NEWGOLD ISSUER (RF) LIMITED
(Registration number: 2004/014119/06)
AUDITED ANNUAL FINANCIAL STATEMENTS
31 March 2019

Preparer: Absa CIB Finance, under the supervision of Palesa Mkhize CA(SA)
Designation: Head of Financial Decision Support, Corporate and Investment Bank, Absa Bank Limited

Contents

NEWGOLD ISSUER (RF) LIMITED
(Registration number: 2004/014119/06)
DIRECTORS' RESPONSIBILITIES AND APPROVAL
As at 31 March 2019

The directors are responsible for overseeing the preparation, integrity and objectivity of the annual financial statements that fairly present the state of the affairs of NewGold Issuer (RF) Limited ("the Company") at the end of the financial year and the net income and cash flows for the reporting period, and other information contained in this report.

To enable the directors to meet these responsibilities:

- All directors will endeavour 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 board sets standards and management implements systems of internal control and accounting and information systems aimed at providing reasonable assurance that both on and off statement of financial position assets are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties;
- The board and management identify all key areas of risk across the Company and endeavour to mitigate or minimise these risks by ensuring that appropriate infrastructure, controls, systems and discipline are applied and managed within predetermined procedures and constraints;
- The internal audit function outsourced from Absa Group Limited Internal Audit, which operates unimpeded and independently from operational management, appraises, evaluates and, when necessary, recommends improvements to the systems of internal control and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business; and
- The internal auditors play an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of their knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the year under review.

The Company consistently adopts appropriate and recognised accounting policies and these are supported by reasonable and prudent judgements and estimates on a consistent basis. The financial statements of the Company have been prepared in accordance with the provisions of the Companies Act of South Africa and comply with International Financial Reporting Standards (IFRS) and all applicable legislation.

The directors have no reason to believe that the Company will not be a going concern in the reporting period ahead, based on forecasts and available cash resources. These financial statements have accordingly been prepared on this basis.

It is the responsibility of the independent auditors to report on the annual financial statements. Their report to the shareholder of the Company is set out on pages 12 to 15 of this report.

The directors' report on pages 16 to 17 and financial statements of the Company which appear on pages 18 to 55 were approved by the board of directors on 20 June 2019 and are signed on its behalf by

BM Mgwaba
Johannesburg

TJ Fearnhead
Johannesburg

NEWGOLD ISSUER (RF) LIMITED
(Registration number: 2004/014119/06)
COMPANY SECRETARY'S CERTIFICATE
As at 31 March 2019

To the shareholder of NewGold Issuer (RF) Limited,

In accordance with the provisions of section 88(2)(e) of the Companies Act of South Africa, I, in my capacity as a duly authorised representative of the Company Secretary hereby certify that, in respect of the year ended 31 March 2019, the Company has filed with the Commissioner of the Companies and Intellectual Property Commission (CIPC) all returns and notices prescribed by the Act and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.

Absa Secretarial Services Proprietary Limited Represented by: M. Bagus
20 June 2019

Corporate Governance

NewGold Issuer (RF) Limited's ("NewGold" or "the Company") corporate governance practices are guided by the Companies Act No. 71 of 2008 (as amended), relevant sections of the JSE Listings Requirements, the Company's Memorandum of Incorporation, the recommendations of the King Code on Corporate Governance for South Africa, 2016 (King IV); and as a related entity to Absa Group Limited, the Absa Group Limited's governance standards and policies and prevailing best practice governance.

The Board of Directors ("the Board") sets the overarching governance principles to be upheld and practiced by all entities to assist in embedding good governance practices. The Absa Group's governance standards, which have been adopted by the Company, are described in the Group Governance Framework and the Group Legal Entities and Directors Policies, including the Enterprise Risk Management Framework and the Code of Conduct.

King IV is the main governance code for South African companies; as such the Company has applied the Code on a proportionality basis (that is to the extent beneficial to the entity's governance). The Company's application of King IV as required by the JSE Listing Requirements is set out in page 6 of these annual financial statements.

The directors are of the opinion that the Company has applied the principles and recommendations of the Code in all material aspects for the period under review.

The Board, is collectively responsible for delivering sustainable value through oversight of the management of the Company's business, challenging and approving strategic plans proposed by management; and monitoring implementation of the strategy and plans in the context of the approved risk appetite, the available opportunities, and the macro and regulatory environment.

Management of the Company

The Board has delegated the day-to-day management of the Company to executive management whose performance the Board monitors through regular operational and financial reporting.

Board Composition

The Board comprises five directors, one executive, one non-executive and three independent non-executive directors. The executive and non-executive directors are representatives of the shareholder and Absa Bank Limited.

Professional Advice

The Board and individual directors may procure independent professional advice at the expense of the Company in the discharge of their responsibilities.

Company Secretarial and Governance support

Absa Secretarial Services Proprietary Limited, a subsidiary of Absa Bank Limited is the duly appointed Company Secretary of the Company and is represented by a qualified and skilled Company Secretary.

The day-to-day subsidiary corporate secretarial and governance support duties are managed by the dedicated Company Secretary with support from the Head of Secretarial Services for South Africa, the Head of Governance and a statutory administration team at the Group Secretariat.

The Company Secretary also provides guidance and advice to the Board as a whole and individual directors on their duties and responsibilities as directors, which should be discharged in the best interest of the Company.

Audit Committee

The Board relies on the Company's Audit, Risk and Compliance committee ("ARC") for input on audit and compliance functions.

Notwithstanding the role of the ARC in relation to the audit function, the board remains at all times responsible for monitoring the effectiveness of the Company's control environment. The Committee reviews and approves the annual financial statements; and engages with representatives of internal and external audit for assurance of the integrity of the financial and related information.

All audit issues raised during the audit for the financial year-ended 31 March 2019 were submitted to, considered and resolved by the Board.

Internal Audit

The internal audit function is conducted by the Absa Bank Limited internal audit. The annual internal audit plan relating to the Company is presented and adopted by the Board. This ensures that issues raised by internal audit are appropriately addressed by management.

Remuneration policy

Employee remuneration: The Company has no employees and a remuneration policy is therefore not applicable.

Director remuneration: the independent non-executive directors are not employees of the Company and receive fees for their services as directors through an administration fee paid by the Company. The executive directors of the Company are all employees of the Absa Bank Limited and do not receive fees for their services as directors of the Company.

Risk Management

The Company's risk is governed and managed in terms of the Group Enterprise Risk Management Framework and related policies. The Board and the Servicer are responsible for the Company's risk governance and management within the overall context of the Group's risk appetite and principal risks. The Company's ARC in conjunction with the Company's risk management committee develops appropriate risk processes for managing risks.

The Board believes that risk of the Company is adequately managed.

Compliance

The Company relies on the compliance function of Absa Bank Limited, which is represented by a dedicated compliance officer. The compliance officer monitors compliance of all relevant legislation and makes representations to the Board regularly.

The Board, being ultimately responsible for compliance of the Company, engages with management regularly to discuss and develop compliance processes for the Company.

Integrated sustainability reporting and disclosure

As a related entity to Absa Group Limited, the Company's financial results are not consolidated into the financial results of Absa Group Limited; however, the financial results address the Company's sustainability. The board is responsible in ensuring the accuracy of the financial information which is reported to all the relevant stakeholders.

Managing Stakeholder relationships

The Board and management are responsible for proactively engaging with material stakeholders in an inclusive manner that balances their needs, interests and expectations, and addresses their concerns in the best way possible.

IT Governance

The Company's Information Technology is governed in terms of the Absa Group IT governance policy and is reliant on systems and information technology infrastructure housed within the Absa Group and is adherent to the oversight and technology governance of the Group Information Technology Committee.

Fundamental and affected transactions

The Board reviews the declarations of interest and other directorships on an ongoing basis and has considered the declarations during the period under review.

King Report on Corporate Governance

Principal 1: Leadership - The governing body should lead ethically and effectively

The governing body's deliberations, decisions and actions are based on the following characteristics:

Integrity

The members of the Board avoided conflicts of interest. The Board submits its declaration of interests quarterly and the declaration of interest is a standing item on the meeting agendas. A register of declarations of interest is kept.

Competence

The Board ensured that they have sufficient working knowledge of the Company and its industry as well as the key laws, rules, codes and standards applicable to the Company.

Additional training is provided through the Group Secretariat office if requested. All directors may, as per the Memorandum of Incorporation ("MOI"), seek independent advice, at the Company's expense. The directors also have unrestricted access to the Chairman of the Board, NewGold Managers Proprietary Limited ("the Manager") and Absa Bank Limited (who performs the day-to-day management of the Company through delegation by NewGold Managers Proprietary Limited). The Board also has the ability to consult with, and receive the full co-operation from the Manager of the Company where necessary to fulfill its responsibilities.

Responsibility

The Board assumed a collective responsibility for steering and setting direction of the organization planning, overseeing and monitoring implementation and execution by the Manager of the Company and ensuring accountability for organisational performance.

Meeting packs are distributed before the meeting to enable directors to devote sufficient time and effort to prepare for these meetings. Directors attended meetings as scheduled.

Accountability

Directors account for the execution of their delegated responsibilities by reporting to the shareholder at the Annual General Meeting ("AGM").

Fairness

The members of the Board ensured that they gave fair consideration to the legitimate interests and expectations of all stakeholders of the Company.

Transparency

The members of the Board disclosed information in a manner that enables stakeholders to make an informed analysis of the Company's performance and sustainability.

King Report on Corporate Governance (continued)

Principle 2: Organisational Ethics - The governing body should govern the ethics of the organization in a way that supports the establishment of an ethical culture.

The Company has received a dispensation from the Companies Tribunal to transfer relevant functions of a Social and Ethics Committee (SEC) to the Board with effect from 2 October 2018 for a period of three (3) years. As the Company does not have employees, certain of the functions of a SEC are not applicable to it. The residual applicable functions of a SEC, for which the Board will be responsible for, are contained in the Board Charter.

The day to day management of the Company is outsourced to NewGold Managers (Pty) Ltd ("NewGold Managers" or "Manager of the Company"). NewGold Managers is 51% owned by the NewGold Owner Trust and 49% by Absa Bank Limited (Absa). Management of the Company is delegated to Absa Bank Limited via NewGold Managers in terms of a detailed Service Level Agreement ("SLA") between Absa Bank Limited and NewGold Managers, where Absa Bank Limited performs the day to day management functions of the Company as agent on behalf of NewGold Managers.

Principle 3: Responsible Corporate Citizenship - The governing body should ensure that the organization is and is seen to be a responsible corporate citizen.

The Board has an obligation to ensure that the Company is governed as per the objectives of the mandate of the Company as set out in the MOI and Board Charter.

The day to day management of the Company is outsourced to NewGold Managers (Pty) Ltd ("NewGold Managers" or "Manager of the Company"). NewGold Managers is 51% owned by the NewGold Owner Trust and 49% by Absa Bank Limited. Management of the Company is delegated to Absa Bank Limited via NewGold Managers in terms of a detailed Service Level Agreement ("SLA") between Absa Bank Limited and NewGold Managers, where Absa Bank Limited performs the day to day management functions of the Company as agent on behalf of NewGold Managers

Principle 4: Strategy and Performance - The governing body should appreciate that the organization's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

The Board has an obligation to ensure that the Company is governed as per the objectives of the mandate of the Company as set out in the Transactions Documents. As part of its oversight of performance, the Board is alerted to the general viability of the Company with regard to the Company's solvency and liquidity and its status as a going concern.

Principle 5: Reporting - The governing body should ensure that reports issued by the organization enable stakeholders to make informed assessments of the organization's performance, and its short, medium and long term prospects.

The Board has, through the Manager of the Company, regular interaction with the investors. Annual Financial Statements, trading updates and announcements were published and met the legitimate and reasonable information needs of all stakeholders.

Principle 6: Roles and Responsibilities of the governing body - The governing body should serve as the focal point and custodian of corporate governance in the organization.

King Report on Corporate Governance (continued)

The role, responsibilities and procedural conduct of the Board are documented in the Company's MOI, Board Charter and the Companies Act. The Board held 4 (four) meetings during the year and all the directors attended the meetings. The Board is satisfied that it has fulfilled its responsibilities in accordance with the MOI, Board Charter and the Companies Act.

Principle 7: Composition of the governing body - The governing body should comprise an appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

Nomination, election and appointment of members

The Board is appointed through a formal process in terms of the MOI. The executive directors who are employed within Absa Bank Limited are nominated through the Absa Group Executive Committee ("ExCo") process. Maitland Group South Africa Limited appoints two independent non-executive directors in their capacity as trustees of NewGold Owner Trust. Absa Bank Limited nominates one independent non-executive director through the Directors' Affairs Committee of Absa Group Limited which has delegated such authority to the Group CEO and the Group ExCo member responsible for Absa Corporate and Investment Banking. Deliberations and appointments are formal and transparent. Prior to their nomination candidates backgrounds are independently investigated and qualifications verified. Members are given a letter of appointment and inducted to enable them to make contributions to the meetings.

Composition

The Board has five (5) members. The following factors were considered when determining the required number of members of the Board; Appropriate balance of knowledge, skills, experience, diversity and independence on the Board, appropriate mix of executive and non-executive and independent non-executive members, the need for a sufficient number of members that qualify to serve on Board committees, the need to secure a quorum at the meetings and regulatory requirements (MOI, Companies Act, JSE Listing Requirements).

Independence and conflicts

Each member submits a declaration of all financial, economic and other interests held by the director and related parties at least quarterly or whenever there are significant changes. At the beginning of each meeting of the Board and its committees all members declare whether any of them has any conflict of interest in respect of a matter on the agenda.

Chairman of the Board

The chair is an independent non-executive director. There is no lead independent director appointed to chair meetings in the absence of the chair because the MOI allows the directors to appoint any one of them in the absence of the chair to chair the meetings. The chair is a member of the Audit, Risk and Compliance Committee, but is not the chairman of the committee. This is considered in order given the specific ring-fenced nature and purpose of the Company.

Principle 8: Committees of the governing body - The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

The Board has delegated certain responsibilities, but without abdicating responsibility, to the Audit, Risk and Compliance Committee which has approved terms of reference and conducts formal meetings as required. The terms of reference are reviewed annually and approved by the Board.

King Report on Corporate Governance (continued)

Audit, Risk and Compliance

The Committee has three members who are independent, non-executive directors of the Board. The chairman is an independent non-executive director. The Committee held four meetings during the year and all the members attended the meetings. The Committee met with the external auditors without the Manager, and vice versa, being present to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum.

Social and Ethics Committee

The Company has received a dispensation from the Companies Tribunal to transfer relevant functions of a Social and Ethics Committee (SEC) to the Board with effect from 2 October 2018 for a period of three (3) years. As the Company does not have employees, certain of the functions of a SEC are not applicable to it. The residual applicable functions of a SEC, which the Board will be responsible, are contained in the Board Charter.

Principle 9: Evaluations of the performance of the governing body - The governing body should ensure that the evaluation of its own performance and that of its Committees, its chairmen and its individual members, support continued improvement in its performance and effectiveness.

Evaluations of the performance of the Board and the Audit, Risk and Compliance Committee as a whole are undertaken at least after every two years. After every two years the Board would schedule an opportunity for consideration, reflection and discussion of its performance. This would be done by way of self-assessment.

Principle 10: Appointment and delegation to management - The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

Delegation

While retaining overall accountability and subject to matters reserved to itself, Management of the Company has been delegated to Absa Bank Limited through SLA between Absa Bank Limited and NewGold Managers Proprietary Limited.

Principle 11: Risk Governance - The governing body should govern risk in a way that supports the organization in setting and achieving its strategic objectives.

In terms of the MOI and Board Charter, the Board is responsible for the governance of risk and the Manager and the Audit, Risk and Compliance Committee assists the Board with this responsibility. The Board exercises on-going oversight of risk management. Absa Bank Limited through the SLA and Audit, Risk and Compliance Committee oversee the risk management processes within the Company and reports back to the Board. The responsibility to implement and execute effective day to day risk management is delegated to Absa Bank Limited in terms of the SLA.

Principle 12: Technology and information governance - The governing body should govern technology and information in a way that supports the organization setting and achieving its strategic objectives.

Absa Bank Limited through the SLA takes overall responsibility for IT governance on behalf of the Company. The Company operates within the parameters of Absa Group IT Charter.

Principle 13: Compliance Governance - The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organization being ethical and a good corporate citizen.

King Report on Corporate Governance (continued)

The Company's MOI confirms that the Board is responsible for ensuring that the Company complies with all relevant laws, regulations and codes of business practice. The Board has delegated the responsibility for ensuring that the relevant compliance processes are in place to Absa Bank Limited. The Board is regularly informed and updated on relevant laws, rules, codes and standards through reports presented to the Audit, Risk and Compliance Committee. The Company Secretary monitored regulatory compliance with the Companies Act and advised the Board.

Principle 14: Remuneration Governance - The governing body should ensure that the organization remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The Company has no employees and a remuneration policy is therefore not applicable.

However, the Company pays a corporate services fee to Maitland Group South Africa Limited for the provision of the two non-executive directors. Absa Bank Limited pays a corporate services fee to the remaining non-executive director and remunerates the executive directors as they are full time employees of Absa Bank Limited.

Principle 15: Assurance - The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organization's external reports.

The Board is responsible for assurance by setting the direction concerning the arrangements for assurance services and functions. Absa Bank Limited and the Audit, Risk and Compliance Committee assist the Board with this responsibility.

Principle 16: Stakeholders - In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder inclusive approach that balances the needs, interests, and expectations of material stakeholders in the best interests of the organisation over time.

Stakeholder Relationships

The Board engages its stakeholders directly and through the efforts of Absa Bank Limited. This allows the Company to manage issues effectively and timeously and reduces the likelihood of reputational risks. The Board understands that communication with stakeholders in respect of financial and non-financial information is vital and open interaction is actively pursued. The Board has regular and on-going stakeholder engagements through various channels. The Board is informed of material issues and disputes and provides input to enable resolution as effectively, efficiently and expeditiously as possible.

Shareholder Relationships

The Board ensured proactive engagement with the shareholder, including engagement through the AGM of the Company.

Principle 17: Institutional Investors - The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.

The principle is not applicable to the Company as the Company is not an Institutional Investor.

Mr DA Lorimer is the chairman of the Audit, Risk and Compliance Committee ("the Committee"), while Mr TJ Fearnhead and Mr RMH Pitt are members of the Company's Audit, Risk and Compliance Committee. Messrs DA Lorimer, TJ Fearnhead and RMH Pitt are independent non-executive directors and have relevant qualifications and financial expertise.

The Company Secretary also serves as the secretary of the Committee.

A quorum for the meeting requires two members to be present. The terms of reference of the Audit, Risk and Compliance Committee are reviewed annually.

Besides the statutory functions for audit and risk committees contained in the Companies Act, the key terms of reference of the Audit, Risk and Compliance Committee comprise various categories of responsibility and include the following:

(i) The Company's relationship with external auditors
(ii) The presentation of financial statements and reports complying with all the relevant corporate disclosure requirements and accounting standards
(iii) The review of any other announcement regarding the Company's results or other financial information, including dividends proposed for declaration;
(iv) The identification of exposure to significant risks;
(v) The operation of adequate processes of internal control; and
(vi) The monitoring of the Company's corporate and governance practices in relation to statutory and other regulatory requirements and guidelines.

In addition, the committee considers any matters referred to it by the Board of directors. The Chairman of the Committee reports to the Board on the recommendations made by the Committee.

The Audit, Risk and Compliance Committee met on the under mentioned occasions during the year under review and subsequent to the year end:

- 26 June 2018
- 18 September 2018
- 27 November 2018
- 20 March 2019
- 20 June 2019

Ernst & Young Inc. represented by Rohan Baboolal, attended all the Audit, Risk and Compliance Committee meetings for the year including the meeting held on 20 June 2019 where the financial statements were considered for approval.

The Board has concluded that the Audit, Risk and Compliance committee has satisfied its responsibilities for the year under review in compliance with the terms of reference and statutory requirements. The Company is fully committed to the principles of the Code of Corporate Practices and Conduct ("the Code") as set out in The King Report on Corporate Governance. In supporting the Code, the directors recognise the need to govern the Company with integrity and in accordance with generally accepted corporate practices.

NewGold Owner Trust, established in South Africa, holds 100% of the share capital of the Company. In terms of the management agreement between the Company and NewGold Managers Proprietary Limited, NewGold Managers Proprietary Limited is entitled to subcontract and/or delegate services including those related to financial management and advisory services, custodial services, legal services, tax consulting services and information technology services without the consent of the Company but subject to the limit of R500 000. The consent of the Company is required for engagements in excess of R500 000.

Notwithstanding the aforementioned, the directors of the Company are of the opinion that the Company has complied with the principles and recommendations of the Code, in all material respects, with regard to the period under review.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF NEWGOLD ISSUER (RF) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NewGold Issuer (RF) Limited ('the company') set out on pages 18 to 55, which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, the statement of changes in equity and the 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 financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2019, 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 sections 290 and 291 of the Independent Regulatory Board for *Auditors' Code of Professional Conduct for Registered Auditors* (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for *Auditors' Code of Professional Conduct for Registered Auditors* (Revised November 2018) (together the IRBA Codes) 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, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the company and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for *Accountants' Code of Ethics for Professional Accountants (IESBA code)* and the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants* (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements

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as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There were no issues identified from the audit that were considered as a matter that requires "significant auditor attention" and consequently we can conclude that there are no key audit matters.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 55 page document titled "NewGold Issuer (RF) Limited Audited Annual Financial Statements for the year ended 31 March 2019", which includes the Corporate Governance statement, Audit Committee report, Directors' Responsibilities and Approval, Directors' Report and the Company Secretary's Certificate 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 the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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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 NewGold Issuer (RF) Limited for 7 years.

Ernst & Young Inc.
Director: Rohan Baboolal CA(SA)
Registered Auditor
20 June 2019
102 Rivonia Road
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Company registration number	2004/014119/06	
Country of incorporation and domicile	South Africa	
Date of publication	25 June 2019	
Nature of business and principal activities	The Company is an entity set up to conduct an exchange traded fund ("ETF"). The Company enables investors to invest in debt instruments, the value of which tracks the price of gold bullion, platinum as well as palladium ("Precious Metals"). The Company operates principally in South Africa, and from the way the business of the Company is structured and managed the Company's results are reviewed as a single operating segment.	
Directors	**Name**	**Appointment date**
	CHM Edwards	24 March 2016
	TJ Fearnhead	18 June 2010
	DA Lorimer	01 July 2016
	BM Mgwaba	15 October 2015
	RMH Pitt	01 October 2016
Registered office	7th Floor Absa Towers West 15 Troye Street Johannesburg 2001	
Business address	7th Floor Absa Towers West 15 Troye Street Johannesburg 2001	
Postal address	7th Floor Absa Towers West 15 Troye Street Johannesburg 2001	
Holding company	NewGold Owner Trust, Incorporated in South Africa	
Ultimate holding company	NewGold Owner Trust, Incorporated in South Africa	
Bankers	ABSA Bank Limited	
Auditors	Ernst & Young Inc. 102 Rivonia Road Sandton 2194	
Company secretary	Absa Secretarial Services Proprietary Limited Represented by: M. Bagus	
Date of incorporation	27 May 2004	

Review of financial results

The financial results of the Company are set out in the attached financial statements. The results do not, in the opinion of the directors, require further explanation.

Key performance indicators	2019 R'000	2018 R'000
Profit for the year	**69 777**	74 509
Total comprehensive income	**69 777**	74 509
Taxation	**(27 179)**	(31 137)
Dividends declared and paid	**(58 550)**	(82 000)
Net assets/(liabilities)	**5 795**	(5 432)
Net current assets	**73 756**	79 932

Authorised and issued share capital

There were no changes to the authorised or issued share capital for the year under review. The share capital is disclosed in note 15.

Events after the reporting date

Events material to the understanding of these annual financial statements that occurred between the financial year end and the date of this report have been disclosed in note 26.

Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

Special resolution

No special resolutions were passed during the year.

NEWGOLD ISSUER (RF) LIMITED
(Registration number: 2004/014119/06)
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2019

	Notes	2019 R'000	2018 R'000
Effective Interest income		4 768	5 556
Revenue from contracts with customers	5	89 523	121 023
Gross income		94 291	126 579
Other operating income	6	15 103	1 219
Other expenses	7	(12 438)	(22 152)
Fair value adjustment on bullion investments		4 419 792	(1 710 651)
Fair value adjustment on debentures		(4 419 792)	1 710 651
Profit before tax		96 956	105 646
Income tax	8	(27 179)	(31 137)
Profit for the year		69 777	74 509
Total comprehensive income for the year, net of tax		69 777	74 509
Profit attributable to:			
Shareholder of the Company		69 777	74 509
		69 777	74 509
Total comprehensive profit attributable to:			
Shareholder of the Company		69 777	74 509
		69 777	74 509
Earnings per share	9		
Basic (cents per share)		69 777 436	74 509 209
Diluted (cents per share)		69 777 436	74 509 209

NEWGOLD ISSUER (RF) LIMITED
(Registration number: 2004/014119/06)
STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	Notes	2019 R'000	2018 R'000
Assets			
Current assets			
Other receivables	10	15 502	9 837
Current tax assets		17 044	2 665
Bullion Investments	11	25 361 888	24 898 400
Cash and cash equivalents	19	41 654	68 276
Total current assets		25 436 088	24 979 177
Total assets		25 436 088	24 979 177
Equity and liabilities			
Equity			
Capital and reserves			
Share capital	15	-	-
Retained income/(accumulated loss)		5 795	(5 432)
Total equity		5 795	(5 432)
Liabilities			
Non-current liabilities			
Deferred tax liabilities	12	67 961	85 364
Total non-current liabilities		67 961	85 364
Current liabilities			
Trade and other payables	13	8 359	9 429
Debentures	14	25 353 973	24 889 817
Total current liabilities		25 362 332	24 899 246
Total liabilities		25 430 293	24 984 609
Total equity and liabilities		25 436 088	24 979 177

NEWGOLD ISSUER (RF) LIMITED
(Registration number: 2004/014119/06)
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2019

	Share Capital R'000	Retained income R'000	Total equity R'000
Balance at 1 April 2017	-	2 059	2 059
Total comprehensive income for the year	-	74 509	74 509
Dividends declared	-	(82 000)	(82 000)
Balance at 31 March 2018	-	(5 432)	(5 432)
Note	15		
Balance at 1 April 2018	-	**(5 432)**	**(5 432)**
Total comprehensive income for the year	-	**69 777**	**69 777**
Dividends declared	-	**(58 550)**	**(58 550)**
Balance at 31 March 2019	-	**5 795**	**5 795**
Note	15		

NEWGOLD ISSUER (RF) LIMITED
(Registration number: 2004/014119/06)
STATEMENT OF CASH FLOWS
for the year ended 31 March 2019

	Notes	2019 R'000	2018 R'000
Cash flows from operating activities			
Cash generated by operations	16	**85 974**	98 588
Income taxes paid	17	**(58 961)**	(27 847)
Interest received		**4 915**	5 517
Net cash generated by operating activities		**31 928**	76 258
Cash flows from financing activities			
Dividends paid to owners of the Company	18	**(58 550)**	(82 000)
Net cash used in financing activities		**(58 550)**	(82 000)
Net decrease in cash and cash equivalents		**(26 622)**	(5 742)
Cash and cash equivalents at the beginning of the year		**68 276**	74 018
Cash and cash equivalents at the end of the year	19	**41 654**	68 276

1. STATEMENT OF COMPLIANCE

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRIC) and the requirements of the Companies Act of South Africa, as amended.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

During the current year, the Company has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRIC that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2018. For details of the new and revised accounting policies refer to note 27.

2.2 BASIS OF PREPARATION

Apart from certain items that are carried at fair valued amounts, as explained in the accounting policies below, the financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The financial statements are presented in South African Rands (R'000), the presentation currency of the Company. All financial information is presented to the nearest R'000.

2.3 REVENUE RECOGNITION

MONTHLY SALES (2018)

A management fee accrues daily on all gold, platinum and palladium held. The fee is equal to 40 basis points per annum on the value of the bullion held and is settled monthly in arrears. The fee is recognised as revenue when the outcome of the transaction can be estimated reliably. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

• When the amount of revenue can be measured reliably;

• It is probable that the economic benefits associated with the transaction will flow to the entity; and

• The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 REVENUE RECOGNITION (continued)

REVENUE FROM CONTRACTS WITH CUSTOMERS (2019)

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and excludes amounts on behalf of third parties. The Company recognises the revenue from contracts with customers when it transfers control over to the customers.

The Company provides investment management, administrative and custody services on behalf of debenture noteholders. In return for this service, the Company charges a monthly Management Fee based on the value of the bullion (gold, platinum and palladium) held. This fee accrues daily on all gold, platinum and palladium held. The fee is equal to 40 basis points per annum on the value of the bullion held. The provision of investment management, administrative and custody services is considered to be a distinct performance obligation.

Under IFRS 15 *Revenue from Contracts with Customers*, entities are required to recognise revenue in a manner which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The fees earned in respect of services rendered by the Company are recognised over time on an accrual basis as the performance obligation is satisfied as the customer simultaneously receives and consumes the benefit.

NET INTEREST INCOME

Interest revenue and interest charges which are calculated using the effective interest method are separately presented in the statement of comprehensive income. The interest expense on financial liabilities held at amortised cost, are calculated using the effective interest rate method. This results in the allocation of interest, and direct and incremental fees and costs, over the expected lives of the assets and liabilities.

The effective interest method requires the Company to estimate future cash flows, in some cases based on its experience of customers' behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities. Due to the large number of products and types (both assets and liabilities), there are no individual estimates that are material to the results or financial position.

The Company also presents as part of net interest income, albeit separate from effective interest income and effective interest expense, other interest income and other interest charges, which are not calculated on the effective interest method.

2.4 FOREIGN CURRENCIES

Transactions and balances in foreign currencies are translated into South African Rands at the rate ruling on the date of the transaction. Foreign currency balances are translated into South African Rands at the reporting period end exchange rates. Exchange gains and losses on such balances are taken to profit or loss.

In preparing the annual financial statements, transactions in currencies other than the functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 TAXATION

CURRENT TAXATION

Income tax payable on taxable profits ("current taxation") is recognised as an expense in the reporting period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior reporting period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

DEFERRED TAXATION

Deferred tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the reporting date, which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

CURRENT AND DEFERRED TAX

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

VALUE ADDED TAXATION

Revenues, expenses and assets are recognised net of the amount of VAT, except:

• Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the asset; and

• Receivables and payables that are stated with the amount of VAT included.

2.6 BULLION INVESTMENT

Gold, platinum and palladium bullion are commodities that the Company buys and/or sells for the primary purpose of holding such commodities to realise fair value gains on the bullion investments for the debenture holders. IFRS does not address the accounting treatment of gold bullion in this instance. As such, the Company has elected to develop and adopt its own accounting policy for bullion investments in accordance with IAS 8. To develop the accounting policy for the bullion investment, the Company has made use of the principles found in IAS 40: Investment Property as this standard addresses the accounting treatment of an asset held for capital appreciation purposes.

The bullion is therefore measured at fair value. The fair value of bullion is affected by the market and is determined with reference to the quoted exchange rate and the exchange quoted selling price of gold, platinum or palladium per ounce known as Gold PM fix, Platinum PM fix and Palladium PM fix respectively. Gains and losses on bullion investments are recognized in profit or loss on a mark-to-market basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 FINANCIAL INSTRUMENTS

IFRS 9 Financial Instruments (IFRS 9) has been adopted by the Company on 1 April 2018, and replaces IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). As permitted under IFRS 9, the Company has elected not to restate comparative periods on the basis that it is not possible to do so without the application of hindsight. The comparative financial information for the 2018 reporting period has therefore been prepared under the framework for financial instrument accounting within IAS 39. The following section sets out the accounting policies that were applied in the 2018 reporting period (2018), together with those that are applied under IFRS 9 (2019). Significant changes have been made to certain accounting policies, owing to the revised classification and measurement framework for financial instruments, as well as changes in the impairment scope and methodology. Where there have been changes in accounting policies, those applied in 2018 have been clearly distinguished from the current reporting period.

INITIAL RECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (2018 and 2019)

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are capitalised to the initial carrying amount of the financial asset/liability, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Company recognises financial assets and liabilities when it becomes a party to the terms of the contract, which is the trade date or the settlement date.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs include only data from observable markets then the instrument should be recognised at the fair value derived from such observable market data.

For valuations that have made use of significant unobservable inputs, the difference between the model valuation and the initial transaction price (Day One profit) is recognised in profit or loss either on a straight-line basis over the term of the transaction, or over the reporting period until all model inputs will become observable where appropriate, or released in full when previously unobservable inputs become observable.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (2019)

On initial recognition, the Company classifies its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income; or
- Fair value through profit or loss

The classification and subsequent measurement of financial assets depends on:

- The business model within which the financial assets are managed; and
- The contractual cash flow characteristics of the asset (that is, whether the cash flows represent solely payments of principal and interest).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 FINANCIAL INSTRUMENTS (continued)

CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (2019) (continued)

Business model assessment:

The business model reflects how the Company manages the financial assets in order to generate cash flows and returns. The Company makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The factors considered in determining the business model include (i) how the financial assets' performance is evaluated and reported to management, (ii) how the risks within the portfolio are assessed and managed and (iii) the frequency, volume, timing for past sales, sales expectations in future periods, and the reasons for such sales. The Company reclassifies debt instruments when, and only when, the business model for managing those assets changes. Such changes are highly unlikely and therefore expected to be very infrequent.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI):

In making the assessment of whether the contractual cash flows have SPPI characteristics, the Company considers whether the cash flows are consistent with a basic lending arrangement. That is, the contractual cash flows recovered must represent solely the payment of principal and interest. Principal is the fair value of the financial asset on initial recognition. Interest typically includes only consideration for the time value of money and credit risk but may also include consideration for other basic lending risks and costs, such as liquidity risk and administrative costs, together with a profit margin. Where the contractual terms include exposure to risk or volatility that is inconsistent with a basic lending arrangement, the cash flows would not be considered to be SPPI and the assets would be mandatorily measured at fair value through profit or loss, as described below. In making the assessment, the Company considers, inter alia, contingent events that would change the amount and timing of cash flows, prepayment and extension terms, leverage features, terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements), and features that modify consideration of the time value of money (e.g. tenor mismatch). Contractual cash flows are assessed against the SPPI test in the currency in which the financial asset is denominated.

Debt Instruments:

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds. The Company classifies its debt instruments as follows:

- Amortised cost - Financial assets are classified within this measurement category if they are held within a portfolio whose primary objective is the collection of contractual cash flows, where the contractual cash flows on the instrument are SPPI, and that are not designated at fair value through profit or loss. These financial assets are subsequently measured at amortised cost where interest is recognised as effective interest using the effective interest rate method. The carrying amount is adjusted by the cumulative expected credit losses recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 FINANCIAL INSTRUMENTS (continued)

CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (2019) (continued)

Debt Instruments: (continued)

- Fair value through profit or loss - Financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are mandatorily measured at fair value through profit or loss. Gains and losses on these instruments are recognised in profit or loss. The Company may also irrevocably designate financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income, as at fair value through profit or loss, if doing so would eliminate or significantly reduce an accounting mismatch that would otherwise arise. These will be subsequently measured at fair value through profit or loss.

Financial Liabilities

Debentures are designated at fair value through profit and loss as the instruments are managed on a fair value basis. The debentures are measured both initially and subsequently at fair value, with all movements in fair value recognised within profit or loss.

Own credit gains or losses arising from the valuation of debentures designated at fair value through profit or loss are recognised in other comprehensive income and are not subsequently recognised in profit or loss.

Other financial liabilities are held at amortised cost. That is, the initial fair value (which is normally the amount borrowed) is adjusted for premiums, discounts, repayments and the amortisation of coupon, fees and expenses to represent the effective interest rate of the liability. Other financial liabilities are held at amortised cost, in accordance with the effective interest rate method.

EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS (2019)

The Company uses a mixed approach to impairment where parameters are modelled at an individual financial instrument level or on a portfolio basis when they are only evident at this higher level. A collective approach will only be carried out when financial instruments share similar risk characteristics, which could include factors such as instrument type, collateral type, industry, geography and credit risk ratings.

The Company recognises expected credit losses based on forward-looking information. Expected credit losses are recognised on:

- financial assets at amortised cost

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 FINANCIAL INSTRUMENTS (continued)

EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS (2019) (continued)

Impairment is recognised based on a three-stage approach:

Stage 1: Exposures where there has not been a significant increase in credit risk since origination. For these exposures an expected credit loss is recognised based on the credit losses expected to result from default events that are possible within 12 months of the reporting date. Interest income is calculated based on the gross carrying value of these instruments.

Stage 2: Exposures for which the credit risk has increased significantly since initial recognition. For these exposures lifetime expected credit losses should be recognised (i.e. credit losses from default events that are possible over the life of the instrument). The Company will assess whether a significant increase in credit risk has occurred based on (i) qualitative drivers including being marked as high risk or reflected on management's watch list; and (ii) quantitative drivers such as the change in the asset's cumulative weighted average lifetime probability of default (PD). Any exposure that is more than 30 days past due will also be included in this stage. Interest income is calculated based on the gross carrying value of these instruments.

Stage 3: Exposures which are credit impaired. For these exposures, expected credit losses are based on lifetime losses. Assets are considered to be credit impaired when they meet the regulatory definition of default which includes unlikeliness to pay indicators as well as any assets that are more than 90 days past due. Interest income is calculated based on the carrying value net of the loss allowance.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (2018)

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade or settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial liabilities are either measured at amortised cost or classified as at fair value through profit or loss, which may occur when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Financial assets are measured as at FVTPL when they are either held for trading or designated as at FVTPL.

A financial instrument is classified as held for trading if:

- it is a financial asset that has been acquired principally for the purpose of selling it in the near term, or it is a financial liability that has been acquired principally for the purpose of repurchasing it in the near term ; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 FINANCIAL INSTRUMENTS (continued)

CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (2018) (continued)

FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (continued)

A financial instrument other than one that is held for trading may be designated as at Fair Value Through Profit or Loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial instrument forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at Fair Value Through Profit or Loss.

Financial instruments at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

FINANCIAL LIABILITIES

The financial liabilities are designated at fair value through profit and loss as the instrument is managed on a fair value basis. The financial liabilities are measured both initially and subsequently at fair value, with all movements in fair value recognised within profit or loss.

IMPAIRMENT OF FINANCIAL ASSETS (2018)

Amortised cost instruments

Impairment on financial assets measured at amortised cost is recognised in accordance with IAS 39. The Company assesses at each reporting date whether there is objective evidence that financial assets at amortised cost will not be recovered in full and, wherever necessary, recognises an impairment loss in profit or loss. An impairment loss is recognised if there is objective evidence of impairment as a result of events that have occurred and these have adversely impacted the estimated future cash flows from the assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 FINANCIAL INSTRUMENTS (continued)

CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS (2018) (continued)

FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS (2018) (continued)

Objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset, at the date the impairment is reversed, does not exceed what the amortised cost would have been had the impairment not been recognised.

Following impairment, interest income continues to be recognised at the original effective interest rate on the restated carrying amount, representing the unwind of the discount of the expected cash flows, including the principal due on non-accrual loans.

Uncollectable loans are written off against the related allowance for loan impairment on completion of the Company's internal processes and all recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to profit or loss.

DERECOGNITION OF FINANCIAL INSTRUMENTS (2018 & 2019)

Derecognition of financial assets

Full derecognition only occurs when the rights to receive cash flows from the asset have been discharged, cancelled or have expired, or the Company transfers both its contractual right to receive cash flows from the financial assets (or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment) and substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk. When an asset is transferred, in some circumstances, the Company may retain an interest in it (continuing involvement) requiring the Company to repurchase it in certain circumstances for other than its fair value on that date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 FINANCIAL INSTRUMENTS (continued)

DERECOGNITION OF FINANCIAL INSTRUMENTS (2018 & 2019) (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified (taking into account both quantitative and qualitative factors), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss. Where the terms of an existing liability are not substantially modified, the liability is not derecognised. Costs incurred on such transactions are treated as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

On derecognition of a financial instrument, any difference between the carrying amount thereof and the consideration received is recognised in profit or loss.

2.7.1 EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

ORDINARY SHARE CAPITAL

Proceeds are included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised when declared by the board.

2.7.2 OFFSETTING

In accordance with IAS 32 Financial Instruments: Presentation, the Company reports financial assets and financial liabilities on a net basis on the statement of financial position only if there is a current legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.8 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash comprises cash on hand and demand deposits, and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less.

2.9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company and the number of basic weighted average number of ordinary shares. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effects of all dilutive potential ordinary shares held.

3. JUDGEMENTS AND ESTIMATES

In the preparation of the annual financial statements, management is required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period.

No significant judgements were required to be made in the current and prior periods.

4 IFRS 9 TRANSITION NOTE

4.1 CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

The Company applied, for the first time IFRS 9 Financial Instruments (IFRS 9), which is effective for annual periods on or after 1 January 2018. The Company adopted IFRS 9 Financial Instruments on 1 April 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement.

The Company has assessed the classification of financial instruments as at date of initial application and has applied such classification retrospectively. Based on the assessment, all financial assets previously held at fair value continue to be measured as fair value. Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing, solely payments of principal and interest. Thus, such instruments continue to be measured as amortised cost under IFRS 9.

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 1 April 2018. However, the Company has chosen to take advantage of the option not to restate comparatives. Therefore, the 2018 figures are presented and measured under IAS 39. The following table shows the original classification in accordance with IAS39 and the new measurement categories under IFRS 9 together with the impact of changes in measurement, for Company's financial assets as at 1 April 2018.

	IAS 39 carrying amount as at 31 March 2018 R'000	IFRS 9 carrying amount as at 1 April 2018 R'000	IFRS 9 measurement categories Amortised cost R'000
Financial Assets - IAS 39 classification			
Cash and cash equivalents	68 276	68 276	68 276
Trade and other receivables	9 837	9 837	9 837
	78 113	78 113	78 113

Adoption of IFRS 9 did not result in a change in the measurement categories nor the carrying values of the financial liabilities of the NewGold Issuer (RF) Limited. The own credit risk relating to debentures was negligible in the current period.

4 IFRS 9 TRANSITION NOTE (continued)

4.2 RECONCILIATION OF LOSS ALLOWANCES

IFRS 9 requires the Company to record expected credit losses (ECLs) on all of its loans and trade receivables, either on a 12 month or lifetime basis. The Company only holds trade receivables with no financing component, and cash and cash equivalents that have maturities of less than 12 months at amortised cost. Therefore, it has adopted the simplified approach to ECLs. These requirements have not had a material impact on the financial statements.

As a result, the application of the ECL model under IFRS 9 has not significantly changed the carrying amounts of the Company's amortised cost financial assets. The carrying amounts of amortised cost instruments continued to approximate the instruments' fair values on the date of transition after transitioning to IFRS 9.

Adoption of IFRS 9 did not result in a change in the measurement categories nor the carrying values of the financial liabilities of the Company.

	2019 R'000	2018 R'000
5. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Monthly management fee on gold bullion	46 486	69 869
Monthly management fee on platinum bullion	35 540	39 950
Monthly management fee on palladium bullion	7 497	11 204
	89 523	121 023
6. OTHER OPERATING INCOME		
Redemption fees	6 339	1 219
Reimbursement from Absa Bank Limited (SARS VDP) *	7 717	-
Realised gain on commodities	1 047	-
	15 103	1 219

This note was previously not presented and has been included in the current year for completeness purposes.
**Refer to Note 10 for further information*

	2019 R'000	2018 R'000
7. PROFIT FOR THE YEAR		
Profit for the year is stated after taking account of the following items:		
7.1 Other		
Audit fees	875	646
Administration fees and expenses	393	245
Custodian fees	7 633	12 507
Foreign exchange loss	-	622
SARS penalties and interest	861	1 036
Sundry expenses	2 676	2 576
VAT related expense	-	4 520
	12 438	22 152

		2019 R'000	2018 R'000
8	**INCOME TAXES**		
8.1	**INCOME TAX RECOGNISED IN PROFIT OR LOSS**		
	Current tax		
	Normal tax - current year	44 582	41 241
		44 582	41 241
	Deferred tax		
	Deferred tax recognised in the current year	(17 403)	(10 104)
		(17 403)	(10 104)
	Total income tax recognised in the current year	27 179	31 137
	Reconciliation between operating profit and tax expense		
	Profit before tax for the year	96 956	105 646
	Income tax expense calculated at 28% (2018: 28%)	27 148	29 581
	Non-deductible expenditure	241	1 556
	Tax expense over accrual	(210)	-
	Income tax expense recognised in profit or loss	27 179	31 137

9. EARNINGS PER SHARE

	Cents	Cents
Basic earnings per share	69 777 436	74 509 209

	R'000	R'000
Basic earnings attributable to ordinary shareholders	69 777	74 509

	Number of shares	Number of shares
Issued shares at the beginning of the period	100	100
Weighted average number of ordinary shares	100	100

Headline earnings per share is 69 777 436c (2018: 74 509 209c). Dividend per share is R585 000 (2018: R820 000).

	Cents	Cents
Diluted earnings per share	69 777 436	74 509 209

	R'000	R'000
Diluted earnings attributable to ordinary shareholders	69 777	74 509

	Number of shares	Number of shares
Issued number of ordinary shares	100	100
Diluted average number of ordinary shares	100	100

	2019 R'000	2018 R'000

10. OTHER RECEIVABLES

	2019 R'000	2018 R'000
Other receivables		
Value added taxation	519	420
Interest income receivable	372	518
Related party receivable	14 611	8 898
	15 502	9 837
Current	15 502	9 837
	15 502	9 837

In terms of the management agreement between the Company and NewGold Managers Proprietary Limited, NewGold Managers Proprietary Limited receives the proceeds from the monthly commodity sales and transfers the proceeds to the Company.

At 31 March 2019, the main constituents of the related party receivable comprise of R6 433 980 (2018: R8 804 215) relating to monthly sales not yet transferred from NewGold Manager (Pty) Ltd as at year end. In addition, Absa Bank Limited, a related party, has agreed to reimburse the Company for the costs associated with the historical deemed output VAT not paid on redemption fees (R7 716 436 (2018: 0)).

11. BULLION INVESTMENT

The accounting policy for bullion in the previous year's financial statements may have suggested that the gold bullion was considered to be inventory held at fair value and that the Company was a broker trader as defined. However, the Company does not hold the bullion in order to sell in the near future to generate profits. It rather holds the bullion to realise the capital appreciation thereon for the debenture holders.

The treatment of gold bullion held is not explicitly addressed in IFRS and therefore the Company has clarified the accounting policy in order to appropriately reflect its business model of holding the bullion investment. Please see the Bullion Investment accounting policy for further detail. This had no impact on the Statement of Financial Position and the Statement of Comprehensive Income for the current and prior year.

	Gold R'000	Platinum R'000	Palladium R'000	Total R'000
2019				
Fair value at the beginning of the year	14 373 248	8 929 304	1 595 848	24 898 400
Acquisitions during the year	492 183	5 280 995	1 787 743	7 560 921
Redemptions during the year	(6 356 989)	(2 415 331)	(2 654 715)	(11 427 035)
Proceeds on commodity sales due to monthly sales charge	(47 877)	(34 908)	(7 405)	(90 190)
Fair value adjustment for the year	2 177 864	1 112 008	1 129 920	4 419 792
	10 638 429	12 872 068	1 851 391	25 361 888

	Gold R'000	Platinum R'000	Palladium R'000	Total R'000
11. BULLION INVESTMENT (continued)				
2018				
Fair value at the beginning of the year	19 174 303	9 818 268	2 445 856	31 438 427
Acquisitions during the year	433 317	1 670 413	1 099 736	3 203 466
Redemptions during the year	(4 268 289)	(1 360 337)	(2 281 109)	(7 909 735)
Proceeds on commodity sales due to monthly sales charge	(71 394)	(40 248)	(11 465)	(123 107)
Fair value adjustment for the year	(894 690)	(1 158 791)	342 829	(1 710 651)
	14 373 248	8 929 304	1 595 848	24 898 400

	2019 R'000	2018 R'000

12. DEFERRED TAX

Deferred tax balances

The net deferred tax liability at the end of the year is as follows:		
Deferred tax liabilities	**67 961**	85 364

Deferred tax assets and liabilities are attributable to the following:

	Balance at 1 April R'000	Recognised in profit or loss R'000	Balance at 31 March R'000
2019			
Timing difference between the creation/ acquisition/ redemption/ sale of the bullion/ debenture	**85 526**	**(17 336)**	**68 190**
Audit fee payable	**(162)**	**(67)**	**(229)**
	85 364	**(17 403)**	**67 961**
2018			
Timing difference between the creation/ acquisition/ redemption/ sale of the bullion/ debenture	95 620	(10 095)	85 526
Audit fee payable	(152)	(10)	(162)
	95 468	(10 104)	85 364

	2019 R'000	2018 R'000

13. TRADE AND OTHER PAYABLES

	2019 R'000	2018 R'000
Audit fee payable	818	579
Management Fee	-	59
Listing fees	660	625
Listing service fees	20	65
SARS - VAT related expense	4 912	4 519
Custodian fees	1 846	3 513
Trustee fees	103	70
	8 359	9 429

14. DEBENTURES

The unsecured debenture values are linked to the respective gold, platinum and palladium prices and are listed on the Johannesburg Stock Exchange. The date of initial issue of the debentures was 2 November 2004.

The debentures do not bear interest and rank pari passu among each other. The debenture holders have not acquired any ownership, right or beneficial interest in or to any gold, platinum or palladium bullion held by the Company. The holder can redeem a debenture as long as the conditions for redemption as set out in the prospectus have been met. The Company can redeem debentures in certain situations as set out in the prospectus.

	Gold R'000	Platinum R'000	Palladium R'000	Total R'000
2019				
Fair Value at beginning of Year	14 368 247	8 926 265	1 595 305	24 889 817
Creation of Debentures	492 183	5 280 995	1 787 743	7 560 921
Redemption of Debentures	(6 356 989)	(2 415 331)	(2 654 715)	(11 427 035)
Monthly commodity sales charged received	(42 877)	(31 869)	(6 862)	(81 608)
Monthly commodity sales charged to be realised in cash	(3 609)	(3 671)	(635)	(7 915)
Fair Value Adjustment	2 177 864	1 112 008	1 129 920	4 419 792
	10 634 819	12 868 397	1 850 757	25 353 973
2018				
Fair Value at beginning of Year	19 167 778	9 814 930	2 445 057	31 427 765
Creation of Debentures	433 317	1 670 413	1 099 736	3 203 466
Redemption of Debentures	(4 268 289)	(1 360 337)	(2 281 109)	(7 909 735)
Monthly commodity sales charged received	(64 869)	(36 910)	(10 661)	(112 440)
Monthly commodity sales charged to be realised in cash	(5 001)	(3 039)	(543)	(8 583)
Fair Value Adjustment	(894 690)	(1 158 791)	342 829	(1 710 651)
	14 368 247	8 926 265	1 595 305	24 889 817

14. DEBENTURES (continued)

Fair value movements on debentures

The carrying value of the liability at fair value and the amount which the Company is contractually required to pay the holder on redemption, approximate each other. The constant credit spread approach was applied from the date the liabilities were originated. The change in fair value of the liability attributable to changes in credit risk is Rnil (2018: Rnil). Credit risk is not considered to be a significant input in determining the fair value of the debentures.

The monthly management fees (as disclosed in note 5) are treated as a reduction against the debentures. The monthly management fees are equivalent to the monthly commodity sales charged. The split provided in the table above differentiates monthly management fees that have been realised through cash ("Monthly commodity sales charge received") and the amount accrued for at year end ("Monthly commodity sales charge to be realised in cash" for which the cash will be realised in the following month). The actual value realised in cash may differ from the accrual. This difference is recognised in profit and loss within other operating income.

	2019 R'000	2018 R'000

15. SHARE CAPITAL

Authorised share capital

1 000 (2018: 1 000) ordinary shares of R1 per share.	1	1

There were no changes to authorised share capital during the current reporting period.

Issued share capital

100 (2018: 100) ordinary shares of R1 per share.	-	-

The value of the issued share capital is R100 (2018: R100).

As at the reporting date, the unissued shares are under the control of the directors, in terms of a general authority to allot and issue them on such terms and conditions and at such times as they deem fit. This authority expires at the forthcoming annual general meeting of the Company.

16. CASH GENERATED BY OPERATIONS

	2019 R'000	2018 R'000
Profit before tax for the year	**96 956**	105 646
Adjustments for:		
Interest income	**(4 768)**	(5 556)
Movement in monthly sales accrual - unsold bullion*	**667**	2 079
Net gain arising from fair value adjustment of debentures	**4 419 792**	(1 710 651)
Net loss arising from fair value adjustment of bullion investment	**(4 419 792)**	1 710 651
Cash generated from operations before working capital changes	**92 855**	102 169
Changes in working capital		
Increase in trade and other receivables	**(5 811)**	(8 160)
(Decrease)/increase in trade and other payables	**(1 070)**	4 579
Total changes in working capital	**(6 881)**	(3 581)
Cash generated by operations	**85 974**	98 588

* This represents the cash realised in the "monthly commodity sales charge to be realised in cash" from the prior reporting date to the current reporting date. Refer to Note 14.

	2019 R'000	2018 R'000

17. TAXATION PAID

	2019 R'000	2018 R'000
Tax receivable at the beginning of the year	2 665	16 059
Current tax expense	(44 582)	(41 241)
Tax receivable at the end of the year	(17 044)	(2 665)
	(58 961)	(27 847)

18. DIVIDENDS PAID

	2019 R'000	2018 R'000
Dividends declared and paid during the year	58 550	82 000
	58 550	82 000

19. CASH AND CASH EQUIVALENTS

	2019 R'000	2018 R'000
Cash and bank balances	94	57
Funds on call and deposits	41 560	68 219
Gross Cash and cash equivalents	41 654	68 276
Expected credit losses	-	-
Carrying amount	41 654	68 276

The bank and short-term deposit balances are held with Absa Bank Limited.

Short-term deposit is interest bearing at 6.35% fixed per annum.

20. FINANCIAL INSTRUMENTS

20.1. CATEGORIES OF FINANCIAL INSTRUMENTS

	Fair Value through Profit/Loss - Designated R'000	Amortised Cost - Debt instruments R'000	Amortised cost financial liabilities R'000	Total Assets and Liabilities R'000
Assets as per Statement of Financial Position - 2019				
Cash and cash equivalents	-	41 654	-	41 654
Trade and other receivables	-	14 983	-	14 983
Total	-	56 637	-	56 637
Liabilities as per Statement of Financial Position - 2019				
Debentures	25 353 973	-	-	25 353 973
Trade and other Payables	-	-	3 903	3 903
Total	25 353 973	-	3 903	25 357 876

20. FINANCIAL INSTRUMENTS (continued)

Assets as per Statement of Financial Position - 2018

	Fair Value Through Profit and Loss - Designated as at FVTPL R'000	Loans and receivables R'000	Financial liabilities carried at amortised cost R'000	Total R'000
Cash and cash equivalents	-	68 276	-	68 276
Trade and other receivables	-	9 417	-	9 417
Total	-	77 693	-	77 693

Liabilities as per Statement of Financial Position - 2018

	Fair Value Through Profit and Loss - Designated as at FVTPL R'000	Loans and receivables R'000	Financial liabilities carried at amortised cost R'000	Total R'000
Debentures	24 889 817	-	-	24 889 817
Trade and other Payables	-	-	4 910	4 910
Total	24 889 817	-	4 910	24 894 727

21. RISK MANAGEMENT

21.1 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of ordinary dividends paid to the shareholder. There are no externally imposed capital requirements on the Company.

Capital consists of share capital of R100 (2018: 100) and retained earnings of R5 795 537 (2018: -R5 431 899).

21. RISK MANAGEMENT (continued)

21.2 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's financial instruments consist mainly of Cash and cash equivalents and debentures. Exposure to interest, credit and liquidity risks arises in the normal course of business.

The Company's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Company's risk management are to identify all key risks for the Company, measure these risks, manage the risk positions and determine capital allocations. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Company's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance. The Company defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

The risks arising from financial instruments to which the Company is exposed are financial risks, which include credit risk, liquidity risk, market risk (which are discussed below) and operational risk.

The precious metals are held by ICBC Standard Bank Plc. (the "custodian"). The custodian has suitable insurance cover and this cover has been reviewed by management and the directors.

21.3 MARKET RISK

Market risk is the risk of a reduction in the Company's earnings or capital due to:

• Traded market risk: The risk of the Company being impacted by changes in the level or volatility of market rates or prices. This includes changes in interest rates, inflation rates, credit spreads, commodity prices, equity and bond prices and foreign exchange levels.

• Non-traded market risk: The risk of the Company exposed to interest rate risk arising from deposits and similar instruments held for longer term strategic purposes rather than for the purpose of profiting from changes in interest rates.

Market risk exposure

Market risk exposure arises from changes in commodity prices and exchange rates affecting debentures and investments in bullion.

Market risk management process

The Company's market risk management objectives include:

• The protection and enhancement of the statement of financial position and statement of comprehensive income and facilitating business growth within a controlled and transparent risk management framework and include relevant risk management process and policies for the entity.

21.4 FOREIGN CURRENCY RISK

Foreign exchange risk means the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk as the Precious Metals and custodian fee related creditors are denominated in USD.

21. RISK MANAGEMENT (continued)

21.4 FOREIGN CURRENCY RISK (continued)

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets R'000	Liabilities R'000
2019		
Debentures	-	**25 353 973**
Custodian fees payable	-	**1 846**
	-	**25 355 819**
2018		
Debentures	-	24 889 817
Custodian fees payable	-	3 513
	-	24 893 329

Foreign currency sensitivity analysis

A 10% change in the strengthening or weakening of the US Dollar against the Rand at 31 March 2019 would result in the changes below:

	2019 Profit or loss R'000	2018 Profit or loss R'000
Debentures	**2 535 397**	2 488 982
Custodian fees payable	**185**	351
	2 535 582	2 489 333

The impact on profit for the year from a change in the US Dollar/Rand exchange rate as per the above will be largely offset by the impact of this change on the fair value of bullion investments on profit and loss. Refer to note 21.6. There has been no change in sensitivity method or assumptions since the previous period.

21.5 INTEREST RATE RISK

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

The only exposure to interest rate risk relates to the bank and short term deposits in call accounts with reputable financial institutions. The exposure to interest risk is therefore not considered to be material.

21. RISK MANAGEMENT (continued)

21.5 INTEREST RATE RISK (continued)

	2% Increase in interest rate 2019 R'000	2% Decrease in interest rates 2019 R'000	2% Increase in interest rate 2018 R'000	2% Decrease in interest rates 2018 R'000
Changes in interest				
Increase/(decrease) in interest received	833	(833)	1 366	(1 366)

There has been no change in sensitivity method or assumptions since the previous period.

21.6 OTHER PRICE RISKS

Commodity Risk

The value of the Precious Metals debentures is affected by movements in the US Dollar price of Precious Metals. The Precious Metals prices are affected by numerous factors including:

• Political, economic or financial situations;

• Future expectations of inflation rates and movements in world equity, financial and property markets;

• Supply and demand for Precious Metals; and

• Interest rates and currency exchange rates, particularly the strength of the US Dollar.

The price at which the debentures trade on the JSE may not accurately reflect the price of the Precious Metals. There has been no change in market risk exposure or market risk management since the previous period.

A 10% change in the strengthening or weakening of the commodity price at 31 March 2019 and 31 March 2018 would result in the changes below:

Strengthening in gold price 2019: R1 063 842 770 profit (2018: R1 437 324 763 profit)

Weakening in gold price 2019: R(R1 063 842 770) loss (2018: R(1 437 324 763) loss)

Strengthening in platinum price 2019: R1 287 206 886 profit (2018: R892 930 434 profit)

Weakening in platinum price 2019: R(1 287 206 886) loss (2018: R(R892 930 434) loss)

Strengthening in palladium price 2019: R185 139 175 profit (2018: R159 584 768 profit)

Weakening in palladium price 2019: R(185 139 175) loss (2018: R(159 584 768) loss)

The impact on profit for the year from a change in the US Dollar price of Precious Metals as per the above will be largely offset by the impact of this change on the fair value of debentures on profit and loss. Refer to note 21.4.

	2019 R'000	2018 R'000

21. RISK MANAGEMENT (continued)

21.7 CREDIT RISK

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. The entity's cash resources are placed with reputable financial institutions. Credit risk with respect of trade and other receivables is limited as it mainly relates to amounts receivable from NewGold Managers Proprietary Limited and accrued interest receivable from Absa Bank Limited. The directors are satisfied with the credit quality of the counterparties. The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting period represented below, is the worst case scenario of credit risk exposure.

21.7.1. MAXIMUM CREDIT RISK EXPOSURE

The maximum credit risk exposure, comprising of cash and cash equivalents and trade and other receivables excluding prepayments and value added taxation.

	Gross Maximum Exposure Low Risk R'000
2019	
Cash and Cash equivalents	41 654
Other receivables	7 266
Total gross maximum exposure to credit risk	**48 920**
Expected credit losses	-
Total net exposure to credit risk as disclosed on the statement of financial position	**48 920**
Assets not subject IFRS 9 requirements	25 281
Total financial assets per the statement of financial position	**74 200**

21.7.2. CREDIT RISK 2018

	2018 R'000
Maximum credit risk	
Cash and Cash equivalents	68 276
Trade and other receivables(excluding Value Added Taxation)	9 416
	77 692

21. RISK MANAGEMENT (continued)

21.7 CREDIT RISK (continued)

21.7.2. CREDIT RISK 2018 (continued)

Concentration of risks of the financial assets with credit risk exposure. Industry sectors: Financial service 2018: R77 692 686.

The credit quality of all the financial assets that were neither past due nor impaired are as follows:

Neither past due nor impaired: 2018: R77 692 686.

The credit quality of all the financial assets that are neither past due nor impaired can be assessed by reference to external credit rating (if available) or past information about counterparty defaults rates. The entity's cash resources are placed with reputable financial institutions. Credit risk with respect of trade and other receivables is limited as it mainly relates to accrued interest receivable from Absa Bank Limited and amounts receivable from NewGold Managers Proprietary Limited. The directors are satisfied with the credit quality of the counterparties.

21.8 LIQUIDITY RISK

Liquidity risk results from both the differences between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met cost effectively and in a timely fashion. Liquidity risk management deals with the overall time profile of the current statement of financial position as well the expected future structure.

	Carrying amount R'000	Contractual cash flows R'000	On demand R'000	Within 1 Year R'000

21. RISK MANAGEMENT (continued)

21.8 LIQUIDITY RISK (continued)

Liabilities

	Carrying amount R'000	Contractual cash flows R'000	On demand R'000	Within 1 Year R'000
2019				
Trade and other payables	8 359	8 359	-	8 359
Debentures	25 353 973	25 353 973	25 353 973	-
	25 362 332	25 362 332	25 353 973	8 359
2018				
Trade and other payables	9 429	9 429	-	9 429
Debentures	24 889 817	24 889 817	24 889 817	-
	24 899 246	24 899 246	24 889 817	9 429

21. RISK MANAGEMENT (continued)

21.8 LIQUIDITY RISK (continued)

Liquidity risk management process

The debentures are directly linked to the underlying precious metal commodities, the funding of the day to day activities are dependent on highly liquid Gold, Platinum and Palladium international markets.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS NOT HELD AT FAIR VALUE

All of the above financial instruments have carrying amounts that approximate their fair values. The disclosed fair value of these financial instruments measured at amortised cost approximate their carrying value, due to the short term maturities of these assets and liabilities. The fair value of other financial instruments is disclosed in the respective notes.

	2019		2018	
	Carrying amount R'000	**Fair value R'000**	Carrying amount R'000	Fair value R'000
Financial Assets				
Cash and cash equivalents	**41 654**	**41 654**	68 276	68 276
Trade and other receivables	**15 502**	**15 502**	9 837	9 837
Total	**57 156**	**57 156**	78 113	78 113
Financial Liabilities				
Trade and other payables	**(8 359)**	**(8 359)**	(9 429)	(9 429)
Total	**(8 359)**	**(8 359)**	(9 429)	(9 429)

23. FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES HELD AT FAIR VALUE

23.1 FAIR VALUE HIERARCHY

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include significant inputs for the asset or liability that are not based on observable market data (unobservable inputs).

23. FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES HELD AT FAIR VALUE (continued)

23.1 FAIR VALUE HIERARCHY (continued)

2019

	Level 1 R'000	Level 2 R'000	Total R'000
Recurring fair value measurements			
Financial Liabilities			
Designated at Fair Value Through Profit and Loss			
Debentures		(25 353 973)	(25 353 973)
		(25 353 973)	(25 353 973)
Non-financial assets -			
Bullion investments	25 361 888	-	25 361 888
	25 361 888	-	25 361 888

2018

	Level 1 R'000	Level 2 R'000	Total R'000
Recurring fair value measurements			
Financial Liabilities			
Designated at Fair Value Through Profit and Loss			
Debentures		(24 889 817)	(24 889 817)
		(24 889 817)	(24 889 817)
Non-financial assets -			
Bullion investments	24 898 400	-	24 898 400
	24 898 400	-	24 898 400

Level 1: The fair value of the bullion is based on the market value of the underlying commodities namely gold, platinum and palladium, calculated as follows: commodity spot price x ounces held x exchange rate. The significant inputs are: exchange rates; gold, palladium and platinum commodity spot prices.

Level 2: The debenture valuation is based on the market value movement of the underlying commodities namely gold, platinum and palladium, net of the management fee charged. The fair value of the underlying commodities namely gold, platinum and palladium is calculated as follows: commodity spot price x ounces held x exchange rate. The significant inputs are: exchange rates; gold, palladium and platinum commodity spot prices.

24. RELATED PARTIES

The NewGold Owner Trust owns 100% (2018: 100%) of the ordinary shares in the Company.

The founder of the NewGold Owner Trust is Absa Bank Limited.

Absa Bank Limited is a part of the same group as NewGold Managers Proprietary Limited which provides key management personnel services to the Company. Absa Bank Limited (as a market maker) also holds a portion of the debentures in issue.

NewGold Managers Proprietary Limited, which is 51% owned by NewGold Owner Trust and 49% by Absa Bank Limited, manages and administers the affairs of NewGold Issuer Limited. The majority of NewGold Managers Proprietary Limited's directors are the same as those of NewGold Issuer (RF) Limited.

A fee of 0.1% of the Company's expenses is paid to NewGold Managers Proprietary Limited for services rendered in terms of the service level agreement.

The Trustees of NewGold Owner Trust are Maitland Trust Limited.

	Admin and management fees paid R'000	Dividends paid R'000	Interest Income R'000
2019			
Shareholders			
NewGold Owner Trust	-	(58 550)	-
	-	(58 550)	-
Other			
Maitland Group South Africa Limited	(393)	-	-
Absa Bank limited	-	-	4 768
NewGold Managers Proprietary Limited	(13)	-	-
	(406)	-	4 768
2018			
Shareholders			
NewGold Owner Trust	-	(82 000)	-
	-	(82 000)	-
Other			
Maitland Group South Africa Limited	(245)	-	-
Absa Bank Limited	-	-	5 556
NewGold Managers Proprietary Limited	(16)	-	-
	(261)	-	5 556

24. RELATED PARTIES (continued)

	Current amounts receivable R'000	Current amounts payable R'000	Participatory Interest R'000
2019			
Other related parties			
Absa Bank limited	42 026	-	3 688 012
NewGold Managers Proprietary Limited	14 160	-	-
	56 186	-	3 688 012
2018			
Other related parties			
Absa Bank limited	68 794	-	(6 767)*
NewGold Managers Proprietary Limited	8 804	(59)	-
	77 598	(59)	(6 767)

* This was previously not presented and has been included in the current year for completeness.

Key management Personnel

The Company adopted the Absa Bank Limited policies. The executive directors (BM Mgwaba) and (CHM Edwards) are full time employees of Absa Bank Limited and therefore earn no directors' fees for their services as directors.

Director's emoluments

As per the requirements of Section 30 of the Companies Act, directors' emoluments have been disclosed as transactions with related parties. A trustee fee is paid to the trustees for the trustees services and directorship provided to the Company of which R392 911 (2018: R244 689) was incurred in respect of the services of the following directors: DA Lorimer, TJ Fearnhead and RMH Pitt.

Director's interests in contract

Director's interest in contracts: No contracts were entered into in which the directors of the Company had an interest and which significantly affected the business of the Company.

25. QUARTERLY REVIEW OF COMMODITY PRICES

The fair value is derived from multiplying the number of ounces with the PM fix (price of an ounce of gold / platinum / palladium) and also with the ZAR / USD exchange rate applicable on 31 March 2019.

25. QUARTERLY REVIEW OF COMMODITY PRICES (continued)

	Gold $/ounce	Platinum $/ounce	Palladium $/ounce	Exchange rate R/$	Gold R/ounce	Platinum R/ounce	Palladium R/ounce
2019							
30-06-2018	**1 250**	**851**	**953**	**13.81**	**17 273**	**11 755**	**13 164**
30-09-2018	**1 187**	**815**	**1 094**	**14.17**	**16 827**	**11 551**	**15 506**
31-12-2018	**1 279**	**788**	**1 270**	**14.40**	**18 415**	**11 346**	**18 286**
31-03-2019	**1 295**	**850**	**1 390**	**14.48**	**18 752**	**12 305**	**20 122**
2018							
30-06-2017	1 242	922	841	13.11	16 289	12 090	11 028
30-09-2017	1 283	920	935	13.52	17 343	12 435	12 638
31-12-2017	1 291	925	1 057	12.37	15 975	11 446	13 079
31-03-2018	1 328	936	974	11.82	15 698	11 062	11 510

25. QUARTERLY REVIEW OF COMMODITY PRICES (continued)

NewGold Issuer (RF) Limited debentures are primary listed the Johannesburg Stock exchange and secondary listed on various other exchanges. The details are given below as at 31 March 2019:

Platinum

Platinum 2 600 000 units on the Botswana Stock Exchange (2018: 2 600 000)

Gold Debentures

Gold 150 000 Nigerian Stock Exchange (2018: 150 000)

Gold 50 000 Ghana Stock Exchange (2018: 50 000)

Gold 2 250 000 Botswana Stock Exchange (2018: 2 250 000)

Gold 150 000 Stock Exchange of Mauritius (2018: 150 000)

Gold 400 000 Nairobi Securities Exchange (2018: 400 000)

26. EVENTS AFTER THE REPORTING DATE

The following dividends were declared by NewGold Issuer (RF) Limited subsequent to year end:

29 April 2019: Dividend amount: R5 500 000; Dividend per share: R55 000

31 May 2019: Dividend amount: R 6 000 000; Dividend per share: R 60 000

20 June 2019: Dividend amount: R 6 000 000; Dividend per share: R 60 000

The directors are not aware of any other events after the reporting date and the date of authorization of these annual financial statements (as defined Per IAS 10: Events After The Reporting Period) that would impact on these annual financial statements.

The annual financial statements were approved by the directors on the date in the statement of directors' responsibilities and approval.

The annual financial statements cannot be amended after issue.

27. NEW ACCOUNTING PRONOUNCEMENTS

Adoption of new and revised Standards
During the current year, the Company has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRIC that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2018. The adoption of these new and revised standards and interpretations has not resulted in material changes to the Company's accounting policies.

27. NEW ACCOUNTING PRONOUNCEMENTS (continued)

The Company adopted the following standards, interpretations and amended standards during the year:

IFRS 9 — *Financial Instruments* introduces significant changes to two fundamental areas of the accounting for financial instruments, namely: The classification and measurement of financial instruments; and the scope and calculation of credit losses which has moved from an incurred loss, to an expected credit loss (ECL) approach.

IFRS 9 prescribes the classification of financial assets on the basis of an entity's business model for managing the instrument as well as the contractual cash flow characteristics. The accounting for financial liabilities remains largely unchanged, except for financial liabilities designated at fair value through profit or loss (FVPTL). Gains and losses on such financial liabilities are required to be presented in OCI, to the extent that they relate to changes in own credit risk. The Company early adopted this requirement in 2018.

The Company has elected to not restate its comparative information as permitted by IFRS 9. Accordingly, the impact of IFRS 9 has been applied retrospectively with an adjustment to the Company's opening retained earnings on 1 April 2018. Therefore comparative information in the prior period annual financial statements will not be amended for the impact of IFRS 9.

IAS 1 — *Presentation of Financial Statements* - Amendments requiring interest revenue, which is calculated using the effective interest method, to be presented separately on the face of the statement of comprehensive income. This only includes interest earned on financial assets measured at amortised cost or at FVOCI.

IFRS 15 — *Revenue from Contracts with Customers* replaces the previous revenue recognition standards and interpretations, including IAS 18 Revenue and IFRIC 13 Customer Loyalty Programmes. IFRS 15 establishes a single approach for the recognition and measurement of revenue, and requires an entity to recognise revenue as performance obligations are satisfied. It applies to all contracts with customers except for transactions specifically scoped out, which includes interest, dividends, leases, and insurance contracts.

27. NEW ACCOUNTING PRONOUNCEMENTS (continued)

IAS 1 and IAS 8 — *Presentation of Financial Statements and Accounting Policies Changes in Estimates and Errors* - Amendments regarding the definition of material, in order to better clarify how materiality should be applied, as well as to align the definition across IFRS. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments to the definition:

- Explain that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information, and include examples of circumstances that may result in material information being obscured;
- Clarify that assessing materiality needs to take into account how primary users could reasonably be expected to be influenced in making economic decisions; and
- Refer to "primary" users in order to respond to concerns that the term "users" may be interpreted too widely.

The amendments are effective for reporting periods beginning 1 January 2020 and are required to be applied prospectively. The Company has however elected to early adopt the amendments as they allow for an enhanced understanding of the materiality requirements.

IFRIC22 — *Foreign Currency Transactions and Advance Consideration* - Interpretation clarifying the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

27. NEW ACCOUNTING PRONOUNCEMENTS (continued)

New and revised International Financial Reporting Standards issued not yet effective
At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

	Standard	Annual periods beginning on or after
IFRIC23	*Uncertainty Over Income Tax Treatments* - Interpretation clarifying the accounting for uncertainties in income taxes. The adoption of IFRIC 23 is not expected to have a significant impact on the Company.	1 January 2019
AIP 2015-2017	Non-urgent but necessary clarifications and amendments to the following standards of IFRS: IFRS 3 *Business Combinations* IFRS 11 *Joint Arrangements* IAS 12 *Income Taxes* IAS 23 *Borrowing Costs*	1 January 2019
IFRS 3	*Business Combinations* - Amendments to the definitions included in the appendix to IFRS 3 which will assist entities in determining whether an acquisition made is of a business or a group of assets. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others.	Acquisitions on or after 1 January 2020

Apart from the instances detailed above the Company is in the process of assessing the potential impact that the adoption of these standards and interpretations may have on its future financial performance or disclosures in the annual financial statements.