

EMPOWERING A NEW ERA IN MINING

ANNUAL
REPORT
2022

Incorporated in the Republic of South Africa
 Registration number: 2014/106927/07, previously 2014/106927/06
 JSE preference share code: ZPLP
 (Traded until commencement of trade on 24 August 2021)
 ISIN code: ZAE000202552

WHO WE ARE

Zambezi was structured as a special purpose black economic empowerment (BEE) vehicle which was established in October 2014 as a result of a BEE transaction with Northam Platinum Limited (Northam), (the Northam BEE Transaction). The Northam BEE Transaction included the successful raising of R4.6 billion and resulted in Zambezi acquiring a 31.4% shareholding in Northam. Zambezi financed the acquisition of its shareholding in Northam through the issue of Zambezi Preference Shares to Northam Shareholders. The Zambezi 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 has not conducted and will not conduct any operational business.

During the previous financial year, Zambezi and Northam entered into an Implementation Agreement wherein the terms of the acceleration of the maturity and the wind-up of the Northam BEE Transaction were agreed. As detailed in the joint circular to Zambezi Preference Shareholders and Zambezi Ordinary Shareholders (Zambezi Scheme Circular) and the circular to the Zambezi Ordinary Shareholders (Zambezi Disposal Circular), both dated Monday, 21 June 2021 (collectively, the Transaction Circulars), the acceleration of the maturity and the wind-up of the Northam BEE Transaction resulted in, *inter alia*:

- Northam acquiring all the Zambezi Preference Shares and the delisting of the Zambezi Preference Shares from the Main Board of the JSE from commencement of trade on 24 August 2021;
- the settlement of the Revised Accumulated Dividends by way of a transfer by Zambezi of 57 054 413 Northam Shares to Northam;
- the distribution of the residual value in Zambezi to Zambezi's Ordinary Shareholders (Net Value Distribution); and
- Northam, in its capacity as the N shareholder, assuming voting and economic control of Zambezi, and therefore becoming entitled to exercise 99% of all the votes exercisable by all the Zambezi Ordinary Shareholders and to receive 100% of the Distributions made by Zambezi (subject to the Zambezi Pref Share Terms and the settlement of the Net Value Distribution and the Zambezi Retention Release Amount) with effect from the Net Value Distribution Date (6 September 2021).

Below is the market information and statistics for the Zambezi Preference Shares which traded until commencement of trade on 24 August 2021:

	30 June 2022	30 June 2021
Total number of Zambezi Preference Shares (ZPLPs) in issue	159 905 453	159 905 453
Closing Zambezi Preference Share price (cents)	N/A	9 750
Highest Zambezi Preference Share price traded (cents)	10 405	10 000
Lowest Zambezi Preference Share price traded (cents)	9 750	7 600
Number of Zambezi Preference Shares traded until commencement of trade on 24 August 2021	331 872	88 611 019
Value of transactions traded (R000)	32 988	8 121 733
Number of Zambezi Preference Shares held by Northam Platinum Limited	159 905 453	139 972 496
Percentage holding by Northam Platinum Limited	100.0%	87.5%

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Directors as at 30 June 2022

PA Dunne (non-executive director) (British)
AH Coetzee (non-executive director)
LC van Schalkwyk (non-executive director)

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

ACCELERATED MATURITY AND WIND-UP OF THE NORTHAM BEE TRANSACTION

On 22 March 2021, Northam and Zambezi entered into an Implementation Agreement, wherein the terms of the acceleration of the maturity and wind-up of the Northam BEE Transaction (Transaction) were agreed. The Transaction (excluding the Zambezi Preference Share Redemption) was implemented in stages on 23 August 2021, 3 September 2021, 6 September 2021 and 7 September 2021.

Full details of the Transaction are included in the Transaction Circulars.

Readers are referred to the Zambezi website at www.northam.co.za/zambezi/ for access to the Transaction Circulars.

With the acceleration of the maturity and the wind-up of the Northam BEE Transaction, the risks associated with maturation on 17 May 2025, have been mitigated. As highlighted by the stark share price movements brought about at the onset of the COVID-19 pandemic, settlement of the Northam BEE Transaction was subject to singularity risk. An adverse market event occurring on or about 17 May 2025 could have posed a risk to the value created for Zambezi Ordinary Shareholders, and increase the risk of a claim under the guarantee provided by Northam (Guarantee) which could have posed a risk to the value of the Northam Shares transferred to Zambezi Preference Shareholders should Northam have elected to settle the Guarantee through the issue of new Northam Shares.

ACCELERATED MATURITY AND WIND-UP OF THE NORTHAM BEE TRANSACTION *continued*

The acceleration of the maturity and wind-up of the Northam BEE Transaction comprised the following steps:

<p>Acquisition by Northam of the Zambezi Preference Shares not already held and settlement of the Revised Accumulated Dividends</p>	<ul style="list-style-type: none"> • Northam acquired the remaining 19 932 957 Zambezi Preference Shares, not already held by it, for an aggregate cash consideration equal to the aggregate Face Value per Zambezi Preference Share on 23 August 2021 (the Zambezi Scheme Implementation Date), plus a 15.99% premium thereon • Zambezi settled the unpaid Accumulated Dividends plus an 11.11% premium to the Face Value (Premium Amount) as at the Zambezi Scheme Implementation Date (Revised Accumulated Dividends) through a repurchase by Northam of 57 054 413 Northam Shares held by Zambezi, valued at R160.00 per Northam Share, representing R9.1 billion on 3 September 2021 • Zambezi terminated the listing of the Zambezi Preference Shares (trading under preference share code: ZPLP) on the Main Board of the JSE from the commencement of trade on 24 August 2021 • In addition, on or before 17 May 2025, the capital value of the Zambezi Preference Shares will be settled through a repurchase by Northam of 40 975 772 Northam Shares held by Zambezi, valued at R160.00 per Northam Share, representing R6.6 billion • The net effect of the above is a repurchase by Northam of 98 030 185 Northam Shares, valued at R160.00 per share, from Zambezi, to settle the Revised Accumulated Dividends (comprising 57 054 413 Northam Shares) and later, to settle the capital value of the Zambezi Preference Shares (comprising 40 975 772 Northam Shares)
<p>Repurchase of Northam Shares from Zambezi by Northam</p>	<ul style="list-style-type: none"> • Northam repurchased 34 248 891 additional Northam Shares from Zambezi, at R152.00 per share. A portion of the repurchase proceeds was distributed as a cash distribution to Zambezi Ordinary Shareholders amounting to R753.0 million (representing 4 954 196 Northam Shares) and the remainder of the repurchase proceeds was retained by Northam and will be used to settle the taxes payable by Zambezi arising from the Transaction on behalf of Zambezi, amounting to R4.5 billion (representing 29 294 695 Northam Shares)
<p>Net Value Distribution to Zambezi Ordinary Shareholders</p>	<ul style="list-style-type: none"> • The Net Value Distribution was made to Zambezi Ordinary Shareholders including employees and communities, comprising a cash dividend of R753.0 million and a dividend <i>in specie</i> of 27 561 210 Northam Shares held in Zambezi • Northam repurchased an additional 649 754 Northam Shares from the ESOP at the 30-Day VWAP per Northam Share as at 6 September 2021, for purposes of settling the taxes relating to the ESOP's portion of the Net Value Distribution • Lastly, Northam acquired 65 167 Northam Shares, representing the Zambezi Retention Shares held to settle an additional portion of the Zambezi Taxes. These Zambezi Retention Shares were repurchased at R214.17 per share (30-Day VWAP of a Northam Share as at the Repurchase Implementation Date) representing R14.0 million.

ABOUT ZAMBEZI PLATINUM (RF) PROPRIETARY LIMITED, PREVIOUSLY ZAMBEZI PLATINUM (RF) LIMITED

History and nature of the business

Zambezi was incorporated as a private company on 2 June 2014, and as a special purpose vehicle in October 2014 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 circulars and the prospectus, being 18 May 2015, Zambezi allotted and issued 159 905 453 Zambezi Preference Shares to offer participants, 10 000 Zambezi Ordinary Shares to Historically Disadvantaged South African (HDSA) participants and 1 N Share to Northam. The Zambezi Ordinary Shares and the N Share were not listed on the JSE.

As part of the Northam BEE Transaction, the company subscribed for 112 195 122 Northam Shares and acquired a further 47 710 331 Northam Shares from the Public Investment Corporation SOC Limited (PIC), totaling 159 905 453 Northam Shares (BEE Shares). The company undertook 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 Zambezi Pref Share Terms and the Zambezi pledge and cession agreement.

ABOUT ZAMBEZI PLATINUM (RF) PROPRIETARY LIMITED, PREVIOUSLY ZAMBEZI PLATINUM (RF) LIMITED *continued*

Previously, the acquisition of the Northam Shares by Zambezi consisted of two parts. Firstly, Northam issued 112 195 122 new Northam 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 PIC, also at an acquisition price of R41 per share, amounting to a consideration of approximately R2.0 billion.

The investment in Northam Shares would have been used to settle the Zambezi Preference Share liability of Zambezi on maturity at 17 May 2025. The performance of these Northam Shares was therefore evaluated on a fair value basis using the market price to determine the fair value, at each reporting date, and a mark to market fair value adjustment was accounted for through profit or loss in the company accounts.

Prior to the Zambezi Pref Share Term Amendments becoming effective, the Zambezi Preference Shareholders were entitled to receive dividends equal to the issue price, multiplied by the 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 over the 10-year Lock-in period, which ends in May 2025.

Previously, the Zambezi Preference Shares would have been compulsorily redeemable on the day immediately preceding the 10th anniversary of the issue date. The Zambezi Preference Shares may only be redeemed before this date in accordance with the Zambezi Memorandum of Incorporation (MOI). The redemption price will be equal to the Zambezi Preference Shares' issue price. In terms of the Zambezi MOI, the Zambezi 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 Zambezi Preference 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 Northam Shares or a combination of the two. The Zambezi 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.

With effect from the delisting date of 24 August 2021, Zambezi was automatically converted from a public to a private company in terms of its MOI. Zambezi's name was accordingly changed to Zambezi Platinum (RF) Proprietary Limited and its registration number updated on 25 July 2022.

ABOUT ZAMBEZI PLATINUM (RF) PROPRIETARY LIMITED, PREVIOUSLY ZAMBEZI PLATINUM (RF) LIMITED *continued*

Dividends on the Zambezi Preference Shares

Dividends on the Zambezi Preference Shares equal the issue price multiplied by the 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 over the 10-year Lock-in period, which ends in May 2025.

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 Zambezi Preference Share commenced on the issue date, being 18 May 2015, and ended on the first calculation date that occurs immediately thereafter. The last calculation period in respect of each Zambezi Preference Share shall end on the actual redemption date of the Zambezi Preference Share, or in other specific circumstances as noted in the Zambezi MOI.

Dividends accumulate if no dividends have been received from Northam.

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 Zambezi Preference Shareholders.

During the year under review the Revised Accumulated Dividends calculated on 23 August 2021 was settled on 3 September 2021 amounting to R9.1 billion.

DIRECTORS' REPORT

Financial results

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

The annual financial statements have been audited by Ernst & Young Inc., under the supervision of E Dhorat CA(SA), a registered auditor.

Stated capital

The authorised stated capital amounts to 11 000 Ordinary Shares at no par value and 1 000 000 N Shares (previously 1 N Share).

During the year under review Northam subscribed for 200 Zambezi Ordinary Shares for an aggregate subscription consideration of R323.2 million.

As part of the early maturity and wind up of the Northam BEE Transaction, certain amendments have been made to the Zambezi MOI, including to the terms of the N Shares. These amendments increased the number of authorised N Shares to 1 000 000 N Shares and provide the Zambezi N Shareholder with the right to exercise 99% of all the votes exercisable by all the Zambezi Ordinary Shareholders and to receive 100% of the Distributions made by Zambezi (subject to the Zambezi Pref Share Terms and the settlement of the Net Value Distribution and the Zambezi Retention Release Amount) with effect from the Net Value Distribution Date.

With the Zambezi N Share Term Amendments, Northam has, in its capacity as the Zambezi N Shareholder, assumed voting and economic control of Zambezi and Zambezi has become a subsidiary of Northam.

These amendments were made to facilitate the early maturity and wind-up of the Northam BEE Transaction.

Changes to the board of directors (board)

During the year, the following changes to the board occurred:

With effect from the Zambezi Scheme Implementation Date, Mr ZP Ntshalintshali, Mr CM Ntuta and Ms KH Sekhokho resigned as independent non-executive directors and Mr KB Mosehla, Ms N Mazwai, Adv ME Motseki-Zim, Mr GS Mseleku and Mr BB Nene resigned as non-executive directors.

DIRECTORS' REPORT *continued*

Corporate governance

The directors are 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 subsidiary companies;
- having no operational mines;
- having restricted trading activities; and
- being ring-fenced in terms of the Companies Act and the Zambezi MOI.

Zambezi applies and implements the applicable principles of King IV™ to the extent that Northam and Northam Holdings does.

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

The corporate governance principles, adopted by Northam and Northam Holdings, are available on the Northam Holdings website: www.northam.co.za.

DIRECTORS' REPORT *continued*

Shareholders

Below is a list of the Zambezi Ordinary Shareholders, together with the number of Zambezi Ordinary Shares held:

	30 June 2022	30 June 2021
Atisa Platinum (RF) Proprietary Limited*	1 280	1 280
Malundi Resources (RF) Proprietary Limited*	1 280	1 280
Mpilo Platinum (RF) Proprietary Limited*	2 980	2 980
Zambezi Platinum Women's SPV (RF) Proprietary Limited**	1 910	1 910
The Northam Employees' Trust	960	960
The Northam Booyensdal Community Trust	795	795
The Northam Zondereinde Community Trust	795	795
Northam Platinum Limited	200	–
	10 200	10 000

*Shareholders defined as the Strategic Partners

**Shareholder defined as the Women's Consortium

During the year Northam subscribed for 100 Zambezi Ordinary Shares for an aggregate subscription consideration of R193.9 million, and a further 100 Zambezi Ordinary Shares for an aggregate subscription consideration of R129.3 million.

Zambezi issued the N Share to Northam, the purpose of which was initially to allow Northam to take certain mitigating actions in the event of the occurrence of an early redemption event under the Zambezi Pref Share Terms and/or the unwinding of the Northam BEE Transaction prior to the expiry of the Lock-in period.

Name of Zambezi N Shareholder	Number of N Shares	%
Northam Platinum Limited	1	100.0

On the Net Value Distribution Date, as part of the acceleration of maturity and wind-up of the Northam BEE Transaction, the Zambezi N Share Term Amendments became effective and Northam, in its capacity as the Zambezi N Shareholder, became entitled to: (i) exercise 99% of all the votes exercisable by all the Zambezi Ordinary Shareholders and (ii) subject to the settlement of the Net Value Distribution and the Zambezi Retention Release Amount, receive 100% of the Distributions made by Zambezi, thereby providing Northam with economic and voting control of Zambezi, pursuant to which Zambezi became a subsidiary of Northam.

DIRECTORS' REPORT *continued*

Zambezi Scheme (including the Zambezi Delisting and Zambezi MOI Amendments) and Zambezi Disposals

The Zambezi Scheme and Zambezi Delisting

Northam made an offer to the Zambezi Preference Shareholders to acquire the remaining 19 932 957 Zambezi Preference Shares in issue not already held by Northam, for a cash consideration per Zambezi Preference Share, amounting to the initial subscription price of R41.00 together with the Accumulated Dividends on the date on which the acquisition is implemented (collectively referred to as the Face Value), plus a 15.99% premium to the Face Value.

The above-mentioned offer was implemented by way of a scheme of arrangement in terms of section 114(1) read with section 115 of the Companies Act, on 23 August 2021.

Following implementation of the Zambezi Scheme, Northam became the sole Zambezi Preference Shareholder.

Simultaneously with the Zambezi Scheme, the Zambezi Preference Shares were delisted from the JSE in terms of paragraph 1.17 of the Listings Requirements, from commencement of trade on 24 August 2021. Zambezi was converted to a private company with effect from 24 August 2021. Zambezi filed an amendment to its MOI in terms of section 16 of the Companies Act, to register its categorisation as a private Company and change its name to Zambezi Platinum (RF) Proprietary Limited accordingly with effect from 25 July 2022.

Zambezi Pref Share Term Amendments

Various amendments to the Zambezi MOI have been made to enable the implementation of certain components of the Transaction, including the Zambezi MOI Amendments, the Zambezi N Share Term Amendments (as detailed on page 10) and the Zambezi Pref Share Term Amendments. The Zambezi Pref Share Term Amendments included the following:

- increasing the Accumulated Dividends in respect of each Zambezi Preference Share by an amount equal to 11.11% recurring of the Face Value per Zambezi Preference Share (referred to as the Premium Amount, amounting to R1.6 billion) on the Zambezi Scheme Implementation Date;
- providing for the settlement, by Zambezi, of all Accumulated Dividends as at the Zambezi Scheme Implementation Date together with the Premium Amount (collectively, the Revised Accumulated Dividends), through a repurchase by Northam of so many Northam Shares held by Zambezi, valued at R160.00 per Northam Share, as may be equal in value to the aggregate amount of the Revised Accumulated Dividends; and
- the voluntary redemption of Zambezi Preference Shares by Zambezi, from time to time, after the Net Value Distribution Date, at Zambezi's election, provided that Zambezi shall be obliged to redeem all the Zambezi Preference Shares by no later than 17 May 2025 (being the original settlement date).

DIRECTORS' REPORT *continued*

Revised Accumulated Dividends Settlement

Following implementation of the Zambezi Scheme, Zambezi settled the Revised Accumulated Dividends, through a repurchase by Northam of 57 054 413 Northam Shares held by Zambezi (valued at a price of R160.00 per Northam Share), equal in value to the amount of the aggregate Revised Accumulated Dividends, in accordance with the Zambezi Pref Share Terms (as amended pursuant to the Zambezi Pref Share Term Amendments).

Repurchase of Northam Shares from Zambezi

Northam acquired the Repurchase Shares, amounting to 34 248 891 Northam Shares, from Zambezi at the Repurchase Consideration of R152.00 per share.

The Repurchase Consideration has been and will be utilised as follows:

- a portion of the Repurchase Consideration in an amount equal to R753.0 million was utilised by Zambezi to make the Net Value Cash Distribution; and
- the balance of the Repurchase Consideration (being the Zambezi Retention Amount) has been and will be utilised to settle the Zambezi Taxes

Net Value Distribution to Zambezi Ordinary Shareholders

Following implementation of the steps listed above, on the Net Value Distribution Date, Zambezi made the Net Value Distribution to the Zambezi Ordinary Shareholders of:

- the Net Repurchase Amount, by way of the Net Value Cash Distribution of R753.0 million and Securities Transfer Taxes (STT) of R13.1 million; and
- a portion of the Residual Northam Shares held by it, by way of the Net Value Share Distribution of 27 561 210 Northam Shares,

pro rata in accordance with each Zambezi Ordinary Shareholder's proportionate Zambezi Shareholding.

Users of the Zambezi annual financial statements are referred to the Transaction Circulars for additional information relating to the Transaction in order to obtain full information of the nature and impact of the Transaction.

DIRECTORS' REPORT *continued*

The going concern assumption together with the solvency and liquidity assessment

Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations.

The assessment of an entity's ability to continue as a going concern is the responsibility of the entity's directors and the appropriateness of management's use of the going concern assumption is a matter for the auditor to consider. International Financial Reporting Standards and International Accounting Standard (IAS 1) Presentation of Financial Statements, requires management to assess an entity's ability to continue as a going concern.

The directors' assessment of the going concern assumption involves making a judgment, at a particular point in time, about the future outcome of events or conditions, which are inherently uncertain. In assessing whether the going concern assumption is appropriate, the directors take into account all available information about the future, which is at least, but not limited to, twelve months from the statement of financial position date.

A solvency and liquidity test has also been conducted. As a result of Northam's support, Zambezi is able to pay its debts as and when they become due in the ordinary course of business over the next 12 months. Northam guaranteed payment of the redemption price in respect of the Zambezi Preference Shares and the Preference Dividends by way of the Northam Guarantee. As a subsidiary of Northam, Zambezi will continue to receive the support from Northam.

During the previous year, Northam and Zambezi entered into the Implementation Agreement in order to accelerate the maturity and wind-up of the Northam BEE Transaction. The Zambezi Preference Share acquisition strategy enabled the acceleration of the maturity of the Northam BEE Transaction, the objective of which was to permanently secure, unlock and transfer encumbered value created within Zambezi, and in doing so, removing maturation risk for both Zambezi and Northam Shareholders.

Liquidity ratios indicate an entity's ability to cover short-term obligations and cash flows, while solvency ratios are concerned with a longer-term ability to pay ongoing debts. The solvency ratio is used to determine the ability of an entity to meet its long-term obligations. Liquidity ratios are an important class of financial metrics used to determine an entity's ability to pay off current debt obligations without raising external capital.

In terms of the liquidity ratios, Northam will enable Zambezi to settle all current liabilities as and when they become due and payable.

The directors are therefore of the opinion that Zambezi is both solvent and liquid and accordingly the annual financial statements are prepared on the basis of accounting policies applicable to a going concern.

APPROVAL OF THE ANNUAL FINANCIAL RESULTS

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. It is their responsibility to ensure that the annual financial statements fairly represent the state of affairs of the company as at the reporting period and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS).

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, standards of internal controls are set 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.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been audited by the company's external auditors and an unmodified audit report has been issued.

The annual financial statements for the year ended 30 June 2022 have been approved by the directors

PA Dunne
Director

AH Coetzee
Director

16 August 2022

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 private 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

16 August 2022

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

Report on the audit of the separate financial statements for the year 30 June 2022

Opinion

We have audited the separate financial statements of Zambezi Platinum (RF) Proprietary Limited ('the company') set out on pages 19 to 62, which comprise the separate statement of financial position as at 30 June 2022, and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 69 page document titled Zambezi Platinum (RF) Proprietary Limited Annual Financial Statements for the year ended 30 June 2022, which includes the About Zambezi Platinum (RF) Proprietary Limited, Directors' report, Board of directors, Approval of the annual financial statements and Company secretary's confirmation as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and those charged with governance for Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated 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 management 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.

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 8 years.

Ernst & Young Inc.

Director - Ebrahim Dhorat

Registered Auditor

Chartered Accountant (SA)

Director and Engagement Partner

102 Rivonia Road, Sandton, 2146

16 August 2022

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		30 June 2022	30 June 2021
	Notes	R000	R000
ASSETS			
Non-current assets			
		6 556 124	34 688 290
Investment in Northam Platinum Limited	2	6 556 124	34 688 290
Current assets			
		1 089 559	510
Trade and other receivables	3	2	1
Amounts receivable from Northam Platinum Limited	4	1 089 033	–
Cash and cash equivalents	5	524	509
Total assets		7 645 683	34 688 800
EQUITY			
Total equity			
		(611 389)	14 476 249
Stated capital	6	323 168	–
(Accumulated loss)/retained earnings		(934 557)	14 476 249
Non-current liabilities			
		8 257 070	20 212 551
Deferred tax	7	1 053 241	6 301 605
Zambezi Preference Share liability	8	7 203 829	13 910 946
Current liabilities			
		2	–
South African Revenue Service		2	–
Total equity and liabilities		7 645 683	34 688 800

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

		30 June 2022	30 June 2021
	Notes	R000	R000
Mark to market fair value adjustment	2	(8 533 813)	16 107 276
Preference Share dividends	8	(853 106)	(1 318 728)
Premium Amount		(1 568 483)	–
Interest received	9	18	16
Bank charges		(2)	(5)
Securities Transfer Tax		(26 419)	–
(Loss)/profit before tax		(10 981 805)	14 788 559
Tax	10	1 587 020	(3 608 033)
(Loss)/profit and total comprehensive income for the year		(9 394 785)	11 180 526

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Stated capital	Retained earnings/ (Accumulated loss)	Total
	R000	R000	R000
Balance as at 1 July 2020	*	3 295 723	3 295 723
Profit and total comprehensive income for the year	–	11 180 526	11 180 526
Balance as at 30 June 2021	*	14 476 249	14 476 249
200 Subscription Shares issued during the year under review to Northam Platinum Limited	323 168	–	323 168
Loss and total comprehensive income for the year	–	(9 394 785)	(9 394 785)
Net Value Distribution made <i>in specie</i>	–	(5 249 859)	(5 249 859)
Net Value Distribution made in cash	–	(766 162)	(766 162)
Balance as at 30 June 2022	323 168	(934 557)	(611 389)

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

The Net Value Distribution made *in specie* relates to the distribution of 27 561 210 Northam Shares to the Zambezi Ordinary Shareholders at R190.48 per share.

The Net Value Distribution made in cash relates to the repurchase of 4 954 196 Northam Shares by Northam to facilitate the settlement of fees and advances at R152.00 per Northam Share. The Net Value Distribution made in cash also includes an amount of R13.1 million paid to the South African Receiver of Revenue for Securities Transfer Tax on the Net Value Distribution, on behalf of the Zambezi Ordinary Shareholders. These amounts were not paid to the Zambezi Ordinary Shareholders but paid by Northam on behalf of the Zambezi Ordinary Shareholders.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

		30 June 2022	30 June 2021
	Notes	R000	R000
Cash flows from operating activities		15	8
Cash utilised in operations	11	(2)	(5)
Change in working capital	12	(1)	–
Interest received	9	18	16
Tax paid	13	–	(3)
Movement in cash and cash equivalents*		15	8
Cash and cash equivalents at the beginning of year		509	501
Cash and cash equivalents at the end of the year	5	524	509

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

All movements relating to the maturity and wind-up of the Northam BEE Transaction related to non-cash movements on the statement of financial position, as all payments were facilitated by Northam.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements of Zambezi Platinum (RF) Limited (Zambezi or the company) for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 16 August 2022. Zambezi is a ring-fenced company incorporated and domiciled in South Africa.

The annual 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

These annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act and the Financial Reporting Pronouncements. The annual financial statements are prepared under the historical cost convention, except for the investment in Northam Platinum Limited which is carried at fair value through profit or loss, 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 annual financial statements in conformity with IFRS requires that management and the board exercise their judgement in the process of applying the company's accounting policies. It also requires the use of certain critical economic and other estimates.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

1.1 New accounting policies adopted

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

1.3 Financial instruments

Financial instruments recognised on the statements of financial position include cash and cash equivalents, trade and other receivables, Zambezi Preference Shares and the investment in Northam Platinum Limited (which is classified as at fair value through profit or loss). 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 Northam Platinum Limited

The investment in Northam Platinum Limited represents the company's shareholding in Northam Platinum Limited and is classified as at fair value through profit or loss.

All movements in the value of this investment are determined to be fair value gains and losses.

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 company 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 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 ANNUAL FINANCIAL STATEMENTS

continued

Impairment of financial instruments

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

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

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

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

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

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 Shares at the end of the 10-year Lock-in period.

After initial recognition, Preference Shares are subsequently measured at fair value with gains and losses accounted for in profit or loss, with all compulsory accrued dividends 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) Proprietary Limited, previously 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

1.4 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 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.

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 ANNUAL FINANCIAL STATEMENTS

continued

1.5 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 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.

1.6 Dividends

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

2. Investment in Northam Platinum Limited

	30 June 2022	30 June 2021
	R000	R000
Opening balance	34 688 290	18 581 014
Settlement of the Revised Accumulated Dividends through the distribution of 57 054 413 Northam Shares to Northam at R160.00 per share	(9 128 706)	-
Repurchase of 4 954 196 Northam Shares by Northam to facilitate the settlement of fees and advances at R152.00 per Northam Share	(753 038)	-
Repurchase of 29 294 695 Northam Shares by Northam to facilitate the settlement of taxes at R152.00 per Northam Share	(4 452 793)	-
Distribution of 27 561 210 Northam Shares to the Zambezi Ordinary Shareholders at R190.48 per share	(5 249 859)	-
Repurchase of 65 167 Northam Shares, being the Zambezi Retention Shares, by Northam at R214.17 per share to facilitate the settlement of taxes	(13 957)	-
Mark to market fair value adjustment	(8 533 813)	16 107 276
	6 556 124	34 688 290

The mark to market fair value adjustment for the current year takes into account the contractual value associated with the remaining 40 975 772 Northam Shares held by Zambezi of R160.00 per share.

Zambezi will redeem all Zambezi Preference Shares in issue held by Northam (being the only Zambezi Preference Shareholder after implementation of the Zambezi Scheme) either voluntarily from time to time, or by 17 May 2025, being the scheduled redemption date, in accordance with the Zambezi Pref Share Terms (as amended pursuant to the Zambezi Pref Share Term Amendments) by: Zambezi transferring to Northam so many Northam Shares (valued at R160.00 per Northam Share), as may be equal in value to the issue price (as defined in the Zambezi Pref Share Terms) of R41.00 per Zambezi Preference Share (Zambezi Preference Share Redemption) which transfer will be implemented by way of a repurchase of Northam Shares by Northam; and simultaneously settling the unpaid "Preference Dividends" (as defined in the Zambezi Pref Share Terms) in respect of such shares, in cash, in accordance with the Zambezi Pref Share Terms (as amended pursuant to the Zambezi Pref Share Term Amendments). Following the Zambezi Preference Share Redemption, Zambezi's shareholding in Northam will reduce to nil.

The carrying value is considered to be the number of shares multiplied by the contracted value associated with the remaining 40 975 772 Northam Shares held by Zambezi of R160.00 per share.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

Below is the closing price per Northam Share, together with the number of Northam Shares held, which determined the fair value of the investment in Northam in previous periods. The Northam Shares were delisted from the commencement of trade on 21 September 2021 and therefore no longer have a traded share price.

	30 June 2022	30 June 2021
Northam Platinum Limited (trading under share code: NHM up to the commencement of trade on 21 September 2021) closing share price	N/A	R216.93
Number of shares	40 975 772	159 905 453
Fair value of investment in Northam Platinum Limited (R000)	N/A	34 688 290

The investment previously represented Zambezi's 31.4% investment in Northam, a company previously listed on the main board of the exchange operated by the JSE. The initial fair value of the investment was determined with reference to the share price at the acquisition date, being 18 May 2015 of R41.00 per share.

The sale or trade of the Northam Shares was restricted for a Lock-in period of 10 years, as a Lock-in Fee was paid and distributed to Zambezi Ordinary Shareholders. Zambezi was therefore not permitted to trade their Northam Shares during this period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

Significant estimates: Impairment assessment

At each reporting date, an assessment is made as to whether there are indications that the investment in Northam is impaired. If any indication exists, the investment's recoverable amount is assessed. The recoverable amount is the higher of an assets' or cash generating unit's (CGU) fair value less costs of disposal and its value in use, the 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 traded Northam Shares (which traded under share code: NHM up to the commencement of trade on 21 September 2021) indicated an active market and the share price of the investment in Northam was therefore considered to be the best assessment of fair value up to the date of its shares being delisted from the JSE.

Below is the closing share price as at the previous reporting year, indicating the fair value using the traded share price:

	30 June 2022	30 June 2021
Northam Platinum Limited closing share price (trading under share code: NHM up to the commencement of trade on 21 September 2021)	N/A	R216.93
Number of shares held by Zambezi Platinum (RF) Limited in Northam Platinum Limited	40 975 772	159 905 453
Fair value of investment in Northam Platinum Limited (R000)	N/A	34 688 290

Following Northam's delisting from the main board of the JSE from the commencement of trade on 21 September 2021, the directors based the fair value of the investment in Northam Shares with reference to the contractual value as agreed by the parties in the Implementation Agreement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

3. Trade and other receivables

	30 June 2022	30 June 2021
	R000	R000
Accrued interest	2	1
	2	1

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

4. Amounts receivable from Northam Platinum Limited

	30 June 2022	30 June 2021
	R000	R000
Amounts receivable from Northam Platinum Limited	1 089 033	-
	1 089 033	-

Amounts outstanding from Northam are in respect of the tax liability of Zambezi which are expected to be settled by Northam on the relevant tax payment dates following the Zambezi Preference Share Redemption.

The expected credit losses are negligible and have no impact on the Company.

Amounts outstanding do not accrue interest.

Below is a reconciliation of the amounts receivable from Northam:

	30 June 2022	30 June 2021
	R000	R000
Northam repurchased 29 294 695 Northam Shares from Zambezi at R152.00 per share to settle the taxes payable by Zambezi that arose from the Transaction on behalf of Zambezi (refer note 2)	4 452 793	-
Northam repurchased 65 167 Northam Shares, representing the Zambezi Retention Shares, to settle the additional tax liability. These shares were repurchased at R214.17 per share (refer note 2)	13 957	-
Northam subscribed for 100 Zambezi Ordinary Shares for an aggregate subscription consideration of R193.9 million (refer note 6)	193 855	-
Northam subscribed for 100 Zambezi Ordinary Shares for an aggregate subscription consideration of R129.3 million (refer note 6)	129 313	-
Settlement of Securities Transfer Tax	(26 419)	-
Settlement of Securities Transfer Tax on behalf of the Zambezi Ordinary Shareholders classified as part of the Net Value Distribution made in cash	(13 124)	-
Settlement of first provisional payment of capital gains tax	(1 830 523)	-
Settlement of second provisional payment of capital gains tax	(1 830 817)	-
Settlement of normal provisional tax payment	(2)	-
	1 089 033	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

5. Cash and cash equivalents

	30 June 2022	30 June 2021
	R000	R000
Cash at bank and on hand	524	509
	524	509

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 3.49% for the current year (30 June 2021: 3.12%) 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 has no overdraft facilities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

6. Stated capital

	30 June 2022	30 June 2021
	R000	R000
<i>Authorised stated capital</i>		
11 000 Ordinary Shares at no par value		
159 905 453 Zambezi Preference Shares (refer note 8)		
1 000 000 N Shares		
<hr/>		
<i>Issued and fully paid stated capital</i>		
10 000 (30 June 2021: 10 000) Ordinary Shares at an issue price of R0.01 per Ordinary Share	*	*
Northam subscribed for 100 Ordinary Shares for an aggregate subscription consideration of R193.9 million	193 855	-
Northam subscribed for 100 Ordinary Shares for an aggregate subscription consideration of R129.3 million	129 313	
159 905 453 Zambezi Preference Shares (refer note 8)		
1 N Share at an issue price of R0.01 per N Share	*	*
	323 168	*

* Less than R1 000. The stated capital as at 30 June 2021 amounts to R100.01, in aggregate between the Ordinary Shares (R100.00) and the N Share (R0.01)

Zambezi issued the N Share to Northam, the purpose of which was initially to allow Northam to take certain mitigating actions in the event of the occurrence of an early redemption event under the Zambezi Pref Share Terms and/or the unwinding of the Northam BEE Transaction prior to the expiry of the Lock-in period.

The N Share ranked ahead of the distribution rights of the holders of the Zambezi Ordinary Shares and was equal to the amount of the Lock-in Fee plus interest accrued thereon from the date on which the Lock-in Fee was made until the date of payment of the N Share Distribution, at the dividend rate compounded annually.

As part of the acceleration of maturity and wind-up of the Northam BEE Transaction, certain amendments were made to the terms of the N Share.

These amendments provide Northam, as the sole Zambezi N Shareholder, with the right to exercise 99% of all the votes exercisable by all the Zambezi Ordinary Shareholders and to receive 100% of the Distributions made by Zambezi (subject to the Zambezi Pref Share Terms and the settlement of the Net Value Distribution and the Zambezi Retention Release Amount), with effect from the Net Value Distribution Date.

During the year, Northam subscribed for 200 Zambezi Ordinary Shares for an aggregate subscription consideration of R323.2 million, for purposes of facilitating Zambezi's tax settlement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

Below is a reconciliation of the number of Ordinary Shares in issue:

	30 June 2022	30 June 2021
	Number of shares	Number of shares
Opening balance	10 000	10 000
200 Ordinary Shares issued to Northam Platinum Limited	200	-
	<hr/> 10 200	<hr/> 10 000

	30 June 2022	30 June 2021
	R000	R000
Opening balance	*	*
100 Ordinary Shares issued to Northam Platinum Limited for the first provisional tax payment in December 2021	193 855	-
100 Ordinary Shares issued to Northam Platinum Limited for the second provisional tax payment in June 2022	129 313	-
	<hr/> 323 168	<hr/> *

*Less than R1 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

7. Deferred tax

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

	30 June 2022	30 June 2021
	R000	R000
Deferred tax at the beginning of the year	6 301 605	2 693 575
<i>Charge for the year</i>		
Temporary difference in respect of the investment in Northam Platinum Limited	(5 209 355)	3 608 030
Change in the South African companies tax rate from 28% to 27% relating to capital gains taxes payable following the Zambezi Preference Share Redemption	(39 009)	-
	1 053 241	6 301 605

The temporary difference in respect of the investment in Northam was previously calculated as the difference between the fair value of the investment at the end of the reporting year and the original purchase price of the Northam investment at the capital gains tax rate.

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

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

Therefore, for the year under review, the deferred tax balance was calculated using the contractually agreed value as per the Implementation Agreement of R160.00 per share which will be the settlement value of the Northam Shares, at the new promulgated effective capital gains tax rate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

continued

8. Zambezi Preference Share liability

	30 June 2022	30 June 2021
	R000	R000
Opening balance	13 910 946	12 592 218
Accrued dividends for the year	–	1 318 728
Accrued dividends up to the Zambezi Scheme Implementation Date	205 401	–
Preference Share liability as at the Zambezi Scheme implementation date	14 116 347	13 910 946
Derecognition of the Preference Share liability due to a modification of the terms and conditions	(14 116 347)	–
Recognition of the Preference Share liability taking into consideration the modified terms and conditions	14 116 347	–
Premium Amount	1 568 483	–
Settlement of Revised Accumulated Dividends through the transfer of 57 054 413 Northam Shares to Northam (refer note 2)	(9 128 706)	–
Accrued dividends from the Zambezi Scheme Implementation Date to year-end	647 705	–
	7 203 829	13 910 946

On 18 May 2015, 159 905 453 cumulative redeemable Preference Shares were issued by Zambezi at an issue price of R41.00 per share. The Preference Shares are redeemable in 10 years from date of issue, being 17 May 2025, at R41.00 per share plus the accumulated unpaid Preference Dividends. The Zambezi 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.

As per the terms and conditions of the Zambezi Preference Shares, if the Zambezi Preference Shares are settled using Northam Shares, a premium will apply to the settlement. Consequently, the Zambezi Preference Shares Accumulated Dividends were settled at an 11.11% premium (Premium Amount) to the Face Value of the Zambezi Preference Shares at the Zambezi Scheme Implementation Date, being 23 August 2021 (Revised Accumulated Dividends) through a repurchase by Northam of Northam Shares held by Zambezi, valued at R160.00 per Northam Share amounting to 57 054 413 Northam Shares, transferred on 3 September 2021.

No dividends were received from Northam during the year under review (30 June 2021: R Nil). 90% of all dividends received from Northam must be used to settle the Zambezi Preference Share liability.

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Subject to certain exceptions, the cumulative redeemable Zambezi Preference Shares do not carry the right to vote.

The 159 905 453 cumulative redeemable Preference Shares issued by Zambezi were previously listed on the Main Board of the JSE and traded under preference share code ZPLP, but delisted from the Main Board of the JSE from commencement of trade on 24 August 2021 as part of the execution of the acceleration of maturity and wind-up of the Northam BEE Transaction.

During the year under review, with the early maturity and wind-up of the Northam BEE Transaction, certain amendments were made to the terms associated with the Zambezi Preference Share liability.

Zambezi Scheme

On the Zambezi Scheme Implementation Date, being 23 August 2021, Northam acquired all of the Zambezi Preference Shares not already held by Northam, for the Zambezi Offer Consideration. Simultaneously with the Zambezi Scheme, the Zambezi Preference Shares were delisted from the Main Board of the JSE and the Zambezi MOI Amendments, including the Zambezi Pref Share Term Amendments, became effective.

For the avoidance of doubt, the Zambezi Preference Shares acquired by Northam pursuant to the Zambezi Scheme will remain in issue and will be held by Northam until the Zambezi Preference Share Redemption is implemented.

Further details of the Zambezi Scheme, the Zambezi Delisting and the Zambezi Pref Share Term Amendments are contained in the Zambezi Scheme Circular.

Revised Accumulated Dividends Settlement

Following implementation of the Zambezi Scheme, on the Repurchase Implementation Date, being 3 September 2021, Zambezi settled the Revised Accumulated Dividends, through a repurchase by Northam (being the only Zambezi Preference Shareholder after implementation of the Zambezi Scheme) of 57 054 413 Northam Shares held by Zambezi (valued at a price of R160.00 per Northam Share), equal in value to the amount of the aggregate Revised Accumulated Dividends, in accordance with the Zambezi Pref Share Terms (as amended pursuant to the Zambezi Pref Share Term Amendments).

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Significant estimates: Modification of the terms and conditions associated with the Zambezi Preference Share liability

On the Zambezi Scheme Implementation Date, which was 23 August 2021, Northam acquired all of the Zambezi Preference Shares not already held by it for the Zambezi Offer Consideration.

Simultaneously with the Zambezi Scheme, the Zambezi Board proposed: a delisting of all of the Zambezi Preference Shares from the Main Board of the JSE by way of the Zambezi Delisting; and the approval of the Zambezi MOI Amendments, including the Zambezi Pref Share Term Amendments.

The Zambezi Preference Shares acquired by Northam pursuant to the Zambezi Scheme remain in issue and will be held by Northam until the Zambezi Preference Share Redemption is implemented.

Following implementation of the Zambezi Scheme, on the Repurchase Implementation Date, being 3 September 2021, Zambezi settled the Revised Accumulated Dividends, by way of a transfer by Zambezi to Northam (being the only Zambezi Preference Shareholder after implementation of the Zambezi Scheme) of 57 054 413 Northam Shares held by Zambezi (valued at a price of R160.00 per Northam Share), equal in value to the amount of the aggregate Revised Accumulated Dividends, in accordance with the Zambezi Pref Share Terms (as amended pursuant to the Zambezi Pref Share Term Amendments). The transfer of Northam Shares by Zambezi was implemented by way of a repurchase of Northam Shares by Northam.

Simultaneously with the Zambezi Scheme and subject to the Zambezi Scheme being implemented, the Zambezi Board proposed various amendments to the Zambezi MOI to enable the implementation of certain components of the Transaction, including the Zambezi MOI Amendments, the Zambezi N Share Term Amendments and the Zambezi Pref Share Term Amendments for approval of the Zambezi Preference Shareholders and Zambezi Ordinary Shareholders. The Zambezi Pref Share Term Amendments included:

- increasing the Accumulated Dividends in respect of each Zambezi Preference Share by an amount equal to 11.11% recurring of the Face Value per Zambezi Preference Share on the Zambezi Scheme Implementation Date (Premium Amount);
- providing for the settlement, by Zambezi, of the Revised Accumulated Dividends on the Repurchase Implementation Date, and to permit settlement thereof in cash or by way of a transfer by Zambezi of Northam Shares held by Zambezi, equal in value to the aggregate amount of the Revised Accumulated Dividends; and
- permitting the voluntary redemption of Zambezi Preference Shares by Zambezi from time to time after the Net Value Distribution Date at Zambezi's election, provided that Zambezi would be obliged to redeem all the Zambezi Preference Shares by no later than 17 May 2025,

together with other amendments necessary to give effect to and implement the Transaction, with effect from the Zambezi Scheme Implementation Date.

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Zambezi accordingly became entitled to redeem all or any of the outstanding Preference Shares voluntarily at any time during the period that commenced on the Net Value Distribution Date, being 3 September 2021, and ends on the day before the Scheduled Redemption Date, being 17 May 2025. If Zambezi wishes to exercise its aforesaid right of early redemption:

- the company shall deliver written notice (Early Redemption Notice) to the Preference Shareholder in which the company sets out (i) the number of the outstanding Preference Shares (Early Redemption Shares) that the company wishes to redeem, and (ii) the date on which the company wishes to redeem the Early Redemption Shares, which date shall not be sooner than 5 Business Days after delivery of the Early Redemption Notice;
- the delivery of an Early Redemption Notice shall not create any obligation on the part of the company to redeem the Early Redemption Shares (or any other Preference Shares) and any Early Redemption Notice delivered by the company to the Preference Shareholder shall at all times be revocable; but
- if the company does not redeem the Early Redemption Shares on the Early Redemption Date, the company shall not thereafter voluntarily redeem any of the outstanding Preference Shares without first delivering another Early Redemption Notice; and
- if (i) there is more than one Preference Shareholder, and (ii) the company elects to redeem some but not all of the Preference Shares voluntarily, the company shall not redeem any Preference Shares held by any Preference Shareholder without at the same time redeeming the same *pro rata* portion of the Preference Shares held by each other Preference Shareholder.

The salient features of the Zambezi MOI Amendments (including the Zambezi Pref Share Term Amendments) included, but was not limited to, the following:

- Actual Redemption Date means, in relation to any Preference Share and provided that Zambezi has paid all the Preference Dividends in respect of that Preference Share, the date on which Zambezi settles the Redemption Price of that Preference Share by (i) transferring Northam Shares (each valued at the Reference Price) to the Preference Shareholder of that Preference Share or (ii) paying the Redemption Price of that Preference Share to the Preference Shareholder of that Preference Share in cash;
- Calculation Period means the period that commenced on the Issue Date and ended on 31 December 2015; the 2016 calendar year, the 2017 calendar year, the 2018 calendar year, the 2019 calendar year and the 2020 calendar year; the period that commenced on 1 January 2021 and ended on the Zambezi Scheme Implementation Date; the period that commenced on the day after the Zambezi Scheme Implementation Date and ended on 31 December 2021; and thereafter, each calendar year during which any Preference Shares remain outstanding, provided that the last Calculation Period in respect of any particular Preference Share shall end on the Actual Redemption Date on which Zambezi redeems that Preference Share;
- Discharge Date means the Actual Redemption Date on which Zambezi redeems the last of the outstanding Preference Shares;

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- Disposal means sale, lease, license, transfer, loan or other disposal by any person of any asset, undertaking or business (whether by a voluntary or involuntary transaction or series of transactions), and "Dispose" shall be construed accordingly;
- Implementation Agreement means the written agreement headed "Implementation and Framework Agreement" entered into between Zambezi and Northam on 22 March 2021, as amended from time to time;
- Implementation Dividends means all Distributions (whether or not they are dividends *in specie*) Zambezi is required to make to the Ordinary Shareholders in terms of the Implementation Agreement;
- Premium Dividend means, in relation to each Preference Share, a dividend in an amount equal to 11.11% recurring of the aggregate of (i) the Issue Price of that Preference Share; and (ii) the Accumulated Dividends in respect of that Preference Share as at the Zambezi Scheme Implementation Date;
- Redemption Price means, in relation to each Preference Share, an amount equal to its Issue Price;
- Reference Price means an amount of R160.00 per Northam Share;
- Repurchase Implementation Date shall bear the meaning ascribed thereto in the Implementation Agreement (being the date on which Northam repurchased the applicable Northam Shares from the company);
- Revised Accumulated Dividends means, in relation to any Preference Share, the aggregate of the Accumulated Dividends in respect of that Preference Share as at the Zambezi Scheme Implementation Date; and the Premium Dividend in respect of that Preference Share;
- Zambezi Scheme Implementation Date shall bear the meaning ascribed thereto in the Implementation Agreement (being the date on which Northam acquired the Preference Shares held by Zambezi Scheme Participants);
- Zambezi shall be entitled to Distribute the Implementation Dividends to the Ordinary Shareholders in accordance with the provisions of the Implementation Agreement; and make any Distributions in respect of the N Shares provided that (i) Zambezi paid the Accumulated Dividends in full on the immediately preceding Dividend Payment Date, and (ii) it complies with the provisions of section 46 of the Companies Act. In addition to the Scheduled Dividend, each Preference Share shall be entitled to the Premium Dividend;
- Any Preference Shareholder who exercised appraisal rights in terms of the Zambezi Scheme as envisaged in section 164 of the Companies Act was not entitled to receive the Premium Dividends in respect of the Preference Shares held by them;
- Zambezi shall redeem all the outstanding Preference Shares if it becomes obliged to do so by virtue of the delivery of a Compulsory Redemption Notice, within 2 Business Days of delivery of such notice on the Scheduled Redemption Date;

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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- Zambezi shall be entitled to redeem all or any of the outstanding Preference Shares voluntarily at any time during the period that commences on the Net Value Distribution Date and ends on the day before the Scheduled Redemption Date. If Zambezi wishes to exercise its aforesaid right of early redemption Zambezi shall deliver written notice (an "Early Redemption Notice") to the Preference Shareholder in which Zambezi sets out (i) the number of the outstanding Preference Shares (the "Early Redemption Shares") that Zambezi wishes to redeem, and (ii) the date on which Zambezi wishes to redeem the Early Redemption Shares, which date shall not be sooner than 5 Business Days after delivery of the Early Redemption Notice. The delivery of an Early Redemption Notice shall not create any obligation on the part of Zambezi to redeem the Early Redemption Shares (or any other Preference Shares) and any Early Redemption Notice delivered by Zambezi to the Preference Shareholder shall at all times be revocable; but if Zambezi does not redeem the Early Redemption Shares on the Early Redemption Date, Zambezi shall not thereafter voluntarily redeem any of the outstanding Preference Shares without first delivering another Early Redemption Notice; and if (i) there is more than one Holder, and (ii) Zambezi elects to redeem some but not all of the Preference Shares voluntarily, Zambezi shall not redeem any Preference Shares held by any Holder without at the same time redeeming the same pro rata portion of the Preference Shares held by each other Preference Shareholder;
- Zambezi shall settle the Accumulated Dividends in respect of an outstanding Preference Share to the Preference Shareholder on the Actual Redemption Date on which Zambezi redeems that Preference Share;
- Each Preference Share shall be redeemed at its Redemption Price;
- Zambezi, on the Actual Redemption Date on which it redeems any outstanding Preference Shares held by a Preference Shareholder, settle the Redemption Price of the applicable Preference Share by (i) transferring to the Preference Shareholder such a number of Northam Shares as is calculated by dividing the Redemption Prices of all the applicable Preference Shares by the Reference Price or (ii) way of a cash payment of the Redemption Price to the Preference Shareholder;
- Zambezi shall pay all the STT that becomes payable as a result of the redemption of any Preference Share;
- Zambezi shall pay the STT that becomes payable as a result of any transfer of Northam Shares by it in settlement of the Revised Accumulated Dividends and the Redemption Prices of the Preference Shares. Zambezi indemnifies each applicable Preference Shareholder against the payment of such STT and any claims that may be made against that Preference Shareholder by any person (including SARS) arising out of the non-payment of that STT; and
- The transfer of Preference Shares is restricted in terms of clause 14.2 of the MOI to which there Preference Share Terms form part of.

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The above Zambezi Pref Share Term Amendments, including the permitted early redemption, resulted in a modification to the terms of a financial liability in accordance with IFRS 9 Financial Instruments. When the terms of a financial liability are modified an entity needs to consider whether that modification is substantial. If the modification is considered substantial the original financial liability is derecognised and a new financial liability is recognised at fair value. Quantitatively, a modification to the terms of a financial liability is substantial if the net present value of the cash flows under the modified terms is at least 10% different from the net present value of the remaining cash flows of the liability prior to the modification, referred to as the 10% test.

The directors' assessment of the modification of the Zambezi Pref Share Terms resulted in the conclusion that the term amendments were substantial, and accordingly a modification gain was recognised with the derecognition of the original Zambezi Preference Share liability, with an equal but opposite loss being recognised with the recognition of the financial liability under the modified Zambezi Preference Share liability. Both the derecognition profit and modification recognition loss (as per the Zambezi Preference Share liability reconciliation to the above note) was recognised in profit or loss.

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9. Interest received

	30 June 2022	30 June 2021
	R000	R000
Interest earned on cash and cash equivalents	18	16
	18	16

10. Tax

	30 June 2022	30 June 2021
	R000	R000
<i>Normal tax</i>		
Current year tax	4	3
<i>Capital gains tax</i>	3 661 340	–
<i>Deferred tax</i>		
Current year temporary difference relating to capital gains tax on the investment in Northam Platinum Limited	(5 209 355)	3 608 030
Change in the South African companies tax rate from 28% to 27%	(39 009)	–
Charge for the year	(1 587 020)	3 608 033

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:

	30 June 2022	30 June 2021
	%	%
South African companies tax	28.0	28.0
Current year temporary difference relating to capital gains tax on the mark to market fair value adjustment and Securities Transfer Taxes	(7.7)	(6.1)
Preference Share dividends and Premium Amount not deductible for tax	(6.2)	2.5
Change in the tax rate from 28.0% to 27.0% relating to the deferred tax balance	0.4	–
	14.5	24.4

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11. Cash utilised in operations

	30 June 2022	30 June 2021
	R000	R000
(Loss)/profit before tax	(10 981 805)	14 788 559
<i>Adjustment for non-cash items:</i>		
Zambezi Preference Share dividends and Premium Amount	2 421 589	1 318 728
Mark to market fair value adjustment	8 533 813	(16 107 276)
Securities Transfer Tax settled by Northam Platinum Limited	26 419	-
Interest received	(18)	(16)
	(2)	(5)

12. Change in working capital

	30 June 2022	30 June 2021
	R000	R000
Movement in trade and other receivables	(1)	-
	(1)	-

13. Tax paid

Tax paid consist of the following:

	30 June 2022	30 June 2021
	R000	R000
Balance owing at the beginning of the year	-	-
Amounts recognised in profit or loss	(3 661 344)	(3)
Balance owing at the end of the year	2	-
Settlement of first provisional payment of capital gains tax (refer note 4)	1 830 523	-
Settlement of second provisional payment of capital gains tax (refer note 4)	1 830 817	-
Settlement of normal provisional tax payment (refer note 4)	2	-
Tax paid during the year	-	(3)

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14. Changes in liabilities arising from financing activities

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

	1 July 2021	Changes from financing cash flows	Changes in foreign exchange rates	Settlement of the Zambezi Preference Share liability through the distribution of 57 054 413 Northam Shares to Northam	Interest accrued	30 June 2022
	Audited	Audited	Audited	Audited	Audited	Audited
	R000	R000	R000	R000	R000	R000

Zambezi Preference

Share liability	13 910 946	-	-	(9 128 706)	2 421 589	7 203 829
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*As per the terms and conditions of the Zambezi Preference Shares, if the Zambezi Preference Shares are settled using Northam Shares, a premium will apply to the settlement. Consequently, the Zambezi Preference Shares Accumulated Dividends were settled at an 11.11% premium (Premium Amount) to the Face Value of the Zambezi Preference Shares at the Zambezi Scheme Implementation Date, being 23 August 2021 (Revised Accumulated Dividends) through a repurchase by Northam of Northam Shares held by Zambezi, valued at R160.00 per Northam Share amounting to 57 054 413 Northam Shares, transferred on 3 September 2021.

	1 July 2020	Changes from financing cash flows	Changes in foreign exchange rates	Changes in fair values	Interest accrued	30 June 2021
	Audited	Audited	Audited	Audited	Audited	Audited
	R000	R000	R000	R000	R000	R000

Zambezi Preference

Share liability	12 592 218	-	-	-	1 318 728	13 910 946
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15. Financial risk management

The company's only financial liability is the Zambezi Preference Share liability. Financial assets consist of the investment in Northam Platinum Limited, trade and other receivables, amounts receivable from Northam as well as cash and cash equivalents.

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

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

Northam 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 company is exposed to interest rate fluctuations in relation to the Zambezi Preference Share liability and cash held at banks.

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

	30 June 2022	30 June 2021
	R000	R000
Cash and cash equivalents		
Increase of 1%	5	5
Decrease of 1%	(5)	(5)
Zambezi Preference Share liability		
Increase of 11.11% for the prior year	–	(1 545 661)
Increase of 1% for the current year	(72 038)	–
Decrease of 11.11% for the prior year	–	1 545 661
Decrease of 1% for the current year	72 038	–

During the previous year a movement of 11.11% was used with regards to market risk associated with the Zambezi Preference Share liability in accordance with the Zambezi Scheme, relating to the Premium Amount.

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Equity risk

Previously, the Zambezi Preference Shares retained equity risk as a result of their redemption being ultimately supported by the value of Northam Shares and/or Northam's ability to continue as a going concern. The Zambezi Preference Shares therefore presented their holders with a combination of the risks and rewards associated with equity and debt instruments.

Zambezi's prospects were therefore limited in nature in that they were dependent on the prospects of the Northam Share price and the returns attributable to the Zambezi Preference Shares which are only in accordance with prevailing interest rates.

Following the implementation of the Composite Transaction, the remaining 40 975 772 Northam Shares held by Zambezi have a contractual value allocated to these shares of R160.00 per share and no longer retain equity risk to the shareholding in Northam.

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

	30 June 2022	30 June 2021
	R000	R000
Investment in Northam Platinum Limited - fair value adjustment		
Increase of 10%	N/A	3 468 829
Decrease of 10%	N/A	(3 468 829)

The carrying value and the fair value is based on the number of remaining Northam Shares held by Zambezi at R160.00 per share as per the contracted arrangements in terms of the Implementation Agreement.

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 company is exposed to credit risk as a result of cash balances held, and trade and other receivables. The company mitigates the risk by ensuring that its counter parties are credit worthy financial institutions.

The company only places funds with recognised financial institutions with strong credit ratings 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.

The expected credit losses are negligible and have no impact on the Company.

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Liquidity risk

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

Previously, the redemption of the Zambezi Preference Shares would have occurred, first and foremost, through any cash received from dividends distributed by Northam during the 10-year Lock-in period, and at the end of the 10-year Lock-in period the possible sell-off of Northam Shares into the market, to redeem the Zambezi Preference Shares. In the event that this was not sufficient to settle the liability, it would be secured by the Northam Guarantee.

Should a liability have arisen under the Northam Guarantee, Northam may have settled this liability by capitalising Zambezi with cash and/or through the issue of Northam Shares before the redemption amount becomes due or by making payment directly to the Zambezi Preference Shareholders. The manner of settlement was not contractually specified and is at the discretion of Northam.

Therefore, had the Northam Share price not increased sufficiently in value over the 10-year Lock-in period to cover the Preference Share liability, there could have been a dilution in value for all Northam Shareholders, should additional Northam Shares have been issued to the Zambezi Preference Shareholders.

At maturity of the Zambezi Preference Share liability, the contracted undiscounted value of the payment would have been the following, assuming the South African prime interest rate stays unchanged, as at 17 May 2025:

	30 June 2022	30 June 2021
	Due at the end of the 10-year Lock-in period	Due at the end of the 10-year Lock-in period
	R000	R000
Value per Zambezi Platinum (RF) Limited Preference Share*	R62.05	R128.17
Number of Zambezi Platinum (RF) Limited Preference Shares in issue	159 905 453	159 905 453
Preference Share liability due at the end of the 10-year Lock-in period (R000)	9 922 862	20 495 669
Prime interest rate assumption on which the Preference Share liability is calculated	8.25%	7.00%

**Rounded to the closest cent*

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As per the original terms and conditions associated with the Zambezi Preference Shares, the Preference Share liability was due at the end of the 10-year Lock-in period, which was 17 May 2025. The redemption of the Zambezi Preference Shares would have occurred, first and foremost, through any cash received from dividends distributed by Northam during the 10-year Lock-in period, and after the end of the Lock-in period the possible sell-off of Northam Shares into the market, to redeem the Zambezi Preference Shares. In the event that this was not sufficient to settle the liability, the Preference Share liability was secured in terms of a financial Guarantee from Northam.

Following the implementation of the Zambezi Scheme, on the Repurchase Implementation Date, Zambezi settled the Revised Accumulated Dividends, through a repurchase by Northam (being the only Zambezi Preference Shareholder after implementation of the Zambezi Scheme) of 57 054 413 Northam Shares held by Zambezi (valued at a price of R160.00 per Northam Share), which was equal in value to the amount of the aggregate Revised Accumulated Dividends, in accordance with the Zambezi Pref Share Terms (as amended pursuant to the Zambezi Pref Share Term Amendments).

Below is a reconciliation of the Settlement of the Revised Accumulated Dividends:

	Revised Accumulated Dividends Settlement date
	R000
Original capital value of the Zambezi Preference Shares in issue dated 18 May 2015	6 556 124
Accumulated Dividends up to 23 August 2021	7 560 223
Face Value at the Zambezi Scheme	14 116 347
Premium Amount calculated as a premium of 11.11% to the Face Value (refer note 8)	1 568 483
Total outstanding Zambezi Preference Share liability at the Revised Accumulated Dividends Settlement date	15 684 830
Made up of the:	
Original capital value of the Zambezi Preference Shares in issue dated 18 May 2015	6 556 124
Revised Accumulated Dividends	9 128 706
Total outstanding Zambezi Preference Share liability at the Revised Accumulated Dividends Settlement date	15 684 830
Revised Accumulated Dividends	9 128 706
Settled by way of a repurchase of Northam Shares valued at R160.00 per share	R160.00 per share
Number of Northam Shares repurchased by Northam	57 054 413

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

	Fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	30 June 2022	30 June 2022	30 June 2022	30 June 2022
	R000	R000	R000	R000
Investment in Northam Platinum Limited	6 556 124	–	–	6 556 124
Trade and other receivables	–	2	–	2
Amounts receivable from Northam Platinum Limited	–	1 089 033	–	1 089 033
Cash and cash equivalents	–	524	–	524
Zambezi Preference Share liability	(6 556 124)	–	(647 705)	(7 203 829)

	Fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	30 June 2021	30 June 2021	30 June 2021	30 June 2021
	R000	R000	R000	R000
Investment in associate	34 688 290	–	–	34 688 290
Trade and other receivables	–	1	–	1
Cash and cash equivalents	–	509	–	509
Zambezi Preference Share liability	–	–	(13 910 946)	(13 910 946)

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Fair value of financial assets and liabilities

The fair value of financial instruments, other than the Zambezi Preference Share liability in the prior year, 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 was previously classified as level 1.

The fair value of the Zambezi Preference Share liability had been determined with reference to the closing trading price of the Zambezi Preference Share price (JSE preference share code: ZPLP) at 30 June 2021:

	30 June 2022	30 June 2021
Zambezi Preference Share price* (trading under preference share code ZPLP up to commencement of trade on 24 August 2021)	N/A	R97.50
Face Value of the Zambezi Preference Shares	R45.05	R86.99
Number of Zambezi Preference Shares in issue	159 905 453	159 905 453
Fair value (R000)	7 203 829	15 590 782

**Rounded to the closest cent*

The Zambezi Preference Shares were delisted from the JSE from commencement of trade on 24 August 2021. Therefore, at the reporting date the Zambezi Preference Shares were no longer listed and therefore did not have a listed Preference Share price.

The Zambezi Preference Share liability was previously classified as level 2, due to the low level of activity in the South African debt market.

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continued

The carrying value of the Preference Share liability has been determined with reference to the carrying value of the Zambezi Preference Shares at the reporting date:

	30 June 2022	30 June 2021
Value per Zambezi Preference Share*	R45.05	R86.99
Number of Zambezi Preference Shares in issue	159 905 453	159 905 453
Carrying value (R000)	7 203 829	13 910 946

*Rounded to the closest cent

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

	30 June 2022	30 June 2022	30 June 2021	30 June 2021
	Carrying amount	Fair value	Carrying amount	Fair value
	R000	R000	R000	R000
<i>Financial assets</i>				
Investment in Northam Platinum Limited	6 556 124	6 556 124	–	–
Investment in associate	–	–	34 688 290	34 688 290
<i>Financial liabilities</i>				
Zambezi Preference Share liability	(7 203 829)	(7 203 829)	(13 910 946)	(15 590 782)

Following Northam's delisting from the JSE from the commencement of trade on 21 September 2021, the directors based the fair value of the investment in Northam Shares with reference to the contractual value associated with the Northam Shares held by Zambezi of R160 per share.

The Zambezi Preference Share liability and the investment in Northam Platinum fair values has been classified as level 2, in accordance with IFRS 13.

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

Capital management

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

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16. Related parties

Zambezi was established as a special purpose vehicle by Northam, with the principal objective of achieving Northam's BEE compliance.

Zambezi was incorporated on 2 June 2014. The company was created for the purpose of assisting Northam 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 the company acquired Northam Shares, and in turn Zambezi issued Zambezi Preference Shares to relevant qualifying shareholders to fund the purchase of 31.4% of Northam Shares (Northam BEE Transaction).

Zambezi is a ring-fenced entity created for the specific purpose of raising funds to subscribe for 159 905 453 Northam Shares (BEE Shares). As such, Zambezi has not and will not conduct any other business activities until the expiry of the Lock-in period (which is 10 years from May 2015).

Zambezi previously held the BEE Shares which amounted to approximately 31.4% of the total issued ordinary share capital of Northam, which was accounted for as an associate of Zambezi.

In terms of the Zambezi Preference Share agreement between Zambezi and Zambezi Preference Shareholders, the Preference Shareholders are entitled to receive dividends equal to the issue price, multiplied by the 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 Zambezi Preference Shares would have occurred, first and foremost, through cash received from dividends distributed by Northam during the 10-year Lock-in period, and after the end of the Lock-in period the possible sell-off of Northam Shares into the market, to redeem the Zambezi Preference Shares. In the event that this was not sufficient to settle the liability, it would be secured in terms of the Northam Guarantee.

Should a liability have arisen under the Northam Guarantee, Northam may have settled this liability by capitalising Zambezi with cash and/or through the issue of Northam Shares before the redemption amount becomes due or by making payment directly to the Zambezi Preference Shareholders. The manner of settlement was not contractually specified and is at the discretion of Northam.

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The Zambezi Scheme

In terms of the Implementation Agreement, Zambezi and Northam implemented a transaction to accelerate the maturity and wind-up of the Northam BEE Transaction, including the Zambezi Disposals and the Zambezi MOI Amendments.

On the Zambezi Scheme Implementation Date, Northam acquired all of the Zambezi Preference Shares not already held by it.

Following implementation of the Zambezi Scheme, on the Repurchase Implementation Date, Zambezi settled the Revised Accumulated Dividends, by transferring Northam Shares to Northam. Following implementation of the Revised Accumulated Dividends Settlement, on the Repurchase Implementation Date, Northam acquired the Repurchase Shares from Zambezi at the Repurchase Consideration.

The Repurchase Consideration was utilised as follows: a portion of the Repurchase Consideration in an amount equal to the Net Repurchase Amount was utilised by Zambezi to make the Net Value Cash Distribution; and the balance of the Repurchase Consideration (being the Zambezi Retention Amount) was and will be utilised to settle the Zambezi Taxes.

On the Net Value Distribution Date, the Zambezi N Share Term Amendments became effective and Northam, in its capacity as the Zambezi N Shareholder, assumed voting and economic control of Zambezi and Zambezi became a subsidiary of Northam.

On the Net Value Distribution Date, Zambezi made the Net Value Distribution to the Zambezi Ordinary Shareholders.

Northam Guarantee

The redemption of the Zambezi Preference Shares was secured by a financial Guarantee from Northam. In terms of the financial Guarantee, Northam was responsible for the payment of all amounts which Zambezi had contracted but failed to pay in terms of the Zambezi Pref Share Terms – either by means of a cash payment, the issue of a determinable number of Northam Shares to the Zambezi Preference Shareholders or a cash and Northam Share combination.

Zambezi Scheme and Zambezi Delisting

Northam made the Zambezi Offer to Zambezi Preference Shareholders, the terms of which are included in the Zambezi Scheme Circular. The Zambezi Offer was implemented by way of the Zambezi Scheme, proposed by the Zambezi Board, between Zambezi and the Zambezi Preference Shareholders, in terms of section 114(1) as read with section 115 of the Companies Act.

Northam acquired all of the Zambezi Scheme Shares held by the Zambezi Scheme Participants for the Zambezi Offer Consideration.

The Zambezi Scheme did not constitute an "affected transaction" as defined in section 117 of the Companies Act, as a result of the Zambezi Preference Shares not constituting "securities" as defined in section 117(1)(j) of the Companies Act and was accordingly not regulated as such by the Companies Act and the Regulations.

Simultaneously with the Zambezi Scheme, the Zambezi Board proposed the Zambezi Delisting.

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Zambezi MOI Amendments

Simultaneously with the Zambezi Scheme, Zambezi Board approved various amendments to the Zambezi MOI to enable the implementation of certain components of the Transaction, including:

- the Zambezi MOI Amendments;
- the Zambezi N Share Term Amendments; and
- amendments to the Zambezi Pref Share Terms in order to:
 - increase the Accumulated Dividends in respect of each Zambezi Preference Share by an amount equal to 11.11% recurring of the Face Value per Zambezi Preference Share on the Zambezi Scheme Implementation Date (Premium Amount);
 - provide for the settlement by Zambezi of the Revised Accumulated Dividends on the Repurchase Implementation Date, and to permit settlement thereof in cash or by way of a transfer by Zambezi of so many Northam Shares held by Zambezi, valued at R160.00, as may be equal in value to the amount of the Revised Accumulated Dividends (Revised Accumulated Dividends Settlement); and
 - permit the voluntary redemption of Zambezi Preference Shares by Zambezi from time to time, after the Net Value Distribution Date at Zambezi's election, provided that Zambezi shall be obliged to redeem all the Zambezi Preference Shares by no later than 17 May 2025 (being the scheduled redemption date, as contemplated in the Zambezi Pref Share Terms), together with other amendments necessary to give effect to and implement the Transaction (collectively, the Zambezi Pref Share Term Amendments), with effect from the Zambezi Scheme Implementation Date.

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N Share

Zambezi issued the N Share to Northam, the purpose of which is to allow Northam to take certain mitigating action in the event of the occurrence of an early redemption event under the Zambezi Pref 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 Ordinary Shares and is equal to the amount of the Lock-in Fee plus interest accrued thereon from the date on which the Lock-in Fee was made until the date of payment of the N Share Distribution (as was defined in the Zambezi MOI), at the dividend rate, compounded annually. Other than as required in terms of the Companies Act and pursuant to the Zambezi N Share Term Amendments (see below), the N Share does not entitle Northam to any voting rights.

On the Net Value Distribution Date, the Zambezi N Share Term Amendments became effective and Northam, in its capacity as the Zambezi N Shareholder, became entitled to:

- exercise 99% of all the votes exercisable by all the Zambezi Ordinary Shareholders; and
- subject to the settlement of the Net Value Distribution and the Zambezi Retention Release Amount, receive 100% of the Distributions made by Zambezi,

thereby providing Northam with economic and voting control of Zambezi, pursuant to which Zambezi became a subsidiary of Northam. In the circumstances, any Northam Shares held by Zambezi following implementation of the Net Value Distribution constitute Treasury Shares.

Administration of Zambezi

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

During the current year expenses to the value of R1.6 million (30 June 2021: R0.9 million) were incurred.

The current limit relating to expenses paid on behalf of Zambezi amounts to R2.8 million (30 June 2021: R2.6 million).

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17. Going concern

Northam has guaranteed that it will enable Zambezi to settle any Zambezi Preference Share capital and dividends required by the Northam BEE Transaction, as well as any other expenses incurred by the company.

Northam guaranteed payment of the redemption price in respect of the Zambezi Preference Shares and the Preference Dividends by way of the Northam Guarantee. Northam guaranteed the payment of all amounts which Zambezi has contracted to pay (but failed to pay on the due date thereof) in respect of the Zambezi Preference Shares by means of, at Northam's election, a cash payment and/or the issue of a determinable number of Northam Shares to the Preference Shareholders.

Northam and Zambezi entered into the Implementation Agreement in order to accelerate the maturity and wind-up of the Northam BEE Transaction. The Transaction (excluding the Zambezi Preference Share Redemption) was implemented by 6 September 2021.

Pursuant to the Zambezi Scheme (which formed part of the Transaction), all Zambezi Preference Shares not already held by Northam were purchased by Northam on 23 August 2021 and there are therefore no liabilities other than the Zambezi Preference Share liability to Northam, which Northam has guaranteed.

As part of the acceleration of the maturity and wind-up of the Northam BEE Transaction, certain amendments were made to the terms of the N Share. These amendments provide the Zambezi N Shareholder with the right to exercise 99% of all the votes exercisable by all the Zambezi Ordinary Shareholders and to receive 100% of the Distributions made by Zambezi (subject to the Zambezi Preference Share Terms and the settlement of the Net Value Distribution and the Zambezi Retention Release Amount) with effect from the Net Value Distribution Date, which was 6 September 2021.

With the Zambezi N Share Term Amendments, Northam, in its capacity as the Zambezi N Shareholder, has assumed voting and economic control of Zambezi and Zambezi has become a subsidiary of Northam.

As a subsidiary of Northam, Zambezi will continue to receive the support of Northam.

The annual 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 and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

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18. Directors' remuneration

In terms of the Zambezi MOI, no remuneration shall be paid to any director in his/her capacity as a director.

The independent directors appointed for purposes of the Transaction were remunerated for services as independent directors of Zambezi accordingly. The remuneration was paid by the Zambezi Ordinary Shareholders and not by Zambezi.

The following directors' remuneration accrued to the independent directors of Zambezi by the Zambezi Ordinary Shareholders:

	30 June 2022	30 June 2021
	R000	R000
ZP Ntshalintshali	–	1 383
CM Ntuta	–	1 383
KH Sekhokho	–	1 383
	–	4 149

19. Events after the reporting date

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

GLOSSARY INCLUDING DEFINITIONS AND INTERPRETATION

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, Zambezi 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.

In the annual financial statements, unless otherwise stated or the context so requires, the words and expressions in the first column have the meanings stated opposite them in the second column:

30-Day VWAP	the volume weighted average price at which Northam Shares and/or ordinary shares in the issued share capital of Northam Holdings, as the case may be, trade on the JSE for the 30 trading days up to but excluding the relevant day, as published by Refinitiv (previously known as Thomson Reuters) or, if Refinitiv should cease to publish such information, as published by any equivalent reputable agency nominated by Northam and/or Northam Holdings, as the context may require
Accumulated Dividends	"Accumulated Dividends" as defined in the Zambezi Pref Share Terms, being the aggregate of the dividends, which have accrued and become payable in respect of the Zambezi Preference Shares but which have not been paid by Zambezi
Adjusted Zambezi Taxes	the amount of the estimated Zambezi Taxes calculated in accordance with the Calculation Model utilising the disposal price (for tax purposes) determined in accordance with the Tax Ruling in relation to the disposals by Zambezi of Northam Shares in terms of the Repurchase, the Revised Accumulated Dividends Settlement and the Zambezi Preference Share Redemption
Base Case Zambezi Taxes	the amount of the estimated Zambezi Taxes calculated in accordance with the Calculation Model utilising a disposal price (for tax purposes) of (i) R152.00 in relation to the disposal by Zambezi of Northam Shares in terms of the Repurchase; and (ii) R160.00 in relation to the transfer by Zambezi of Northam Shares in terms of the Revised Accumulated Dividends Settlement and the Zambezi Preference Share Redemption
BEE	black economic empowerment as contemplated in the BEE Laws
BEE Shares	the 159 905 453 Northam Shares held by Zambezi prior to implementation of the Transaction
BEE Trust Transaction Agreements	the written agreements entered into between Northam, Zambezi and each of the BEE Trusts, in terms of which the parties, <i>inter alia</i> , agreed to amend the applicable transaction documents relating to the Northam BEE Transaction to enable the parties to implement and give effect to the Transaction
BEE Trusts	collectively, the ESOP and the Community Trusts; or any one or each of them, as the context may require
Business Day	any day other than a Saturday, Sunday or gazette national public holiday in South Africa
Calculation Model	the financial model used to calculate the estimated Zambezi Taxes, the estimated STT Liability Amount and the Zambezi Retention Shares, in an agreed form between Northam and Zambezi and incorporated into the Implementation Agreement
Community Trusts	collectively, the Northam Zondereinde Community Trust and the Northam Booyensdal Community Trust, or any one or more of them, as the context may require
Companies Act	the Companies Act, No. 71 of 2008

Differential Zambezi Taxes	in the event that the amount of the Adjusted Zambezi Taxes exceeds the amount of the Base Case Zambezi Taxes (Excess) by more than R250 million, the amount by which the Excess exceeds R250 million
Distribution	a "distribution" as defined in the Companies Act
ESOP	the Northam Employees' Trust (Master's reference no. IT000173/2015(G)) or the trustees thereof acting in their capacities as such, as the context may require, being a Zambezi Ordinary Shareholder holding 9.41% of the Zambezi Ordinary Shares in issue
ESOP Repurchase	the repurchase by Northam of the ESOP Repurchase Shares
Face Value	in respect of each Zambezi Preference Share on any day, the aggregate of R41.00 and the Accumulated Dividends
Guarantee or Northam Guarantee	the written agreement headed "Guarantee" entered into between, <i>inter alios</i> , Northam and Zambezi on or about 31 March 2015, in terms of which Northam guaranteed the payment of all amounts payable by Zambezi to the Zambezi Preference Shareholders in respect of the Zambezi Preference Shares
HDPs	historically disadvantaged persons as defined in the Mineral and Petroleum Resources Development Act, No. 28 of 2002
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
Implementation Agreement	the written agreement headed "Implementation and Framework Agreement" entered into between Northam and Zambezi on 22 March 2021, which agreement, <i>inter alia</i> , sets out the said parties' respective rights and obligations under, and in respect of, the Transaction
Income Tax Act	the Income Tax Act, No. 58 of 1962
JSE	JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed to operate an exchange under the Financial Markets Act, or the securities exchange operated by the JSE Limited, as the context may require
King IV™	The King IV Report on Corporate Governance for South Africa, 2016
Listings Requirements	the listings requirements issued by the JSE under the Financial Markets Act to be observed by issuers of debt instruments listed on the JSE, being the JSE Debt Listings Requirements
Lock-in Fee	the amount of R400 million paid by Northam to Zambezi as consideration for certain undertakings given by Zambezi in terms of the Northam BEE Transaction
Lock-in period	in terms of the Northam BEE Transaction, Zambezi undertook 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 Zambezi Pref Share Terms and the Zambezi pledge and cession agreement. The Lock-in period is from 18 May 2015 to 17 May 2025
Mining Charter	the Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018, published in Government Notice 639, Government Gazette No. 41934, dated 27 September 2018, as amended by Government Notice 1398, Government Gazette No. 42118, dated 19 December 2018
MOI	a Memorandum of Incorporation as envisaged in the Companies Act
Net Repurchase Amount	the Repurchase Consideration, less the Zambezi Retention Amount
Net Value Cash Distribution	the cash dividend declared by the Zambezi Board, pursuant to the Net Value Distribution
Net Value Distribution	the Distribution to Zambezi Ordinary Shareholders, comprising the Net Value Cash Distribution and the Net Value Share Distribution

Net Value Distribution Date	the Business Day after the Repurchase Implementation Date being 6 September 2021
Net Value Share Distribution	the dividend <i>in specie</i> declared by the Zambezi Board pursuant to the Net Value Distribution
Northam	Northam Platinum Limited (registration number 1977/003282/06), a public company incorporated in accordance with the laws of South Africa and whose shares were previously listed on the Main Board of the JSE
Northam BEE Transaction	the BEE transaction concluded between, <i>inter alios</i> , Northam and Zambezi during 2014 and 2015, in terms of which Zambezi acquired approximately 31.37% of the issued Northam Shares, as more fully set out in the circular distributed by Northam to Northam Shareholders dated 17 February 2015
Northam Booyensdal Community Trust	the Northam Booyensdal Community Trust (Master's reference no. IT000178/2015(G)) or the trustees thereof acting in their capacities as such, being a Zambezi Ordinary Shareholder. The beneficiaries include the communities residing in the vicinity of one or more of the Northam Group's mining operations
Northam Group	Northam and, with effect from the date on which the Northam Scheme is implemented, Northam Holdings, and their respective Subsidiaries from time to time and "Member of the Northam Group" shall mean either one or each of them, as the context may require
Northam Holdings	Northam Platinum Holdings Limited (registration number 2020/905346/06), a public company incorporated in accordance with the laws of South Africa and whose shares are listed on the Main Board of the JSE
Northam Scheme	the scheme of arrangement in terms of section 114(1) as read with section 115 of the Companies Act and paragraph 1.17(b) of the JSE Limited Listings Requirements, proposed by the board of directors of Northam between Northam and Northam Shareholders, in terms of which Northam Holdings acquired all of the Northam Shares (excluding Treasury Shares) in issue and the listing of all the Northam Shares on the Main Board of the JSE was terminated
Northam Share	an ordinary share of no par value in the authorised share capital of Northam having the rights and limitations set out in Northam's MOI
Northam Shareholder	a registered holder or the beneficial holder of a Northam Share, as the context may require
Northam Zondereinde Community Trust	the Northam Zondereinde Community Trust (Master's reference no. IT000177/2015(G)) or the trustees thereof acting in their capacities as such, as the context may require, being a Zambezi Ordinary Shareholder. The beneficiaries include the communities residing in the vicinity of one or more of the Northam Group's mining operations
Offer Circular	the circular issued by Northam to Northam Shareholders, on or about 7 April 2015, in respect of the offer, which circular was accompanied by the prospectus
Premium Amount	the increase to the Accumulated Dividends in respect of each Zambezi Preference Share
Prime Rate	the percentage publicly quoted as the basic rate of interest levied by Nedbank Limited from time to time on overdraft, calculated on a 365 day year, irrespective of whether the applicable year is a leap year, and proved, prima facie, in the event of a dispute and in the absence of manifest error, by a certificate under the hand of any director or manager of Nedbank Limited, whose appointment and authority need not be proved
R	South African Rand and cents, the official lawful currency of South Africa
Repurchase	the acquisition by Northam of the Repurchase Shares held by Zambezi for the Repurchase Consideration
Repurchase Consideration	the aggregate cash consideration payable for the Repurchase Shares acquired pursuant to the Repurchase, being R152.00 per Repurchase Share
Repurchase Implementation Date	the Business Day on which the Repurchase was implemented being 3 September 2021

Repurchase Shares	the Northam Shares repurchased by Northam in terms of the Repurchase
Residual Northam Shares	the 159 905 453 Northam Shares held by Zambezi pursuant to the implementation of the Northam BEE Transaction, less (i) the Northam Shares transferred by Zambezi to Northam in terms of the Revised Accumulated Dividends Settlement; (ii) the Repurchase Shares; (iii) the Northam Shares transferred by Zambezi to Northam in terms of the Zambezi Preference Share Redemption; and (iv) the Zambezi Retention Shares
Revised Accumulated Dividends	the Accumulated Dividends as at the Zambezi Scheme Implementation Date together with the Premium Amount
Revised Accumulated Dividends Settlement	the settlement of the Revised Accumulated Dividends by way of a transfer by Zambezi of so many Northam Shares held by Zambezi, valued at R160.00 per Northam Share, as is equal in value to the amount of the aggregate Revised Accumulated Dividends to Northam, or in cash, implemented by way of a repurchase of Northam Shares by Northam
SARS	the South African Revenue Service
Secretaries	the secretaries of Zambezi, being Northam, represented by Ms PB Beale
South Africa	the Republic of South Africa
Strategic Partners	Atisa Platinum (RF) Proprietary Limited, Malundi Resources (RF) Proprietary Limited and Mpilo Platinum (RF) Proprietary Limited
STT	Securities Transfer Tax levied in terms of the Securities Transfer Tax Act, No. 25 of 2007
STT Liability Amount	the STT payable by the Zambezi Ordinary Shareholders in respect of the transfer of the relevant number of Residual Northam Shares to them pursuant to the Net Value Share Distribution
Subsidiary	a "subsidiary", as defined in section 3 of the Companies Act provided that the term "subsidiary" shall, for purposes of this report, not be limited to "companies", but shall include any "juristic person" (as each of those terms are defined in the Companies Act), and shall include a person incorporated outside South Africa which would, if incorporated in South Africa, be a "subsidiary" as defined in the Companies Act
Tax Ruling	the binding private ruling in terms of section 78 of the Tax Administration Act, No. 28 of 2011 regarding certain of the Zambezi Taxes obtained by Northam and Zambezi from SARS
Transaction	the transaction entailing, <i>inter alia</i> , the Zambezi Scheme, the Zambezi Delisting, the Revised Accumulated Dividends Settlement, the Repurchase, the Net Value Distribution, the realisation of the Zambezi Retention Shares, the ESOP Repurchase and the Zambezi Preference Share Redemption
Transaction Circulars	the Zambezi Scheme Circular and the Zambezi Disposal Circular, both dated Monday, 21 June 2021
Treasury Shares	the Northam Shares and/or Northam Holdings Shares, as the case may be, held by Subsidiaries of the Northam Group, from time to time
Women's Consortium	Zambezi Platinum Women's SPV (RF) Proprietary Limited (registration number 2014/191546/07), a ring-fenced private company incorporated in accordance with the laws of South Africa
Zambezi or the company or the Group	Zambezi Platinum (RF) Proprietary Limited (registration number 2014/106927/07), previously Zambezi Platinum (RF) Limited (registration number 2014/106927/06), a ring-fenced private company incorporated in accordance with the laws of South Africa
Zambezi Board or Zambezi Directors	the directors of Zambezi or any one or more of them as the context may require
Zambezi Delisting	the termination of the listing of the Zambezi Preference Shares on the Main Board of the JSE

Zambezi Disposal Circular	the circular to Zambezi Ordinary Shareholders, dated 21 June 2021, issued by the Independent Board and Zambezi
Zambezi Disposals	collectively, the disposals by Zambezi (i) of Northam Shares held by it pursuant to the Revised Accumulated Dividends Settlement, the Repurchase, the Net Value Distribution, the Zambezi Preference Share Redemption and the realisation of the Zambezi Retention Shares; and (ii) pursuant to the cash settlement of the unpaid "Preference Dividends" (as defined in the Zambezi Pref Share Terms) pursuant to the Zambezi Preference Share Redemption
Zambezi MOI Amendments	the amendments to the Zambezi MOI to (i) enable Zambezi to implement the Transaction, with effect from the Zambezi Scheme Implementation Date and (ii) convert Zambezi into a private company, with effect from the date on which the Zambezi Delisting became effective, together with other amendments necessary to give effect to and implement the Transaction
Zambezi N Share or N Share	an N share in the share capital of Zambezi having the preferences, rights, limitations and other terms set out in the Zambezi N Share Terms
Zambezi N Share Term Amendments	the amendments to the Zambezi N Share Terms with effect from the Net Value Distribution Date in order to provide the Zambezi N Shareholder with the right to exercise 99% of all the votes exercisable by all the Zambezi Ordinary Shareholders and to receive 100% of the Distributions made by Zambezi (subject to the Zambezi Pref Share Terms and the settlement of the Net Value Distribution and the Zambezi Retention Release Amount), together with other amendments necessary to give effect to and implement the Transaction
Zambezi N Share Terms	the preferences, rights, limitations and other terms associated with the Zambezi N Share, as contained in annexure 2 of the Zambezi MOI
Zambezi N Shareholder	the holder of the Zambezi N Share, being Northam
Zambezi Offer	the offer by Northam to Zambezi Preference Shareholders to acquire the remaining Zambezi Preference Shares not already held by Northam, for the Zambezi Offer Consideration, implemented by way of the Zambezi Scheme, as more fully set out in the Zambezi Scheme Circular
Zambezi Offer Consideration	a cash consideration per Zambezi Scheme Share amounting to: the Face Value per Zambezi Preference Share on the Zambezi Scheme Implementation Date, calculated in accordance with the provisions of the Zambezi Pref Share Terms, provided that, notwithstanding any changes to the Prime Rate on or after the Zambezi Scheme Record Date, the Prime Rate between the Zambezi Scheme Record Date and the Zambezi Scheme Implementation Date will be deemed to be the prevailing Prime Rate as at the day immediately preceding the Zambezi Scheme Record Date, plus a 15.99% premium thereon, rounded up to the nearest cent
Zambezi Ordinary Share or Ordinary Share	an ordinary share of no par value in the authorised share capital of Zambezi, having the rights and limitations set out in the Zambezi MOI
Zambezi Ordinary Shareholders or Ordinary Shareholders	collectively, the registered holders of Zambezi Ordinary Shares
Zambezi Pref Share Term Amendments	the amendments to the Zambezi Pref Share Terms
Zambezi Pref Share Terms	the preferences, rights, limitations and other terms associated with the Zambezi Preference Shares as set out in annexure 1 of the Zambezi MOI
Zambezi Preference Share or Preference Share	a cumulative, non-participating no par value Preference Share in the share capital of Zambezi, having the rights, obligations and privileges set out in the Zambezi Pref Share Terms

Zambezi Preference Share Redemption	the redemption of the Zambezi Preference Shares in accordance with the Zambezi Pref Share Terms (as amended pursuant to the Zambezi Pref Share Term Amendments)
Zambezi Preference Shareholder or Preference Shareholder	a registered holder or the beneficial holder of Zambezi Preference Shares, as the context may require
Zambezi Retention Amount	the estimated amount of the Zambezi Taxes, as calculated in accordance with the Calculation Model, less the Differential Zambezi Taxes
Zambezi Retention Release Amount	the difference between the actual Zambezi Taxes and the Zambezi Retention Amount
Zambezi Retention Shares	the number of Northam Shares held by Zambezi to be retained by Zambezi in order to settle Portion C of the Differential Zambezi Taxes, which number shall be calculated in accordance with the Calculation Model utilising a formula (rounded up to the nearest whole number): where: Portion C of the Differential Zambezi Taxes; and the 30-Day VWAP on the Repurchase Implementation Date
Zambezi Scheme	the scheme of arrangement in terms of section 114(1) as read with section 115 of the Companies Act, proposed by the Zambezi Board between Zambezi and Zambezi Preference Shareholders, in terms of which Northam acquired all of the Zambezi Scheme Shares held by the Zambezi Scheme Participants, as more fully set out in the Zambezi Scheme Circular
Zambezi Scheme Circular	the circular to Zambezi Shareholders, dated 21 June 2021, setting out the terms and conditions of the Zambezi Scheme, the Zambezi Delisting and the Zambezi Pref Share Term Amendments
Zambezi Scheme Implementation Date	the date on which the Zambezi Scheme became operative and was implemented (i.e., the 1st Business Day following the Zambezi Scheme Record Date) being 23 August 2021
Zambezi Scheme Participants	all Zambezi Preference Shareholders (excluding Northam) registered as such on the Register on the Zambezi Scheme Record Date, except Dissenting Shareholders who have not had their rights in respect of their Zambezi Preference Shares reinstated as envisaged in sections 164(9), 164(10) or 164(15)(c)(v)(aa) of the Companies Act, whether voluntarily or pursuant to a final court order
Zambezi Scheme Record Date	the last day for Zambezi Preference Shareholders to be recorded in the Register in order to participate in the Zambezi Scheme being 20 August 2021
Zambezi Scheme Shares	the Zambezi Preference Shares held by the Zambezi Scheme Participants
Zambezi Shareholders	collectively, the Zambezi Preference Shareholders, the Zambezi Ordinary Shareholders and the Zambezi N Shareholder, or any one or more of them as the context may require
Zambezi Shareholding	in respect of a Zambezi Ordinary Shareholder, such Zambezi Ordinary Shareholder's proportionate holding of all the Zambezi Ordinary Shares in issue (expressed as a percentage)
Zambezi Taxes	the aggregate of: the capital gains tax as envisaged in the eighth schedule of the Income Tax Act read with section 26A thereof, that will become payable by Zambezi as a result of the Zambezi Disposals; and the aggregate amount of STT which Zambezi has agreed to pay in terms of the Zambezi Pref Share Terms pursuant to the Revised Accumulated Dividends Settlement and the Zambezi Preference Share Redemption
ZPLP	Zambezi Preference Share, traded until commencement of trade on 24 August 2021 under JSE preference share code: ZPLP

ADMINISTRATION AND CONTACT INFORMATION

Zambezi Platinum (RF) Proprietary Limited

Incorporated in the Republic of South Africa
Registration number 2014/106927/07
JSE preference share code: ZPLP
(Traded until commencement of trade on 24 August 2021)
ISIN code: ZAE000202552

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Per PB Beale – company secretary
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Zambezi

Platinum (RF) Proprietary Limited

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