenses of up to R2.0 million per annum, escalating annually at CPI from the 1st (first) anniversary of the implementation date of the BEE transaction. During the current year expenses to the value of R1.4 million (2019: R2.1 million) were incurred.

The current limit relating to expenses paid on behalf of Zambezi Platinum (RF) Limited amounts to R2.5 million (2019: R2.3 million).

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2020

18. Going concern

Zambezi Platinum (RF) Limited incurred a net profit of R5.7 billion (2019: profit of R1.6 billion) for the year ended 30 June 2020 and, as of that date, the company's total assets exceed its total liabilities by R3.3 billion (2019: the company's total liabilities exceeded its total assets by R2.4 billion).

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

Northam Platinum Limited guarantees payment of the redemption price in respect of the preference shares and the preference dividends by way of the Northam guarantee. Northam Platinum Limited guaranteed the payment of all amounts which Zambezi Platinum (RF) Limited has contracted to pay (but failed to pay on the due date thereof) in respect of the preference shares by means of, at Northam Platinum Limited's election, a cash payment and/or the issue of a determinable number of Northam Platinum Limited 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 Northam Platinum Limited and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

The financial statements have been prepared on a going concern basis, which assumes that Zambezi Platinum (RF) Limited be able to meet the repayment terms of the preference shares.

19. Directors' remuneration

In terms of the Zambezi Platinum (RF) Limited Memorandum of Incorporation no remuneration shall be paid to any director in his/her capacity as a director.

20. Events after the reporting period

There have been no facts or circumstances of a material nature that have occurred between the reporting date and the date of this annual report, which requires adjustment to the financial statements or the notes to the financial statements.

NOTICE OF THE SIXTH 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 annual general meeting of ordinary shareholders of Zambezi Platinum (RF) Limited (Zambezi or the company) (AGM) will be held at Northam Platinum Limited, Building 4, 1st Floor, Maxwell Office Park, Magwa Crescent West, Waterfall City, Jukskei View, Midrand, South Africa on Friday, 27 November 2020 at 09:30 (Notice) (subject to any adjournment or postponement) 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 for the year ended 30 June 2020;
- re-electing directors;
- re-appointing external auditors;
- re-electing audit committee members, and
- transacting any other business as may be conducted at an AGM.

In light of the regulations, directives and/or preventative measures required to be adhered to relating to the COVID-19 pandemic as published or issued by the relevant South African authorities from time to time, and the guidance from the South African Government regarding the need for social distancing, as a result of the COVID-19 pandemic (the "COVID-19 Restrictions"), Zambezi shareholders are encouraged to make use of proxies for purposes of voting at the AGM.

The AGM is expected to be held in person as set out above. However, as a result of the COVID-19 Restrictions, Zambezi shareholders or their proxies may be prevented from attending the AGM in person. In such circumstances, Zambezi may determine, by way of notice to Zambezi shareholders by no later than 10 business days prior to the AGM, that the AGM will take place entirely by electronic means and/or that Zambezi shareholders or their proxies will be entitled to vote electronically, which notice will include details and instructions in respect of such arrangements.

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 this Notice (being the date on which a shareholder must be registered in the company's ordinary share register in order to receive notice) as Friday, 21 August 2020; 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) as Friday, 13 November 2020. The last day to trade in order to be entitled to participate in and vote at the AGM will therefore be Tuesday, 10 November 2020.

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 2020 including the reports of the directors, auditors, social and ethics committee and the audit committee, be and are hereby adopted."

The annual report, incorporating, *inter alia*, the audited annual financial statements, is available on the Zambezi website at www.northam.co.za/downloads/send/91-zambezi/1182-zambezi-annual-report-2020 or can be obtained from the company's registered office on request.

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

Ordinary resolution number 2.1, 2.2 and 2.3: Re-election of directors

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

"Resolved that Ms AH Coetzee, who retires by rotation in terms of clause 25.22 of the MOI and being eligible and offering herself for re-election, be and is hereby re-elected as a director."

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

Brief summaries of their *curriculum vitae* are set out on pages 14 to 15 of this annual report.

Ordinary resolution number 3: Re-appointment of external auditors

"Resolved that Ernst & Young Inc. (with the designated external audit partner being Mr Ebrahim Dhorat) be and is hereby re-appointed as the independent external auditors of the company."

The audit committee has evaluated the performance of Ernst & Young Inc. in accordance with the provisions of the Companies Act and paragraph 7.10(b) of the JSE Debt Listings Requirements, as read with paragraph 22.15(h) of the JSE Limited Listings Requirements, and recommends their re-appointment as independent external auditors of the company.

Ordinary resolution number 4.1, 4.2 and 4.3: Re-election of the members 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 (subject to the passing of Ordinary resolution number 2.3)."

"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 BB Nene, being eligible and offering himself for re-election, be and is hereby re-elected as a member of the audit committee (subject to the passing of Ordinary resolution number 2.1)."

Brief summaries of their *curriculum vitae* are set out on pages 14 to 15 of this annual report.

Directors' responsibility statement – The directors, whose names are given on page 1 of this 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.

A proxy form is attached for use by ordinary shareholders. To be effective, a proxy form must be executed in terms of the MOI and in accordance with the relevant instructions set out on the form, and must be lodged with the secretaries, e-mail: trish.beale@norplats.co.za or delivered at Northam's Offices, Building 4, 1st Floor, Maxwell Office Park, Magwa Crescent West, Waterfall City, Jukskei View, 2090, South Africa, so as to be received by not less than 48 hours prior to the AGM (being Wednesday, 25 November 2020 at 09:30), for administrative purposes, however, a proxy form may still be submitted up until the time of commencement of 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 at the AGM, whether as shareholder or as proxy for a shareholder, has been reasonably verified.

By order of the board.

Northam Platinum Limited

Secretaries
per P B Beale
Johannesburg

18 August 2020

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" or the "Company")

To be completed by ordinary shareholders only

For use in respect of the annual general meeting of ordinary shareholders of the Company (AGM), to be held at Northam Platinum Limited, Building 4, 1st Floor, Maxwell Office Park, Magwa Crescent West, Waterfall City, Jukskei View, Midrand, South Africa on Friday, 27 November 2020 at 09:30, subject to any adjournment or postponement.

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 or abstain from voting on 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):

Resolutions	Number of votes (one vote per ordinary share)		
	For	Against	Abstain
Ordinary resolution number 1 – adoption of annual financial statements for the year ended 30 June 2020			
Ordinary resolution number 2.1 – re-election of Mr BB Nene as a director			
Ordinary resolution number 2.2 – re-election of Ms AH Coetzee as a director			
Ordinary resolution number 2.3 – re-election of Mr GS Mseleku 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 GS Mseleku as a member of the audit committee, subject to his re-election as a director pursuant to ordinary resolution number 2.3			
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 BB Nene as a member of the audit committee, subject to his re-election as a director pursuant to ordinary resolution number 2.1			

(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 _____ 2020

Signature(s) _____ Capacity _____

Please read the notes on the reverse side hereof.

NOTES TO 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 ordinary shares than they own in the Company, they should insert the number of Zambezi 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 do so.
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, Building 4, 1st Floor, Maxwell Office Park, Magwa Crescent West, Waterfall City, Jukskei View, 2090, South Africa, so as to be received by no later than 09:30 on Wednesday, 25 November 2020, however, a proxy form may still be submitted up until the time of commencement of the AGM.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise; and
- if the instrument appointing a proxy has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's Memorandum of Incorporation to be delivered to a shareholder must be delivered by such company to:
 - the relevant shareholder; or
 - the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so.

GLOSSARY

Performance measures (PMs) not defined by the International Financial Reporting Standards (IFRS) and which are disclosed in this report, are not uniformly defined or used by all entities, and may not be comparable with similar disclosures provided by other entities. To obtain an understanding of, *inter alia*, the purpose and computation of the PMs, shareholders are referred to the glossary set out below. The responsibility of the PMs, and the financial reporting procedures relating to the PMs, remains with the board of directors of Zambezi Platinum (RF) Limited.

AGM	Annual General Meeting
AMCU	The Association of Mineworkers and Construction Union
B-BEE	Broad based Black Economic Empowerment as defined in the Broad-Based Black Economic Empowerment Act (Act 53 of 2003). Also termed BBBEE.
DMRE	The Department of Mineral Resources and Energy of South Africa
HDSA	Historically Disadvantaged South Africans – South African citizens, category of persons or community, disadvantaged by unfair discrimination before the Constitution of the Republic of South Africa, 1993 (Act No. 200 of 1993) came into operation which should be representative of the demographics of the country
HIV Counselling and Testing	Voluntary counselling and testing for HIV, synonymous with HCT
IPA	The International Platinum Group Metals Association – an association representing the interests of the leading mining, production and fabrication companies of the global platinum group metals (PGMs) industry
JSE	The Johannesburg Securities Exchange or JSE Limited
King IV™	The King IV Report on Corporate Governance for South Africa, 2016
Lock-in period	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 agreement. The lock-in period is from 18 May 2015 to 17 May 2025.
Mineral Resources	An estimate of in situ mineralisation as defined in the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (2016), the SAMREC code
N/A	Not applicable is included in the percentage variance column if a percentage variance between a positive and negative balance is indicated
NHM	Northam Platinum Limited, synonymous with Northam Platinum Limited, a company listed on the exchange operated by the JSE, using the ticker code NHM
Northam	Northam Platinum Limited, a company listed on the JSE Limited with share code: NHM and debt issuer code NHMI
NUM	The National Union of Mineworkers
PGM	Platinum Group Metals, synonymous with PGE
Prime	South African prime interest rate
SENS	Johannesburg Stock Exchange News Service
VWAP	Volume Weighted Average Price, is a trading benchmark used by traders that gives the average price a security has traded over a specific period, based on both volume and price.
WHO	The World Health Organisation
Zambezi, or the company	Zambezi Platinum (RF) Limited
ZPLP	Zambezi Platinum (RF) Limited preference share, trading under JSE preference share code: ZPLP

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

Building 4
1st Floor, Maxwell Office Park
Magwa Crescent West
Waterfall City
Jukskei View, 2090
South Africa

PO Box 412694
Craighall, 2024
South Africa

Telephone +27 11 759 6000

Website

www.northam.co.za/zambezi/

Secretaries

Northam Platinum Limited
Per PB Beale – company secretary
Building 4
1st Floor, Maxwell Office Park
Magwa Crescent West
Waterfall City
Jukskei View, 2090
South Africa

PO Box 412694
Craighall, 2024
South Africa

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

Bankers

Standard Bank of South Africa Limited
30 Baker Street
Rosebank
Johannesburg, 2196
South Africa

PO Box 61029
Marshalltown, 2107
South Africa

Auditors

Ernst and Young Inc.
102 Rivonia Road
Sandton, 2196
Johannesburg
South Africa

Private Bag X14
Sandton, 2196
South Africa

Transfer secretaries

Computershare Investor Services
Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
South Africa

Private Bag X 9000
Saxonworld, 2132
South Africa

Telephone +27 11 370 5000
Facsimile +27 11 688 5238

Debt sponsor

One Capital
17 Fricker Road
Illovo, 2196
Johannesburg
South Africa

PO Box 784573
Sandton, 2146
South Africa

Investor relations

R&A Strategic Communications
PO Box 1457
Parklands, 2121
South Africa

Telephone +27 11 880 3924
E-mail: marion@rasc.co.za

The logo for Zambezi Platinum (RF) Limited features the word "Zambezi" in a bold, black, sans-serif font. Above the letters "i" and "z" are stylized, wavy lines in shades of blue and teal, suggesting water or a river. Below "Zambezi" is the text "Platinum (RF) Limited" in a smaller, black, sans-serif font.

Zambezi

Platinum (RF) Limited

www.northam.co.za/zambezi



Scan the QR code with your smart device to download the Zambezi annual report. Alternatively go to www.northam.co.za/zambezi/