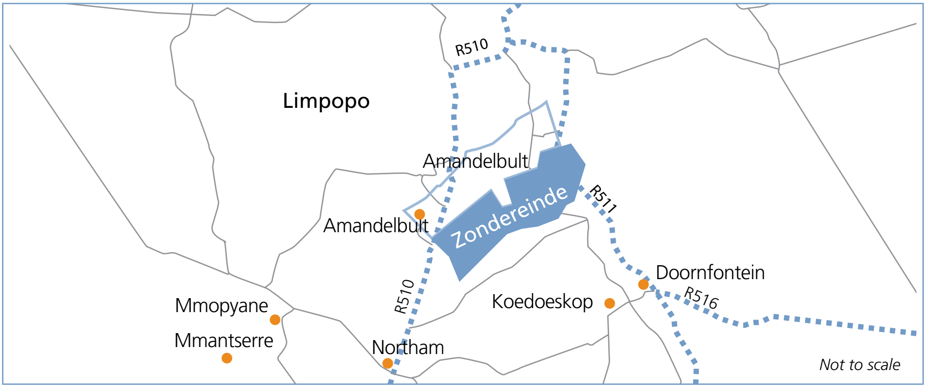
Operational review



ZONDEREINDE MINE – KEY FACTS AND STATISTICS

Ownership	Wholly-owned by Northam Platinum Limited
Location	Northern part of the western limb of the Bushveld Complex in Limpopo province, adjacent to the Amplats Tumela mine
Access and infrastructure	Well-established infrastructure, tarred roads, railway, water, power
Project extent	7 625 hectares; strike length of 8km
Reserves	7.7Moz
Resources	81.7Moz
Life of mine	16 years
Operations	Underground mining operations on the Merensky and UG2 reefs at an average depth of 1 750 metres Underground equipment driven by hydropower Surface operations include a Merensky and UG2 concentrator plants, a smelter and base metals removal plant (BMR)
Production profile	Steady state output of approximately 300 000oz (3PGE+Au) annually
Precious metals refining agreement	Performed by WC Heraeus GmbH (Heraeus) in terms of a toll-refining agreement
Marketing	In-house, independent marketing to an established global customer base
F2012 capex	R328.3 million
F2013 capex (estimate)	R646.4 million
F2012 cash costs	R283 934/kg

Key indicators

SAFETY

- Two fatalities (F2011: five)
- LTIIR[1] – 1.91 per 200 000 hours (F2011: 1.34)
- RIIR[2] – 0.88 per 200 000 hours (F2011: 0.83)
- FIIR[3] – 0.02 per 200 000 hours (F2011: 0.06)
- 28 shifts lost due to section 54 stoppages

[1] *LTIIR – lost time injury incidence rate – resulting in one to 13 days' absence from work*
[2] *RIIR – reportable injury incidence rate – resulting in 14 or more days' absence from work*
[3] *FIIR – fatal injury incidence rate*

COMMUNITY AND ENVIRONMENT

- Water used – 3 813m^3 (F2011: 4 833m^3)
- Water recycled – 91% (F2011: 91%)
- Electricity usage – 593 441 MWh (F2011: 601 890MWh)
- SO_2 emissions – 5 710 tonnes (F2011: 6 374 tonnes)
- CO_2 emission – 627 460 tonnes (F2011: 635 401 tonnes)
- Environmental liability of R111.1 million (F2011: R107.3 million)
- Corporate social investment of R2.8 million (F2011: R4.1 million)
- 140 affordable housing units sold to employees during the year

For more information on Northam's sustainable development performance, see www.northam.co.za/reports/2012

Support systems in underground workings at Zondereinde

Zondereinde operating statistics

	Change %	F2012	F2011
Merensky reef			
Development metres	1.5	5 988	5 899
Square metres mined	19.2	167 475	140 501
Tonnes milled	11.5	884 660	793 490
Head grade (g/tonne – 3PGEs + Au)	5.4	5.9	5.6
Available ore reserves in months		18	18
UG2 reef			
Development metres	62.3	2 792	1 720
Square metres mined	36.7	171 894	125 726
Tonnes milled	31.6	1 049 017	797 355
Head grade (g/tonne – 3PGEs + Au)	1.6	4.4	4.3
Available ore reserves in months		24	24
Combined reefs			
Development metres	15.2	8 780	7 619
Square metres mined	27.5	339 369	266 227
Tonnes milled	21.6	1 933 677	1 590 845
Head grade (g/tonne – 3PGEs + Au)	2.6	5.1	4.9

Key developments during the year

At the end of the financial year Zondereinde employed a total of 9 163 people (6 861 permanent, 1 940 long-term contractors and 362 short-term contractors). Labour turnover at Zondereinde was 7% with a total of 461 people leaving the employee of the company due to resignation (198), misconduct (147), incapacity (59) and death in service (57).

In terms of the Mining Charter requirements HDSAs made up 35% of management position (F2011: 45%), with women accounting for 7% of the workforce (F2011: 7%).

Tonnages milled amounted to 1 933 677 tonnes (F2011: 1 590 845 tonnes), an improvement of 21.6% year on year, illustrating the effects of fewer production days lost. A total of 28 production days were lost owing to DMR-imposed safety stoppages (the 65 production days lost in F2011 included those lost to strike action.)

Better grade control resulted in an increase of 5.4% in the Merensky head grade from 5.6g/t to 5.9g/t. The UG2 head grade improved to 4.4g/t resulting in the combined head grade increasing to 5.1g/t (F2011: 4.9g/t). As a consequence, PGMs in concentrate produced increased by 15.4% to 8 979kg (288 674oz). Metal in concentrates purchased decreased by 16.4% from 2 244kg to 1 877kg in F2012 primarily owing to a shutdown of the smelter.

Mining on the Merensky reef horizon continues to be challenging particularly in the north-west quadrant of the mine. Connectivity has been established between 5 and 8 levels on the western side of the mine which will start alleviating some of the congestion in that area. Increased volumes from the deepening project are anticipated by H1 of F2013, as ore reserve development progresses.

A run-out at the Zondereinde smelter in the second half of the financial year resulted in the furnace being rebuilt. This rebuild, originally planned for the second half of F2013, is likely to be complete by mid-September, with the furnace operational by the end of the same month.

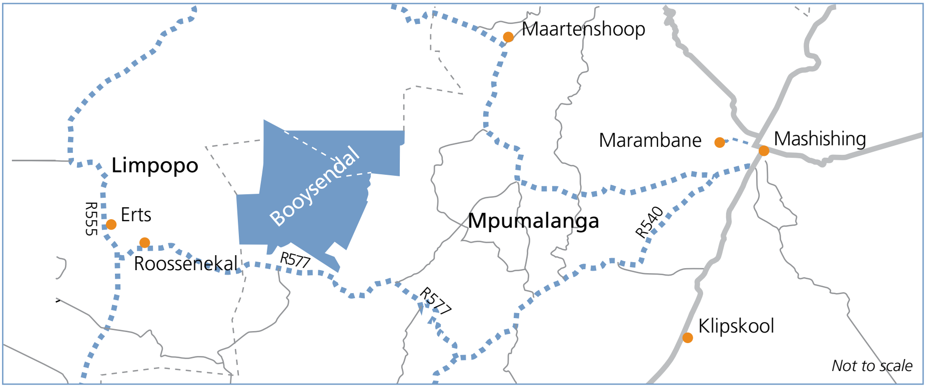
Costs and capital expenditure

Total operating costs for the year increased by 16.6%, reflecting the above inflationary increases in mining input costs, and the higher production volumes. These helped to stem the increase in unit operating costs, which were only marginally higher (1.4%) at R311 645/kg.

Capital expenditure amounted to R328 million. The main contributors included routine capital, the smelter rebuild (estimated at R41.5 million) and the deepening project.

F2013 capex is estimated at R684 million. This includes routine capital expenditure, the deepening project and once-off costs associated with alternative smelter technologies and the reduction of SO_2 emissions.

An aerial view of the Zondereinde shaft complex



BOOYSENDAL PLATINUM MINE – KEY FACTS AND STATISTICS

Ownership	Wholly-owned by Northam Platinum Limited
Location	Eastern limb of the Bushveld Complex in Mpumalanga Province near the Mototolo operation. Closest town is Mashishing
Access and infrastructure	Tarred road access from Mashishing; private road across Der Brochen property. 5MW power available for construction; permanent power currently being installed. 5MW self generation power in place. Water use secured
Project extent	15 151 hectares; strike length of 14.5km
Reserves	3.0Moz
Resources	103.3Moz
Life of mine	50 years and more
Status	5 000 development metres completed; reverse declines have intersected the reef declines. Reef stockpile of 180 000 tonnes on surface; concentrator plant nearing completion; ongoing rehabilitation
Operations	The UG2 North mine is being developed as a mechanized room and pillar operation. Underground operations will be serviced by a cluster of four declines (three on reef and one in the footwall), and are accessed by a reverse decline system
F2012 capex	R1.7 billion
F2013 capex (estimate)	R1.3 billion

Key developments during the year

At the end of the financial year the total staff complement at Booysendal was 2 468 (55 permanent and 2 413 contractors) and illustrates the build-up of labour in tandem with the construction and development of the mine.

Progress on site

Steady progress has been and continues to be made at Booysendal. More than 5 000m of underground development has been completed and the reverse decline system has been connected with the on-reef declines.

Equipping the reverse decline with a conveyor started during the financial year and progress has been made with the preparation for the installation of the chairlift, underground pumps and ventilation fans.

On surface, construction of the concentrator plant and other mine infrastructure is well advanced. Completion of the plant is expected by the end of H1 F2013. Hot commissioning is dependent on the availability of permanent Eskom power which has been delayed following an invasion of land over which the powerline is routed. Northam and Eskom are working together to resolve the difficulties associated with access to and construction of the powerline over an Eskom servitude east of the mine. Subject to the resolution of this situation, Booysendal remains on track to start production in the second half of F2013.

While development has progressively improved at Booysendal during the year, the company remains focussed on establishing mining face length and equipping the decline system with the infrastructure necessary for mining such as conveyors, chairlifts and pumps as well as ensuring the availability of adequate water, power and ventilation.

Capital expenditure

To date, Northam has funded R2.5 billion of the Booysendal UG2 North mine's development from internally generated cash resources. During F2012, a total of R1.7 billion was spent on the development of this mine with the estimated capital expenditure for F2013 being R1.3 billion.

The company has a five-year revolving credit facility agreement in place for the amount of R1.0 billion which it entered into in November F2011. Draw-downs under this facility started in July 2012, and along with an additional third party debt facility of R1.25 billion raised post the year end, will provide adequate funding to cover the completion of Booysendal phase 1.

Aerial view of surface infrastructure construction at Booysendal mine