Northam Platinum Limited
Incorporated in the Republic of South Africa
Registration number 1977/003282/06
Share code: NHM ISIN: ZAE000030912
Debt issuer code: NHMI
Bond code: NHM002
Bond ISIN: ZAG000129024
Bond code: NHM003
Bond ISIN: ZAG000129032
Bond code: NHM004
Bond ISIN: ZAG000150764
Bond code: NHM005
Bond ISIN: ZAG000151242
("Northam" or the "group" or the "company")

SUMMARISED FINANCIAL RESULTS AND NOTICE OF ANNUAL GENERAL MEETING

These year-end results have been prepared under the supervision of the chief financial officer, Mr AZ Khumalo CA (SA).

This summarised report is extracted from the audited annual financial statements, but is itself not audited. The directors take full responsibility for the preparation of this summarised report and that the financial information has been correctly extracted from the underlying audited annual financial statements.

The audited annual financial statements including the unqualified audit report by Ernst & Young Inc. are available for inspection at Northam's registered office and are available on the company's website at www.northam.co.za/investors-and-media/publications/annual-reports

Consolidated statement of profit or loss and other comprehensive income

	Audited 12 months ended 30 June 2018 R000	Audited 12 months ended 30 June 2017 R000
Sales revenue	7 552 181	6 865 185
Cost of sales	(6 728 867)	(6 251 200)
Operating costs	(6 318 000)	(5 676 017)
Concentrates purchased	(1 410 506)	(404 093)
Refining and other costs	(123 840)	(120 633)
Depreciation and write-offs	(441 865)	(452 584)
Change in metal inventories	1 565 344	402 127
Gross profit	823 314	613 985
Share of earnings from associates and joint ventures	4 162	4 870
Investment revenue	52 633	167 306
Finance charges excluding preference share dividends	(68 481)	(71 185)
Net foreign exchange transaction gains/(losses)	2 368	(46 729)
Sundry income	217 005	73 361
Sundry expenditure	(380 944)	(130 843)
Profit before preference share dividends	650 057	610 765
Amortisation of liquidity fees paid on preference shares	(16 390)	(16 390)
Preference share dividends	(1 106 684)	(1 017 396)
Loss on derecognition of preference share liability	(8)	(901)
Loss before tax	(473 025)	(423 922)
Taxation	(231 973)	(212 021)
Loss for the year	(704 998)	(635 943)
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	(364)	-
Total comprehensive income for the year	(705 362)	(635 943)

Reconciliation of headline loss per share

	Audited 12 months	Audited 12 months

	ended 30 June 2018 R000	ended 30 June 2017 R000
Loss for the year	(704 998)	(635 943)
Loss/(profit) on sale of property, plant and equipment	4 706	(1 762)
IFRS 5 adjustment to fair value less cost to sell	-	841
Tax effect on above	(1 318)	493
Headline loss	(701 610)	(636 371)
Loss per share - cents	(201.5)	(181.8)
Fully diluted loss per share - cents	(201.5)	(181.8)
Headline loss per share - cents	(200.5)	(181.9)
Fully diluted headline loss per share - cents	(200.5)	(181.9)
Dividends per share	-	-
Weighted average number of shares in issue	349 875 759	349 875 759
Fully diluted number of shares in issue	349 875 759	349 875 759
Number of shares in issue	509 781 212	509 781 212
Treasury shares in issue	159 905 453	159 905 453
Shares in issue adjusted for treasury shares	349 875 759	349 875 759

Consolidated statement of financial position

	Audited 12 months ended 30 June 2018 R000	Audited 12 months ended 30 June 2017 R000
Assets		
Non-current assets	19 108 944	15 483 553
Property, plant and equipment	11 874 146	9 022 260
Mining properties and mineral resources	6 629 160	5 636 342
Interest in associates and joint ventures	171 376	167 214
Land and township development	65 680	48 529
Long-term receivables	86 897	83 745
Investments held by Northam Platinum Restoration Trust Fund	110 626	102 233
Environmental Guarantee investment	68 899	68 104
Buttonshope Conservancy Trust	12 203	11 126
Long-term prepayments	89 608	336 409
Other financial assets	-	7 591
Deferred tax asset	349	-
Current assets	4 715 090	4 103 337
Inventories	3 386 795	1 729 102
Trade and other receivables	924 085	548 997
Cash and cash equivalents	388 702	1 786 865
Tax receivables	15 508	38 373
Non-current assets held for sale	-	49 222
Total assets	23 824 034	19 636 112
Equity and liabilities		
Total equity	7 386 679	8 092 041
Stated capital	13 778 114	13 778 114
Treasury shares	(6 556 123)	(6 556 123)
Accumulated loss	(709 396)	(4 398)
Foreign currency translation reserve	(364)	-
Equity settled share-based payment reserve	874 448	874 448
Non-current liabilities	12 832 267	9 929 685
Deferred tax liability	824 794	585 883
Long-term provisions	640 128	304 829
Preference share liability	9 445 500	8 279 825
Long-term loans	182 063	249 428
Long-term share-based payment liability	78 999	88 639
Domestic medium term notes	174 288	421 081
Revolving credit facility	1 486 495	-
Current liabilities	3 605 088	1 614 386
Current portion of long-term loans	24 540	13 434

Current portion of domestic medium term notes	1 243 440	-
Short-term share-based payment liability	78 340	75 026
Tax payable	117	102 550
Trade and other payables	1 965 975	1 268 172
Bank overdraft	95 535	-
Short-term provisions	197 141	155 204
Total equity and liabilities	23 824 034	19 636 112

Consolidated statement of changes of equity

	Stated capital R000	Retained earnings/(Accu-mulated loss) R000	Equity settled share-based payment reserve R000	Foreign currency translation reserve* R000	Total R000
Opening balance as at 1 July 2016	7 221 991	631 545	874 448	-	8 727 984
Loss and total comprehensive income for the year	-	(635 943)	-	-	(635 943)
Balance as at 30 June 2017	7 221 991	(4 398)	874 448	-	8 092 041
Total comprehensive income for the year	-	(704 998)	-	(364)	(705 362)
Loss for the year	-	(704 998)	-	-	(704 998)
Other comprehensive income for the year	-	-	-	(364)	(364)
Balance as at 30 June 2018	7 221 991	(709 396)	874 448	(364)	7 386 679

* The foreign currency translation reserve has been created to account for the foreign exchange gain or loss on translation of a foreign operation.

Consolidated statement of cash flows

	Audited 12 months ended 30 June 2018 R000	Audited 12 months ended 30 June 2017 R000
Cash flows (utilised)/from operating activities	(342 232)	981 497
Loss before taxation	(473 025)	(423 922)
Adjusted for the following non-cash items as well as disclosable items		
Depreciation and write-offs	441 865	452 584
Changes in provisions	49 493	19 934
Changes in long-term receivables	(3 152)	5 972
Investment revenue	(52 633)	(167 306)
Finance charges excluding preference share dividends	68 481	71 185
Finance charges on preference shares	1 106 684	1 017 396
Loss on derecognition of preference share liability	8	901
Liquidity fees on the preference shares	16 390	16 390
Movement in share-based payment liability	(6 326)	22 588
IFRS 5 adjustment to fair value less costs to sell	-	841
Share of earnings from associate	(4 162)	(4 870)
Loss/(profit) on sale of property, plant and equipment	4 706	(1 762)
Net foreign exchange difference	(2 368)	46 729
Other	(13 774)	(1 521)
Change in working capital	(1 547 247)	(182 388)
Movement relating to land and township development	(17 151)	2 812
Transaction fees paid	-	(8 594)
Investment revenue received	61 058	167 306
Taxation refund received/(paid)	28 921	(52 778)
Cash flows utilised in investing activities	(3 580 937)	(1 990 754)
Property, plant, equipment, mining properties and mineral reserves		
Additions to maintain operations	(385 609)	(299 051)
Additions to expand operations	(3 036 727)	(1 321 757)
Disposal proceeds	5 133	3 732
Amounts paid relating to long-term prepayment	(202 691)	(336 409)
Additional investment made in associate/cash calls	(1 347)	(20 243)

Increase in investment held by the Northam Platinum Restoration Trust Fund	(8 393)	(8 586)
Increase in the investments held by the Environmental Guarantee investment	(795)	(7 759)
Movement in investments held by the Buttonshope Conservancy Trust Fund	(1 077)	(681)
Proceeds received from the sale of the non-current asset held for sale	50 569	-
Cash flows generated/(utilised) from financing activities	2 421 486	(250 130)
Interest paid	(158 170)	(29 694)
Draw down on revolving credit facility	2 000 000	-
Repayment of revolving credit facility	(500 000)	-
Issue of domestic medium term notes	1 000 000	-
Issue of long-term loans	100 000	38 992
Repayment of long-term loans	(9 400)	(50 756)
Transaction fees paid	(9 267)	-
Acquisition of Zambezi Platinum (RF) Limited preference shares	(1 677)	(208 672)
Decrease in cash and cash equivalents	(1 501 683)	(1 259 387)
Net foreign exchange difference on cash and cash equivalents	7 985	(58 828)
Cash and cash equivalents at the beginning of the year	1 786 865	3 105 080
Cash and cash equivalents at the end of the year	293 167	1 786 865

NOTES TO THE SUMMARISED FINANCIAL RESULTS

1. Accounting policies and the basis of preparation

The financial statements have been prepared on the historical cost basis, except for the financial instruments to the extent required or permitted under International Financial Reporting Standards (IFRS) and as set out in the relevant accounting policies detailed in North am's Annual Integrated Report, which includes the annual financial statements for the year ended 30 June 2018. These financial statements incorporate the accounting policies which are in terms of IFRS and have been applied on a basis consistent with the previous year, with the exception of the policies adopted during the period as more fully set out below.

The summarised financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS, its interpretations issued by the IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, presentation and disclosures as required by IAS 34 Interim Financial Reporting, the JSE Limited Listings Requirements and the requirements of the Companies Act No. 71 of 2008 (Companies Act) including the adoption of the following standards, amendments or interpretations with effect from 1 July 2017:

- IAS 7 Disclosure Initiative - Amendments to IAS 7

- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12

- Annual Improvements Project (AIP) IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

The adoption of these standards, amendments or interpretation resulted in changes only in additional disclosures in the annual financial statements. They did not impact any amounts recognised in the consolidated statement of profit or loss and other comprehensive income or consolidated statement of financial position.

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

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is the International Accounting Standards Board (IASB)'s replacement of IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting of financial instruments.

The new standard contains substantial changes from the current financial instruments standard (IAS 39) with regards to the classification, measurement, impairment and hedge accounting requirements. These changes include:

- Classification and measurement: The new classification requirements are based on both the entity's business model for managing the financial assets and the contractual cash flow characteristics of a financial asset. The more principle based approach of IFRS 9 requires the careful use of judgment in its application.

- Impairment: The IASB has sought to address a key concern that arose as a result of the financial crisis, that the incurred loss model in IAS 39 contributed to the delayed recognition of credit losses. As such, it has introduced a forward-looking expected credit loss model.

- Hedge accounting: The aim of the new hedge accounting model is to provide useful information about risk management activities that an entity undertakes using financial instruments, with the effect that financial reporting will reflect more accurately how an entity manages its risk and the extent to which hedging mitigates those risks.

IFRS 9 establishes a new model for recognition and measurement of impairments in loans and receivables that are measured at amortised cost or fair value through other comprehensive income (FVOCI), the so-called expected credit loss model. This is the only impairment model that applies in IFRS 9 because all other assets are classified and measured at fair value through profit or loss (FVPL) or, in the case of qualifying equity investments, FVOCI with no recycling to profit or loss.

Expected credit losses are calculated by: identifying scenarios in which a loan or receivable defaults; estimating the cash shortfall that would be incurred in each scenario if a default were to happen; multiplying that loss by the probability of the default happening; and summing the results of all such possible default events. Because every loan and receivable has at least some probability of defaulting in the future, every loan or receivable has an expected credit loss associated with it from the moment of its origination or acquisition.

IFRS 9 does not require an entity to restate prior periods. Restatement is permitted, if and only if, it is possible without the use of hindsight and the restated financial statements reflect all of the requirements of IFRS 9. If the entity does not restate prior periods, an y difference between previous carrying amounts and those determined under IFRS 9 at the date of initial application should be included in the current year opening retained earnings (or other equivalent component of equity). IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 9 will be adopted on the required effective date and comparatives will not be restated. An impact assessment has been performed on the aspects of IFRS 9. The assessment is based on currently available information and may be subject to changes arising from further reasonable and supporting information being made available during the F2019 financial year when IFRS 9 will be adopted. Below is a brief summary of the expected impact that IFRS 9 will have on the statement of financial position:

Classification and measurement

Northam does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9.

Loans as well as trade receivables, excluding receivables with provisional pricing arrangements, are held to collect contractual cash flows and are expected to give rise to cash flows representing payments of principal and interest. The contractual cash flow characteristics of these instruments were analysed and it was concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments will not be required.

Impairment

IFRS 9 requires an entity to record expected credit losses on all of its loans and trade receivables. The group will apply the simplified approach and record lifetime expected losses on all trade receivables, excluding receivables with provisional pricing arrangements. There are no expected impairment losses that will arise due to the short-term nature of the group`s trade receivables cycle and history of recovery.

There could however be expected impairment losses that arises from long-term receivables and loans to employees that comprise balances due in respect of Northam's home ownership scheme. The group will apply the general approach on these balances. The general approach involves determining whether the credit risk of a loan or receivable has increased significantly relative to the credit risk at the date of initial recognition.

Hedge accounting

The group currently does not apply hedge accounting and these changes are therefore not expected to impact the group.

IFRS 15 Revenue from Contracts with Customers

The IASB has published IFRS 15 Revenue from Contracts with Customers. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance. The core principle is that an entity recognises revenue based on a five-step model to reflect the transfer to goods or services, measured at the amount to which the entity expects to be entitled in exchange for those goods or services.

IFRS 15 is effective for reporting periods beginning on or after 1 January 2018, with earlier application permitted. Entities can choose to apply the standard fully retrospectively or use a modified retrospecitve approach in the year of application. Northam plans to adopt the new standard on the required effective date using the full retrospective method making use of som e of the practical expedients.

An assessment was performed with regards to the impact which IFRS 15 will have on the results of the group. The key issues identified, are set out below. These are based on the current interpretation of IFRS 15 and may be subject to changes as interpretations evolve. Furthermore, the group is considering and will continue to monitor any further developments.

Contract terms for the group's sale of base metals allow for a price adjustment based on final assay results to determine the final metal content.

These are referred to as provisional pricing arrangements, and are such that the selling price is based on prevailing spot prices on a specified future date after shipment to the customer (the quotational period (QP)). Adjustments to the sales price occur based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement can be between one to four months.

Under IAS 18, sales contracts that have provisional pricing features are considered to contain an embedded derivative, which is required to be separated from the contract for accounting purposes. The contract is the sale of base metals and the embedded derivative is the forward contract for which the provisional sale is subsequently adjusted. Recognition of sales revenue for these commodities is based on the most recently determined estimate of metal in concentrate (based on initial assay results) and the spot price at the date of shipment. The embedded derivative is initially recognised at fair value, with subsequent changes in the fair value recognised in profit or loss each period until final settlement, and presented as part of revenue.

Revenue is recognised at the estimated fair value of the total consideration received or receivable when the concentrate is delivered, which is either when it passes to the buyers trucks or delivered to the customers premises.

The initial estimate of the fair value of the embedded derivative and subsequent changes in fair value over, and to the end of, the QP, are also estimated by reference to forward market prices. The subsequent changes in fair value are recognised in the statement of profit or loss and other comprehensive income each period until final settlement and presented as part of revenue. Any subsequent changes arising due to differences between the initial and final assay results are not considered part of the embedded derivative and are adjusted against revenue.

IFRS 15 states that if a contract is partially within scope of this standard and partially in the scope of another standard, an entity will first apply the separation and measurement requirements of the other standard(s). Therefore, to the extent that provisional pricing features are considered to be in the scope of another standard, they will be outside the scope of IFRS 15 and entities will be required to account for these in accordance with IFRS 9. Any subsequent changes that arise due to differences between initial and final assay will still be considered within the scope of IFRS 15 and since it constitutes variable consideration, it will be subject to the constraint on estimates of variable consideration.

Revenue in respect of the contract will be recognised when control passes to the customer (which has been determined to be the same point in time) and will be measured at the amount the entity expects to be entitled - being the estimate of the price expected to be received at the end of the QP, i.e., using the most recently determined estimate of the metal content (based on initial assay results) and the estimated forward price (which is consistent with current practice).

When considering the initial assay estimate, the group has considered the requirements of IFRS 15 in relation to the constraint on estimates of variable consideration. It will only include amounts in the calculation of revenue where it is highly probable that a significant revenue reversal will not occur when the uncertainty relating to final assay/quality is subsequently resolved, i.e., at the end of the QP.

As disclosed above, the assay differences are not usually material, hence, no change is expected when compared to the current approach. Consequently, at the time the concentrate passes the buyer's trucks or delivered to the buyer, the group will recognise a receivable because from that time it considers it has an unconditional right to consideration. This receivable will then be accounted for in accordance with IFRS 9.

The embedded derivative will no longer be separated from the contract, i.e., the concentrate receivable. This is because the existence of the provisional pricing features will mean the concentrate receivable will fail to meet the requirements to be measured at amortised cost. Instead, the entire receivable will be measured at fair value, with subsequent movements being recognised in profit or loss. The requirement to measure the entire receivable at fair value is different from current practice in that the current embedded derivative represents changes in the commodity price, whereas under IFRS 9 the fair value of the receivable will include the impact of changes in the commodity price, interest rate risk and credit risk. Given the nature of the group's provisionally priced sales in that they are no more than four months long and are with customers who have a strong credit rating, the group does not expect this change to have a material impact.

With respect to the presentation of amounts arising from such provisionally priced contracts, IFRS 15 requires "revenue from contracts with customers" to be disclosed separately from other types of revenue. This means that revenue recognised from the initial sale must be separately disclosed in the financial statements from any subsequent movements in the fair value of the related receivable.

This requirement will have an impact on disclosure as the group currently recognises fair value movements in revenue. However, the quantum of the fair value movement may be different as a result of the adoption of IFRS 9. Consistent with current practice, any subsequent changes that arise due to differences between initial and final assay related to volume/quantity and quality will be recognised as an adjustment to revenue from contracts with customers.

In addition to the presentation and disclosure requirements for provisionally priced sales discussed above, IFRS 15 contains other presentation and disclosure requirements which are more detailed than the current IFRS. The presentation requirements represent a significant change from current practice and will increase the volume of disclosures required in the group's financial statements. Many of the disclosure requirements in IFRS 15 are new.

IFRS 16 Leases

The new standard provides a comprehensive model to identify lease-arrangements and the treatment thereof in the financial statements of both lessees and lessors.

IFRS 16 requires lessees to recognise most leases on their balance sheets as lease liabilitie s with corresponding right-of-use assets. Lessees will apply a single model for most leases (with certain exemptions). Generally, the profit or loss recognition pattern will change as interest and depreciation expenses are recognised separately in profit or loss (similar to current finance lease accounting). However, lessees can make accounting policy elections to apply accounting similar to operating lease accounting under IAS 17 Leases to short-term leases and leases of low-value assets.

Lessor accounting is substantially unchanged from the current lease statement. As with IAS 17, IFRS 16 requires lessors to classify their leases into two types: finance leases and operating leases. Lease classification determines how and when a lessor recognises lease revenue and what assets a lessor records.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided that the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been, or is, applied at the same date as IFRS 16. Lessees must apply IFRS 16 using either a full retrospective or a modified retrospective approach.

The group has limited lease arrangements and the impact is therefore expected to be minimal, but is still in the process of being assessed.

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The IFRS Interpretations Committee issued an Interpretation on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The Interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. The date of the transaction determines the exchange rate to be used on initial recognition of the related asset, expense or income. The issue arises because IAS 21 requires an entity to use the exchange rate at the 'date of the transaction', which is defined as the date when the transaction first qualifies for recognition. The 'date of the transaction' for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. In case there are multiple payments or receipts in advance, the entity should determine a date of transaction for each payment or receipt of advance consideration.

The Interpretation provides guidance for when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

The amendment is effective for annual periods beginning on or after 1 January 2018.

The group already follows the principles included in IFRIC 22, relating to non-current prepayments made and therefore believes that the impact will be minimal.

Amendments to IFRS 2 Share-based Payment

The IASB has issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments are intended to eliminate diversity in practice in three main areas. The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction. The classification of a share-based payment transaction with net settlement features for withholding tax obligations. The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

The amendments to IFRS 2 are effective for accounting periods beginning on or after 1 January 2018, but earlier application is permitted provided it is disclosed. On adoption, prior periods will not be restated.

The amendment is believed to have a minimal impact on the results of the group as the clarifications is consistent with current practices applied by the group.

IFRIC 23 Uncertainty over Income Tax Treatment

The IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (the Interpretation). The Interpretation clarifies application of recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances.

The interpretation is effective for periods beginning on or after 1 January 2019.

This interpretation is not considered to have a material impact on the group results, but is still being assessed.

Amendments to IAS 23 Borrowing costs

The amendments clarify that an entity treats, as part of general borrowings, any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

This amendment will be taken into account when determining general borrowing costs which can be capitalised to qualifying assets, in accordance with the transitional provisions.

Conceptual Framework

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

- increasing the prominence of stewardship in the objective of financial reporting, which is to provide information that is useful in making resource allocation decisions

- reinstating prudence, defined as the exercise of caution when making judgments under conditions of uncertainty, as a component of neutrality

- defining a reporting entity, which might be a legal entity or a portion of a legal entity

- revising the definition of an asset as a present economic resource controlled by the entity as a result of past events

- revising the definition of a liability as a present obligation of the entity to transfer an economic resource as a result of past events

- removing the probability threshold for recognition, and adding guidance on derecognition

- adding guidance on the information provided by different measurement bases, and explaining factors to consider when selecting a measurement basis

- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where the relevance or faithful representation of the financial statements would be enhanced.

The Board and Interpretations Committee will immediately begin using the revised Framework, and the group will consider it when needed in terms of the IAS 8 hierarchy dealing with selecting accounting policies not covered by an IFRS standard.

The Conceptual Framework is effective for period beginning on or after 1 January 2020.

2. Related parties

The group enters into various sales, purchases, financing and lease transactions in the ordinary course of business with a large number of entities, some of whom are related parties.

3. Events after the reporting period

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

RESULTS COMMENTARY

KEY FEATURES

- Improvement of 23.1% in group LTIIR

- Equivalent refined metal from own operations up 4.5% to 571 843oz 6E

- Revenue per Pt oz sold up 4.2% to R26 103/oz

- Group cash cost per equivalent refined Pt oz rose 7.8% to R21 270/oz

- Cash margin of 18.5% achieved per equivalent refined Pt oz

- Group operating profit rose 34.1% to R823.3 million

- Normalised headline earnings 5.8% higher at R421.5 million

- Record capital expenditure at R3.8 billion to deliver on the group strategy

- New 20 MW furnace commissioned as part of smelter expansion at Zondereinde

- Significant increase in inventory volumes

INTRODUCTION

Northam's equivalent refined metal production from its own operations rose 4.5% to 571 843oz 6E (F2017: 546 984oz) for the year. This reflects a commendable operational performance at Zondereinde mine where production volume was up 7.0% year on year. Booysendal's output was affected by a work stoppage associated with the change-over from contract mining to an owner operator-model in May 2018.

During the year, the group paid R1.0 billion for the Tumela Block (now called the Western extension) and R175.0 million for Eland Platinum mine. The assets of a PGM recycling business were acquired in Pennsylvania, United States for USD10.8 million and the non-core 7.5% share in the Pandora joint venture was disposed of for R45.6 million.

The group continued to increase both its mining and processing capacity through the continued development of Booysendal South and the completion of the second furnace at the Zondereinde smelter complex respectively. Capital expenditure on these projects has contributed to a record spend of R3.8 billion in the current year.

The acquisitions and development mentioned above have been in line with Northam's growth strategy.

FINANCIAL PERFORMANCE

Normalised headline earnings

Normalised headline earnings (the group's headline earnings adjusted for the impact of the BEE transaction) is the main measure of business performance used by Northam's management. In a continuously tough trading environment, marked by low metal prices and higher costs, the group increased normalised headline earnings by 5.8% to R421.5 million (F2017: R398.3 million), equivalent to 82.7 cents per share (F2017: 78.1 cents per share).

Statement of profit or loss and other comprehensive income

Group sales revenue rose 10.0% to R7.6 billion (F2017: R6.9 billion) on the back of improved production and sales volumes combined with the effects of a 13.5% higher US dollar basket price to USD910/oz 6E (F2017: USD802/oz 6E).

Sales volumes for the group were up 5.0% to 549 508 oz 6E (F2017: 523 170oz). The average value of the ZAR strengthened 5.9% to ZAR 12.82/USD from ZAR 13.63/USD in F2017. Average US dollar PGM prices were up significantly year on year with the exception of platinum which is currently trading around 10 year lows. Copper and nickel prices were also substantially higher year on year.

Cost of sales increased to R6.7 billion (F2017: R6.3 billion) on the back of higher operating costs and higher volumes of concentrate purchased from third parties. Operating costs, which include mining, concentrating and metallurgical processing rose 11.3% to R6.3 billion (F2017: R5.7 billion) owing to a combination of higher production volumes and higher labour and power costs. In addition, administrative overheads which include the implementation of SAP and related group services for the more effective management of a larger Northam group were up 16.2% to R188.7 million (F2017: R162.4 million).

The value of concentrates purchased from third parties increased to R1.4 billion (F2017: R404.1 million), up 249.1% owing to the availability of additional material. This increase reflects a higher volume of purchased material, which was up 193.8%.

Share-based payment expenses increased by 11.4% from R96.4 million in F2017 to R107.3 million reflecting a higher share price at the time of payment in November 2017 compared to the previous year.

Refining and related costs were marginally higher at R123.8 million (F2017: R120.6 million) in line with the additional volumes processed following the completion of the second furnace. These cost increases were largely tempered by the stronger average ZAR/EUR exchange rate. The change in metal inventories reflects the increase in stock levels over the year owing to the group's mining capacity exceeding its processing capacity. Since the new furnace at the smelter complex is now complete, inventory levels should reduce to normal levels in the next 12 months.

Depreciation is calculated by the group on a unit of production basis relative to the resource base. This expense is marginally lower than the previous year at R441.9 million (F2017: R452.6 million) as a result of an increase in the resource base following the acquisition of the Western extension block at Zondereinde.

The net result of the above-mentioned sales revenues and costs is an operating profit of R823.3 million (F2017: R614.0 million) with an operating margin of 10.9% (F2017: 8.9%).

Share of earnings from associate declined to R4.2 million (F2017: R4.9 million) on lower earnings from the associate company, SSG Holdings Proprietary Limited. Investment revenues fell on the back of lower cash balances during the year owing to the group's intensive capital expenditure programme. Finance charges are marginally lower after capitalisation of interest as the group continues to develop Booysendal South and the second furnace was completed.

Sundry income is considerably higher at R217.0 million (F2017: R73.4 million) owing to a series of once-off credits from corporate activity and higher toll treatment revenues earned from the processing of higher volumes of third party concentrate in F2018. The increase in sundry expenditure to R380.9 million (F2017: R130.8 million) is a result of higher corporate action and once-off project costs of R96.5 million (F2017: R56.5 million), Eland mine care and maintenance costs of R106.6 million (F2017: R12.0 million) and transition costs of R86.4 million incurred when Booysendal mine changed its mining model from contracting to owner-operator in May 2018.

The non-cash preference share dividend charge is 8.8% higher owing to the compounding nature of the Zambezi Platinum (RF) Limited preference shares. Northam's 31.4% BEE shareholder's results are consolidated with Northam in terms of International Financial Reporting Standards. At R232.0 million (F2017: R212.0 million), taxation is in line with the higher profit before preference share charges.

Cash flows

The group's F2018 cash flows were largely impacted by an intensive capital expenditure programme and a build-up of inventory. Operating cash flow was offset by a R1.5 billion increase in working capital, resulting in a negative cash flow from operating activities of R342.2 million compared to a positive R981.5 million cash flow in F2017, a R1.3 billion swing. Revolving credit facility (RCF) funding was utilised to support the activities of the business as explained below under financing activities. Cash flows were utilised on the back of a build-up of inventory, hence the R1.5 billion (F2017: R182.4 million) net change in working capital.

Cash flows utilised in investing activities increased to R3.6 billion (F2017: R2.0 billion) owing to the development of Booysendal South, the construction and completion of the second furnace at the Zondereinde smelter complex and payments for the acquisitions of the Western extension, Eland mine and the recycling assets in the United States.

Cash flows generated from financing activities amounted to R2.4 billion (F2017: R250.1 million utilised) owing to a R1.5 billion drawdown of the RCF and the issue of R1.0 billion in domestic medium term notes (DMTNs) during the year.

OPERATIONS

Zondereinde

The management and employees of Zondereinde are commended for achieving the milestone of 1 000 000 fatality free shifts on 6 February 2018. The lost time injury incident rate (LTIIR) improved to 1.29 injuries per 200 000 hours worked (F2017: 1.65).

This achievement was overshadowed however by two tragic accidents in the period under review, and management takes this opportunity to mark the loss of life of Messrs Sebastio Massingue, a diamond drill operator aged 59, and Mr DJ Du Plessis, an underground fitter, aged 49. Mr Massingue lost his life in a rail incident and Mr Du Plessis in an engineering related incident.

UG2 tonnages milled increased 4.0% to 1 193 365 tonnes at a head grade of 5.24g/t 6E (F2017: 1 147 878 tonnes at 5.15g/t 6E). Merensky tonnages milled dropped 9.2% to 739 439 tonnes at a head grade of 6.53g/t 6E (F2017: 814 639 tonnes 6.25g/t 6E). Total tonnage milled fell 1.5% to 1 932 804 tonnes with a combined 6E head grade of 5.73g/t 6E (F2017: 1 962 517 tonnes at 5.60g/t 6E).

The Merensky head grade increase from F2017 reflects a reduction in the normal reef contribution and an increase in the potholed reef contribution during the financial year.

Development into the Western extension block is in progress on 3 to 12 levels. Each footwall drive has reached the first reef crosscut position with most levels expected to have intersected reef by the end of the calendar year and stoping expected to commence in mid 2019.

Total operating costs at Zondereinde for the period were R4.21 billion (F2017: R3.7 billion), a 14.1% increase. Labour costs represent a significant portion of this increase, partly owing to the hiring of new employees required to exploit the Western extension. The combination of higher costs and higher production translated into a 5.8% increase in unit cash costs per equivalent refined platinum ounce to R22 101/oz (F2017: R20 890/oz).

Production of equivalent refined metal from own operations was up 7.0% to 348 888oz 6E (F2017: 325 981oz). Concentrate purchased from third parties was 97 974oz 6E (F2017: 35 936oz 6E).

Capital expenditure during the current period reached R1.5 billion (F2017: R806.4 million). Expansionary project expenditure accounted for R1.3 billion while sustaining expenditure was R249.5 million. The project expenditure pertained primarily to the acquisition of the Western extension resource and the completion of the new 20MW furnace at Zondereinde's smelter complex. Expansion and sustaining capital expenditure for F2019 is estimated at R453.5 million and R96.5 million respectively.

Zondereinde's current total resource estimate increased to 105.2 million oz 4E (Moz) (F2017: 84.0Moz), due to the inclusion of the Western extension resource acquired from Anglo American Platinum Limited during the year.

Booysendal

The good safety performance at the Booysendal operations has been sustained over the year, with the mine recording 3 000 000 fatality free shifts on 17 July 2017. This has been achieved in seven years. The lost time injury incident rate (LTIIR) remained constant at 0.31 for the year (F2017: 0.30) with an improvement in the reportable injury incident rate to 0.18 (RIIR) (F2017: 0.20).

Total operating costs at Booysendal were R2.1 billion (F2017: R2.0 billion), an increase of 5.8%. The increase in the unit cash cost per platinum oz was contained to 8.5% from R15 747/oz to R17 090/oz for the current period, in the face of lower production volumes. Post the transition to an owner operating model good mining results are anticipated.

Capital expenditure was R2.0 billion for the period (F2017: R773.8 million), with R1.8 billion on expansion expenditure and R136.1 million on sustaining expenditure. In addition, R89.6 million was prepaid for the aerial rope conveyor system.

Booysendal North

Production from the UG2 North mine dropped by 5.0% to 2 211 045 tonnes (F2017: 2 326 460 tonnes) primarily as a result of the work stoppage during the Booysendal mine transition to an owner operator model in May 2018. The UG2 head grade was maintained at 3.31g/t 6E (F2017: 3.33g/t 6E) pre dense media separation. The North Merensky mine produced 458 027 tonnes during the year at a head grade of 2.27g/t 6E (F2017: 161 134 tonnes at 2.21 g/t 6E). Total metal production declined by 4.3% to 229 275oz 6E (F2017: 239 643oz).

The North mine capital expenditure of R462.2 million for the year (F2017: R448.2 million), included R326.1 million spent on projects and R136.1 million spent on sustaining capital. The North mine capital projects comprise the Merensky North project, the UG2 North deepening project.

During the financial year an agreement was signed with Doppelmayr to start construction on a second aerial conveyor system which will connect the North mine with the Central mine, allowing ore to be transferred from the North mine to the South mine concentrator for processing. The construction of the North aerial conveyor system is expected to start early in F2019, after environmental approval is obtained. Capital expenditure for this was R80.4 million (F2018: RNil) currently accounted for as a prepayment.

The F2019 capital expenditure is estimated at R364.8 million, R169.0 million for sustaining capital expenditure and R195.8 million expansion capital.

Booysendal South

At Booysendal South, capital expenditure grew to R1.5 billion for the year (F2017: R325.6 million). Most of this capital expenditure relates to infrastructure expenditure including the South aerial rope conveyor system, the South/North connection road, the Central mine boxcut and decline development and the refurbishment and start-up of the South mine concentrator. In addition, R9.2 million was prepaid to Doppelmayr for other items being manufactured in Austria related to the aerial rope conveyor system.

The installation of the South aerial conveyor system, linking the central UG2 decline with the South stockpile area, is progressing well. By the end of F2018 all the towers had been erected and all the ropes installed and tensioned. Commissioning is expected in December 2018, ahead of schedule.

During the financial year under review the design of two additional Merensky declines was finalised and it is envisaged that development of these two declines will commence in F2019 and F2020 respectively. The ore from these two declines will be transported via the aerial conveyor system to the South mine concentrator for processing.

The F2019 capital expenditure is estimated at R935.2 million.

MARKET REVIEW*

Platinum

The average platinum price for the financial year declined by 5.5% year on year to USD934/oz. A surplus of platinum supply is projected for calendar year 2018 (C2018). This underperformance of the platinum price, compared to the other PGMs, is largely attributable to the drop in demand for platinum from two of the traditional pillars of demand, Western Europe's light-duty diesel autocatalysts and the

Chinese jewellery industry.

Platinum recycling is expected to continue to grow to 1 955 000oz in 2018 as autocatalyst recycling increases in Europe and North America.

Platinum demand remains well diversified, with autocatalysts comprising 42% of end-use, while jewellery contributes 33% and a range of industrial end-uses, including petroleum and chemical catalysts, medical devices, glass fabrication and electrical components make up the rest.

Gross autocatalyst demand is projected to decline marginally to 3 090 000oz in 2018, as diesel's share of Western European car sales continues to shrink. Although consumers are wary of buying into a powertrain when risks abound that diesel cars may be banned from some cities, the reality is that many new diesel cars are able to meet the latest Euro 6d standards for NO x and particulates emissions, even under forthcoming more stringent real driving emissions testing. Automakers and consumers also face challenging CO_2 emission standards needed to avert global warming. Diesel powertrains are highly competitive compared to gasoline and gasoline hybrids, thus supporting on-going demand.

Demand for platinum from the jewellery sector is expected to fall marginally to 2 420 000oz in C2018. It is likely to take another year at least before demand starts to pick up once again. The Platinum Guild International is working closely with retailers to develop platinum jewellery sales in target markets.

Palladium

The palladium market remains in meaningful deficit by some 805 000oz in C2018, though slightly softer than the 850 000oz deficit seen in C2017. The average price gained 33.5% to USD976/oz over the reporting period (F2017: USD731/oz).

Global palladium supply is forecast to be 6 980 000oz in C2018. Output is projected to drop in most regions except North America (+7% to 1 055 000oz), where new production is ramping up, while South African production is expected to contract by 2.6% to 2 477 000oz owing to mine closures. Russian output may also decline as Nornickel's processing reconfiguration work continues.

North American palladium recycling has increased over the last 12 months due to a recovery in the scrap steel and palladium prices, which are expected to grow again in C2018. However, a slight slowdown in US car sales which is expected this year may limit the rate of growth. Overall secondary supply is expected to reach 2.5Moz in the 2018 calendar year.

Palladium is becoming increasingly exposed to autocatalysts as it is gradually substituted out of industrial end-uses, mainly electrical and dental. Autocatalysts, mostly three-way catalysts for gasoline and gasoline hybrid light vehicles, now comprise 80% of total palladium demand. The United States and China each make up a quarter of autocatalyst palladium demand, closely followed by Western Europe. Hybridisation of gasoline powertrains, from 48V mild hybrids to full hybrids, is taking place rapidly in order to cut CO_2 emissions as standards tighten and diesel cars' share of the market contracts.

Rhodium

The rhodium market is projected to have a small surplus of some 30 000oz in C2018, compared to 60 000oz in C2017. However, it is a small market (just over 1 Moz), and close to balance, making it more susceptible to price volatility than its larger sibling metals.

Rhodium remains a key component to remove NO_x in three-way catalysts for gasoline vehicles and diesel vehicles. Tightening emissions legislation for gasoline cars in China supports demand.

The F2018 price averaged USD1 618/oz (F2017: USD803/oz).

Ruthenium

The average ruthenium price jumped 242.9% to USD144/oz for the year (F2017: USD42/oz), aided by growth in electrical and chemical demand.

Electrical demand (some 40% of the market) continues to grow, as chip resistor use increases and demand for hard disk drives based on ruthenium alloys grows with global data storage needs. Ruthenium requirements for chemical catalysis have grown as China builds polyamide capacity. Electrode coatings for electrochemical processes remain robust, while novel applications in fuel cell catalysts show promise.

The ruthenium market is now projected to move into a structural deficit.

Iridium

Iridium achieved an average price of USD1 014/oz over the period (F2017: USD698/oz), a 45.3% increase year-on-year.

Iridium crucibles (around a third of the market) continue to be favoured for the production of electronic materials for use in smartphones and many other devices. Demand is robust. Iridium and ruthenium coatings on electrodes enable more environmentally-friendly production of commodity chemicals worldwide and iridium-tipped spark plugs help to improve the fuel efficiency of gasoline combustion engines.

* Statistics and projections in the market review section above are based on research undertaken by SFA Oxford, consulting analysts in mining metals and commodities.

MINERAL RESOURCES AND RESERVES

The mineral resources and mineral reserves statements comply with the provisions of the South African Code for Reporting of Mineral Resources and Mineral Reserves of 2007, revised in 2016 (SAMREC 2016).

Mineral resources and reserves for the wholly-owned Northam assets have been prepared under the guidance of the company's competent persons who have reviewed and approved the information contained in this document, as it relates to mineral resources and mineral reserves.

Contact details for Northam's competent persons are available in the Northam Platinum Limited annual integrated report for the year ended 30 June 2018, which is available on the group's website www.northam.co.za/investors-and-media/publications/annual-reports

Mineral resources and reserves for Pandora and Dwaalkop are quoted as at the end of September 2017 and 2016. They are provided by Lonmin plc and the mineral reserves reflect Lonmin plc's reserve modifying factors. The various competent persons are:

Company	Operation	Function	Person
Northam Platinum Limited	Zondereinde (inclusive of Middeldrift and Tumela portions)	Resource and reserve estimation	Charl van Jaarsveld
	Booysendal	Resource estimation	Meshack Mqadi
		Reserve estimation	Willie Theron
	Eland	Resource estimation	Paula Preston
		Reserve estimation	Coenie Roux
	Northam Platinum Limited group	Resource and reserve review	Damian Smith
Lonmin plc	Pandora	Resource estimation	Nicole Wansbury
	Dwaalkop	Resource estimation	Snowden mining industry consultants
		Reserve estimation	AMC Consulting Proprietary Limited
	Lonmin plc group	Resource review	Dennis Hoffmann
		Reserve review	Leon Koorsse

The following tables summarise the mineral resources and reserves attributable to the group for both the current period and previous year.

Mineral resources are reported inclusive of mineral reserves.

Northam group reserves estimate (combined proven and probable)

		30 June 2018			As at 30 June 2017		
			4E			4E	
Reef	Mine	Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Booysendal North mine	18.99	2.87	1.75	19.34	2.87	1.78
	Booysendal South mine	9.84	2.59	0.82	9.84	2.58	0.82
	Dwaalkop(1)	0.00	0.00	0.00	0.00	0.00	0.00
	Pandora(1,2)	0.00	0.00	0.00	0.00	0.00	0.00
	Eland	5.04	0.86	0.14	0.00	0.00	0.00
	Zondereinde(3)	28.38	5.57	5.08	21.86	5.53	3.89
	Total	62.25	3.89	7.79	51.04	3.95	6.49
UG2	Booysendal North mine	51.85	2.95	4.92	43.84	3.00	4.23

	Booysendal South mine	77.54	2.64	6.57	77.57	2.64	6.58
	Dwaalkop(1)	0.00	0.00	0.00	0.00	0.00	0.00
	Pandora(1,2)	0.00	0.00	0.00	1.12	4.20	0.15
	Eland	3.77	3.14	0.38	0.00	0.00	0.00
	Zondereinde(3)	64.54	4.26	8.83	56.84	4.14	7.56
	Total	197.70	3.26	20.70	179.37	3.21	18.52
Combined	Booysendal North mine	70.84	2.93	6.67	63.18	2.96	6.01
	Booysendal South mine	87.38	2.63	7.39	87.41	2.63	7.40
	Dwaalkop(1)	0.00	0.00	0.00	0.00	0.00	0.00
	Pandora(1,2)	0.00	0.00	0.00	1.12	4.20	0.15
	Eland	8.81	1.84	0.52	0.00	0.00	0.00
	Zondereinde(3)	92.92	4.66	13.91	78.70	4.53	11.45
	Total	259.95	3.41	28.49	230.41	3.38	25.01

(1) Current resources and reserves of Pandora and Dwaalkop are quoted as at 30 September 2017 while those of the previous year are at 30 September 2016.
(2) All regulatory approvals for the sale of the 7.5% participation interest in the Pandora joint venture were obtained on 30 November 2017.
(3) A portion of Anglo American Platinum's Tumela mining right was added to the Zondereinde mining right on 6 December 2017, and is therefore included in the above disclosure.

Northam group resources estimate (combined measured, indicated and inferred)

		As at 30 June 2018			As at 30 June 2017		
			4E			4E	
Reef	Mine	Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Booysendal North	86.12	5.06	14.00	86.12	5.06	14.00
	Booysendal South	187.55	3.55	21.41	187.55	3.55	21.41
	Booysendal North mine	21.71	3.19	2.23	22.12	3.17	2.25
	Booysendal South mine	11.98	2.78	1.07	11.98	2.77	1.07
	Dwaalkop(1)	38.05	2.98	3.64	38.05	2.98	3.64
	Pandora(1,2)	0.00	0.00	0.00	0.00	0.00	0.00
	Eland	4.82	1.03	0.16	0.00	0.00	0.00
	Zondereinde(3)	208.88	7.45	50.05	165.27	7.38	39.20
	Total	559.11	5.15	92.56	511.09	4.96	81.57
UG2	Booysendal North	145.43	4.86	22.73	152.65	4.86	23.87
	Booysendal South	235.67	3.20	24.26	235.66	3.20	24.26
	Booysendal North mine	46.12	4.53	6.72	40.26	4.46	5.77
	Booysendal South mine	129.05	3.05	12.65	129.07	3.05	12.65
	Dwaalkop(1)	37.56	4.35	5.25	37.56	4.35	5.25
	Pandora(1,2)	0.00	0.00	0.00	14.18	4.65	2.12
	Eland	147.43	4.04	19.16	0.00	0.00	0.00
	Zondereinde(3)	340.00	5.05	55.16	275.20	5.06	44.78
	Total	1 081.26	4.20	145.92	884.58	4.17	118.70
Combined	Booysendal North	231.55	4.93	36.73	238.77	4.93	37.87
	Booysendal South	423.22	3.36	45.67	423.22	3.36	45.67
	Booysendal North mine	67.83	4.10	8.95	62.38	4.00	8.02
	Booysendal South mine	141.03	3.02	13.71	141.05	3.02	13.72
	Dwaalkop(1)	75.61	3.66	8.89	75.61	3.66	8.89
	Pandora(1,2)	0.00	0.00	0.00	14.18	4.65	2.12
	Eland	152.25	3.95	19.32	0.00	0.00	0.00
	Zondereinde(3)	548.88	5.96	105.21	440.47	5.93	83.98
	Total	1 640.37	4.52	238.48	1 395.68	4.46	200.27

(1) Current resources and reserves of Pandora and Dwaalkop are quoted as at 30 September 2017 while those of the previous year are at 30 September 2016.
(2) All regulatory approvals for the sale of the 7.5% participation interest in the Pandora joint venture were obtained on 30 November 2017.
(3) A portion of Anglo American Platinum's Tumela mining right was added to the Zondereinde mining right on 6 December 2017, and therefore included in the above disclosure.

Changes to the board of directors

Mr PL (Lazarus) Zim, chairman of the board, retired at the conclusion of the AGM on 7 November 2017 and as a member of the nomination committee.

Mr KB (Brian) Mosehla, a non-executive director of the board was appointed as chairman on 7 November 2017, and as a member of the nomination committee, following the retirement of Mr PL Zim. Mr Mosehla also resigned as a member of the social, ethics and human resources (SE&HR) committee on 8 November 2017.

Mr DH (David) Brown was appointed as an independent non-executive director on 7 November 2017. He was also appointed as a member of the audit and risk committee and chairman of the investment committee.

Mr R Havenstein resigned as chairman of the investment committee but remained as a member.

Mr JG Smithies was appointed as a member of the health, safety & environmental (HS&E) committee on 7 November 2018.

Dr NY (Yoza) Jekwa was appointed as an independent non-executive director on 8 November 2017 and as a member of the SE&HR committee.

Corporate governance

The board and management are committed to good corporate governance, underpinned by transparency and accountability. We believe that this approach is fundamental to the management of our business risks, to the way we communicate with our stakeholders, to the delivery of our strategy, and ultimately to the long-term sustainability of the group.

With the introduction of the King IV Report on Corporate Governance for South Africa, 2016 (King IV), released in November 2016, the board set about assessing the effectiveness of the company's current processes, practices and structures which are in place to assist with the direction and management of the company's business and operations.

In February 2017 an independent third party was appointed to conduct a gap analysis on Northam's governance structures and processes. A number of documentation gaps were identified. These have since been addressed through the group governance framework, in accordance with the Memorandum of Incorporation, which serves as evidence of Northam's commitment to proper governance and governance best practice in terms of King IV.

Going concern

Mining operations have a finite life and are dependent amongst other things on geological, technical as well as economic factors such as commodity prices and exchange rates. The global economic outlook and low US dollar metal prices are a concern as the group is an exporter of PGM's to global markets. Operations continue to be under pressure due to increasing input costs and low metal prices.

The group manages its capital to ensure that it will be able to continue as a going concern, to maximise the return to stakeholders through the optimisation of the debt and equity balance, and to ensure that all externally imposed capital requirements are complied with. The capital structure of the group consists of debt, which includes borrowings disclosed in these results, issued capital, reserves and retained earnings.

The results have been prepared using appropriate accounting policies, supported by reasonable and prudent judgments and estimates. The board of directors believes that the group will continue to have adequate financial resources and access to capital to continue operating for the foreseeable future and, accordingly, the results have been prepared on a going concern basis.

Dividends

Given the continuing difficult conditions in the PGM mining industry, and taking into consideration the cash requirements for the development of the group's project pipeline and acquisition of platinum assets, the board has resolved not to declare a dividend for F2018 (2017: RNil cents per share).

On behalf of the board.

KB Mosehla	PA Dunne
Chairman	Chief executive

Johannesburg
30 August 2018

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of Northam shareholders will be held at Glenhove Conferencing, 52 Glenhove Road, Melrose Estate, Johannesburg, South Africa on Tuesday, 6 November 2018 at 10:00 to transact the business as stated in the notice of AGM, forming part of the abridged annual report 2018 ("notice and abridged annual report 2018").

Shareholders are advised that the notice and abridged annual report 2018, containing the summarised audited financial statements for the year ended 30 June 2018, will be distributed electronically to shareholders today, 7 September 2018, whilst the physical mailing process of the notice and abridged annual report 2018 is expected to be completed by no later than Friday, 14 September 2018.

The annual integrated report 2018, containing the full audited annual financial statements incorporating the auditors' report in which Ernst & Young Inc. expressed an unmodified audit opinion and the notice and abridged annual report 2018 are available on the following link:

http://www.northam.co.za/investors-and-media/publications/annual-reports or can be obtained from the company's registered office on request.

The salient dates of the AGM are as follows:

	2018
Record date to determine which shareholders are entitled to receive the notice and abridged annual report 2018	Friday, 31 August
Distribution of the notice and abridged annual report 2018	Friday, 7 September
Last day to trade in order to be eligible to attend and vote at the AGM	Tuesday, 23 October
Record date to determine which shareholders are entitled to attend and vote at the AGM	Friday, 26 October
Forms of proxy for the AGM to be lodged by 10:00 on	Monday, 5 November*
AGM to be held at 10:00 on	Tuesday, 6 November
Results of AGM released on SENS on	Tuesday, 6 November

* Any forms of proxy not lodged by this date and time must be delivered to the chairperson of the AGM before the appointed proxy may exercise any rights of the shareholder at the AGM.

DIRECTORS

KB Mosehla	(non-executive chairman)
R Havenstein	(lead independent director)
PA Dunne*	(chief executive officer)
AZ Khumalo	(chief financial officer)
DH Brown	(independent non-executive director)
CK Chabedi	(independent non-executive director)
HH Hickey	(independent non-executive director)
Dr NY Jekwa	(independent non-executive director)
TE Kgosi	(independent non-executive director)
TI Mvusi	(independent non-executive director)
JG Smithies*	(independent non-executive director)

* British

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