# Annual financial statements



The annual financial statements set out on pages 90 to 177 have been prepared under the supervision of the financial director Mr A Khumalo, CA(SA). The annual financial statements have been audited by Ernst & Young Inc.

# Approval of annual financial statements

In approving the annual financial statements the directors hereby confirm:

1. That they are responsible for the preparation, integrity and fair presentation of the annual financial statements of Northam Platinum Limited and its subsidiaries. The auditors are responsible for auditing and reporting on whether the financial statements are fairly presented. Their report appears on page 72.
2. The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.
3. The annual financial statements presented on pages 90 to 177 have been prepared in accordance with International Financial Reporting Standards. They conform and adhere to applicable accounting standards and are presented applying accounting policies supported by reasonable and prudent judgements and estimates made by management, which have been consistently applied.
3. Adequate accounting records and an effective system of internal controls and risk management have been maintained during the entire accounting period.
4. They have reviewed the additional information included in the annual report and they are responsible for both its accuracy and its consistency with the annual financial statements.
5. The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the group will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the company and the group.
6. The annual financial statements have been audited by the independent auditors, Ernst & Young Inc. who were given unrestricted access to all financial records and related data including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate. The unmodified audit report of Ernst & Young Inc. is presented on page 72.
7. A corporate governance report appears on pages 49 to 58 and includes information regarding the group's compliance with the King III Code.

The annual financial statements were approved by the board of directors on 28 September 2012 and are signed on its behalf by:

| | | |
|---|---|---|
| **PL Zim**<br>Chairman | **GT Lewis**<br>Chief executive officer | **AR Martin**<br>Chairman – audit and risk committee |

Johannesburg
28 September 2012

# Company secretary's confirmation

I, Patricia Beatrice Beale, being the group company secretary of Northam Platinum Limited, hereby certify in terms of the Companies Act that all returns required of a public company have, in respect of the year under review, been lodged with the Registrar of Companies and that all such returns are true, correct and up to date.

**PB Beale**
Company secretary

Johannesburg
28 September 2012

# Report of the audit and risk committee

## Responsibilities of the committee

The responsibilities of the committee, which meets at least five times a year, are:

- the appointment and evaluation of external auditors and their terms of engagement;
- the appointment and evaluation of the internal auditors and their mandate;
- the approval of remuneration of external and internal auditors;
- ensuring the independence of external and internal auditors;
- the approval of non-audit work which may be performed by the external auditors which includes tax compliance services; assurance related work in respect of any corporate actions and opinions not related to any prohibited services;
- approving the external audit and internal audit plan;
- reviewing interim and preliminary results of the company;
- reviewing and recommending to the board for approval the interim report and preliminary announcement of results, the annual financial statements, annual integrated report and the sustainability report;
- ensuring that the risks of the company are adequately assessed and monitored by management through a risk register, and ensuring that such risks are properly mitigated;
- ensuring that internal controls of the company are implemented, effective and monitored;
- ensuring a cordial working relationship between management and external and internal auditors; and
- to review the role of the information technology systems ensuring that IT risk and controls support business continuity.

## Appropriateness of the expertise and experience of the financial director

In terms of the JSE Listings Requirements, the audit and risk committee has satisfied itself as to the appropriateness of the expertise and experience of the financial director.

## Appointment of external auditors

The committee confirms that the skills, independence, audit plan, reporting and overall performance of the external auditors are acceptable and that it recommends their re-appointment for the financial year ending June 2013.

## Going concern statement

The directors report that they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future.

## Annual financial statements

The committee has:

- reviewed and discussed the audited annual financial statements included in the integrated annual report with the external auditors, the chief executive officer and the financial director;
- reviewed the external auditor's management letter and management's response thereto; and
- reviewed significant adjustments resulting from external audit queries and accepted any unadjusted audit differences; and received and considered reports from the internal auditors.

The committee concurs with and accepts the external auditor's conclusions on the annual financial statements and has recommended the approval thereof to the board. The board has subsequently approved the financial statements, which will be open for discussion at the forthcoming annual general meeting.

**AR Martin**
Chairman – audit and risk committee

Johannesburg
28 September 2012

# Independent auditor's report

## To the shareholders of Northam Platinum Limited

### REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

We have audited the consolidated and separate annual financial statements of Northam Platinum Limited set out on pages 90 to 177, which comprise the consolidated and separate statements of financial position as at 30 June 2012, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these 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.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion, the annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Northam Platinum Limited as at 30 June 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the financial statements for the year ended 30 June 2012, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports except where indicated otherwise and accordingly do not express an opinion on these reports.

Ernst & Young Inc.
Director – Crispen Maongera
Registered Auditor
Chartered Accountant (SA)

Wanderers Office Park
52 Corlett Drive, Illovo
Johannesburg
28 September 2012

# Directors' report

The directors have pleasure in submitting their report for the year ended 30 June 2012. The review of the group's operational performance is set out in the operational review on pages 24 to 29, whilst the nature of business is described in the business profile which appears on page 3.

## Booysendal mine

Steady progress continues to be made at Booysendal. Approximately 5 000 metres of underground development has been completed and the reverse decline system has been connected with the on-reef declines, a significant milestone in the development programme. Equipping the reverse decline with a conveyor has commenced. Preparation for the installation of the chairlift, underground pumps and ventilation fans is also in progress.

On surface, construction of the concentrator plant and other mine infrastructure is well advanced. Completion of the plant is expected in H1 F2013 but hot commissioning will depend on the availability of Eskom power which has been delayed as a consequence of an invasion of land over which an Eskom servitude has been registered. The company and Eskom are working to resolve the situation.

Subject to the resolution of this situation, Booysendal remains on track to start production in H2 of F2013. A total of R1.7 billion has been spent in the current year on the development of this mine, with the estimated capital expenditure for F2013 being R1.3 billion.

## Associates and joint ventures

The group has an interest in the following:

### DWAALKOP PLATINUM PROJECT

The group's share of the expenditure on this project, a PGM development opportunity, in joint venture with Lonmin plc amounted to R0.1 million, which amount was charged to sundry expenditure. The carrying value of the group's investment was R300.7 million. Further details of the group's interest in Dwaalkop are set out in Annexure 2 on pages 162 to 165.

### KOKERBOOM JOINT VENTURE

The group spent R5.1 million, primarily on an airborne magnetic survey, during the year, which amount was charged to sundry expenditure.

### PANDORA JOINT VENTURE

The group's share of earnings from the Pandora joint venture amounted to R6.7 million (2011: R7.2 million). After deducting the depreciation charge of R2.6 million (2011: R2.6 million), the carrying value of the group's investment was R136.9 million (2011: R133.6 million). Further details of the group's interest in Pandora are set out in Annexure 2 on pages 162 to 165.

### TRANS HEX GROUP LIMITED (TRANS HEX)

The group has a 20.3% interest in this company, a diamond producing and marketing company, which is listed on the JSE Limited. The group's share of earnings from Trans Hex, including its share of other comprehensive income amounted to R Nil (2011: R Nil) after impairments. The carrying value of the group's investment was R67.8 million (2011: R71.1 million) Further details of the group's interest in Trans Hex are set out in Annexure 2 on pages 162 to 165.

## Corporate governance

The board of directors of the company seeks to ensure that all deliberations, decisions and actions of the company's business and operational structures are based on good corporate governance and fundamentally sound values including but not limited to integrity, responsibility, accountability, fairness and transparency. The pursuit of good corporate governance is guided by the company's memorandum of incorporation, the board charter, the Listings requirements of the JSE Limited (the Listings requirements), the Companies Act No 71 of 2008 (the Companies Act), the third King Report on Governance Principles in South Africa (the King III Report) and the Global Reporting Initiative (GRI) as well as other applicable legislation.

Further details on the group's corporate governance practices are set out in the corporate governance report on pages 49 to 58.

## Mining licences

### BOOYSENDAL

Micawber 278 Proprietary Limited holds a consolidated new order mining right for the Booysendal mine which covers an area of approximately 15 151 hectares on the farms Booysendal 43 JT, Buttonshope 51 JT, Der Brochen 7 JT, Draaikraal 48 JT, Hebron 5 JT, Hermansdal 3 JT, Kliprivier 73 JT, Pietersburg 44 JT and Uysedoorns 47 JT, Johannesberg 45 JT, Sheeprun 50 JT and Sheeprun 179 JT.

### ZONDEREINDE

The company holds two new order mining rights in respect of the Zondereinde mine covering an area of approximately 7 625 hectares on the farms Aapieskraal 377 KQ, Amandelbult 383 KQ, Elandsfontein 386 KQ, Grootkuil 376 KQ, Kopje Alleen 422 KQ, Middeldrift 379 KQ, Vrugbaar 381 KQ, Vrugbaar 387 KQ, Witvley 423 KQ and Zondereinde 384 KQ.

The converted new order mining rights were executed on 13 July 2011 and have been lodged for registration in the Mining Titles Registration Office (MTRO).

The Zondereinde mine received its new water use licence in terms of the National Water Act, 1988 on 2 May 2012.

## Financial results

The accounting policies, statements of financial position, statements of comprehensive income, statements of cash flow and statements of changes in equity and notes to the financial statements, on pages 90 to 177, reflect the financial results and position of the company and the group.

## Dividends

Dividends totaling – 5 cents per share (2011: 15 cents per share) absorbing R19 121 935 (2011: R56 304 544) were declared. Details are as follows:

### INTERIM DIVIDEND (NO 26) – 5 CENTS PER SHARE

| | |
|---|---|
| Declaration date: | 22 February 2012 |
| Last day to trade cum div: | 15 March 2012 |
| Commencement of trading ex div: | 16 March 2012 |
| Record date: | 23 March 2012 |
| Payment date: | 26 March 2012 |

No final dividend was declared.

Shareholders who have dematerialised their shares receive payment electronically. Shareholders who have not yet dematerialised their shares, or who have not yet given a dividend payment mandate to the company's transfer secretaries are advised that, in terms of section 84 of the company's MOI, cheques will no longer be issued for the payment of dividends unless the shareholder has specifically requested the company to make payment in this manner.

## Share capital

The authorised share capital of the company remains R5 450 000 divided into 545 000 000 shares of one cent each.

During the year 80 800 shares were allotted and issued to participants of the Northam Share Option Scheme, resulting in the issued share capital at 30 June 2012 increasing to 382 496 990 (2011: 382 416 190) shares of one cent each and the share premium increasing from R8 592 257 358 to R8 593 822 400.

## Repayments of share premium

At the annual general meeting held on 10 November 2011 shareholders passed a resolution granting the directors of the company a general authority to distribute up to a maximum of 20% of the company's share premium in terms of the Listings requirements and subject to the provisions of Section 46 of the Companies Act.

No payments were made during the year in terms of this general authority.

## Acquisition of company's own shares

The Companies Act permits a company and its subsidiaries to acquire its own shares and for such subsidiaries to acquire shares of their holding company. Accordingly, at the annual general meeting held on 10 November 2011 shareholders passed a special resolution granting the company a general authority to repurchase its own shares. This general authority provides the directors, subject to certain terms and conditions as set out in the said special resolution, with the necessary flexibility to procure the repurchase of the company's shares from time to time should such repurchase, in view of prevailing market conditions, be opportune and be deemed to be in the best interests of the company. This general authority is valid until the company's next annual general meeting or for 15 months from the date of the aforementioned resolution (being 10 November 2011) whichever period is the shorter. The directors have proposed that this general authority be renewed for a further period once again and accordingly the text of the necessary special resolution, as well as the reasons therefor and the effects thereof, appears in the notice of annual general meeting, which forms part of the abridged audited financial statements.

During the year no acquisitions of shares were effected in terms of this general authority.

## Borrowings and borrowing powers

In terms of the memorandum of incorporation, the directors may borrow for purposes of the company, such sums as they deem fit.

On 14 November 2011 Northam entered into a five-year revolving credit facility agreement with Nedbank Limited for an amount of R1 billion. Draw-downs under this facility started in July 2012, and at the date of this report, the full amount has been drawn.

On 3 September 2012 the company announced that it had raised R1.25 billion through the issue of senior unsecured floating rate notes. Northam has to date funded R2.5 billion of Booysendal mine's development from internally generated cash resources.

These facilities will be used for the completion of phase 1 of the Booysendal mine, the deepening project at the Zondereinde mine as well as other operational and working capital requirements of the group.

## Proposed adoption of new memorandum of incorporation

The new Companies Act came into force on 1 May 2011, and contemplates that a company's founding documents, which were previously known as memorandum and articles of association be combined into one document, which is referred to as the memorandum of incorporation (MOI).

In essence, the content of the new MOI is based broadly on the current memorandum and articles. However, compared with the Companies Act of 1973, the new Companies Act, differs from the previous Act in a number of aspects, *inter alia*, the rules governing the repurchase of shares, notices of meetings, shareholder meetings making use of electronic equipment, distribution of shareholder information. In order to effect this alignment with the Companies Act, it is necessary for Northam to adopt a new MOI.

Explanation:

1. For the purposes of the conversion of the ordinary share capital of the company from shares having a par value to shares not having a par value, the board of directors of the company has prepared a report regarding the effect and implications of the conversion of the ordinary shares. The substance of the report is that:
   - 1.1 all ordinary shareholders will be affected by the proposed conversion in that all ordinary shares will be converted into no par value shares;
   - 1.2 the proposed conversion will not affect the rights or value of the ordinary shares; and
   - 1.3 as the conversion will not affect the value of the ordinary shares, no compensation is payable to the ordinary shareholders as a result of the conversion. *(This is new)*

2. Any change in the authorised share capital (increase or decrease) or any variation of rights attached to any share requires the approval of shareholders by way of special resolution before such change may be made. *(Similar to the 1973 Act)*

3. Any issue of shares (or a series of issues related to the same transaction) that involves 30% or more of the voting power of all the shares in issue will require approval by shareholders via special resolution. *(This is new)*

4. The introduction of a solvency and liquidity test which must be considered by the board in respect of the following:

- capitalisation of shares;
- cash payment in lieu of a capitalisation award;
- declaration of dividends;
- repurchase of shares;
- provision of financial assistance; and
- any other distributions as defined by the Companies Act. *(This is new)*

5. In general a repurchase of shares only requires authorisation via a board resolution but a repurchase of shares from a director or prescribed officer or any company or person related to such director or prescribed officer must be approved by special resolution and a repurchase of shares which involves the acquisition of more than 5% of the issued shares of any particular class will be subject to Sections 114 and 115 of the Companies Act. *(This is new)*

6. A record date must now be set for dividends, participation in general meetings and exercise of rights. *(This is new)*

7. 15 business days' notice is required for the convening of shareholder meetings. However, an additional 7 business days' notice must also be taken into consideration when sending a notice or certified copy of a document by registered post to a person's last known address (Companies Regulations, 2011, Annexure 3, Table CR3). *(This is new)*

8. Shareholders may participate in meetings via electronic means. *(This is new)*

9. A resolution that could be voted on at a shareholders' meeting may instead be voted on in writing within a period of 20 days from the date when the resolution was presented to shareholders. *(This is new)*

10. Dividends must now be paid via electronic transfer unless the shareholder has specifically requested that they be paid by cheque.

Members will accordingly be requested at the forthcoming annual general meeting to consider and, if thought fit, to pass a special resolution to adopt the new memorandum of incorporation. The text of the special resolution is contained in the notice of annual general meeting and abridged annual report and the new MOI is available on the company's website at www.northam.co.za.

## Financial assistance

Section 45 of the Companies Act requires that shareholders approve the granting of financial assistance by a company to, inter alia, any of its subsidiaries. At the date of this report Northam had granted the following financial assistance to its subsidiaries in accordance with the Companies Act:

| Name of subsidiary | Approved loan facility at 30 June 2012 | Current loan at 30 June 2012 | Additional amount to be advanced in coming year | New loan facility | Other facilities | Total financial assistance required |
|---|---|---|---|---|---|---|
| | R000 | R000 | R000 | R000 | R000 | R000 |
| Broad Brush Investments 2 Proprietary Limited | 15 000 | 13 066 | 4 500 | 19 500 | nil | 19 500 |
| Dialstat Trading 133 Proprietary Limited (Note) | – | – | 260 000 | 260 000 | – | 260 000 |
| Micawber 278 Proprietary Limited | 3 054 000 | 2 583 789 | 721 000 | 3 775 000 | 22 815 | 3 798 815 |
| Norplats Properties Proprietary Limited | 79 000 | 43 913 | nil | 79 000 | nil | 79 000 |
| Windfall 38 Properties Proprietary Limited | 13 000 | 15 695 | 2 800 | 15 800 | nil | 15 800 |

Note: The funds to be advanced to Dialstat will be used for a share repurchase programme. Such shares will be used exclusively for the settlement of shares to be transferred to employees who exercise options in terms of the rules of the Northam Share Option Scheme, or for the settlement of shares to be transferred to employees in terms of the rules of the Northam Share Incentive Plan.

At the forthcoming annual general meeting shareholders will be asked to approve a special resolution to authorise the granting of the necessary financial assistance as set out above. The text of the special resolution is contained in the notice of annual general meeting and abridged annual report.

## STRATE (Share Transactions Totally Electronic)

Shareholders who have not already dematerialised their shares (certificated shareholders) are once again strongly urged to do so as soon as possible (unless it is their explicit intention not to do so) in order to enable them to trade in such shares. It is most important for certificated shareholders to note that their shares may not be traded on the JSE unless the shares have been dematerialised.

## Northam Share Option Scheme (the Scheme)

The Scheme was established on 4 January 1995 with the objective of attracting and retaining employees with appropriate levels of ability and expertise who make a significant contribution to the operations of the company.

The scheme has been discontinued owing to its dilutionary nature although share options issued before its discontinuance will be allowed to run their course.

Options were offered at the volume weighted average price at which Northam shares traded on the JSE on the trading day immediately preceding the offer date. In terms of the rules of the Scheme, option holders may exercise 50% of their options two years after the offer date and 100% of their options three years after the offer date. Options not exercised within seven years of the offer date shall lapse.

A summary of the options held at the year end is as follows:

| Earliest and latest exercise date | Price per share R | Total number of options |
|---|---|---|
| 24 October 2007 and 23 October 2012 | 17.00 | 125 000 |
| 23 October 2008 and 21 October 2013 | 38.45 | 1 116 000 |
| 22 October 2009 and 21 October 2014 | 48.00 | 1 512 500 |
| 27 November 2010 and 26 November 2015 | 32.38 | 2 075 500 |
| 5 November 2011 and 4 November 2016 | 36.95 | 3 182 500 |
| 1 July 2012 and 30 June 2017 | 45.59 | 125 000 |
| 12 October 2012 and 11 October 2017 | 46.57 | 3 837 500 |
| Number of options held at 30 June 2011 | | 11 974 000 |
| Number of options forfeited during the year | | (1 222 500) |
| Number of options exercised during the year – refer Annexure 5 on pages 172 to 173 | | (80 800) |
| Number of options held at 30 June 2012 | | 10 670 700 |

At 30 June 2012 the outstanding options were exercisable as follows:

| Earliest and latest exercise date | Price per share R | Total number of options | Options vested at 30 June 2012 | Options exercisable in F2013 | Options exercisable thereafter |
|---|---|---|---|---|---|
| 24 October 2007 and 23 October 2012 | 17.00 | 56 700 | 56 700 | – | – |
| 23 October 2008 and 22 October 2013 | 38.45 | 1 071 000 | 1 071 000 | – | – |
| 22 October 2009 and 21 October 2014 | 48.00 | 1 467 500 | 1 467 500 | – | – |
| 27 November 2010 and 26 November 2015 | 32.38 | 1 955 500 | 1 955 500 | – | – |
| 5 November 2011 and 4 November 2016 | 36.95 | 2 752 500 | 1 376 250 | 1 376 250 | – |
| 1 July 2012 and 30 June 2017 | 45.59 | 125 000 | – | 62 500 | 62 500 |
| 12 October 2012 and 11 October 2017 | 46.57 | 3 242 500 | – | 1 621 250 | 1 621 250 |
| Total | | 10 670 700 | 5 926 950 | 3 060 000 | 1 683 750 |

# Directors' report **continued**

Full details of the options exercised during the year are set out in Annexure 5 on pages 172 to 173, and are summarised as follows:

| Grant date | Number of options exercised | Exercise price R | Consideration R000 |
|---|---|---|---|
| 24 October 2005 | 68 300 | 17.00 | 1 161 |
| 27 November 2008 | 12 500 | 32.38 | 405 |
| Total | 80 800 | | 1 566 |

During 2011, following a review of the group's remuneration policy, shareholders approved a proposal that this Scheme be discontinued, and replaced by the Northam Share Incentive Plan referred to below. No further options will be granted, but employees who hold options will nevertheless be entitled to exercise such options in terms of the rules of the Scheme.

## Northam Share Incentive Plan (the Plan)

At the annual general meeting that was held on 10 November 2011, shareholders approved a proposal that the Scheme be discontinued and replaced by the Plan, as the Scheme no longer served the primary purpose of attracting and retaining employees.

The Plan is a full share-type plan which incorporates a combination of a conditional share plan (CSP) and a forfeitable share plan (FSP). The key features that are common to both the CSP and the FSP are as follows:

- All senior officials and executives, including executive directors, in job grade D1 and above will be eligible;
- Non-executive directors will not be eligible to participate;
- Employees will not be required to pay for shares granted to them;
- In the event of a change of control of the company, all awards will vest.
- In the event of a variation in share capital such as a capitalisation issue, subdivision of shares, consolidation of shares, liquidation etc., employees will continue to participate in the share incentive scheme. The committee may make such adjustment to awards or take such other action to place employees in no worse a position than they were prior to the happening of the relevant event, and to ensure that the fair value of awards immediately after the event is materially the same as the fair value thereof immediately before the event.
- The issue of shares as consideration for an acquisition or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to awards.
- Where necessary, the auditors of the company will confirm to the company and the JSE that the adjustments are calculated on a non-prejudicial basis.
- Any adjustments made will be reported in the company's annual financial statements in the year during which the adjustment is made.

- Subject to approval by the JSE, employees will also, for own account, be entitled to participate in any rights issue in respect of their forfeitable shares held.
- To prevent the dilutionary effect of issuing new shares, whether in terms of the Scheme, the CSP or the FSP will settled either by the issue of new shares or by the use of treasury shares purchased for this purpose on the market.

The key features of the CSP and FSP are as follows:

## CSP

- Shares will be awarded on a regular basis;
- The number of conditional shares awarded, and the extent to which it will be subject to performance conditions, will primarily be based on the employee's annual salary, grade, performance, retention requirements and market benchmarks or some combination thereof;
- Vesting of a portion of the conditional shares will be made subject to company performance conditions, in addition to the particular employee remaining in the employ of a group company for a pre-determined vesting period;
- Conditional shares will only be registered in the name of the employees, free of any further restrictions or conditions, after vesting. Before such time, the employees will not enjoy any shareholder rights in relation to the conditional shares;
- Once vested and delivered, the employees will have all shareholder rights thereto;
- The employees will not be required to pay for the conditional shares;
- Performance conditions will be set by the remuneration committee of the company (the committee) before an award is made, and will be based on appropriate company performance measures at the time.

## FSP

- Shares will only be allocated in exceptional circumstances;
- The number of forfeitable shares to be made to an employee will primarily be based on the employee's annual salary, grade, performance and retention or attraction requirements;
- The forfeitable shares will be delivered to the employees, free of charge, subsequent to the award date, with them enjoying all shareholder rights from inception;
- Awards will, however, be subject to restrictions that will prevent the forfeitable shares from being disposed of, ceded, transferred or otherwise encumbered before vesting;
- Vesting of the forfeitable shares will only be subject to the particular employee remaining in the employ of a group company for a pre-determined vesting period. No company performance conditions will apply.

The social, ethics and human resources committee (SE&HR), which is charged with overseeing the group's remuneration policy, reviews the performance criteria annually and revises them as economic and operational circumstances dictate.

# Directors' report **continued**

No shares were allocated under the FSP during the year under review, whilst shares allocated under the CSP during the year are set out below.

| Grant date | Details | Total | Retention shares | Performance shares |
|---|---|---|---|---|
| 22 November 2011 | Shares granted | 2 305 000 | 814 000 | 1 491 000 |
| | Shares forfeited | (364 000) | (130 000) | (234 000) |
| Total | | 1 941 000 | 684 000 | 1 257 000 |

At 30 June 2012 the following grants had been made:

| Grant date | | Total number of shares | Shares to be allotted in 2013 | Shares to be allotted thereafter |
|---|---|---|---|---|
| 22 November 2011 | Retention shares | 684 000 | – | 684 000 |
| 22 November 2011 | Performance shares | 1 257 000 | – | 1 257 000 |
| | | 1 941 000 | – | 1 941 000 |

Full details of the shares granted during the year are set out in Annexure 5 on page 174.

A maximum of 38 000 000 unissued shares is reserved for the Plan and that the maximum number of shares which may be allocated to any single employee in any cycle is limited to 4 000 000.

Copies of the rules of the Scheme and the Plan are available for inspection at the company's registered office during normal business hours.

## Directorate

The following changes have occurred in the composition of the directorate since the date of the last annual report:

- Mr JAK Cochrane was appointed a non-executive director at the annual general meeting on 10 November 2011;
- Mr BR van Rooyen retired as an executive director with effect from 12 March 2012;
- Mr AK Gupta was withdrawn as Mr PL Zim's alternate with effect from 5 April 2012.

The composition of the board of directors, as well as of board appointed committees, at the date of this report, is reflected on pages 67 to 68.

Further, in terms of section 57 of the company's MOI one third of the non-executive directors, being those longest in office, must retire from office at each annual general meeting. A retiring director who is eligible and available may offer himself or herself for re-election and appointment. Dr NJ Dlamini and Messrs ME Beckett, R Havenstein and PL Zim retire by rotation and, being eligible and available, offer themselves for re-election. Accordingly at the forthcoming annual general meeting members will be requested to consider resolutions providing for the election and re-appointment of Dr NJ Dlamini and Messrs ME Beckett, R Havenstein and PL Zim as non-executive directors of the company.

Brief summaries of their curricula vitae appear on pages 67 to 68.

In addition, in terms of Section 94 of the Companies Act, shareholders are required to appoint the company's audit and risk committee. The members of the committee are Mr AR Martin (Chairman), Mr ME Beckett, Mr R Havenstein and Ms ET Kgosi, all of whom are independent non-executive directors. Accordingly at the forthcoming annual general meeting members will be requested to consider resolutions providing for the appointment of Mr AR Martin, Mr ME Beckett, Mr R Havenstein and Ms ET Kgosi as members of the audit and risk committee.

## Directors' fees

In terms of the MOI the fees for services as directors are determined by the company in general meeting. The current level of fees paid to non-executive directors for their services is as follows:

### BOARD FEES

- Board chairman – R99 000 per annum.
- Board members – R49 200 per annum.
- Board meeting attendance fees – R31 800 per meeting.

### AUDIT AND RISK COMMITTEE FEES

- Committee chairman – R46 200 per annum.
- Committee members – R23 400 per annum.
- Committee meeting attendance fees – R15 400 per meeting.

### BOARD APPOINTED COMMITTEES FEES

- Committee chairman – R36 900 per annum.
- Committee members – R18 600 per annum.
- Committee meeting attendance fees – R12 300 per meeting.

The above fees were approved in 2011, and with the ever increasing responsibilities imposed on directors by the more stringent regulatory environment, it is proposed that they be increased by an average of 8.2% to bring them more into line with market norms. It is also proposed to differentiate between fees paid to members of the board and the lead independent director, and to recognize the additional responsibilities imposed on the social, ethics and human resources committee. In addition it is considered necessary to provide for the remuneration of directors who perform ad hoc work outside of the normal board or committee meetings. In this regard it is proposed that the fee for such work be set at 1/5 (one fifth) of the board appointed committee meeting attendance fee. This is based on the average meeting preparation and attendance time being five hours.

Subject to approval by members, the revised level of fees will be as follows:

### BOARD FEES

- Board chairman – R110 400 per annum.
- Lead independent director – R82 200 per annum.

- Board members – R52 500 per annum.
- Board meeting attendance fees – R34 000 per meeting.

### AUDIT AND RISK COMMITTEE FEES

- Committee chairman – R49 500 per annum.
- Committee members – R25 200 per annum.
- Committee meeting attendance fees – R16 500 per meeting.

### SOCIAL, ETHICS AND HUMAN RESOURCES COMMITTEE FEES

- Committee chairman – R42 300 per annum.
- Committee members – R20 700 per annum.
- Committee meeting attendance fees – R13 200 per meeting.

### OTHER BOARD APPOINTED COMMITTEE FEES

- Committee chairmen – R39 600 per annum.
- Committee members – R19 800 per annum.
- Committee meeting attendance fees – R13 200 per meeting.
- Ad hoc fees – R2 640 per hour.

## Directors' remuneration

The directors' remuneration for the year ended 30 June 2012 was as follows:

| 2012 | Fees R000 | Remuneration package R000 | Performance bonus R000 | Benefits R000 | Gain on exercise of options R000 | Total R000 |
|---|---|---|---|---|---|---|
| **Executive** | | | | | | |
| AZ Khumalo | – | 1 752 | 699 | 228 | – | 2 679 |
| GT Lewis | – | 3 091 | 7 617 | 398 | – | 11 106 |
| BR van Rooyen[1] | – | 1 950 | 185 | 62 | – | 2 197 |
| **Non-executive** | | | | | | |
| ME Beckett | 402 | – | – | – | – | 402 |
| CK Chabedi | 308 | – | – | – | – | 308 |
| JAK Cochrane[2] | 188 | – | – | – | – | 188 |
| NJ Dlamini | 385 | – | – | – | – | 385 |
| R Havenstein | 469 | – | – | – | – | 469 |
| ET Kgosi | 436 | – | – | – | – | 436 |
| AR Martin | 361 | – | – | – | – | 361 |
| MS Xayiya | 174 | – | – | – | – | 174 |
| PL Zim | 258 | – | – | – | – | 258 |
| | 2 981 | 6 793 | 8 501 | 688 | – | 18 963 |

*1. Mr BR van Rooyen retired on 12 March 2012.*
*2. Mr JAK Cochrane was appointed a non-executive director with effect from 10 November 2011.*

| 2011 | Fees R000 | Remuneration package R000 | Performance bonus R000 | Benefits R000 | Gain on exercise of options R000 | Total R000 |
|---|---|---|---|---|---|---|
| **Executive** | | | | | | |
| AZ Khumalo | – | 1 626 | 143 | 203 | – | 1 972 |
| GT Lewis | – | 2 637 | 500 | 345 | – | 3 482 |
| BR van Rooyen[1] | 273 | 217 | – | – | – | 490 |
| **Non-executive** | | | | | | |
| ME Beckett | 259 | – | – | – | – | 259 |
| CK Chabedi | 230 | – | – | – | – | 230 |
| NJ Dlamini[2] | 408 | – | – | – | – | 408 |
| R Havenstein[2] | 395 | – | – | – | – | 395 |
| ET Kgosi[2] | 425 | – | – | – | – | 425 |
| AR Martin[2] | 338 | – | – | – | – | 338 |
| MSMM Xayiya | 106 | – | – | – | – | 106 |
| PL Zim | 213 | – | – | – | – | 213 |
| | 2 647 | 4 480 | 643 | 548 | – | 8 318 |

*1. Mr BR van Rooyen was appointed an executive director with effect from 1 June 2011. Prior to this date he received fees as a non-executive director.*

*2. Dr Dlamini, Mr Havenstein, Ms Kgosi and Mr Martin were paid a special fee of R20 000 each in their capacity as members of the independent board committee appointed to advise shareholders on the proposed scheme of arrangement with Mvela Resources.*

## Service contracts

Mr AZ Khumalo, the financial director, has a service contract with the company which is subject to a notice period of three months, whilst Mr GT Lewis, the chief executive officer, has a service contract that expires on 31 December 2013 but is renewable by mutual agreement. None of the non-executive directors have a service contract with the company.

## Directors' interests

According to information available to the company after reasonable enquiry, the interests of the directors and their families in the shares of the company at 30 June 2012 were as follows:

| | 30 June 2012 | | | |
|---|---|---|---|---|
| | Direct beneficial holding | Indirect beneficial holding | Indirect non-beneficial holding | Total |
| ME Beckett | 30 000 | – | – | 30 000 |
| NJ Dlamini | – | 326 | – | 326 |
| MJ Willcox | 336 085 | – | 5 026 710 | 5 362 795 |
| MSMM Xayiya | 614 598 | – | 1 518 038 | 2 132 636 |
| PL Zim | – | – | 11 174 520 | 11 174 520 |
| | 980 683 | 326 | 17 719 268 | 18 700 277 |

| | 30 June 2011 | | | |
|---|---|---|---|---|
| | Direct beneficial holding | Indirect beneficial holding | Indirect non-beneficial holding | Total |
| ME Beckett | 30 000 | – | – | 30 000 |
| AK Gupta | – | – | 6 317 559 | 6 317 559 |
| BR van Rooyen | 391 324 | 37 462 | – | 428 786 |
| MJ Willcox | 336 085 | – | 6 976 171 | 7 312 256 |
| MSMM Xayiya | 614 598 | – | 2 108 098 | 2 722 696 |
| PL Zim | – | – | 12 184 226 | 12 184 226 |
| | 1 372 007 | 37 462 | 27 586 054 | 28 995 523 |

## Analysis of shareholders at 30 June 2012

| Shareholding range | Number of holders | Total shareholding | Percentage holding |
|---|---|---|---|
| 1 – 5 000 | 6 249 | 5 105 224 | 1.3 |
| 5 001 – 10 000 | 269 | 2 002 893 | 0.5 |
| 10 001 – 50 000 | 345 | 8 2417 405 | 2.5 |
| 50 001 – 100 000 | 127 | 8 855 454 | 2.3 |
| 100 001 – 1 000 000 | 183 | 55 263 249 | 14.5 |
| 1 000 001 and over | 52 | 303 022 765 | 79.2 |
| Total | 7 225 | 382 496 990 | 100.0 |

| Category of shareholder | Number of holders | Total shareholding | Percentage holding |
|---|---|---|---|
| Individuals | 6 728 | 16 746 472 | 4.4 |
| Companies | 4 | 128 436 534 | 33.6 |
| Managed funds and other bodies | 493 | 237 313 984 | 62.0 |
| Total | 7 225 | 382 496 990 | 100.0 |

## Major shareholders at 30 June 2012

| | Number of shares | Percentage holding |
|---|---|---|
| **Owner** | | |
| ENRC NV | 51 732 782 | 13.5 |
| Afripalm Resources Proprietary Limited | 37 248 400 | 9.7 |
| Mvelaphanda Holdings Proprietary Limited | 31 635 183 | 8.3 |
| **Fund manager** | | |
| Coronation Asset Management | 41 985 019 | 11.0 |
| Public Investment Commission | 35 363 181 | 9.3 |
| Sanlam Investment Managers | 27 619 172 | 7.2 |
| Capital Group Companies Inc. | 19 315 000 | 5.1 |
| Ameriprise Financial Inc. | 15 357 100 | 4.0 |

## Shareholder spread at 30 June 2012

The company's shareholder spread is set out below.

| | Number of shareholders | Percentage holding |
|---|---|---|
| Public | 7 218 | 68.2 |
| Non-public | | |
| – Directors | 4 | 0.3 |
| – Other (any who fall outside the scope of the above) | 3 | 31.5 |
| Total | 7 225 | 100.0 |

## BEE status

Shareholders are referred to the announcement that was released on Friday, 3 August 2012, advising of a restructuring of the group's black economic empowerment (BEE) shareholding, arising from disposals of Northam shares pledged as security for loans by Northam's two major BEE shareholders, viz Afripalm Resources Proprietary Limited (Afripalm) and Mvela Holdings, thereby requiring the disposal of a significant portion of their Northam shareholdings. Subsequent to the end of the reporting period the shares that were held by Afripalm were sold to the Public Investment Commission, resulting in Afripalm holding no shares at the date of this report. In addition, according to information at the company's disposal, Mvela Holdings has disposed of 4 045 231 shares, resulting in a holding of 27 580 952 shares at the date of this report. As a consequence of the above, the indirect non-beneficial interest of Mr MJ Willcox has reduced to 4 382 508 shares; the indirect non-beneficial interest of Mr MSMM M Xayiya has reduced to 1 323 493 shares and the indirect non-beneficial interest of Mr PL Zim has reduced to nil. Northam is proactively working to restore its BEE shareholding to the minimum of 26%, and it is anticipated that the company will be in a position to make a further detailed announcement in due course.

## Northam Platinum Restoration Trust Fund (the Fund)

The Northam Platinum Restoration Trust Fund was established in 1996 to assist the group in making financial provision for the environmental rehabilitation of the group's mines, in terms of the the Mineral and Petroleum Resources Development Act, No. 28 of 2002, upon cessation of their mining operations. Details of the contributions made and provisions raised are disclosed in notes 9, 10 and 19 of the notes to the financial statements. In addition, the group has procured the issue of guarantees for R89.9 million (2011: R89.9 million) in respect of certain unfunded environmental restoration costs, as more fully disclosed in note 19 of the notes to the financial statements.

## Buttonshope Conservancy Trust

The Buttonshope Conservancy Trust was established in 2011 as part of an initiative to retain a portion of the freehold land adjacent to the Booysendal mine as an environmental conservancy. The group contributed an amount of R10.0 million during the year.

# Directors’ report **continued**

## Toro Employee Empowerment Trust Fund

The company has entered into an agreement with the representative unions at the Zondereinde mine in terms of which the company contributes 4% of its after-tax profits to a registered trust fund (The Toro Employee Empowerment Fund), providing the Zondereinde mine’s unskilled and semi-skilled employees an opportunity to participate in the profits of the company. Eligible employees will receive payment at the end of each five year cycle, beginning in 2013.

The participation in the scheme of employees of the Booysendal mine will be addressed in due course.

## Subsidiaries

Details of Northam’s subsidiaries at 30 June 2012 are set out in Annexure 3 on pages 166 to 167.

## Special resolutions

Details of special resolutions passed by the company during the year are available upon request.

## Going concern and impairment testing

Mining entities have a finite life that depends on geological and technical factors as well as commodity prices and other economic factors. Taking account of the outlook for these factors as contained in the chairman and chief executive’s message, as well as the group’s present financial resources and borrowings, the directors believe that the group is a going concern. Details of the key assumptions made are set out in note 1 of the notes to the financial statements. The group annual financial statements have accordingly been prepared on this basis.

The group performed its annual impairment test as at 30 June 2012. The group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2012, the market capitalisation of the group was below the book value of its equity, indicating a potential impairment of the assets of the group’s cash-generating unit. In addition, the overall change in the economic environment in which the group operates led to a lower demand for PGMs and therefore lower prices in US dollars.

The recoverable amount of the group's cash-generating unit has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management. Details of the key assumptions made are set out in note 1.1 of the notes to the financial statements. As a result of this analysis, no impairment charge has been recognised by management.

Following the dividend declaration made by Mvela Resources to the company, an impairment was recognised due to the decrease in the net asset value of the company's investment in Mvela Resources. This impairment reversed at a group level. An impairment was also recognised in respect of the group's interest in Trans Hex Group Limited (Trans Hex) whereby the carrying amount of the investment was impaired to reflect the closing share price of Trans Hex. Refer to note 29 of the notes to the financial statements for further details on the aforementioned impairments. None of Northam's other investments or interests manifested any indicators of impairment requiring management to perform impairment testing.

## Company secretary

Ms PB Beale continues in office as company secretary. Relevant details appear on the inside back cover of this report.

## Listing

The company's shares are listed in the Basic Resources – Mining [Platinum and Precious Metals] sector of the JSE exchange with the share code of NHM. The ISIN is ZAE000030912.

## ADR Listing

The company has a Level 1 American Depositary Receipt (ADR) listing. The shares are traded with the ticker code of NMPNY on the over-the-counter (OTC) market in the United States of America.

## Events after the reporting date

Apart from the financing arrangements and corporate actions which are referred to earlier, there have been no other significant events subsequent to 30 June 2012 which required adjustment or additional disclosure to these annual financial results.

# Accounting policies

## 1. Basis of preparation

The financial statements have been prepared on the historical cost basis, except for financial instruments that are fairly valued, in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and the requirements of the Companies Act 71 of South Africa 2008 (as amended) and the Companies Act Regulations 2011.

The financial statements incorporate the following accounting policies which have been applied on a basis consistent with the previous year, with the exception of the policies adopted during the year as more fully set out below in accounting policy note 1.1 and the reclassification in note 23.

The preparation of financial statements in conformity with IFRS requires that management and the board exercises their judgement in the process of applying the company's accounting policies. It also requires the use of certain critical economic and other estimates. The areas requiring a high degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in Note 1 to the financial statements.

### 1.1 NEW ACCOUNTING POLICIES ADOPTED

The group has adopted the following new and amended International Financial Reporting Standards and IFRIC interpretations during the year.

- IFRS 1 First time adoption of International Financial Reporting Standards – Severe Hyperinflation (amendment)
- IFRS 1 – First time adoption of International Financial Reporting Standards – Replacement of fixed dates for certain exceptions with the date of transition to IFRS's (amendment)
- IFRS 1 First time adoption of International Financial Reporting Standards – Accounting policy changes in the year of adoption (Annual improvements project 2010)
- IFRS 1 – First time adoption of International Financial Reporting Standards – Revaluation basis as deemed cost (Annual improvements project 2010)
- IFRS 1 – First time adoption of International Financial Reporting Standards – Use of deemed cost for operations subject to rate regulation (Annual improvements project 2010)
- IFRS 7 – Financial Instruments: Disclosures – Clarification of disclosures (Annual improvements project 2010)
- IFRS 7 – Financial Instruments: Disclosures – Transfers of financial assets (amendment)
- IAS 1 – Presentation of Financial Statements – Clarification of statement of changes in equity (Annual improvements project 2010)
- IAS 24 – Related Party Disclosure (revised)
- IAS 34 – Interim Financial Reporting – Significant events and transactions (Annual improvements project 2010)
- IFRIC 13 – Customer Loyalty Programmes – Fair value of award credits (Annual improvements project 2010)
- IFRIC 14 – IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interactions – Prepayment of a minimum funding requirement (Amendment)

The effect of the adoption of these standards, interpretations and amendments in the current financial year is set out below:

*IFRS 1 First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation (amendments)*

This amendment provides guidance for entities emerging from severe hyperinflation and resuming presentation of IFRS compliant financial statements or presenting IFRS compliant statements for the first time.

The adoption of this amendment has no effect on the group's financial statements as the group has no interests in entities emerging from severe hyperinflation.

*IFRS 1 First-time Adoption of International Financial Reporting Standards – Replacement of fixed dates for certain exceptions with the date of transition to IFRS's (amendment)*

This amendment removes the fixed date of 1 January 2004 relating to retrospective application of the derecognition requirements of IAS 39, and relief for first time adopters from calculating day 1 gains on transactions that occurred before the date of adoption.

The adoption of this amendment has no effect on the group's financial statements as the group adopted IFRS in 2006.

*IFRS 1 First time adoption of International Financial Reporting Standards – Accounting policy changes in the year of adoption (Annual improvements project 2010)*

This amendment clarifies that, if a first-time adopter changes its accounting policies or its use of the exemptions in IFRS 1 after it has published interim financial statements, it needs to explain those changes and update reconciliations between GAAP and IFRS.

The adoption of this amendment has no effect on the group's financial statements as the group adopted IFRS in 2006.

*IFRS 1 First time adoption of International Financial Reporting Standards – Revaluation basis as deemed cost (Annual improvements project 2010)*

This amendment allows first-time adopters to use an event-driven fair value as deemed cost, even if the event occurs after the date of transition, but before the first IFRS financial statements are issued.

The adoption of this amendment has no effect on the group's financial statements as the group adopted IFRS in 2006.

*IFRS 1 First time adoption of International Financial Reporting Standards – Use of deemed cost for operations subject to rate regulation (Annual improvements project 2010)*

This amendment expands the scope of 'deemed cost' for property, plant and equipment or intangible assets to include items used subject to rate regulated activities. The exemption will be applied on an item-by-item basis. All such assets will also need to be tested for impairment at the date of transition.

The adoption of this amendment has no effect on the group's financial statements as the group adopted IFRS in 2006.

# Accounting policies continued

*IFRS 7 Financial Instruments: Disclosures – Clarifications of disclosures (Annual improvements project 2010)*

The amendments are intended to simplify the disclosures provided and reduce time and effort in preparing the entity's financial statements. This is achieved especially by reducing disclosure requirements around collateral held, maximum exposure to credit risk and the renegotiation of financial assets in order to avoid it becoming past due or impaired.

The disclosure requirements for the group have been reduced upon adoption of the amendment. The additional disclosure requirements now stipulated have a minor impact as the information is readily available. These disclosures are included in note 39.

*IFRS 7 Financial Instruments: Disclosures – Transfers of financial assets (amendment)*

For those financial assets that are derecognised in their entirety, but where the entity has a continuing involvement in them (e.g. through options, guarantees, etc.), additional quantitative and qualitative disclosures is required. For financial assets that are not derecognised in their entirety, the entity is required to disclose additional information as well. In order to increase the prominence of these disclosures, all this information will need to be presented in a single note in the entity's financial statements.

The adoption of this amendment has no effect on the group's financial statements as the group made no such transfers of financial assets whereby continuing involvement is retained during the financial period.

*IAS 1 Presentation of Financial Statements – Clarification of statement of changes in equity (Annual improvements project 2010)*

The amendment clarifies that an entity should present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

The adoption of this amendment has no effect on the group's financial statements as the group does not currently have other comprehensive income items.

*IAS 24 Related Party Disclosure (revised)*

This revision simplifies the disclosure requirements for government related entities and clarifies the definition of related parties.

The adoption of this amendment has no material effect on the group's financial statements as the group is not government related and the revised definitions were already applied.

*IAS 34 Interim Financial Reporting – Significant events and transactions (Annual improvements project 2010)*

The amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add certain new disclosure requirements.

The adoption of this amendment had no effect on the group annual financial statements.

*IFRIC 13 Customer Loyalty Programmes – Fair value of award credits (Annual improvements project) (Annual improvements project 2010)*

The amendment clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

The amendment has no impact on the group's financial statements as the group does not have any customer loyalty programmes.

*IFRIC 14 IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interactions – Prepayment of a minimum funding requirement (Amendment)*

This amendment clarifies the accounting where an entity makes voluntary prepaid contribution and there is a minimum funding requirement.

The adoption of this amendment has no material effect on the group's financial statements as the group does not have any such prepayments of minimum funding requirements.

## 1.2 STANDARDS AND INTERPRETATIONS ISSUED AND NOT YET EFFECTIVE:

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective. The effective date refers to periods beginning on or after, unless otherwise indicated.

| Standard or Interpretation | Description | Impact | Effective date |
|---|---|---|---|
| IFRS 1 | First time adoption of International Financial Reporting Standards – Government Loans (amendments) | The amendments, dealing with loans received from governments at a below market rate of interest, give first-time adopters of IFRSs relief from full retrospective application of IFRSs when accounting for these loans on transition. It provides the same relief to first-time adopters as is granted to existing preparers of IFRS financial statements when applying IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. The adoption of these amendments will have no impact on the financial statements of the group as the group adopted IFRS in 2006 already. | 1 January 2013 |

# Accounting policies continued

| Standard or Interpretation | Description | Impact | Effective date |
|---|---|---|---|
| IFRS 1 | Application of IFRS 1 for previous IFRS reporters (Annual Improvements Project 2012) | The amendment clarifies that when an entity ceased IFRS reporting, it may choose to either re-apply IFRS 1 or apply changes retrospectively in accordance with IAS 8. The adoption of this amendment will have no impact on the financial statements of the group as the group adopted IFRS in 2006 already. | 1 January 2013 |
| IFRS 1 | Borrowings costs capitalised under previous GAAP (Annual Improvements Project 2012) | The amendment clarifies that when an entity capitalised borrowing costs as per previous GAAP, it may carry forward the amount previously capitalised on the date of transition. The adoption of this amendment will have no impact on the financial statements of the group as the group adopted IFRS in 2006 already | 1 January 2013 |
| IFRS 7 | Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (amendment) | The amendments introduce new disclosure requirements that aim to improve the comparability of financial statements. New disclosures are required for all financial instruments that are set off in accordance with the amendments made in IAS 32 and for financial assets that are subject to an enforceable master netting arrangement or similar arrangement regardless whether they are set off. The impacts of this amendment have not yet been assessed. | 1 January 2013 |
| IFRS 9 | Financial Instruments-Classification and Measurement | Financial Assets: This phase applies to financial assets and simplifies the classification of financial assets whilst retaining the measurement principles, being at fair value or amortised cost. Financial assets are classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. | 1 January 2015 |

| Standard or Interpretation | Description | Impact | Effective date |
|---|---|---|---|
| | | Financial Liabilities: The Standard retains the existing IAS 39 classification and measurement requirements for financial liabilities not designated at fair value through profit or loss using the Fair Value Option as well as the criteria within IAS 39 for using the fair value option for financial liabilities. The changes only affect the measurement of fair value option liabilities. All other requirements in IAS 39 in respect of liabilities are carried forward into IFRS 9. For fair value option liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income (OCI). The remainder of the change in fair value is presented in profit or loss. The Standard prohibits any recycling through profit or loss of amounts recognised in OCI upon derecognition of the liability, but these amounts may be transferred to retained earnings upon derecognition. Liabilities arising from certain derivatives on unquoted equity instruments will no longer be able to be measured at cost and will be required to be measured at fair value. The impacts of this Standard have not yet been assessed. | |
| IFRS 9 | Financial Instruments-Classification and Measurement | The IAS 39 exemption which allows equity instruments to be measured at cost will be limited further and reclassifications between categories will only be allowed in exceptional circumstances. IFRS 9 could impact the classification and measurement of the group’s financial assets – the impact has not yet been assessed as the group is still awaiting the finalisation of the other chapters in the accounting standard, e.g. amortised cost and impairment. | 1 January 2015 |

# Accounting policies continued

| Standard or Interpretation | Description | Impact | Effective date |
|---|---|---|---|
| IFRS 10 | Consolidated Financial Statements | IFRS 10 includes a new definition of control which is used to determine which entities are consolidated. This will apply to all entities, including special purpose entities (now known as 'structured entities'). The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore consolidated, and may result in a change to the entities which are within the group, the impact of which has not yet been assessed. | 1 January 2013 |
| IFRS 11 | Joint Arrangements | This standard deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement rather than its legal form. The impact of adoption of this new standard has not yet been assessed. | 1 January 2013 |
| IFRS 12 | Disclosure of interest in other entities | IFRS 12 includes all the disclosures that are required relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. An entity is now required to disclose the judgements made to determine whether it controls another entity and as such the adoption of this new standard in future will result in additional disclosure which has not yet been assessed in sufficient detail to determine the impacts. | 1 January 2013 |
| IFRS 13 | Fair Value Measurement | IFRS 13 provides guidance on how to measure fair value of financial and non-financial assets and liabilities when fair value measurement is required or permitted by IFRS. The impact of the adoption of this Standard has not yet been assessed. | 1 January 2013 |

| Standard or Interpretation | Description | Impact | Effective date |
|---|---|---|---|
| IAS 1 | Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (amendment) | This is a new requirement to group together and disclose items within other comprehensive income that may be reclassified to profit and loss in a future period versus those that cannot be reclassified. The amendments also reaffirm existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements. This amendment will impact the group's share of other comprehensive income from associate in that the associate's foreign currency translation reserve (FCTR) will be classified as re-cycleable. | 1 July 2012 |
| IAS 12 | Income Taxes – Recovery of underlying assets (amendment) | The amendments incorporate SIC 21 into IAS 12 for non-depreciable assets measured using the revaluation model in IAS 16. The aim for the amendments is to provide a practical solution for jurisdictions where entities currently find it difficult and subjective to determine the expected manner of recovery for investment property that is measured using the fair value model in IAS 40. | 1 January 2012 |
| IAS 12 | Income Taxes – Recovery of underlying assets (amendment) | The adoption of this amendment will have no material effect on the group as the group does not have investment properties or non-depreciable assets measured using the revaluation model. | 1 January 2012 |
| IAS 16 | Property, Plant and Equipment – Classification of servicing equipment (Annual Improvements Project 2012) | The amendment clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. The adoption of this amendment will have no impact on the group, as this principle is already applied. | 1 January 2013 |

# Accounting policies **continued**

| Standard or Interpretation | Description | Impact | Effective date |
|---|---|---|---|
| IAS 19 | Employee Benefits (revised) | Numerous changes to IAS 19 have been made. The two most significant of these relates firstly to short and long-term benefits that will now be distinguished based on the expected timing of settlement, rather than employee entitlement. The second item relates to the corridor mechanism for pension plans being removed. This means all changes in the value of defined benefit plans will be recognised as they occur. The adoption of this revised standard with regards to defined benefit plans will have no material effect on the group's financial statements, as there are no such plans. The removal of the corridor method will not impact the Toro Long Term Employee plan, as the corridor method cannot be applied to such plans at present. The measurement implications for the recognition of net interest (as opposed to interest cost and expected return on plan assets) are yet to be determined. The impacts of the amendments to short-term employee benefits have not yet been assessed. | 1 January 2013 |
| IAS 27 | Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (as amended in 2011) | This amendment is as a consequence of amendments resulting from the issue of IFRS 10, 11 and 12. The adoption of this standard should not have an impact on the financial statements of the group as the basis of preparation for the separate financial statements of the company remains the same, i.e. investments in group entities are measured at cost. | 1 January 2013 |
| IAS 28 | Investments in associates (amendment) | Consequential amendments resulting from the issue of IFRS 10, 11 and 12. The adoption of this amended standard is not expected to impact the group as the disclosure requirements are now addressed in IFRS 12. | 1 January 2013 |

| Standard or Interpretation | Description | Impact | Effective date |
|---|---|---|---|
| IAS 32 | Tax effect of distributions (Annual Improvements Project 2012) | The amendment clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12. The adoption of this amendment will have no impact on the group as these principles were already applied. | 1 January 2013 |
| IAS 32 | Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (amendment) | The amendments clarify the accounting requirements for offsetting financial instruments. New guidance clarifies that the right of set-off must not be contingent on a future event and must be legally enforceable in the normal course of business, or in the event of a default, or in the event of insolvency or bankruptcy of the entity and all of the counterparties. The adoption of this amendment is unlikely to have an impact on the group, as the financial statements that were previously offset are likely to comply with the new criteria also. | 1 January 2014 |
| IAS 34 | Interim Financial Reporting – Interim Financial Reporting and segment information for total assets and liabilities (Annual Improvements Project 2012) | The amendment clarifies the requirements of IAS 34 to disclose segment information for total assets and liabilities only if such information is regularly provided to the chief operating decision maker. This amendment will have no impact on the group, as these principles are already applied in the preparation of interim reports or press releases. | 1 January 2013 |
| IFRIC 20 | Stripping Costs in the Production Phase of a Surface Mine | The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This interpretation will have no impact on the financial statements of the group as the group is not involved in "open cast" mining activities. | 1 January 2013 |

*The group has early adopted IAS 1, Presentation of financial statements – Clarification of comparative informantion (Annual Improvements Project 2012). As a result, no notes are presented with regards to the third statement of financial position.*

## 2. Consolidation

The consolidated financial statements include the results, financial position and cash flows of Northam Platinum Limited, its subsidiaries, joint ventures and associates. A subsidiary is an entity that is controlled due to the company having the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of any subsidiary acquired or disposed of during the year are included from the date control was obtained up to the date control ceased to exist. Where an acquisition of a subsidiary is made during the financial year, any excess or deficit of the purchase price compared to the fair value of the attributable net identifiable assets is recognised respectively as goodwill (excess) or in profit or loss (deficit) and accounted for as described in the goodwill accounting policy note 4.

The financial statements of the subsidiaries are prepared for the same reporting period as Northam Platinum Limited, using consistent accounting policies, and all intra-group transactions and balances are eliminated on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not held by the group and are presented separately in profit or loss and within equity in the consolidated statement of financial position, separately from parent shareholders equity.

Investments in subsidiaries are recognised at cost, less accumulated impairment losses in the accounts of the company.

## 3. Associates

The group has an interest in a joint venture which is classified as an investment in associate due to the existence of significant influence as opposed to joint control; as well as other interests in associates. The group's investment in its associates is accounted for using the equity method of accounting except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5-Non-current Assets Held for Sale and Discontinued Operations. An associate is an entity in which the group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Profit or loss in the Statement of Comprehensive Income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in other comprehensive income or equity of the associate, the group recognises its share of any changes and discloses this, when applicable, in other comprehensive income or equity within the statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the Statement of Comprehensive Income in profit or loss. This is the profit attributable to equity holders of the associate and is therefore profit after tax and non-controlling interests.

The financial statements of the associate are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the group.

After application of the equity method, the group determines whether it is necessary to recognise an impairment loss on the group's investment in its associates. The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

## 4. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the date of acquisition. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss. Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) that is expected to benefit from the combination. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Goodwill is tested for impairment annually or more frequently if events or circumstances suggest that it might be impaired and an impairment loss recognised is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

## 5. Property, plant and equipment

### 5.1 MINING ASSETS

Mining assets are recorded at cost of acquisition less accumulated depreciation and accumulated impairment losses.

### 5.2 MINING PLANT AND EQUIPMENT

Mining plant and equipment, including the decommissioning asset, is depreciated on a straight-line basis over the lesser of the estimated economic life of the mine, based on measured and indicated resources, which are revised annually, or their expected useful lives.

Where items of plant and equipment comprise separate, identifiable components that have differing lives, such components are depreciated according to their individual useful lives.

Research costs associated with the design of new items of plant and equipment, or improvements to existing items of plant and equipment, are expensed when incurred, unless the recognition criteria are met.

Items of property, plant and equipment that are withdrawn from use, or have no reasonable prospect of being recovered through use or sale, are regularly identified and impaired.

### 5.3 MINE DEVELOPMENT COSTS

Capitalised mine development costs include expenditure incurred to develop new ore bodies, to define further mineralisation in existing ore bodies and to expand the capacity of the mine. Costs include interest capitalised during the construction period until commercial production is reached where development is financed by borrowings, and the net present value of future decommissioning costs. Depreciation is first charged on new mining ventures from the date on which the mining venture reaches commercial production levels. Development costs to maintain production are recognised as an expense when incurred. Mine development costs are depreciated on a straight-line basis, over the estimated economic life of the mine, based on measured and indicated resources which are revised annually.

### 5.4 DECOMMISSIONING ASSET

The decommissioning asset is depreciated on a straight-line basis over the estimated economic life of the mine, based on measured and indicated resources which are revised annually.

The decommissioning asset is recognised and subsequent changes in the assumptions which impact the asset is reflected in the asset as set out in the decommissioning provision accounting policy Note 11.1.1.

### 5.5 PLANT AND EQUIPMENT

Office equipment, furniture and vehicles are depreciated using varying rates, ranging between 10% and 20% on a straight-line basis over their expected useful lives.

### 5.6 INTANGIBLE ASSETS COMPRISING MINING PROPERTIES

Mining properties, comprising mineral rights and mineral leases are recorded at cost of acquisition. Depreciation is first charged on new mining properties from the date on which the mining in respect of the mining property reaches commercial production levels. Mining properties are depreciated on a straight-line basis over the estimated economic life of the mine, based on measured and indicated resources which are revised annually.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is expensed in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense of intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

### 5.7 LAND

Land is recorded at cost of acquisition l ess accumulated impairment losses and is not depreciated.

### 5.8 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

### 5.9 IMPAIRMENT

At each reporting date, the group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists or where annual impairment testing for an asset is required, the group makes a formal estimate of the asset or cash generating unit's recoverable amount. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount and the difference is recognised in profit or loss. The recoverable amount is the higher of value in use and fair value less cost to sell.

The value in use of mining assets is determined by applying a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset to the anticipated pre-tax cash flow for the remaining useful life of the assets.

The fair value less costs to sell of non-mining assets is determined with reference to market values by making use of a valuation model.

The revised carrying amounts are depreciated on a systematic basis over the remaining useful lives of such affected assets.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

An impairment calculation used during a previous financial year can be re-used if the recoverable amount is significantly greater than the carrying amount and if no events have occurred that would eliminate this difference.

#### 5.10 DERECOGNITION

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

#### 5.11 ANNUAL REVIEW OF RESIDUAL VALUES, DEPRECIATION METHOD AND USEFUL LIVES

The assets' residual value, depreciation method and useful life are reviewed, and adjusted prospectively, if appropriate, at each financial year end.

#### 5.12 SUBSEQUENT EXPENDITURE

Subsequent expenditure relating to an item of property, plant, equipment and mining properties is added to the carrying value of the asset when it is probable that future economic benefits will flow to the group. All other subsequent expenditure is recognised as an expense and included in profit before tax.

## 6. Township land and development

Township land and development, which is an initiative in order to assist the group's employees to acquire their own affordable housing, is initially recognised at cost, being the fair value of the consideration given and including acquisition charges. Where the recoverable amount is less than the carrying value, an impairment loss is recognised in accordance with Policy 5.8. Cost is determined on the basis of land acquisition, development and housing construction cost. Township land and development is derecognised when the risks and rewards of ownership of the property transfers to the employees.

## 7. Financial instruments

Financial instruments recognised on the statement of financial position include investments, cash and cash equivalents, trade accounts receivable, trade accounts payable, borrowings and derivative instruments. These are recognised when the group becomes party to the contractual agreements. All financial instruments are initially recorded at fair value and in the case of financial instruments not at fair value through profit or loss, directly attributable transaction costs.

#### 7.1 INVESTMENTS

Investments acquired for the purpose of selling in the near term are classified as held for trading and is part of the fair value through profit or loss category of financial assets. Other investments are classified as available-for-sale.

After initial recognition, investments, which are classified as available-for-sale, are re-measured at fair value with unrealised gains or losses recognised as other comprehensive income until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired when it is recognised in profit or loss – refer to Policy 7.7.

Gains or losses on investments held for trading are recognised in profit or loss.

#### 7.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the receivables are derecognised or impaired, as well as through the amortisation process.

### 7.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise demand and time deposits with banking institutions and money market instruments readily convertible to known amounts of cash subject to insignificant risk of changes in value. Current account balances are only netted off when set-off would apply or when the balances are with the same banking institution. Cash and cash equivalents are subsequently carried at amortised cost.

### 7.4 TRADE AND OTHER PAYABLES

Trade and other payables are stated at the recognised obligation less payments made and adjustments made to reflect the fair value of the expected outflow of economic resources and are subsequently carried at amortised cost.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

### 7.5 BORROWINGS

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

### 7.6 DERIVATIVE INSTRUMENTS

In the ordinary course of its operations, the group is exposed to fluctuations in metal prices, exchange rates and changes in interest rates.

The group engages in a number of activities to manage these risks. These activities include economic hedging of a portion of these exposures through the use of derivative financial instruments. Forward sales contracts and option contracts are utilised to manage metal price and exchange rate exposures. The group does not speculate, acquire, hold or issue derivative instruments for trading purposes, and does not apply hedge accounting.

Derivatives are initially measured at fair value and associated transaction costs are charged to profit or loss when incurred. Subsequently these instruments are measured as set out below:

- All forward and option contracts outstanding at reporting date are marked to market and any changes in their fair value is included in net sundry income/ (expenditure).
- Gains and losses on all contracts not outstanding at reporting date are recognised and included in net sundry income/(expenditure) at the time that the contracts expire.

### 7.7 IMPAIRMENT OF FINANCIAL INSTRUMENTS

The group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

**Assets carried at amortised cost**

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in estimated future cash flows. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss.

The group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

In relation to loans and receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

### Available-for-sale investments

For available-for-sale investments, the Group assesses at each reporting date whether there is objective evidence that an investment or group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available for sale are not recognised in profit or loss and are reversed in other comprehensive income. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

## 7.8 DERECOGNITION OF FINANCIAL INSTRUMENTS

### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either: (a) the group has transferred substantially all the risks and rewards of the asset or (b) the group has

neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Financial liabilities**

- A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, 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.

## 8. Commodity contracts

Contracts that are entered into and continue to meet the group's expected purchase, sale or usage requirements that were designated for that purpose at their inception and are expected to be settled by delivery are recognised in the financial period when the risks and rewards of ownership of such items have passed.

## 9. Inventories

### 9.1 CONSUMABLE STORES

Consumable stores consist of consumable and maintenance stores and are valued at the lower of cost or net realisable value. Cost is determined on the weighted average cost basis. Consumable stores are under continual review and are written down in regard to age, condition and utility.

### 9.2 METAL ON HAND

Stocks of the three major platinum group elements and gold (3 PGEs + Au), either in refined or concentrate form, are valued at the lower of cost of production (including the value of any purchased concentrate) or net realisable value. Production costs include an appropriate portion of overhead expenses. Cost is determined on the first-in, first-out basis. No account is taken of the value of metal in the process of production prior to the production of flotation concentrate.

Other metals are accounted for as by-products and are not capitalised as inventory.

## 10. Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profits will be available, against which the deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilised in the foreseeable future except:

- where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss.

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

## 11. Provisions

### 11.1 ENVIRONMENTAL REHABILITATION PROVISIONS

#### 11.1.1 Decommissioning provision

Provision is made for the present value of the estimated future decommissioning costs at the end of the mine's life. A decommissioning asset is recognised as part of the underlying property, plant and equipment.

With regards to the provision, the estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the decommissioning provision due to the passage of time is recognised as a borrowing cost in profit or loss. Other changes in the carrying value of the provision subsequent to initial recognition are adjusted in the determination of the carrying value of the decommissioning asset as opposed to being recognised in profit or loss. If the adjustment results in an addition to the decommissioning asset consideration is given as to whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the asset is tested for impairment by estimating its recoverable amount in accordance with accounting policy note 5.8.

### 11.1.2 Environmental restoration provision

Provision is made for the estimated cost to be incurred on long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the mine.

The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money.

The increase in the restoration provision due to the passage of time is recognised as a borrowing cost in profit or loss.

In assessing the future liability, no account is taken of the potential proceeds from the sale of assets and metals from the plant clean-up. The future liability is reviewed regularly and adjusted as appropriate for new facts and changes in legislation.

The cost of ongoing programmes to prevent and control pollution and rehabilitate the environment is recognised as an expense when incurred.

### 11.1.3 Environmental rehabilitation fund

The group makes annual contributions to a dedicated trust fund, the Northam Platinum Restoration Trust Fund (the Fund), to fund the expenditure on future decommissioning and restoration. Income earned by the fund is credited to the group's statement of comprehensive income in the period to which it relates.

In terms of IFRIC 5 – Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds, the Fund is consolidated.

The assets of the Fund are separately administered and the group's right of access to these funds is restricted.

### 11.2 OTHER PROVISIONS

Provisions are recognised where the group has a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

## 12. Foreign currencies

The functional and presentation currency of the group is the South African Rand. Transactions in foreign currencies are translated into South African Rand at the rates of exchange ruling at the transaction date. Monetary assets or liabilities denominated in foreign currencies are translated at rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Profits and losses arising on the translation of foreign currencies, whether realised or unrealised, are credited to or charged to profit or loss.

## 13. Revenue recognition

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the amounts received or receivable net of Value-Added Tax, cash discounts and rebates.

### 13.1 METAL SALES

Revenue from the sale of metal is accounted for when the risks and rewards of ownership have passed and is recorded at the invoiced amounts with an adjustment for provisional pricing at each reporting date. Adjustments, in respect of final assayed quantities and/or prices, arising between the date of recognition of the revenue and the date of settlement are recognised in the period in which the adjustment arises.

### 13.2 REVENUE FROM THE SALE OF TOWNSHIP LAND

Revenue from the sale of township land which is sold under suspensive sale agreements is recognised when the substantial risks and rewards of ownership have been assigned to the purchaser.

### 13.3 INTEREST REVENUE

Interest revenue is recognised as it accrues, using the effective interest rate method.

### 13.4 DIVIDENDS

Dividend revenue is recognised when the right to receive payment has been established.

### 13.5 SUNDRY INCOME

Sundry income is recognised when the right to receive payment has been established.

## 14. Leased metal

When metal is leased to fulfil marketing commitments, the equivalent cost of production is charged to cost of sales in profit or loss and is reflected in the statement of financial position as a liability. On the maturity of the lease the liability is credited to metal inventories.

The leasing transaction costs associated with the borrowed metal are charged to other costs in net sundry revenue on a time proportional basis.

## 15. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or development of qualifying assets that require a substantial period of time to prepare for their intended use are capitalised. Capitalisation is suspended when the active development is interrupted and ceases when the activities necessary to prepare the asset for its use are complete. Other borrowing costs are recognised as an expense when incurred.

## 16. Employee benefits

### 16.1 SHORT-TERM EMPLOYEE BENEFITS

Remuneration to employees in respect of services rendered during a reporting period is recognised as an expense in that reporting period. Provision is made for accumulated leave.

### 16.2 EQUITY COMPENSATION PLANS

#### 16.2.1 Share Option Scheme

Options granted to employees in terms of the rules of the Northam Share Option Scheme (the Scheme) are valued at the grant date using the Binomial Model. The value so determined is recognised as an expense within operating costs, together with a corresponding increase in the equity compensation reserve, evenly over the period between the grant date and the date on which the relevant employees become fully entitled to the award (vesting date).

The cumulative expense recognised for these options at each reporting date until the vesting date reflects the best estimate of the value attributable to the number of options that will ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share and diluted headline earnings per share.

Where employees exercise options in terms of the rules of the Scheme, shares are issued to them as beneficial owners. In exchange, employees pay in cash a consideration equal to the price specified in the option allocated to them. The nominal value of the shares is credited to share capital and the difference between the nominal value and the price of the cash consideration credited to share premium.

Options granted to an employee are forfeited in the event of the employee resigning or being dismissed.

The accumulated credit to the equity compensation reserve in respect of options that have lapsed or been forfeited after their vesting date is transferred to retained earnings.

#### 16.2.2 Share Incentive Scheme

Awards granted to employees in terms of the rules of the Northam Share Incentive Scheme (the Incentive Scheme) are measured at fair value based on market prices at the date of grant (measurement date).

The shares awarded in terms of the rules of the Incentive Scheme comprise: retention shares, which vest after two years with no performance criteria, and performance shares, which vest after three years. The final number of performance shares that the relevant employee will receive will be subject to certain performance criteria being met.

The fair value so determined at the measurement date is recognised as an expense within operating costs, together with a corresponding increase in the equity compensation reserve, evenly over the period between the grant date and the date on which the relevant employees become fully entitled to the award (vesting date).

Vesting conditions, other than market conditions, are taken into account by adjusting the number of shares actually expected to vest at each reporting period. Where the performance criteria attached to the awards are not met, any cumulative expense previously recognised is reversed.

On vesting date, the estimated equity instruments shall be revised to equal the number of equity instruments that ultimately vest. No subsequent adjustment shall be made to the equity compensation reserve after vesting date.

### 16.3 RETIREMENT BENEFITS

Eligible employees are members of various defined contribution schemes.

Employer contributions are recognised as an expense during the period in which the employees' services are rendered.

### 16.4 MEDICAL BENEFITS

Employer contributions in respect of current medical benefits are recognised as an expense during the period in which the employees' services are rendered.

### 16.5 POST-RETIREMENT MEDICAL COSTS

Eligible employees are members of a defined contribution scheme established to assist those employees to meet post-retirement medical costs.

Employer contributions are recognised as an expense during the period in which the employees' services are rendered. These contributions cease when the employees' service terminates.

### 16.6 TORO EMPLOYEE EMPOWERMENT TRUST

The Toro employee empowerment trust (the Trust) was established for the benefit of eligible employees. Northam contributes 4% of its after tax profits to the Trust where after eligible employees will receive payment at the end of each 5 year cycle. The amount of this cash to be distributed is based on the valuation of the fund and Northam does not guarantee any values over and above what is included in the Trust and managed accordingly by the investment manager.

The Trust is a special purpose entity that is consolidated in terms of SIC-12 Consolidation – Special Purpose Entities.

Since the cash distribution is payable to employees after the end of the period in which the related services are rendered and it is not a post-employment benefit or a termination benefit, the Trust is accounted for as an "Other Long Term Employee Benefit" in terms of IAS 19. The benefits payable to employees are therefore measured using the Projected Unit Credit Method. All actuarial gains or losses as well as past service costs are recognised in profit or loss immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by the Trust and are not available to the creditors of the Group.

## 17. Leases

### 17.1 GROUP AS LESSEE

A finance lease transfers substantially all the risks and rewards of ownership of an asset to the group.

Assets subject to finance leases are capitalised as property, plant and equipment at the lower of the fair value of the leased asset at inception of the lease or the present value of the minimum lease payments with the related lease obligation recognised at the same amount. Capitalised leased assets are depreciated over the estimated useful lives. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Finance lease payments are allocated between finance costs and the capital repayment so as to achieve a constant rate of interest on the remaining balance of the liability.

# Accounting policies **continued**

Leases in respect of which the lessor retains substantially all the risks and rewards of ownership of an asset are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the period of the lease.

### 17.2 GROUP AS LESSOR

Leases in respect of which the group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Operating lease payments received such as those relating to mining properties are recognised as revenue in profit or loss on a straight-line basis over the period of the lease.

## 18. Taxation

### 18.1 CURRENT TAX

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

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

### 18.2 DEFERRED TAX

Deferred tax is provided at enacted or substantially enacted tax rates, as more fully set out in Note 10 – Deferred tax of the accounting policies.

### 18.3 SECONDARY TAX ON COMPANIES

Secondary tax on companies, which is levied at enacted or substantially enacted tax rates at reporting date, on net dividends declared, is charged to profit or loss in the period in which the relevant dividend is declared. With the introduction of dividend withholding tax (DWT) which came into effect 1 April 2012, secondary tax on companies fell away. DWT will be levied at 15% to local shareholders.

### 18.4 VALUE-ADDED TAX

Revenue, expenses and assets are recognised net of the amount of value-added tax except:

- where the value-added tax incurred on a purchase of assets or services is not recoverable from the taxation authorities, in which case the value-added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item where applicable; and
- receivables and payables that are stated with the amount of value-added tax included.

## 19. Dividends declared

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

# Statements of financial position

as at 30 June 2012

| | Note | 2012 R000 Group | 2011* R000 Group | 2010* R000 Group | 2012 R000 Company | 2011 R000 Company |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **Non-current assets** | | 9 831 213 | 9 148 540 | 7 902 294 | 8 147 929 | 8 626 825 |
| Property, plant and equipment | 2 | 4 598 689 | 2 779 519 | 1 938 061 | 2 027 614 | 1 890 355 |
| Mining properties and mineral resources | 3 | 4 537 133 | 5 719 416 | 5 722 659 | 130 369 | 135 110 |
| Interest in associates and other | 4 | 505 415 | 505 327 | 129 741 | 47 533 | 50 133 |
| Investments in subsidiaries | 5 | | | | 5 863 688 | 6 494 501 |
| Unlisted investment | 6 | 6 | 6 | 6 | 6 | 6 |
| Township land and development | 7 | 43 849 | 55 918 | 63 805 | – | – |
| Long-term receivables | 8 | 64 937 | 27 292 | – | – | – |
| Investments held by Northam Platinum Restoration Trust Fund | 9 | 35 689 | 31 591 | 27 259 | 31 231 | 29 299 |
| Environmental Guarantee Investment | 10 | 35 720 | 29 471 | 20 763 | 31 523 | 27 421 |
| Buttonshope Conservancy Trust | 11 | 9 775 | – | – | – | – |
| Long-term subsidiary loans | 12 | | | | 15 965 | – |
| **Current assets** | | 1 232 339 | 2 725 916 | 2 117 683 | 3 647 671 | 2 854 800 |
| Short-term subsidiary loans | 12 | | | | 2 640 498 | 942 163 |
| Inventories | 13 | 811 183 | 604 647 | 521 462 | 811 183 | 604 647 |
| Trade and other receivables | 14 | 303 268 | 410 621 | 318 054 | 155 877 | 321 556 |
| Investments in escrow | | – | – | 91 458 | – | – |
| Cash and cash equivalents | 15 | 104 980 | 1 697 853 | 1 186 709 | 38 358 | 986 434 |
| Receiver of revenue | | 12 908 | 12 795 | – | 1 755 | – |
| **Mineral resources classified as held for sale** | 3 | 1 180 300 | – | – | – | – |
| **Total assets** | | 12 243 852 | 11 874 456 | 10 019 977 | 11 795 600 | 11 481 625 |

* *Restated (refer to note 23)*

# Statements of financial position

**continued**

as at 30 June 2012

| | Note | 2012 R000 Group | 2011* R000 Group | 2010* R000 Group | 2012 R000 Company | 2011 R000 Company |
|---|---|---|---|---|---|---|
| **Equity and liabilities** | | | | | | |
| Share capital and share premium | 16 | 8 597 648 | 8 596 082 | 7 638 486 | 8 597 648 | 8 596 082 |
| Retained earnings | | 1 622 833 | 1 363 194 | 1 081 862 | 1 427 527 | 1 185 911 |
| Equity compensation reserve | 17 | 202 634 | 156 076 | 112 806 | 202 634 | 156 076 |
| Share of other comprehensive income from associate | | (9 868) | – | – | – | – |
| **Shareholders' equity** | | 10 413 247 | 10 115 352 | 8 833 154 | 10 227 809 | 9 938 069 |
| **Non-current liabilities** | | 648 600 | 584 480 | 512 160 | 575 857 | 547 159 |
| Deferred tax liability | 18 | 504 628 | 477 145 | 447 212 | 500 365 | 477 145 |
| Long-term provisions | 19 | 111 118 | 107 335 | 64 948 | 75 492 | 70 014 |
| Long-term loans | 20 | 32 854 | – | – | – | – |
| **Current liabilities** | | 1 182 005 | 1 174 624 | 674 663 | 991 934 | 996 397 |
| Receiver of revenue | | 101 900 | 118 268 | 33 886 | – | 16 350 |
| Current portion of long-term loans | 20 | 2 430 | – | – | – | – |
| Trade and other payables | 21 | 981 209 | 972 350 | 562 844 | 895 468 | 896 041 |
| Short-term provisions | 22 | 96 466 | 84 006 | 77 933 | 96 466 | 84 006 |
| **Total equity and liabilities** | | 12 243 852 | 11 874 456 | 10 019 977 | 11 795 600 | 11 481 625 |

* *Restated (refer to note 23)*

# Statements of comprehensive income

for the year ended 30 June 2012

| | Note | 2012 R000 Group | 2011 R000 Group | 2012 R000 Company | 2011 R000 Company |
|---|---|---|---|---|---|
| **Total revenue** | 24 | 3 802 662 | 3 717 486 | 4 394 469 | 3 677 941 |
| **Sales revenue** | 24 | 3 684 000 | 3 571 048 | 3 648 663 | 3 546 895 |
| **Cost of Sales** | | 3 345 311 | 3 185 754 | 3 320 299 | 3 169 199 |
| – operating costs | 25 | 2 632 926 | 2 258 548 | 2 607 914 | 2 242 006 |
| – concentrates purchased | | 624 774 | 787 316 | 624 774 | 787 316 |
| – refining and other costs | | 100 612 | 68 804 | 100 612 | 68 804 |
| – depreciation and impairments | 26 | 190 287 | 147 838 | 190 287 | 147 825 |
| – change in metal inventories | | (203 288) | (76 752) | (203 288) | (76 752) |
| **Operating profit** | | 338 689 | 385 294 | 328 364 | 377 696 |
| Share of earnings from associate | 27 | 16 602 | 7 248 | 816 | 792 |
| Investment revenue | 28 | 53 951 | 85 520 | 34 124 | 70 128 |
| Net sundry income | 29 | 43 343 | 53 148 | 66 284 | 53 737 |
| Profit before tax | | 452 585 | 531 210 | 429 588 | 502 353 |
| Taxation | 30 | 142 073 | 182 001 | 137 099 | 176 484 |
| Profit after tax | | 310 512 | 349 209 | 292 489 | 325 869 |
| Other comprehensive income | | | | | |
| – share of other comprehensive income from associate | | (9 868) | – | – | – |
| **Profit and total comprehensive income for the year** | | 300 644 | 349 209 | 292 489 | 325 869 |

| | | Cents | Cents |
|---|---|---|---|
| Earnings per share | 31 | 81.2 | 96.2 |
| Fully diluted earnings per share | 31 | 81.2 | 96.2 |
| Headlines earnings per share | 31 | 80.9 | 89.5 |
| Fully diluted headline earnings per share | 31 | 80.9 | 89.5 |

# Statements of changes in equity

for the year ended 30 June 2012

| | Share capital R000 | Share premium R000 | Equity compensation reserve R000 | Retained earnings R000 | Other comprehensive income from associate R000 | Total R000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **Balance at 1 July 2010** | 3 606 | 7 634 880 | 112 806 | 1 081 862 | – | 8 833 154 |
| Share based payment expense | – | – | 65 595 | – | – | 65 595 |
| Total comprehensive income for the year | – | – | – | 349 209 | – | 349 209 |
| Profit for the year | – | – | – | 349 209 | – | 349 209 |
| Other comprehensive income for the year | – | – | – | – | – | – |
| Dividends declared | – | – | – | (90 202) | – | (90 202) |
| Transfer of equity compensation reserve to retained earnings | – | – | (22 325) | 22 325 | – | – |
| Issue of new shares | 218 | 957 378 | – | – | – | 957 596 |
| **Balance at 30 June 2011** | 3 824 | 8 592 258 | 156 076 | 1 363 194 | – | 10 115 352 |
| Share based payment expense | – | – | 53 049 | – | – | 53 049 |
| Total comprehensive income for the year | – | – | – | 310 512 | (9 868) | 300 644 |
| Profit for the year | – | – | – | 310 512 | – | 310 512 |
| Other comprehensive income for the year | – | – | – | – | (9 868) | (9 868) |
| Dividends declared | – | – | – | (57 364) | – | (57 364) |
| Transfer of equity compensation reserve to retained earnings | – | – | (6 491) | 6 491 | – | – |
| Issue of new shares | 1 | 1 565 | – | – | – | 1 566 |
| **Balance at 30 June 2012** | 3 825 | 8 593 823 | 202 634 | 1 622 833 | (9 868) | 10 413 247 |
| Note | 16 | 16 | 17 | | | |

**Equity compensation reserve**

The equity compensation reserve represents the value of equity-settled share-based payments provided to employees as part of their remuneration. Refer to note 17 for further details.

**Other comprehensive income from associate**

The value of other comprehensive income from associate relates to the translation differences on foreign subsidiaries held by the associate, as well as the fair value adjustment on available-for-sale financial assets.

| | Share capital R000 | Share premium R000 | Equity compensation reserve R000 | Retained earnings R000 | Total R000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **Balance at 1 July 2010** | 3 606 | 7 634 880 | 112 806 | 927 919 | 8 679 211 |
| Share based payment expense | – | – | 65 595 | – | 65 595 |
| Total comprehensive income for the year | – | – | – | 325 869 | 325 869 |
| Profit for the year | – | – | – | 325 869 | 325 869 |
| Other comprehensive income for the year | – | – | – | – | – |
| Transfer of equity compensation reserve to retained earnings | – | – | (22 325) | 22 325 | – |
| Dividends declared | – | – | – | (90 202) | (90 202) |
| Issue of new shares | 218 | 957 378 | – | – | 957 596 |
| **Balance at 30 June 2011** | 3 824 | 8 592 258 | 156 076 | 1 185 911 | 9 938 069 |
| Share based payment expense | – | – | 53 049 | – | 53 049 |
| Total comprehensive income for the year | – | – | – | 292 489 | 292 489 |
| Profit for the year | – | – | – | 292 489 | 292 489 |
| Other comprehensive income for the year | – | – | – | – | – |
| Transfer of equity compensation reserve to retained earnings | – | – | (6 491) | 6 491 | – |
| Dividends declared | – | – | – | (57 364) | (57 364) |
| Issue of new shares | 1 | 1 565 | – | – | 1 566 |
| **Balance at 30 June 2012** | 3 825 | 8 593 823 | 202 634 | 1 427 527 | 10 227 809 |
| Note | 16 | 16 | 17 | | |

**Equity compensation reserve**

The equity compensation reserve represents the value of equity-settled share-based payments provided to employees as part of their remuneration. Refer to note 17 for further details.

# Statements of cash flows

for the year ended 30 June 2012

| | Note | 2012<br>R000<br>Group | 2011*<br>R000<br>Group | 2012<br>R000<br>Company | 2011<br>R000<br>Company |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | 437 662 | 769 422 | 496 690 | 786 365 |
| Cash generated from operations | 32 | 595 918 | 726 807 | 626 749 | 657 772 |
| Interest received | | 50 723 | 82 183 | 30 896 | 66 791 |
| Change in working capital | 33 | (90 367) | 182 380 | (41 430) | 219 021 |
| Change in short-term provisions | | 12 460 | 6 073 | 12 460 | 6 073 |
| Taxation paid | 34 | (131 072) | (228 021) | (131 985) | (163 292) |
| **Cash flows utilised in investing activities** | | (2 010 021) | (197 171) | (1 388 968) | (913 449) |
| Property, plant, equipment and mining properties and mineral resources | | | | | |
| – additions to maintain operations | | (331 070) | (268 932) | (328 312) | (268 851) |
| – additions to expand operations | | (1 684 331) | (688 394) | – | – |
| – disposals proceeds | | 6 488 | 6 678 | 5 762 | 6 678 |
| Township land and development | | | | | |
| – additions | | (12 942) | (234) | – | – |
| – disposals proceeds | | 25 011 | 8 121 | – | – |
| Investment in associate | | | | | |
| – cash distributed | | 816 | 792 | 816 | 792 |
| Increase in subsidiary loans | | | | (1 714 300) | (643 370) |
| Increase in investments held by Northam Platinum Restoration Trust Fund | | (4 098) | (4 332) | (1 932) | (2 040) |
| Increase in investments held by Environmental Contingency Fund | | (6 249) | (8 708) | (4 102) | (6 658) |
| Movement in Buttonshope Conservancy Trust | | (9 775) | – | – | – |
| Cash and cash equivalents acquired at date of acquisition of Mvela Resources | 41 | – | 757 838 | – | – |
| Dividends received | | 6 129 | – | 653 100 | – |

* *Restated (refer to note 23)*

| | Note | 2012<br>R000<br>Group | 2011*<br>R000<br>Group | 2012<br>R000<br>Company | 2011<br>R000<br>Company |
|---|---|---|---|---|---|
| **Cash flows utilised in financing activities** | | (20 514) | (61 107) | (55 798) | (61 107) |
| Proceeds from issue of shares | | 1 566 | 29 095 | 1 566 | 29 095 |
| Dividends paid | | (57 364) | (90 202) | (57 364) | (90 202) |
| Increase in long-term loans | | 35 284 | – | – | – |
| **Increase/(decrease) in cash and cash equivalents** | | (1 592 873) | 511 144 | (948 076) | (188 191) |
| **Cash and cash equivalents at beginning of year** | | 1 697 853 | 1 186 709 | 986 434 | 1 174 625 |
| **Cash and cash equivalents at end of year** | 15 | 104 980 | 1 697 853 | 38 358 | 986 434 |

* *Restated (refer to note 23)*

# Notes to the annual financial statements

for the year ended 30 June 2012

## 1. Key accounting estimates, assumptions and judgments

The preparation of the company and group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date.

However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of assets or liabilities affected in the future.

These estimates and assumptions are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

### 1.1 IMPAIRMENT OF ASSETS

The group assesses each cash generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements to the extent of maintaining operations, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate to determine the net present value. A cash generating unit is defined by the group as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For the group its single cash generating unit is represented by its two operating segments, Zondereinde and Booysendal mine.

In assessing the recoverable amount the following key estimates and judgements were made by management, which are based on management interpretation of market forecast.

| | 2012 | 2011 | 2012 | 2011 |
|---|---|---|---|---|
| | R000 | R000 | R000 | R000 |
| | Group | Group | Company | Company |
| The main assumptions include: | | | | |
| – long term real platinum price – US$ per ounce | 1 595 | 1 838 | 1 595 | 1 838 |
| – long term real exchange rate – US$ = R | 7.50 | 7.00 | 7.50 | 7.00 |
| – long term real post-tax discount rate – % | 10.00 | 8.00 | 10.00 | 8.00 |

| | 2012 R000 Group | 2011 R000 Group | 2012 R000 Company | 2011 R000 Company |
|---|---|---|---|---|
| **1.2 PROVISIONS** | | | | |
| The net present value of current decommissioning and restoration costs are based on the following assumptions: | | | | |
| – long term inflation rate for South Africa – % | 6.00 | 6.00 | 6.00 | 6.00 |
| – long term discount rate – % (based on long bond yield rates) | 8.00 | 8.00 | 8.00 | 8.00 |

The group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the statement of financial position by adjusting the rehabilitation asset and liability. If, for mature mines, the revised mine assets net of rehabilitation provisions exceed the carrying value, that portion of the increase is expensed.

# Notes to the annual financial statements continued

for the year ended 30 June 2012

### 1.3 USEFUL LIVES AND RESIDUAL VALUES OF PROPERTY, PLANT AND EQUIPMENT

The group estimates the useful life of its assets by taking into account the age of the asset, its physical condition and technical obsolescence as well as the life of the mine.

As residual values are the expected values at the end of an asset's useful life, a process of estimation is required to determine the residual values at year end.

### 1.4 LIFE OF MINE AND ESTIMATION OF RESERVES

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the group's mining properties. The group estimates its ore reserves and mineral resources, based on information compiled by appropriately qualified persons, relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resources estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortisation charges.

| | Mining plant and equipment R000 | Pre-production development costs R000 | De-com missioning asset R000 | Motor vehicles R000 | Total R000 |
|---|---|---|---|---|---|
| **2. PROPERTY, PLANT AND EQUIPMENT** | | | | | |
| **Group – 30 June 2012** | | | | | |
| Property, plant and equipment | | | | | |
| – at cost | 3 418 961 | 2 529 543 | 84 772 | 24 013 | 6 057 289 |
| – accumulated depreciation | (1 435 200) | – | (15 600) | (7 800) | (1 458 600) |
| – balance at end of year | 1 983 761 | 2 529 543 | 69 172 | 16 213 | 4 598 689 |
| Reconciliation of movement in property, plant and equipment | | | | | |
| – balance at beginning of year | 1 842 148 | 845 577 | 72 500 | 19 294 | 2 779 519 |
| – additions to maintain operations | 319 832 | – | – | 4 800 | 324 632 |
| – present value of decommissioning asset capitalised (note 19) | – | – | (1 123) | – | (1 123) |
| – additions to expand operations | – | 1 683 966 | – | 3 017 | 1 686 983 |
| – reclassification between categories | (12) | – | 12 | – | – |
| – disposals | (5 613) | – | – | (9 047) | (14 660) |
| – depreciation charged for the year | (177 065) | – | (2 217) | (3 986) | (183 268) |
| – depreciation on disposals during the year | 4 471 | – | – | 2 135 | 6 606 |
| – balance at end of year | 1 983 761 | 2 529 543 | 69 172 | 16 213 | 4 598 689 |
| **Group – 30 June 2011** | | | | | |
| Property, plant and equipment | | | | | |
| – at cost | 3 104 756 | 845 577 | 85 895 | 25 243 | 4 061 471 |
| – accumulated depreciation | (1 262 608) | – | (13 395) | (5 949) | (1 281 952) |
| – balance at end of year | 1 842 148 | 845 577 | 72 500 | 19 294 | 2 779 519 |
| Reconciliation of movement in property, plant and equipment | | | | | |
| – balance at beginning of year | 1 718 476 | 165 732 | 36 715 | 17 138 | 1 938 061 |
| – additions to maintain operations | 259 368 | – | – | 9 564 | 268 932 |
| – additions to expand operations | – | 680 825 | – | 3 370 | 684 195 |
| – present value of decommissioning asset capitalised (note 19) | – | – | 37 977 | – | 37 977 |
| – reclassifications from mining properties and mineral resources | – | (980) | – | – | (980) |
| – disposals | (7 610) | – | – | (8 702) | (16 312) |
| – depreciation charged for the year | (133 154) | – | (2 192) | (4 070) | (139 416) |
| – depreciation on disposals during the year | 5 068 | – | – | 1 994 | 7 062 |
| – balance at end of year | 1 842 148 | 845 577 | 72 500 | 19 294 | 2 779 519 |

# Notes to the annual financial statements **continued**

for the year ended 30 June 2012

| | Mining plant and equipment R000 | De-commissioning asset R000 | Motor vehicles R000 | Total R000 |
|---|---|---|---|---|
| **2. PROPERTY, PLANT AND EQUIPMENT CONT.** | | | | |
| **Company – 30 June 2012** | | | | |
| Property, plant and equipment | | | | |
| – at cost | 3 418 961 | 49 145 | 15 835 | 3 483 941 |
| – accumulated depreciation | (1 435 200) | (15 600) | (5 527) | (1 456 327) |
| **– balance at end of year** | 1 983 761 | 33 545 | 10 308 | 2 027 614 |
| Reconciliation of movement in property, plant and equipment | | | | |
| – balance at beginning of year | 1 841 006 | 35 179 | 14 170 | 1 890 355 |
| – transfer between categories | (12) | 12 | – | – |
| – additions to maintain operations | 319 832 | – | 4 800 | 324 632 |
| – present value of decommissioning asset capitalised (note 19) | – | 571 | – | 571 |
| – disposals | (4 471) | – | (8 009) | (12 480) |
| – depreciation charged for the year | (177 065) | (2 217) | (2 584) | (181 866) |
| – depreciation on disposals during the year | 4 471 | – | 1 931 | 6 402 |
| **– balance at end of year** | 1 983 761 | 33 545 | 10 308 | 2 027 614 |
| **Company – 30 June 2011** | | | | |
| Property, plant and equipment | | | | |
| – at cost | 3 103 600 | 48 574 | 19 045 | 3 171 219 |
| – accumulated depreciation | (1 262 594) | (13 395) | (4 875) | (1 280 864) |
| **– balance at end of year** | 1 841 006 | 35 179 | 14 170 | 1 890 355 |
| Reconciliation of movement in property, plant and equipment | | | | |
| – balance at beginning of year | 1 718 476 | 36 715 | 14 310 | 1 769 501 |
| – additions to maintain operations | 259 287 | – | 9 564 | 268 851 |
| – present value of decommissioning asset capitalised (note 19) | – | 656 | – | 656 |
| – disposals | (7 610) | – | (8 702) | (16 312) |
| – depreciation charged for the year | (134 215) | (2 192) | (2 996) | (139 403) |
| – depreciation on disposals during the year | 5 068 | – | 1 994 | 7 062 |
| **– balance at end of year** | 1 841 006 | 35 179 | 14 170 | 1 890 355 |

|  | Mining properties R000 | Mineral resources* R000 | Total R000 |
|---|---|---|---|
| **3. MINING PROPERTIES AND MINERAL RESOURCES** | | | |
| **Group – 30 June 2012** | | | |
| – at cost | 282 311 | 4 390 703 | 4 673 014 |
| – accumulated depreciation | (135 881) | – | (135 881) |
| – balance at end of year | 146 430 | 4 390 703 | 4 537 133 |
| Reconciliation of movement in mining properties and mineral resources | | | |
| – balance at beginning of year | 148 413 | 5 571 003 | 5 719 416 |
| – additions to expand operations | 6 438 | – | 6 438 |
| – reclassification to mineral resource held for sale | – | (1 180 300) | (1 180 300) |
| – depreciation charged for the year | (8 421) | – | (8 421) |
| **– balance at end of year** | 146 430 | 4 390 703 | 4 537 133 |
| **Group – 30 June 2011** | | | |
| – at cost | 275 873 | 5 571 003 | 5 846 876 |
| – accumulated depreciation | (127 460) | – | (127 460) |
| **– balance at end of year** | 148 413 | 5 571 003 | 5 719 416 |
| Reconciliation of movement in mining properties and mineral resources | | | |
| – balance at beginning of year | 152 636 | 5 570 023 | 5 722 659 |
| – reclassification to property, plant and equipment | – | 980 | 980 |
| – additions to expand operations | 4 199 | – | 4 199 |
| – depreciation charged for the year | (8 422) | – | (8 422) |
| **– balance at end of year** | 148 413 | 5 571 003 | 5 719 416 |

* *The mineral resources relates to the mining titles that were acquired in respect of the Booysendal mine.*

|  | 2012 R000 Group | 2011 R000 Group | 2012 R000 Company | 2011 R000 Company |
|---|---|---|---|---|
| **MINERAL RESOURCE HELD FOR SALE** | | | | |
| Carrying value of assets held for sale previously classified under mining properties and mineral resources | 1 180 300 | – | – | – |

The above represents the agreement with Aquarius Platinum Limited and Aquarius Platinum (South Africa) Proprietary Limited to dispose of the mineral rights attached to the southern portion of Booysendal mine for an amount of R1.2 billion.

The agreement remains subject to a number of conditions precedent, which have not yet been met, and the asset has been classified as held-for-sale.

The asset has been presented under the group's Booysendal mine segment (refer to Annexure 6).

# Notes to the annual financial statements continued

for the year ended 30 June 2012

| | Mining properties R000 | Mineral resources R000 | Total R000 |
|---|---|---|---|
| **3. MINING PROPERTIES AND MINERAL RESOURCES CONT.** | | | |
| Company – 30 June 2012 | | | |
| – at cost | 266 250 | – | 266 250 |
| – accumulated depreciation | (135 881) | – | (135 881) |
| **– balance at end of year** | 130 369 | – | 130 369 |
| Reconciliation of movement in mining properties and mineral resources | | | |
| – balance at beginning of year | 135 110 | – | 135 110 |
| – additions during the year | 3 680 | | 3 680 |
| – depreciation charged for the year | (8 421) | – | (8 421) |
| **– balance at end of year** | 130 369 | – | 130 369 |
| Company – 30 June 2011 | | | |
| – at cost | 262 570 | – | 262 570 |
| – accumulated depreciation | (127 460) | – | (127 460) |
| **– balance at end of year** | 135 110 | – | 135 110 |
| Reconciliation of movement in mining properties and mineral resource | | | |
| – balance at beginning of year | 143 532 | – | 143 532 |
| – depreciation charged for the year | (8 422) | – | (8 422) |
| **– balance at end of year** | 135 110 | – | 135 110 |

*Certain mining properties have been secured by a notarial bond in favour of Northam Platinum Restoration Trust Fund to meet future decommissioning and restoration costs (see note 9). The bond was cancelled during the current year.*

| | 2012 R000 Group | 2011 R000 Group | 2012 R000 Company | 2011 R000 Company |
|---|---|---|---|---|
| **4. INTEREST IN ASSOCIATES AND OTHER** | | | | |
| Investment in associates and joint ventures comprises of a 7.5% interest in Pandora joint venture, a 50% interest in the Dwaalkop platinum project, a 51% interest in the Kokerboom exploration project and a 20.3% interest in the issued share capital of Trans Hex Group Limited. The percentage holdings remain unchanged from the prior year, details of the group's share of the comprehensive income and financial position are set out in Annexure 2, which forms part of these notes. | 505 415 | 505 327 | 47 533 | 50 133 |
| **5. INVESTMENTS IN SUBSIDIARIES** | | | | |
| Dialstat Trading Proprietary Limited[1] | | | * | * |
| Khumama Platinum Proprietary Limited[2] | | | 5 566 000 | 5 566 000 |
| Mvelaphanda Resources Limited[3] | | | 297 688 | 928 501 |
| Norplats Properties Proprietary Limited[4] | | | * | * |
| Windfall 38 Properties Proprietary Limited[5] | | | * | * |
| – balance at end of year | | | 5 863 688 | 6 494 501 |

[1] The company holds 120 ordinary shares of par value R1 each at cost of R120 (2011: R Nil) in Dialstat Trading Proprietary Limited.

[2] The company holds 405 ordinary shares of par value R1 representing a 100% equity interest in Khumama Platinum Proprietary Limited.

[3] The company holds 217 881 101 ordinary shares of par value 2 cents representing a 100% equity interest in Mvela Resources.

[4] The company holds 100 ordinary shares of par value R1 each at cost of R100 (2011: R100) representing a 100% equity interest in Norplats Properties Proprietary Limited.

** Value less than R1 000*

# Notes to the annual financial statements **continued**

for the year ended 30 June 2012

| | 2012 | 2011 | 2012 | 2011 |
|---|---|---|---|---|
| | R000 | R000 | R000 | R000 |
| | Group | Group | Company | Company |
| **5. INVESTMENTS IN SUBSIDIARIES CONT.** | | | | |
| [5] The company holds 100 ordinary shares of par value R1 each at cost of R100 (2011: R100) representing a 100% equity interest in Windfall 38 Properties Proprietary Limited. | | | | |
| All companies are wholly-owned and incorporated in the Republic of South Africa. | | | | |
| Details of the subsidiaries are contained in Annexure 3, which forms part of these notes. | | | | |
| **6. UNLISTED INVESTMENT** | | | | |
| Available for sale investment | 6 | 6 | 6 | 6 |
| **7. TOWNSHIP LAND AND DEVELOPMENT** | | | | |
| – balance at beginning of year | 55 918 | 63 805 | – | – |
| – construction in progress | 435 | 235 | – | – |
| – acquisitions | 12 507 | 8 420 | – | – |
| – disposals | (25 011) | (16 542) | – | – |
| – balance at end of year | 43 849 | 55 918 | – | – |

| | 2012<br>R000<br>Group | 2011<br>R000<br>Group | 2012<br>R000<br>Company | 2011<br>R000<br>Company |
|---|---|---|---|---|
| Township development comprising 382 residential erven (2011: 382 residential erven) with houses erected thereon in Northam, District of Thabazimbi, as well as 1 757 undeveloped erven (2011: 1 757 underdeveloped erven) in Northam. These properties have been acquired in order to assist the group's employees to acquire affordable housing. The 382 erven are registered in the name of the company's subsidiary, Norplats Properties Proprietary Limited, whilst the 1 757 erven are registered in the name of Broad Brush Investments 2 Proprietary Limited, a wholly-owned subsidiary of Norplats Properties Proprietary Limited. 140 houses (2011: 100 houses) were sold in Mojuteng Township of Northam town during the year. | | | | |
| **8. LONG-TERM RECEIVABLES** | | | | |
| Long-term receivables | 68 042 | 28 411 | – | – |
| Current portion of long-term receivables (note 14) | 3 105 | 1 119 | – | – |
| **Non-current portion of long-term receivables** | 64 937 | 27 292 | – | – |
| This comprises balances due by employees in respect of Northam's employee home ownership scheme under instalment sale agreements. The loans to the employees bear interest at prime, and repayable over 15 years. In terms of the agreements, employees enjoy the full benefits of home ownership, and at such a time as the loan is paid off, the title to the houses will be transferred to the employees. As at 30 June 2012 there were no receivables (2011: Rnil) which were impaired and fully provided for. The group has pledged the instalment sales agreements as security for the loan secured from Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) (note 20). | | | | |

# Notes to the annual financial statements continued

for the year ended 30 June 2012

| | 2012 R000 Group | 2011 R000 Group | 2012 R000 Company | 2011 R000 Company |
|---|---|---|---|---|
| **9. INVESTMENTS HELD BY NORTHAM PLATINUM RESTORATION TRUST FUND** | | | | |
| The company contributes to a dedicated environmental restoration trust fund to provide for the estimated decommissioning and environmental restoration costs at the end of the mine's life. | | | | |
| The balance of the fund comprises: | | | | |
| – balance at beginning of year | 31 591 | 27 259 | 29 299 | 27 259 |
| – contributions made during the year | 2 183 | 2 455 | 156 | 165 |
| – income earned during the year (note 28) | 1 915 | 1 877 | 1 776 | 1 875 |
| – balance at end of year | 35 689 | 31 591 | 31 231 | 29 299 |
| The assets of the Fund are separately administered and the group's right of access to these funds are restricted. | | | | |
| **10. ENVIRONMENTAL GUARANTEE INVESTMENT** | | | | |
| The balance of the fund comprises: | | | | |
| – balance at beginning of year | 29 471 | 20 763 | 27 421 | 20 763 |
| – contributions made during the year | 6 000 | 9 000 | 3 000 | 6 000 |
| – management fees | (1 312) | (1 765) | (350) | (804) |
| – income earned during the year (note 28) | 1 561 | 1 473 | 1 452 | 1 462 |
| – balance at end of year | 35 720 | 29 471 | 31 523 | 27 421 |
| The Environmental Guarantee Investment policy was issued in terms of the insurance guarantee for R89.9 million (2011: R89.9 million). | | | | |
| The assets of the Fund are separately administered and the group's right of access to these funds are restricted. | | | | |

| | 2012 | 2011 | 2012 | 2011 |
|---|---|---|---|---|
| | R000 | R000 | R000 | R000 |
| | Group | Group | Company | Company |
| **11. BUTTONSHOPE CONSERVANCY TRUST** | | | | |
| The balance of the fund comprises: | | | | |
| – balance at beginning of year | – | – | – | – |
| – contributions received during the year | 10 000 | – | – | – |
| – less expenditure during the year | (225) | – | – | – |
| – balance at end of year | 9 775 | – | – | – |

The trust was established as a conservancy trust by Northam Platinum Limited, with the principal objective of engaging in the conservation, rehabilitation and/or protection of the natural environment, including flora, fauna and the biosphere as well as promoting the establishment of, and education and training programmes relating to, environmental awareness, greening, cleanup and/or sustainable development projects in respect of Portion 1 of the Farm Buttonshope 51, Registration Division JT, Mpumalanga Province, and which may involve the participation by local communities. The aforementioned property is owned by Micawber 278 Proprietary Limited (Micawber), an indirect subsidiary of Northam Platinum Limited. An initial contribution of R10 million was required by Micawber in terms of the trust agreement.

Funds of R9.8 million are invested with Standard Bank in a call fund account.

The assets of the trust are separately administered and the group's right of access to these funds are restricted.

# Notes to the annual financial statements continued

for the year ended 30 June 2012

| | 2012 R000 Group | 2011 R000 Group | 2012 R000 Company | 2011 R000 Company |
|---|---|---|---|---|
| **12. SUBSIDIARY LOANS** | | | | |
| **Long-term subsidiary loans** | | | | |
| Norplats Properties Proprietary Limited | | | 15 965 | – |
| The loan bears interest at 2.0% below South African prime interest rate and may only be repaid once the loan from FMO has been repaid by Norplats Properties Proprietary Limited (note 20). | | | | |
| **Short-term subsidiary loans** | | | | |
| Broad Brush Investments 2 Proprietary Limited | | | 13 066 | 9 487 |
| Micawber 278 Proprietary Limited | | | 2 583 789 | 851 780 |
| Norplats Properties Proprietary Limited | | | 27 948 | 67 958 |
| Windfall 38 Properties Proprietary Limited | | | 15 695 | 12 938 |
| | | | 2 640 498 | 942 163 |
| The loans are unsecured and interest free , repayable on demand and therefore stated as current. Details of the subsidiaries are set out in Annexure 3, which forms part of these notes. | | | | |
| **– total subsidiary loans** | | | 2 656 463 | 942 163 |
| **13. INVENTORIES** | | | | |
| Inventory comprise: | | | | |
| Metals on hand and in transit – at cost | 759 275 | 555 988 | 759 275 | 555 988 |
| Consumable stores – at cost | 51 908 | 48 659 | 51 908 | 48 659 |
| Total inventories at the lower of cost and net realisable value | 811 183 | 604 647 | 811 183 | 604 647 |
| The cost of sales figure disclosed in the statement of comprehensive income approximates the cost of inventory expensed. | | | | |
| The amount of write-downs of consumable stores recognised as an expense in cost of sales. | 992 | 1 840 | 992 | 1 840 |

| | 2012 | 2011 | 2012 | 2011 |
|---|---|---|---|---|
| | R000 | R000 | R000 | R000 |
| | Group | Group | Company | Company |
| **14. TRADE AND OTHER RECEIVABLES** | | | | |
| Trade and other receivables comprise: | | | | |
| Trade receivables | 33 109 | 162 349 | 33 109 | 161 083 |
| Prepayments | 60 191 | 55 013 | 60 191 | 55 013 |
| Receiver of revenue – value added tax | 131 183 | 95 548 | 26 005 | 49 345 |
| Current portion of long-term receivables (note 8) | 3 105 | 1 119 | – | – |
| Other | 75 680 | 96 592 | 36 572 | 56 115 |
| | 303 268 | 410 621 | 155 877 | 321 556 |

Trade receivables are unsecured, non-interest-bearing and are generally on 30 day terms. As at June 2012 there were no receivables (2011: R Nil) which were impaired and fully provided for.

The age analysis of trade receivables as at 30 June 2012 is set out in Annexure 1, which forms part of these notes.

| | 2012 | 2011 | 2012 | 2011 |
|---|---|---|---|---|
| **15. CASH AND CASH EQUIVALENTS** | | | | |
| Cash and cash equivalents comprise: | | | | |
| Cash at banks and on hand | 84 530 | 741 323 | 17 908 | 29 904 |
| Short term deposits | 20 450 | 956 530 | 20 450 | 956 530 |
| | 104 980 | 1 697 853 | 38 358 | 986 434 |

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the group, and earn interest at the respective short-term deposit rates.

Short term deposits earned interest during the year at rates varying between 5% and 6% (2011: 5% and 6%), whilst cash at bank earned interest at rates varying between 2% and 4% (2011: 2% and 4%)

Included in cash and cash equivalents is R3.5 million (2011: R nil) that has been pledged to FMO as a debt service reserve account as security for servicing of the loan from FMO (note 20).

# Notes to the annual financial statements **continued**

for the year ended 30 June 2012

| | 2012 | 2012 | 2011 | 2011 |
|---|---|---|---|---|
| | R000 Group and Company | Number of shares Group and Company | R000 Group and Company | Number of shares Group and Company |
| **16. SHARE CAPITAL AND SHARE PREMIUM** | | | | |
| Authorised (par value R0.01) | 5 450 | 545 000 000 | 5 450 | 545 000 000 |
| Issued | | | | |
| At 1 July 2010 | 3 606 | 360 642 000 | 3 606 | 360 642 000 |
| Shares issued during the year for cash on the exercise of share options | 9 | 862 000 | 9 | 862 000 |
| Shares allotted and issued for the Mvela Resources Scheme of Arrangement | 209 | 20 912 190 | 209 | 20 912 190 |
| At 1 July 2011 | 3 824 | 382 416 190 | 3 824 | 382 416 190 |
| Shares issued during the year for cash on the exercise of share options | 1 | 80 800 | | |
| At 30 June 2012 | 3 825 | 382 496 990 | 3 824 | 382 416 190 |
| Share premium | 8 593 823 | – | 8 592 258 | – |
| | 8 597 648 | 382 496 990 | 8 596 082 | 382 416 190 |

During the year 80 800 (2011: 862 000) shares were allotted and issued in terms of the rules of the Northam Share Option Scheme. This resulted in issued share capital increasing to 382 496 990 (2011: 382 416 190).

Details of share capital and shares held by the directors are contained in the Directors' Report.

| | 2012 | 2011 | 2012 | 2011 |
|---|---|---|---|---|
| | R000 | R000 | R000 | R000 |
| | Group | Group | Company | Company |
| **17. EQUITY COMPENSATION RESERVE** | | | | |
| – balance at beginning of year | 156 076 | 112 806 | 156 076 | 112 806 |
| – increase in equity compensation reserve | 53 049 | 65 595 | 53 049 | 65 595 |
| – transfer to retained earnings | (6 491) | (22 325) | (6 491) | (22 325) |
| – balance at end of year | 202 634 | 156 076 | 202 634 | 156 076 |

Options are offered at the volume weighted average price at which Northam shares traded on the JSE up to the trading day immediately preceding the offer date. In terms of the rules of the Northam Share Option Scheme, option holders may exercise 50% of their options two years after the offer date and 100% of their options three years after the offer date. Options not exercised within seven years of the offer date shall lapse. The shares awarded in terms of the rules of the new Northam Share Incentive Scheme comprise: retention shares, which vest after two years with no performance criteria, and performance shares, which vest after three years. The final number of performance shares that the relevant employee will receive will be subject to certain performance criteria being met. (See Annexure 5).

# Notes to the annual financial statements continued

for the year ended 30 June 2012

| | 2012<br>R000<br>Group | 2011<br>R000<br>Group | 2012<br>R000<br>Company | 2011<br>R000<br>Company |
|---|---|---|---|---|
| **18. DEFERRED TAX LIABILITY** | | | | |
| The principle components of the deferred tax are as follows: | | | | |
| **Deferred tax liabilities** | | | | |
| – property, plant and equipment | 534 336 | 507 983 | 534 336 | 507 983 |
| – metal inventory | 14 176 | 7 273 | 14 176 | 7 273 |
| – long-term receivables | 4 263 | – | – | – |
| | 552 775 | 515 256 | 548 512 | 515 256 |
| **Deferred tax assets** | | | | |
| – employee benefits relating to leave pay provisions | (27 010) | (23 522) | (27 010) | (23 522) |
| – decommissioning and environmental restoration provisions | (21 137) | (14 589) | (21 137) | (14 589) |
| | (48 147) | (38 111) | (48 147) | (38 111) |
| **Net deferred tax liability** | 504 628 | 477 145 | 500 365 | 477 145 |
| The charge in the deferred tax balance is reconciled as follows: | | | | |
| Deferred tax liability at beginning of year | 477 145 | 447 212 | 477 145 | 447 212 |
| – charge for the year (per note 30) | 27 483 | 29 933 | 23 220 | 29 933 |
| – temporary differences in respect of property, plant and equipment | 26 353 | 32 111 | 26 353 | 32 111 |
| – depreciation component included in metals on hand and in transit | 6 903 | 356 | 6 903 | 356 |
| – temporary difference in respect of long-term receivables | 4 263 | – | – | – |
| – temporary difference in respect of employee benefits | (3 488) | (1 700) | (3 488) | (1 700) |
| – temporary difference in respect of long-term provisions | (6 548) | (834) | (6 548) | (834) |
| **Net deferred tax liability at end of year** | 504 628 | 477 145 | 500 365 | 477 145 |

| | 2012 | 2011 | 2012 | 2011 |
|---|---|---|---|---|
| | R000 | R000 | R000 | R000 |
| | Group | Group | Company | Company |
| **19. LONG-TERM PROVISIONS** | | | | |
| Provision for decommissioning costs | | | | |
| – balance at beginning of year | 93 105 | 57 754 | 62 332 | 57 754 |
| – present value of decommissioning asset capitalised (note 2) | (5 805) | 31 429 | 571 | 656 |
| – additional provision raised (note 25) | (627) | (698) | (627) | (698) |
| – unwinding of discount (note 25) | 4 986 | 4 620 | 4 986 | 4 620 |
| – balance at end of year | 91 659 | 93 105 | 67 262 | 62 332 |
| Provision for restoration costs | | | | |
| – balance at beginning of year | 14 230 | 7 194 | 7 682 | 7 194 |
| – capitalisation of restoration cost as part of the development of the Booysendal mine (note 2) | 4 681 | 6 548 | – | – |
| – additional provision raised (note 25) | (67) | (88) | (67) | (88) |
| – unwinding of discount (note 25) | 615 | 576 | 615 | 576 |
| – balance at end of year | 19 459 | 14 230 | 8 230 | 7 682 |
| Total long-term provisions | 111 118 | 107 335 | 75 492 | 70 014 |

In terms of, inter alia, the Mineral and Petroleum Resources Development Act no 28, of 2002, the company is required to make financial provision for its decommissioning and restoration costs that will be incurred upon the cessation of mining activities. The future value of environmental obligation will be paid over to Northam Platinum Restoration Trust fund (note 9) over the remaining life of the Zondereinde mine which is currently estimated at 16 years, and over the remaining life of the Booysendal mine which is currently estimated at over 25 years. Financial provision is not however required to be made for the decommissioning of certain structures, such as housing, which may have alternative use.

| | 2012 R000 Group | 2011 R000 Group | 2012 R000 Company | 2011 R000 Company |
|---|---|---|---|---|
| **19. LONG-TERM PROVISIONS CONT.** | | | | |
| Provisions before funding | 111 118 | 107 335 | 75 492 | 70 014 |
| Less: Northam Platinum Restoration Trust Fund (note 9) | (35 689) | (31 591) | (31 231) | (29 299) |
| Less: Environmental Guarantee Investment (note 10) | (35 720) | (29 471) | (31 523) | (27 421) |
| **Net present value of unfunded environmental rehabilitation obligations** | 39 709 | 46 273 | 12 738 | 13 294 |
| The future value of the environmental rehabilitation obligation will be paid over to the Northam Platinum Restoration Trust Fund (note 9) over the remaining life of the mines, which is currently estimated at 16 years for the Zondereinde mine and over 25 years for the Booysendal mine. | | | | |
| The present value of the environmental restoration obligation is determined by applying a pre-tax discount rate of 8.00% (2011: 8.00%) over the remaining life of the mine. | | | | |
| The decommissioning and restoration costs are reviewed on an annual basis, and at the reporting date the net unfunded future obligations were as follows: | | | | |
| Undiscounted decommissioning obligations | 129 353 | 131 277 | 90 509 | 84 061 |
| Undiscounted restoration obligations | 28 953 | 20 406 | 11 074 | 10 360 |
| Total decommissioning and restoration obligation | 158 306 | 151 683 | 101 583 | 94 421 |
| Less: Obligation not requiring financial provision | (38 855) | (36 309) | (38 855) | (36 309) |
| | 119 451 | 115 374 | 62 728 | 58 112 |
| Less: Funds held by Northam Platinum Restoration Trust Fund (note 9) | (35 689) | (31 591) | (31 231) | (29 299) |
| Environmental Guarantee Investment (note 10) | (35 720) | (29 471) | (31 523) | (27 421) |
| Total unfunded future rehabilitation obligations | 48 042 | 54 312 | (26) | 1 392 |
| The company has procured the issue of insurance guarantees for R89.9 million (2011: R89.9 million) in respect of the unfunded decommissioning and restoration costs. | | | | |

| | 2012 | 2011 | 2012 | 2011 |
|---|---|---|---|---|
| | R000 | R000 | R000 | R000 |
| | Group | Group | Company | Company |
| **20. LONG-TERM LOANS** | | | | |
| – Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) | 35 284 | – | – | – |
| – Current portion of long-term loans | (2 430) | – | – | – |
| – total long-term loans | 32 854 | – | – | – |
| The loan, which is repayable in equal bi-annual instalments over 15 years, bears interest at 3.5% above JIBAR. | | | | |
| The group has pledged the instalment sales agreements as security for the loan (note 8). | | | | |
| **21. TRADE AND OTHER PAYABLES** | | | | |
| Trade and other payables comprise: | | | | |
| Trade payables | 294 436 | 221 321 | 250 230 | 158 527 |
| Accruals | 427 397 | 569 578 | 427 397 | 569 578 |
| Accrual for acquisition of participating interest in Pandora joint venture | 65 000 | 65 000 | 65 000 | 65 000 |
| Receiver of revenue – value-added tax | 8 111 | 3 376 | – | – |
| Other | 186 265 | 113 075 | 152 841 | 102 936 |
| | 981 209 | 972 350 | 895 468 | 896 041 |
| Trade payables are unsecured, non-interest bearing and are normally settled on 30 day terms. | | | | |
| **22. SHORT-TERM PROVISIONS** | | | | |
| Provision for leave pay | | | | |
| – balance at beginning of year | 84 006 | 77 933 | 84 006 | 77 933 |
| – additional amounts raised | 111 817 | 94 378 | 111 817 | 94 378 |
| – utilised | (99 357) | (88 305) | (99 357) | (88 305) |
| – balance at end of year | 96 466 | 84 006 | 96 466 | 84 006 |
| Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date based on the basic cost of employment and available leave entitlement at that date. | | | | |

# Notes to the annual financial statements continued

for the year ended 30 June 2012

| | 2012 R000 Group | 2011 R000 Group | 2012 R000 Company | 2011 R000 Company |
|---|---|---|---|---|
| **23. TORO EMPLOYEE EMPOWERMENT TRUST** | | | | |
| Provision for Toro Employee Empowerment Trust | | | | |
| – balance at beginning of year | 85 466 | 69 330 | – | – |
| – provided during the year | 13 080 | 17 405 | – | – |
| – amount utilised | (1 683) | (1 269) | – | – |
| | 96 863 | 85 466 | – | – |
| – actuarial adjustment | (33 482) | (30 351) | – | – |
| – total provision at end of year | 63 381 | 55 115 | – | – |
| The balance of the fund comprises: | | | | |
| – balance at beginning of year | 85 466 | 69 330 | – | – |
| – contributions received during the year | 10 823 | 15 188 | – | – |
| – income earned during the year | 2 257 | 2 217 | – | – |
| – payments to beneficiaries | (1 683) | (1 269) | – | – |
| | 96 863 | 85 466 | – | – |
| – actuarial adjustment | (33 482) | (30 351) | – | – |
| – total fund balance at end of year | 63 381 | 55 115 | – | – |
| **– total Toro Employee Empowerment Trust balance at end of year** | – | – | – | – |

The company entered into an agreement with the representative unions at the Northam mine in terms of which the company has undertaken to contribute 4% of its after tax profits to the Toro Employee Empowerment Trust, providing Northam's Zondereinde mine unskilled and semi-skilled employees an opportunity to participate in the profits of the company. Eligible employees will receive payment at the end of each five year cycle, starting with effect from 2013.

The group has reclassified its comparatives with regards to the Toro Empowerment Trust. The underlying plan assets and plan liabilities which were previously shown on a gross basis are now recognised on a net basis – the values previously disclosed were equal and opposite. This reclassification had no impact on net assets, net cash flows or performance of the group.

| | 2012 | 2011 | 2012 | 2011 |
|---|---|---|---|---|
| | R000 | R000 | R000 | R000 |
| | Group | Group | Company | Company |
| **24. TOTAL INCOME AND SALES REVENUE** | | | | |
| Total revenue comprises: | | | | |
| – sales revenue | 3 684 000 | 3 571 048 | 3 648 663 | 3 546 895 |
| – investment income (note 28) | 53 951 | 85 520 | 34 124 | 70 128 |
| – sundry revenue (note 29) | 64 711 | 60 918* | 711 682 | 60 918* |
| | 3 802 662 | 3 717 486 | 4 394 469 | 3 677 941 |
| Sales revenue comprises of the turnover of platinum group metals and related precious and base metals, net of value added tax, trade discounts and intra-group sales. | | | | |
| **25. OPERATING COSTS** | | | | |
| Operating costs comprise mining and concentrating costs, excluding depreciation, and consist of the following principal prime cost categories: | | | | |
| – labour (note 36) | 1 197 619 | 992 421 | 1 197 619 | 992 421 |
| – stores | 690 620 | 596 239 | 690 620 | 596 239 |
| – utilities | 298 353 | 249 336 | 298 353 | 249 336 |
| – other | 441 427 | 416 142 | 416 415 | 399 600 |
| – provision for decommissioning (note 19) | 4 359 | 3 922 | 4 359 | 3 922 |
| – provision for restoration costs (note 19) | 548 | 488 | 548 | 488 |
| | 2 632 926 | 2 258 548 | 2 607 914 | 2 242 006 |
| The analysis of operating costs by principal activity is as follows: | | | | |
| – mining operations | 1 988 417 | 1 663 476 | 1 988 417 | 1 663 476 |
| – smelter operations | 100 114 | 72 092 | 100 114 | 72 092 |
| – base metal removal plant operations | 85 099 | 104 454 | 85 099 | 104 454 |
| – overheads | 454 389 | 414 116 | 429 377 | 397 574 |
| – provision for decommissioning (note 19) | 4 359 | 3 922 | 4 359 | 3 922 |
| – provision for restoration costs (note 19) | 548 | 488 | 548 | 488 |
| | 2 632 926 | 2 258 548 | 2 607 914 | 2 242 006 |

** Included in total revenue for 2011 was an amount of R42.0 million (company: R41.2 million) that does not meet the definition of revenue as per IAS 18 Revenue. Refer to note 29 for further details.*

# Notes to the annual financial statements continued

for the year ended 30 June 2012

| | 2012 R000 Group | 2011 R000 Group | 2012 R000 Company | 2011 R000 Company |
|---|---|---|---|---|
| **25. OPERATING COSTS CONT.** | | | | |
| Operating costs include the following: | | | | |
| External auditors remuneration | | | | |
| – current year | 2 501 | 2 886 | 2 062 | 2 354 |
| – prior year | 98 | 143 | 192 | 143 |
| Internal audit fees | | | | |
| – current year | 2 381 | 1 669 | 2 381 | 1 669 |
| – prior year | 51 | 160 | 51 | 160 |
| Directors' remuneration | | | | |
| – non-executive fees | 2 981 | 2 647 | 2 981 | 2 647 |
| – executive remuneration | 15 982 | 5 671 | 15 982 | 5 671 |
| Share based payment expense (note 17) | 53 049 | 65 595 | 53 049 | 65 595 |
| Operating lease payments | | | | |
| – office equipment | 813 | 500 | 727 | 500 |
| – premises | 5 571 | 590 | 895 | 590 |
| Details of directors' remuneration are contained in the directors' report on pages 84 to 85. | | | | |
| **26. DEPRECIATION AND IMPAIRMENTS** | | | | |
| Depreciation of mining properties, plant and equipment consists of the following: | | | | |
| – mining property | 8 421 | 8 422 | 8 421 | 8 422 |
| – plant and equipment | 177 065 | 133 154 | 177 065 | 134 215 |
| – decommissioning asset | 2 217 | 2 192 | 2 217 | 2 192 |
| – vehicles | 2 584 | 4 070 | 2 584 | 2 996 |
| | 190 287 | 147 838 | 190 287 | 147 825 |
| **27. SHARE OF EARNINGS FROM ASSOCIATES** | | | | |
| Share of earnings from associates (refer Annexure 2) | 16 602 | 7 248 | 816 | 792 |
| **28. INVESTMENT REVENUE** | | | | |
| Investment income consists of the following: | | | | |
| – interest received on cash and cash equivalents | 45 960 | 81 576 | 30 574 | 66 791 |
| – interest received from subsidiary | – | – | 322 | – |
| – interest received on instalment sale agreement | 4 515 | 594 | – | – |
| – growth in Northam Platinum Restoration Trust Fund (note 9) | 1 915 | 1 877 | 1 776 | 1 875 |
| – growth in Environmental Contingency Fund (note 10) | 1 561 | 1 473 | 1 452 | 1 462 |
| | 53 951 | 85 520 | 34 124 | 70 128 |

| | 2012 | 2011 | 2012 | 2011 |
|---|---|---|---|---|
| | R000 | R000 | R000 | R000 |
| | Group | Group | Company | Company |
| **29. NET SUNDRY INCOME** | | | | |
| Net sundry income is arrived taking into account the following: | | | | |
| – dividends received | 6 129 | – | 653 100 | – |
| – royalties received from chrome recovery plant | 5 940 | 4 521 | 5 940 | 4 521 |
| – treatment charges in respect of concentrates purchased | 52 642 | 56 397 | 52 642 | 56 397 |
| Sundry revenue (note 24) | 64 711 | 60 918 | 711 682 | 60 918 |
| – rent received | 1 662 | 1 285 | 1 662 | 1 285 |
| – sale of scrap | 1 761 | 1 616 | 1 761 | 1 616 |
| – insurance claim | 2 072 | 36 267 | 2 072 | 36 267 |
| – other income | 10 022 | 2 805 | 3 590 | 2 067 |
| Sundry income | 80 228 | 102 891 | 720 767 | 102 153 |
| Other sundry expenditure | | | | |
| – impairment recognised on investment | (3 230) | – | (630 813) | – |
| – loss on sale of property, plant and equipment | (317) | (2 572) | (317) | (2 572) |
| – currency translation loss | (3 133) | (21 247) | (3 133) | (21 247) |
| – depreciation of participation interest of Pandora joint venture | (2 600) | (2 600) | (2 600) | (2 600) |
| – dividends forfeited | 554 | 58 | 554 | 58 |
| – other expenditure | (28 159) | (23 382) | (18 174) | (22 055) |
| Sundry expenditure | (36 885) | (49 743) | (654 483) | (48 416) |
| | 43 343 | 53 148 | 66 284 | 53 737 |

The impairment of R630.8 million recognised in the company relates to the decrease in the net asset value of the company's investment in Mvela Resources following the dividend declaration made by Mvela Resources to the company of R653.1 million. This impairment reverses at a group level. The impairment of R3.2 million recognised in the group relates to the group's interest in Trans Hex whereby the carrying amount of the investment was impaired to reflect the closing share price (R3.15).

| | 2012 R000 Group | 2011 R000 Group | 2012 R000 Company | 2011 R000 Company |
|---|---|---|---|---|
| **30. TAXATION** | | | | |
| Current taxation | 114 120 | 152 068 | 110 298 | 146 551 |
| Deferred taxation (note 18) | 27 482 | 29 933 | 23 220 | 29 933 |
| Current year's tax charge | 141 602 | 182 001 | 133 518 | 176 484 |
| Adjustment in respect of prior years | 471 | – | 3 581 | – |
| | 142 073 | 182 001 | 137 099 | 176 484 |
| Taxation comprises: | | | | |
| – mining tax | 105 339 | 137 761 | 105 339 | 137 761 |
| – non-mining tax | 31 520 | 34 433 | 23 436 | 28 916 |
| – tax on share of earnings from associate – current year | 919 | 787 | 919 | 787 |
| – secondary tax on companies | 3 824 | 9 020 | 3 824 | 9 020 |
| – adjustment in respect of prior periods | 471 | – | 3 581 | – |
| | 142 073 | 182 001 | 137 099 | 176 484 |
| A reconciliation of the standard rate of South African tax compared with that charged in the income statement is set out below: | % | % | % | % |
| – South African normal tax | 28.0 | 28.0 | 28.0 | 28.0 |
| – secondary tax on companies | 0.8 | 1.7 | 0.9 | 1.8 |
| – adjustment in respect of prior periods | 0.1 | – | 0.8 | – |
| – expenditure disallowed and other adjustments | 2.5 | 4.6 | 2.2 | 5.3 |
| – effective tax rate | 31.4 | 34.3 | 31.9 | 35.1 |

### 30.1 Mining tax
The current rate of mining tax applicable to the company is 28% (2011: 28%).

### 30.2 Non-mining tax
Non-mining income is subject to a rate of 28% (2011: 28%).

### 30.3 Deferred tax
Deferred tax is provided at the statutory rate of 28% for all temporary differences.

### 30.4 Secondary tax on companies
Secondary tax on companies is levied at the rate of 10% (2011: 10%) of net dividends declared. With effect from 1 March 2012, dividends withholding tax replaced secondary tax on companies and will be levied at 15% for local shareholders.

### 30.5 Capital gains tax
Capital gains tax, at an effective rate of 14% (2011:14.%), is payable on any gains realised on the disposal of investments or mining properties. With effect from 1 March 2012, the effective capital gains tax rate increased to 26.6%.

### 30.6 Tax on share of earnings from associate
Mining and non-mining income is subject to a rate of 28% (2011:28%).

# Notes to the annual financial statements **continued**

for the year ended 30 June 2012

| | 2012 R000 Group | 2011 R000 Group | 2012 R000 Company | 2011 R000 Company |
|---|---|---|---|---|
| **31. EARNINGS AND DIVIDEND PER SHARE** | | | | |
| Basic earnings per share amounts are calculated dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares of 382 426 483 (2011 : 363 087 830) outstanding during the year. | | | | |
| Headline earnings per share are based on headline earnings and are reconciled to profit attributable to shareholders as follows: | | | | |
| Profit attributable to shareholders | 310 512 | 349 209 | | |
| Loss on sale of property, plant and equipment | 317 | 2 572 | | |
| Tax effect on loss on sale of property, plant and equipment | (89) | (720) | | |
| Insurance claim | (2 072) | (36 267) | | |
| Tax effect on insurance claim | 580 | 10 155 | | |
| **Headline earnings** | 309 248 | 324 949 | | |
| Fully diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. | | | | |
| Fully diluted headline earnings per share are based on the headline earnings and the average number of potential diluted shares in issue. | | | | |
| The number of potential diluted shares are calculated as follows: | | | | |
| Average number of ordinary shares in issue during the year | 382 426 483 | 363 087 830 | | |
| Average number of Northam Share Option Scheme options outstanding during the year* | – | 62 452 | | |
| Average number of potential diluted ordinary shares in issue | 382 426 483 | 363 150 282 | | |
| Dividends per share (cents) | 5.00 | 15.00 | | |

* *The effect of the Northam Share Option Scheme was not included in the current year as the options were antidilutive.*

| | 2012<br>R000<br>Group | 2011<br>R000<br>Group | 2012<br>R000<br>Company | 2011<br>R000<br>Company |
|---|---|---|---|---|
| **32. CASH GENERATED FROM OPERATIONS** | | | | |
| Profit before taxation | 452 585 | 531 210 | 429 588 | 502 353 |
| Adjusted for non-cash items | | | | |
| – loss on disposal of property, plant and equipment | 317 | 2 572 | 317 | 2 572 |
| – depreciation and impairment | 190 287 | 147 838 | 190 287 | 147 825 |
| – increase in long-term provisions | 4 907 | 4 410 | 4 907 | 4 410 |
| – long-term receivables | (37 603) | (27 292) | – | – |
| – share-based payment expense | 53 049 | 65 595 | 53 049 | 65 595 |
| – share of profit from associate | (16 602) | (7 248) | (816) | (792) |
| – fair value adjustment/impairment recognised on investment in associate and subsidiary | 3 230 | (2 153) | 630 813 | – |
| – depreciation of participation interest | 2 600 | 2 600 | 2 600 | 2 600 |
| Interest received | (50 723) | (82 183) | (30 896) | (66 791) |
| Investment in escrow | – | 91 458 | – | – |
| Dividend received | (6 129) | – | (653 100) | – |
| | 595 918 | 726 807 | 626 749 | 657 772 |
| **33. CHANGE IN WORKING CAPITAL** | | | | |
| Inventories | (206 536) | (83 185) | (206 536) | (83 185) |
| Trade and other receivables | 107 353 | (92 567) | 165 679 | (40 695) |
| Trade and other payables | 8 816 | 409 506 | (573) | 342 901 |
| Working capital of Mvela Resources group at date of acquisition | – | (51 374) | – | – |
| | (90 367) | 182 380 | (41 430) | 219 021 |
| **34. TAXATION PAID** | | | | |
| Balance owing at beginning of year | 105 473 | 33 886 | 16 350 | 33 091 |
| Profit or loss charge | 114 591 | 152 068 | 113 880 | 146 551 |
| Net tax liability of Mvela Resources group at date of acquisition | – | 147 540 | – | – |
| Balance owing at end of year | (88 992) | (105 473) | 1 755 | (16 350) |
| | 131 072 | 228 021 | 131 985 | 163 292 |

# Notes to the annual financial statements **continued**

for the year ended 30 June 2012

| | 2012<br>R000<br>Group | 2011<br>R000<br>Group | 2012<br>R000<br>Company | 2011<br>R000<br>Company |
|---|---|---|---|---|
| **35. COMMITMENTS** | | | | |
| Capital Expenditure – Booysendal mine | | | | |
| Authorised but not contracted | 888 484 | 3 111 449 | – | – |
| Contracted | 916 113 | 762 336 | – | – |
| Capital Expenditure – Zondereinde mine | | | | |
| Authorised but not contracted | 494 138 | 325 127 | 494 138 | 325 127 |
| Contracted | 152 232 | 59 125 | 152 232 | 59 125 |
| Information Technology Outsource Service Providers | | | | |
| Due within one year | 9 777 | 13 432 | 9 777 | 13 432 |
| Due within two to five years | 41 309 | 31 026 | 41 309 | 31 026 |
| Operating lease rentals – office equipment | | | | |
| Due within one year | 1 981 | 1 182 | 1 843 | 1 054 |
| Due within two to five years | 2 829 | 575 | 2 518 | 12 |
| Operating lease – premises | | | | |
| Due within one year | 3 463 | 3 872 | 1 040 | 729 |
| Due within two to five years | 11 215 | 11 504 | 734 | 2 569 |
| More than five years | 13 976 | 14 855 | – | – |
| Housing development | | | | |
| Contracted | 30 483 | – | – | – |
| Unutilised loan facility granted to subsidiary | | | 504 537 | 51 207 |
| Bank guarantees issued | 66 340 | 49 250 | 66 340 | 49 250 |

The commitments in respect of the Zondereinde mine and the other commitments will be financed out of operating cash flows. The Booysendal commitment will be funded from a combination of internal retentions and debt as more fully described in the financial review and directors' report.

| | 2012<br>R000<br>Group | 2011<br>R000<br>Group | 2012<br>R000<br>Company | 2011<br>R000<br>Company |
|---|---|---|---|---|
| **36. EMPLOYEE BENEFITS** | | | | |
| The aggregate earnings and benefits of employees, including directors, were: | | | | |
| – salaries, wages and other benefits | 993 908 | 782 936 | 993 908 | 782 936 |
| – contributions to retirement benefit funds | 84 212 | 74 096 | 84 212 | 74 096 |
| – contributions to health-care funds | 55 627 | 54 606 | 55 627 | 54 606 |
| – share based payment expense (note 17) | 53 049 | 65 595 | 53 049 | 65 595 |
| – employee empowerment scheme (note 23) | 10 823 | 15 188 | 10 823 | 15 188 |
| | 1 197 619 | 992 421 | 1 197 619 | 992 421 |
| – fees paid to non-executive directors | 2 981 | 2 647 | 2 981 | 2 647 |
| | 1 200 600 | 995 068 | 1 200 600 | 995 068 |

## 37. RELATED PARTIES

The group, in the ordinary course of business, enters into various sale, purchase and lease transactions with a large number of entities, some of whom are related parties. All transactions were concluded on an arms-length basis apart from interest free loans provided by the company to Broad Brush Investment 2 Proprietary Limited, Micawber 278 Proprietary Limited, Norplats Properties Proprietary Limited and Windfall 36 Properties Proprietary Limited and an interest bearing loan provided by the company to Norplats Properties Proprietary Limited.

Details of transactions and period end balances with those entities identified as related parties are contained in Annexure 4 which forms part of these notes.

## 38. SEGMENTAL REPORTING

The group has two business segments, the Zondereinde mine and the Booysendal mine. The group's operating committee looks at the performance of the Zondereinde and Booysendal mines when allocating resources and assessing the segment performance.

Details of the financial position and net income of the two segments are set out in Annexure 6 which forms part of these notes.

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group’s principal financial liabilities, comprise trade and other payables, and loans received. The main purpose of these financial liabilities are to raise finance for the group’s operations. The group has various financial assets such as trade receivables, investments, long-term receivables and cash and cash equivalents, which arise directly from its operations.

The group may enter into derivative transactions, being forward currency contracts or metal hedging contracts. The purpose is to manage the currency risks arising from the group’s operations and its sources of finance.

The main risks arising from the group’s financial instruments are interest rate risk, liquidity risk, foreign currency risk, commodity price risk and credit risk. The board of directors reviews and agrees policies for managing each of these risks which are summarised below:

### (a) Market risk

Market risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity risk.

# Notes to the annual financial statements **continued**

for the year ended 30 June 2012

### (b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The group has transactional currency exposures. Such exposure arises from sales in currencies other than the unit's functional currency. The majority of the group's sales are denominated in currencies other than functional currency of the operating unit making the sale, whilst 96% of costs are denominated in the unit's functional currency, the South African Rand.

The following table demonstrates the sensitivity to a possible change in the US dollar exchange rate with all other variables held constant, of the group's profit before tax due to changes in the fair value of monetary assets and liabilities.

| | 2012 | 2011 | 2012 | 2011 |
|---|---|---|---|---|
| | R000 | R000 | R000 | R000 |
| | Group | Group | Company | Company |
| – weakening by 10% | 2 974 | 12 309 | 2 974 | 12 309 |
| – strengthening by 10% | (2 974) | (12 309) | (2 974) | (12 309) |
| At year end the foreign currency value of items under their respective | | | | |
| balance sheet classifications were as follows: | | | | |
| – accounts receivable – US$ | 1 562 | 15 628 | 1 562 | 15 628 |
| – cash and cash equivalents – US$ | 2 093 | 3 571 | 2 093 | 3 571 |
| – accounts payable – € | (296) | (722) | (296) | (722) |
| Exchange rates at year end | | | | |
| ZAR/US$ | 8.22 | 6.78 | 8.22 | 6.78 |
| ZAR/€ | 10.40 | 9.81 | 10.40 | 9.81 |

### (c) Commodity price risk

The group is subject to commodity price risks as a result of the prices at which it sells its products being determined by reference to international commodity exchanges.

The following is an indication of the effect that changes in the commodity prices would have on the profit before tax:

| | 2012 | 2011 | 2012 | 2011 |
|---|---|---|---|---|
| | R000 | R000 | R000 | R000 |
| | Group | Group | Company | Company |
| – increase of 10% | 571 | 3 433 | 571 | 3 433 |
| – decrease of 10% | (571) | (3 433) | (571) | (3 433) |

The group did not enter into any hedging contracts during the year.

### (d) Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities with banks and financial institutions. The group trades only with recognised, creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. The significant concentration of credit risk within the group is disclosed in Annexure 6.

With respect to credit risk arising from other financial assets of the group, which comprise cash and cash equivalents, available-for-sale investments and loans, the group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as per Annexure 1, which forms part of these notes.

### (e) 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 the changes in market interest rate. The group's exposure to risk of changes in market interest rates relates primarily to the group's cash balances with floating interest rates and the long-term loan.

As part of the process of managing the group's interest rate risk, all borrowing and the refinancing of existing borrowings are positioned according to expected movements in interest rates.
The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the group's profit before tax (through the impact on floating rate borrowings and cash and cash equivalents). There is no impact on the group's equity.

| | 2012 | 2011 | 2012 | 2011 |
|---|---|---|---|---|
| | R000 | R000 | R000 | R000 |
| | Group | Group | Company | Company |
| **Cash and cash equivalents** | | | | |
| – increase of 1% | 1 050 | 16 979 | 384 | 9 864 |
| – decrease of 1% | (1 050) | (16 979) | (384) | (9 864) |
| **Floating rate borrowings** | | | | |
| – increase of 1% | (353) | – | – | – |
| – decrease of 1% | 353 | – | – | – |

# Notes to the annual financial statements **continued**

for the year ended 30 June 2012

(f) Fair value

The fair value of financial instruments is defined as the amount at which the instrument could be exchanged in an arms-length transaction between willing parties, other than in a forced or liquidation sale.

Management is of the opinion that the book value of financial instruments approximates fair value. The fair value is based on the net present value of the expected resources attributable to the realisation of the asset or the extinguishing of the liability.

The estimated values of the group's financial instruments are:

| | 2012 | | 2011 | |
|---|---|---|---|---|
| | R000 | R000 | R000 | R000 |
| | Carrying amount | Fair value | Carrying amount | Fair value |
| **Group** | | | | |
| **Financial assets** | | | | |
| Unlisted investments | 6 | 6 | 6 | 6 |
| Long-term receivables | 64 937 | 64 937 | 27 292 | 27 292 |
| Investments held by Northam Platinum Restoration Trust Fund | 35 689 | 35 689 | 31 591 | 31 591 |
| Environmental guarantee investment | 35 720 | 35 720 | 29 471 | 29 471 |
| Trade and other receivables | 303 268 | 303 268 | 410 621 | 410 621 |
| Cash and cash equivalents | 104 980 | 104 980 | 1 697 853 | 1 697 853 |
| **Financial liabilities** | | | | |
| Trade and other payables | 981 209 | 981 209 | 972 350 | 972 350 |
| Long-term loans | 32 854 | 32 854 | – | – |
| Current portion of long-term loans | 2 430 | 2 430 | – | – |
| **Company** | | | | |
| **Financial assets** | | | | |
| Unlisted investments | 6 | 6 | 6 | 6 |
| Investments held by Northam Platinum Restoration Trust Fund | 31 231 | 31 231 | 29 299 | 29 299 |
| Environmental guarantee investment | 31 523 | 31 523 | 27 421 | 27 421 |
| Trade and other receivables | 155 877 | 155 877 | 321 556 | 321 556 |
| Cash and cash equivalents | 38 358 | 38 358 | 986 434 | 986 434 |
| **Financial liabilities** | | | | |
| Trade and other payables | 895 468 | 895 468 | 896 041 | 896 041 |

### (g) Liquidity risk

The group's treasury operations are managed by a reputable treasury management institution.

They assist the group in monitoring its risk to a shortage of funds by only depositing its surplus cash funds with major banks of high credit standing. They consider and monitor the maturity and returns of all financial investments. Management performs regular projected cash flow forecasts for the group. The group does not have any borrowings, with the exception of the loan secured from Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) (note 20), and all trade accounts payable are due within 30 days. The maturity profile of the group's financial liabilities is set out in Annexure 1, which forms part of these notes.

### (h) Capital management

Capital comprises the equity attributable to the shareholders of Northam.

The primary objective of the group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The group manage its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2012 and 30 June 2011.

### (i) Categories of financial instruments

The various categories of financial instruments are set out in Annexure 1, which forms part of these notes.

### (j) Fair value hierarchy

Details of the group's fair value hierarchy are set out below:

As at 30 June 2012 the group held the following financial instruments measured at fair value:

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2 – other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 – techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

# Notes to the annual financial statements continued

for the year ended 30 June 2012

| | Group at 30 June 2012 | | | |
|---|---|---|---|---|
| Assets measured at fair value | Level 1 R000 | Level 2 R000 | Level 3 R000 | Level 4 R000 |
| Unlisted investment | – | 6 | – | 6 |
| Investments held by Northam Platinum Restoration Trust Fund | – | 35 689 | – | 35 689 |
| Environmental Guarantee Investment | – | 35 720 | – | 35 720 |

| | Group at 30 June 2011 | | | |
|---|---|---|---|---|
| Assets measured at fair value | Level 1 R000 | Level 2 R000 | Level 3 R000 | Level 4 R000 |
| Unlisted investment | – | 6 | – | 6 |
| Investments held by Northam Platinum Restoration Trust Fund | – | 31 591 | – | 31 591 |
| Environmental Guarantee Investment | – | 27 471 | – | 27 471 |

| | Company at 30 June 2012 | | | |
|---|---|---|---|---|
| Assets measured at fair value | Level 1 R000 | Level 2 R000 | Level 3 R000 | Level 4 R000 |
| Unlisted investment | – | 6 | – | 6 |
| Investments held by Northam Platinum Restoration Trust Fund | – | 31 231 | – | 31 231 |
| Environmental Guarantee Investment | – | 31 523 | – | 31 523 |

| | Company at 30 June 2011 | | | |
|---|---|---|---|---|
| Assets measured at fair value | Level 1 R000 | Level 2 R000 | Level 3 R000 | Level 4 R000 |
| Unlisted investment | – | 6 | – | 6 |
| Investments held by Northam Platinum Restoration Trust Fund | – | 29 299 | – | 29 299 |
| Environmental Guarantee Investment | – | 27 421 | – | 27 421 |

## 40. EVENTS AFTER THE REPORTING DATE

Please refer to events after the reporting date included on page 89 of the directors' report.

## 41. ACQUISITION OF MVELAPHANDA RESOURCES LIMITED

The group acquired Mvela Resources in the prior financial period by means of a scheme of arrangement sanctioned by the court on 29 March 2011 and approved at a general meeting of shareholders on 14 March 2011. The 20 912 190 consideration shares were issued on 6 June 2011 at a value of R928 501 000. At the date of acquisition, Mvela Resources held the following principal assets:

| | R million |
|---|---|
| – 20.3% interest in the issued share capital of Trans Hex Group Limited | 68.9 |
| – 50% interest in the Dwaalkop platinum project | 300.7 |
| – 51% initial participatory interest in the Kokerboom joint venture | – |
| – sundry current and non-current assets | 3.4 |
| – cash and cash equivalents | 757.8 |
| – tax and other current liabilities | (202.3) |
| – transaction value | 928.5 |

*The acquisition was accounted for as an asset acquisition.*

## 42. MAJOR SHAREHOLDERS AND SHAREHOLDER SPREAD

Please refer to major shareholders at 30 June 2012 on page 86 of the directors' report and shareholder spread at 30 June 2012 on page 87 of the directors' report.

# Annexure 1

## ANALYSIS OF FINANCIAL INSTRUMENTS AT 30 JUNE 2012

| | Available for sale | | Loans and receivables | |
|---|---|---|---|---|
| | Year ended 30 June 2012 R000 | Year ended 30 June 2011 R000 | Year ended 30 June 2012 R000 | Year ended 30 June 2011 R000 |
| **a) Categories of financial instruments – group** | | | | |
| Available for sale investments | 6 | 6 | – | – |
| Long term receivables | – | – | 64 937 | 27 292 |
| Investments held by Northam Platinum Restoration Trust Fund | – | – | – | – |
| Environmental Guarantee Investment | – | – | – | – |
| Trade and other receivables | – | – | 111 894 | 260 060 |
| Cash and cash equivalents | – | – | 104 980 | 1 697 853 |
| Trade and other payables | – | – | – | – |
| Loans | – | – | – | – |
| | 6 | 6 | 281 811 | 1 985 205 |
| **Categories of financial instruments – company** | | | | |
| Available for sale investments | 6 | 6 | – | – |
| Investments held by Northam Platinum Restoration Trust Fund | – | – | – | – |
| Environmental Guarantee Investment | – | – | – | – |
| Trade and other receivables | – | – | 69 681 | 217 198 |
| Cash and cash equivalents | – | – | 38 358 | 986 434 |
| Trade and other payables | – | – | – | – |
| | 6 | 6 | 108 039 | 1 203 632 |

*Note: Non financial instruments comprise pre-payments and VAT receivable*

**b) Trade receivables – group and company**

The table below summarises the maturity profile of the company and group’s trade and other receivables

| | Neither past due nor impaired | | < 30 days | |
|---|---|---|---|---|
| | Year ended 30 June 2012 R000 | Year ended 30 June 2011 R000 | Year ended 30 June 2012 R000 | Year ended 30 June 2011 R000 |
| Group | 202 528 | 331 759 | 21 796 | 70 247 |
| Company | 145 834 | 264 113 | 5 712 | 49 954 |

| | Assets designated at fair valued through profit and loss | | Financial liabilities at amortised cost | | Non-financial instruments | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Year ended 30 June 2012 R000 | Year ended 30 June 2011 R000 | Year ended 30 June 2012 R000 | Year ended 30 June 2011 R000 | Year ended 30 June 2012 R000 | Year ended 30 June 2011 R000 | Year ended 30 June 2012 R000 | Year ended 30 June 2011 R000 |
| | – | – | – | – | – | – | 6 | 6 |
| | – | – | – | – | – | – | 64 937 | 27 292 |
| | 35 689 | 31 591 | – | – | – | – | 35 689 | 31 591 |
| | 35 720 | 29 471 | – | – | – | – | 35 720 | 29 471 |
| | – | – | – | – | 191 374 | 150 561 | 303 268 | 410 621 |
| | – | – | – | – | – | – | 104 980 | 1 697 853 |
| | – | – | (981 209) | (972 350) | – | – | (981 209) | (972 350) |
| | – | – | (35 284) | – | – | – | (35 284) | – |
| | 71 409 | 61 062 | (1 016 493) | (972 350) | 191 374 | 150 561 | (471 893) | 1 224 484 |
| | – | – | – | – | – | – | 6 | 6 |
| | 31 231 | 29 299 | – | – | – | – | 31 231 | 29 299 |
| | 31 523 | 27 421 | – | – | – | – | 31 523 | 27 421 |
| | – | – | – | – | 86 196 | 104 358 | 155 877 | 321 556 |
| | – | – | – | – | – | – | 38 358 | 986 434 |
| | – | – | (895 468) | (896 041) | – | – | (895 468) | (896 041) |
| | 62 754 | 56 720 | (895 468) | (896 041) | 86 196 | 104 358 | (638 473) | 468 675 |

| | 30 – 60 days | | 60 – 90 days | | > 90 days | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Year ended 30 June 2012 R000 | Year ended 30 June 2011 R000 | Year ended 30 June 2012 R000 | Year ended 30 June 2011 R000 | Year ended 30 June 2012 R000 | Year ended 30 June 2011 R000 | Year ended 30 June 2012 R000 | Year ended 30 June 2012 R000 |
| | 4 176 | 5 223 | 109 | 1 735 | 74 659 | 1 657 | 303 268 | 410 621 |
| | 4 176 | 5 223 | 7 | 1 735 | 149 | 531 | 155 877 | 321 556 |

# Annexure 1 **continued**

c) Borrowings and trade and other payables – group and company

The table below summarises the maturity profile of the company and group's borrowings and trade and other payables

| | Payable on demand | | 1 to 6 months | |
|---|---|---|---|---|
| | Year ended 30 June 2012 | Year ended 30 June 2011 | Year ended 30 June 2012 | Year ended 30 June 2011 |
| | R000 | R000 | R000 | R000 |
| Group | | | | |
| – trade payables | 294 436 | 221 321 | – | – |
| – accruals | – | – | 427 397 | 569 578 |
| – accrual for the acquisition of the interest in the Pandora Joint Venture | – | – | – | – |
| – South African Revenue Service – value-added tax | 8 111 | 3 376 | – | – |
| – other | – | – | 186 265 | 113 075 |
| – long-term loans | – | – | – | – |
| | 302 547 | 224 697 | 613 662 | 682 653 |
| Company | | | | |
| – trade payables | 250 230 | 158 527 | – | – |
| – accruals | – | – | 427 397 | 569 578 |
| – accrual for the acquisition of the interest in the Pandora Joint Venture | – | – | – | – |
| – other | – | – | 152 841 | 102 936 |
| | 250 230 | 158 527 | 580 238 | 672 514 |

| | More than six months | | Total | |
|---|---|---|---|---|
| | Year ended 30 June 2012 | Year ended 30 June 2011 | Year ended 30 June 2012 | Year ended 30 June 2011 |
| | R000 | R000 | R000 | R000 |
| | – | – | 294 436 | 221 321 |
| | – | – | 427 397 | 569 578 |
| | 65 000 | 65 000 | 65 000 | 65 000 |
| | – | – | 8 111 | 3 376 |
| | – | – | 186 265 | 113 075 |
| | 32 854 | – | 32 854 | – |
| | 97 854 | 65 000 | 1 014 063 | 972 350 |
| | – | – | 250 230 | 158 527 |
| | – | – | 427 397 | 569 578 |
| | 65 000 | 65 000 | 65 000 | 65 000 |
| | – | – | 152 841 | 102 936 |
| | 65 000 | 65 000 | 895 468 | 896 041 |

# Annexure 2

## INVESTMENT IN ASSOCIATES AND OTHER AT 30 JUNE 2012

| | 2012 | | | | |
|---|---|---|---|---|---|
| | Interest in Pandora joint venture 7.50% Group R000 | Interest in Dwaalkop joint venture 50.00% Group R000 | Interest in Trans Hex Group Ltd 20.30% Group R000 | Total Group R000 | Interest in Pandora joint venture 7.50% Company R000 |
| **Reconciliation of Northam's interest in associates and joint ventures** | | | | | |
| Cost of investment | 65 000 | 300 679 | 68 897 | 434 576 | 65 000 |
| Accumulated depreciation | (9 967) | – | – | (9 967) | (9 967) |
| Fair value adjustment – 2011 | – | – | 2 153 | 2 153 | – |
| Fair value adjustment – 2012 | – | – | (35 645) | (35 645) | – |
| Investment in associate | 55 033 | 300 679 | 35 405 | 391 117 | 55 033 |
| Participants interest | 81 882 | – | 32 416 | 114 298 | (7 500) |
| Profits to 30 June 2011 | 94 462 | – | – | 94 462 | – |
| Profit for the year | 6 734 | – | 32 416 | 39 150 | – |
| Profit before depreciation | 101 196 | – | 32 416 | 133 612 | – |
| Cash distribution received | (19 314) | – | – | (19 314) | (7 500) |
| Carrying value in investment in associate | 136 915 | 300 679 | 67 821 | 505 415 | 47 533 |
| Distribution received from Pandora | – | – | – | – | 816 |
| **Statement of comprehensive income** | | | | | |
| Sales | 29 635 | – | 153 160 | 182 795 | – |
| Cost of sales and operating expenditure | (24 530) | – | (131 512) | (156 042) | – |
| Operating profit | 5 105 | – | 21 648 | 26 753 | – |
| Investment income | 1 683 | – | 2 873 | 4 556 | – |
| Finance costs | (54) | – | (2 334) | (2 388) | – |
| Income tax | – | – | (5 771) | (5 771) | – |
| Impairment adjustment | – | – | (32 416) | (32 416) | – |
| Profit from discontinued operation | – | – | 25 870 | 25 870 | – |
| Other comprehensive income | – | – | (9 870) | (9 870) | – |
| Post acquisition profits | 6 734 | – | – | 6 734 | – |
| Pre-acqusition profits/negative goodwill | – | – | – | – | – |
| Profit before depreciation | 6 734 | – | – | 6 734 | – |
| Depreciation | (2 600) | – | – | (2 600) | – |
| Profit before tax | 4 134 | – | – | 4 134 | – |

*The interest in Pandora joint venture and Trans Hex Group Limited are accounted for as associates. The interest in Dwaalkop joint venture is accounted for as a joint venture.*

| | | | 2011 | | |
|---|---|---|---|---|---|
| | Interest in Pandora joint venture 7.50% Group R000 | Interest in Dwaalkop joint venture 50.00% Group R000 | Interest in Trans Hex Group Ltd 20.30% Group R000 | Total Group R000 | Interest in Pandora joint venture 7.50% Company R000 |
| | 65 000 | 300 679 | 68 897 | 434 576 | 65 000 |
| | (7 367) | – | – | (7 367) | (7 367) |
| | – | – | – | – | – |
| | – | – | 2 153 | 2 153 | – |
| | 57 633 | 300 679 | 71 050 | 429 362 | 57 633 |
| | 75 965 | – | – | 75 965 | (17 705) |
| | 87 213 | – | – | 87 213 | – |
| | 7 249 | – | – | 7 249 | – |
| | 94 462 | – | – | 94 462 | – |
| | (18 497) | – | – | (18 497) | (17 705) |
| | 133 598 | 300 679 | 71 050 | 505 327 | 39 928 |
| | – | – | – | – | 792 |
| | 23 297 | – | – | 23 297 | – |
| | (18 219) | – | – | (18 219) | – |
| | 5 078 | – | – | 5 078 | – |
| | 2 205 | – | – | 2 205 | – |
| | (34) | – | – | (34) | – |
| | – | – | – | – | – |
| | – | – | – | – | – |
| | – | – | – | – | – |
| | – | – | – | – | – |
| | 7 249 | – | – | 7 249 | – |
| | – | – | – | – | – |
| | 7 249 | – | – | 7 249 | – |
| | (2 600) | – | – | (2 600) | – |
| | 4 649 | – | – | 4 649 | – |

# Annexure 2 continued

| | 2012 | | | | |
|---|---|---|---|---|---|
| | Interest in Pandora joint venture 7.50% Group R000 | Interest in Dwaalkop joint venture 50.00% Group R000 | Interest in Trans Hex Group Ltd 20.30% Group R000 | Total Group R000 | Interest in Pandora joint venture 7.50% Company R000 |
| **Statement of financial position** | | | | | |
| **Non-current assets** | | | | | |
| **Property, plant and equipment** | 55 537 | – | 78 126 | 133 663 | |
| Cost | 61 677 | – | 78 126 | 139 803 | – |
| Accumulated depreciation | 6 140 | – | – | 6 140 | – |
| **Financial assets** | – | – | 20 100 | 20 100 | – |
| **Current assets** | 43 554 | – | 94 744 | 138 298 | |
| Inventory | – | – | 19 849 | 19 849 | – |
| Trade and other receivables | 16 915 | – | 4 383 | 21 298 | – |
| Prepayments | 42 | – | – | 42 | – |
| Cash and cash equivalents | 26 597 | – | 70 512 | 97 109 | – |
| **Total assets** | 99 091 | – | 192 970 | 292 061 | – |
| Participants interest | 81 882 | – | 32 416 | 114 298 | – |
| Total shareholder's interest | – | – | 62 807 | 62 807 | – |
| **Non-Current liabilities** | 684 | – | 38 785 | 39 469 | – |
| Capital loans from participants | – | – | – | – | – |
| Provision for environmental and rehabilitation obligations | 684 | – | – | 684 | – |
| Deferred tax | – | – | 14 359 | 14 359 | – |
| Borrowings | – | – | 4 953 | 4 953 | – |
| Other provisions | – | – | 19 473 | 19 473 | – |
| **Current liabilities** | 16 525 | – | 58 962 | 75 487 | – |
| Royalties payable | 760 | – | – | 760 | – |
| Trade and other payables | 15 765 | – | 43 914 | 59 679 | – |
| Borrowings | – | – | 14 076 | 14 076 | – |
| Income tax liability | – | – | 972 | 972 | – |
| **Total equity and liabilities** | 99 091 | – | 192 970 | 292 061 | – |

| 2011<br>Interest in Pandora joint venture 7.50% Group R000 | Interest in Dwaalkop joint venture 50.00% Group R000 | Interest in Trans Hex Group Ltd 20.30% Group R000 | Total Group R000 | Interest in Pandora joint venture 7.50% Company R000 |
|---|---|---|---|---|
| 43 004 | – | – | 43 004 | – |
| 43 518 | – | – | 43 518 | – |
| 514 | – | – | 514 | – |
| – | – | – | – | – |
| 39 262 | – | – | 39 262 | – |
| – | – | – | – | – |
| 4 079 | – | – | 4 079 | – |
| 15 | – | – | 15 | – |
| 35 168 | – | – | 35 168 | – |
| 82 266 | – | – | 82 266 | – |
| 75 965 | – | – | 75 965 | – |
| – | – | – | – | – |
| 576 | – | – | 576 | – |
| – | – | – | – | – |
| 576 | – | – | 576 | – |
| – | – | – | – | – |
| – | – | – | – | – |
| – | – | – | – | – |
| 5 725 | – | – | 5 725 | – |
| 636 | – | – | 636 | – |
| 5 089 | – | – | 5 089 | – |
| – | – | – | – | – |
| – | – | – | – | – |
| 82 266 | – | – | 82 266 | – |

# Annexure 3

## SUBSIDIARIES AT 30 JUNE 2012

| Name of company | Effective holding 2012 % | 2011 % | Share capital and premium R000 |
|---|---|---|---|
| Broad Brush Investments 2 Proprietary Limited | 100 | 100 | *** |
| Dialstat Trading 133 Proprietary Limited | 100 | 100 | *** |
| Khumama Platinum Proprietary Limited | 100 | 100 | 2 506 125 |
| Micawber 278 Proprietary Limited | 100 | 100 | *** |
| Micawber 325 Proprietary Limited # | 100 | 100 | 1 |
| Mvelaphanda Equity Proprietary Limited # | 100 | 100 | *** |
| Mvelaphanda Gold Proprietary Limited # | 100 | 100 | *** |
| Mvelaphanda Investment and Mining Proprietary Limited # | 100 | 100 | *** |
| Mvelaphanda Platinum Proprietary Limited # | 100 | 100 | 10 |
| Mvelaphanda Resources Limited # | 100 | 100 | 4 358 |
| Norplats Properties Proprietary Limited | 100 | 100 | *** |
| Windfall 38 Properties Proprietary Limited | 100 | 100 | *** |
| Interest in subsidiaries | | | |

\# *These companies were acquired as part of the acquisition of Mvela Resources during the prior year.*
* *Investment less than R1 000.*

*All companies are wholly-owned and incorporated in the the Republic of South Africa.*
*The loan to Norplats Properties Proprietary Limited includes a fixed term loan further details of which are disclosed in note 12, all the other loans are unsecured, interest free and repayable on demand and are therefore stated as current.*

*The group has subordinated loans to Micawber 325 Proprietary Limited in favour of other creditors until such time as the assets of the subsidiary company, fairly valued, exceed their liabilities.*

| | Interest of holding company | | | | Nature of business |
|---|---|---|---|---|---|
| | Shares | | Indebtedness | | |
| | 2012 | 2011 | 2012 | 2011 | |
| | R000 | R000 | R000 | R000 | |
| | ** | ** | 13 066 | 9 487 | Broad Brush Investments 2 Proprietary Limited owns certain property in the town of Northam, and will develop a residential township as a further part to the initiative to assist Northam employees in acquiring their own affordable houses. |
| | * | * | – | – | Dormant. |
| | 5 566 000 | 5 566 000 | – | – | Khumama owns 100% of the issued capital of Micawber 278 Proprietary Limited. |
| | ** | ** | 2 583 789 | 851 780 | Micawber 278 Proprietary Limited owns the mining titles and certain freehold land in respect of the Booysendal mine. |
| | ** | ** | – | – | Dormant. |
| | ** | ** | – | – | Dormant. |
| | ** | ** | – | – | Dormant. |
| | ** | ** | – | – | Dormant. |
| | ** | ** | – | – | Dormant. |
| | 297 688 | 928 501 | – | – | Mvela Resources holds the group's interest in the Dwaalkop exploration joint venture, the Kokerboom exploration joint venture and Trans Hex Group Limited. |
| | * | * | 43 913 | 67 958 | Norplats Properties Proprietary Limited owns residential erven in the town of Northam, and has erected houses thereon as part of an initiative to assist Northam employees in acquiring their own affordable houses. In addition, Norplats Properties Proprietary Limited owns 100% of the issued capital of Broad Brush Investments 2 Proprietary Limited. |
| | * | * | 15 695 | 12 938 | Windfall 38 Properties Proprietary Limited owns certain freehold land in respect of the Booysendal mine. |
| | 5 863 688 | 6 494 501 | 2 656 463 | 942 163 | |

** *Indirectly held subsidiary*
*** *Issued capital is less than R1 000.*

# Annexure 4

## RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 30 JUNE 2012

| Name of entity | Basis of identification as a related party | Related director | Nature of services provided | Where charged/ (credited) in statement of financial position |
|---|---|---|---|---|
| Barnard Jacobs Mellett Holdings Limited | Common directorship | AR Martin | JSE Limited sponsor services | n/a |
| First Rand Limited | NJ Dlamini married to Chief Executive Officer of First Rand | NJ Dlamini | Treasury operations – investment of surplus funds | Cash and cash equivalents |
| | | | | n/a |
| | | | Treasury operations – sale of export proceeds | n/a |
| GigimaAst Group Limited | Common directorship | NJ Dlamini | Maintenance of computer systems | n/a |
| Minova SA | Common directorship | ME Beckett | Purchase of consumable stores | n/a |
| Mvelaphanda Resources Limited | Former major shareholder and common directors | ME Beckett, CK Chabedi, BR van Rooyen, MJ Willcox and PL Zim | Reimbursement of expenses | n/a |
| | | | Recovery of costs | n/a |
| Protea Aviation Services Proprietary Limited | Common directorship | MJ Willcox | Transport of products | n/a |
| Protea Security Services (2000) Proprietary Limited | Common directorship | MJ Willcox | Supply of security services | n/a |
| Trollope Mining Services (2000) Proprietary Limited | Common diectorship | MJ Willcox | Transport of waste and hire of plant | n/a |

| Where charged/(credited) in statement of comprehensive income | Charged/(credited) to statement of financial position | | Charged/(credited) to statement of comprehensive income | | Year end balance | | Year end balance included in: |
|---|---|---|---|---|---|---|---|
| | 2012 R000 | 2011 R000 | 2012 R000 | 2011 R000 | 2012 R000 | 2011 R000 | |
| Operating costs – sundries | – | – | – | 66 | – | – | n/a |
| | – | 23 904 | – | – | – | 23 904 | Cash and cash equivalents |
| Investment revenue | – | – | 2 017 | 1 834 | 9 | – | Trade and other receivables |
| Sales revenue | – | – | – | 603 586 | – | – | n/a |
| Operating costs – sundries | – | – | – | 33 | – | – | Trade and other payables |
| Operating costs – stores | – | – | – | 4 801 | – | 1 003 | Trade and other payables |
| Operating costs – sundries | – | – | – | 1 159 | – | – | n/a |
| Operating costs – sundries | – | – | – | (93) | – | – | Trade and other receivables |
| Refining and other costs | – | – | – | 1 552 | – | 12 | Trade and other payables |
| Operating costs – sundries | – | – | – | 8 479 | – | 757 | Trade and other payables |
| Operating costs – sundries | – | – | – | 23 635 | – | 1 204 | Trade and other payables |

## RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 30 JUNE 2011 – KEY MANAGEMENT PERSONEL

| | Non-executive directors fees | | Remuneration | | Contribution to retirement funds | |
|---|---|---|---|---|---|---|
| Where charged/(credited) in statement of comprehensive income | Operating costs – sundries | | Operating costs – labour | | Operating costs – labour | |
| | 2012 R000 | 2011 R000 | 2012 R000 | 2011 R000 | 2012 R000 | 2011 R000 |
| Executive directors' remuneration (See directors' report pages 84 to 85) | 2 981 | 2 374 | – | – | – | – |
| **Executive directors** | | | | | | |
| AZ Khumalo | – | – | 1 752 | 1 626 | 219 | 203 |
| GT Lewis | – | – | 3 091 | 2 637 | 386 | 330 |
| BR van Rooyen[1] | – | 273 | 1 950 | 217 | – | – |
| | – | 273 | 6 793 | 4 480 | 605 | 533 |
| Total directors' remuneration | 2 981 | 2 647 | 6 793 | 4 480 | 605 | 533 |
| Senior management | | | 20 612 | 16 219 | 2 577 | 2 027 |

*1. Mr BR van Rooyen was appointed an executive director with effect from 1 June 2011 and resigned with effect from 12 March 2012.*

*Refer to pages 85 to 86 of the directors' report for directors' interests.*

| Performance bonus | | Other benefits | | Equity compensation charge | | Sub total | | Gain on exercise of share options | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Operating costs – labour | | Operating costs – labour | | Operating costs – labour | | | | | | | |
| 2012 R000 | 2011 R000 | 2012 R000 | 2011 R000 | 2012 R000 | 2011 R000 | 2012 R000 | 2011 R000 | 2012 R000 | 2011 R000 | 2012 R000 | 2010 R000 |
| – | – | – | – | – | – | 2 981 | 2 374 | – | – | 2 981 | 2 030 |
| 699 | 143 | 9 | – | 2 839 | 1 799 | 5 518 | 3 771 | – | – | 5 518 | 3 771 |
| 7 617 | 500 | 12 | 15 | 3 438 | 4 000 | 14 544 | 7 482 | – | – | 14 544 | 7 482 |
| 185 | – | 62 | – | – | – | 2 197 | 490 | – | – | 2 197 | 490 |
| 8 501 | 643 | 83 | 15 | 6 277 | 5 799 | 22 259 | 11 743 | – | – | 22 259 | 11 743 |
| 8 501 | 643 | 83 | 15 | 6 277 | 5 799 | 25 240 | 14 117 | – | – | 25 240 | 13 773 |
| 9 230 | 2 214 | 3 054 | 1 054 | 16 646 | 22 439 | 52 119 | 43 953 | n/a | n/a | 52 119 | 43 953 |

# Annexure 5(a)

## ANALYSIS OF SHARE OPTIONS HELD AS AT 30 JUNE 2012

| | | | |
|---|---|---|---|
| Grant date | 24 October 2005 | 23 October 2006 | 22 October 2007 |
| Earliest exercise date | 24 October 2007 | 23 October 2008 | 22 October 2009 |
| Expiry date | 23 October 2012 | 22 October 2013 | 21 October 2014 |
| Exercise price – rands | 17.00 | 38.45 | 48.00 |
| Balance at 30 June 2011 | 125 000 | 1 116 000 | 1 512 500 |
| New options granted during the year | – | – | – |
| Options forfeited during the year | – | (45 000) | (45 000) |
| Options exercised during the year | (68 300) | – | – |
| **Month** | | | |
| July | – | – | – |
| August | – | – | – |
| September | – | – | – |
| October | – | – | – |
| November | – | – | – |
| December | – | – | – |
| January | – | – | – |
| February | (22 500) | – | – |
| March | – | – | – |
| April | – | – | – |
| May | (300) | – | – |
| June | (45 500) | – | – |
| Balance at 30 June 2012 | 56 700 | 1 071 000 | 1 467 500 |
| **Total consideration received R000** | 1 161 | – | – |
| **Details of options granted to directors** | | | |
| **GT Lewis** | | | |
| Balance at 30 June 2011 | – | 187 500 | 187 500 |
| New options granted during the year | – | – | – |
| Balance at 30 June 2012 | – | 187 500 | 187 500 |
| **AZ Khumalo** | | | |
| Balance at 30 June 2011 | – | – | – |
| New options granted during the year | – | – | – |
| Balance at 30 June 2012 | – | – | – |

*No options were exercised by directors during the year.*

| | | | | Total |
|---|---|---|---|---|
| 27 November 2008 | 05 November 2009 | 01 July 2010 | 12 Octobrer 2010 | |
| 27 November 2010 | 05 November 2011 | 01 July 2012 | 12 October 2012 | |
| 26 November 2015 | 04 November 2016 | 30 June 2017 | 11 October 2017 | |
| 32.38 | 36.95 | 45.59 | 46.59 | |
| 2 075 500 | 3 182 500 | 125 000 | 3 837 500 | 11 974 000 |
| – | | – | – | – |
| (107 500) | (430 000) | – | (595 000) | (1 222 500) |
| (12 500) | – | – | – | (80 800) |
| | | | | |
| – | – | – | – | – |
| – | – | – | – | – |
| – | – | – | – | – |
| – | – | – | – | – |
| – | – | – | – | – |
| – | – | – | – | – |
| – | – | – | – | – |
| – | – | – | – | (22 500) |
| – | – | – | – | – |
| (12 500) | – | – | – | (12 500) |
| – | – | – | – | (300) |
| – | – | – | – | (45 500) |
| 1 955 500 | 2 752 500 | 125 000 | 3 242 500 | 10 670 700 |
| 405 | – | – | – | 1 566 |
| | | | | |
| 187 500 | 187 500 | – | 187 500 | 937 500 |
| – | – | – | – | – |
| 187 500 | 187 500 | – | 187 500 | 937 500 |
| | | | | |
| – | – | 125 000 | 125 000 | 250 000 |
| – | – | – | – | – |
| – | – | 125 000 | 125 000 | 250 000 |

# Annexure 5(b)

## ANALYSIS OF SHARE INCENTIVE SCHEME AS AT 30 JUNE 2012

| Grant date | 22 November 2011 |
|---|---|
| Balance at 30 June 2011 | – |
| Retention shares awarded | 814 000 |
| Shares forfeited during the year | (130 000) |
| Performance shares awarded | 1 491 000 |
| Shares forfeited during the year | (234 000) |
| Balance at 30 June 2012 | 1 941 000 |
| Details of share incentives granted to directors | |
| **GT Lewis** | |
| Balance at 30 June 2011 | – |
| Retention shares awarded during the year | 34 000 |
| Performance shares awarded during the year | 59 000 |
| Shares forfeited during the year | – |
| Balance at 30 June 2012 | 93 000 |
| **AZ Khumalo** | |
| Balance at 30 June 2011 | – |
| Retention shares awarded during the year | 34 000 |
| Performance shares awarded during the year | 59 000 |
| Shares forfeited during the year | – |
| Balance at 30 June 2012 | 93 000 |
| **BR Van Rooyen** | |
| Balance at 30 June 2011 | – |
| Retention shares awarded during the year | 34 000 |
| Performance shares awarded during the year | 59 000 |
| Shares forfeited during the year* | (93 000) |
| Balance at 30 June 2012 | – |

** Mr BR Van Rooyen retired on 11 March 2012.*

*The shares awarded in terms of the rules of the Share Incentive Scheme comprise: retention shares, which vest after two years from grant date with no performance criteria, and performance shares, which vest after three years from grant date. The final number of performance shares that an employee will receive will be subject to certain performance criteria being met.*

*The shares were valued at the grant date using Northam's closing share price of R29.70 on 22 November 2011, adjusted by a forfeiture rate per annum of 0.90%. The adjusted unit value of the retention shares amounted to R29.16 and that of the performance shares amounted to R28.90. Non-market related performance conditions were not taken into account when calculating the fair value of the share options.*

# Annexure 6

## SEGMENTAL STATEMENT OF FINANCIAL POSITION

| | 2012 | | | 2011 | | |
|---|---|---|---|---|---|---|
| | Booysendal mine | Zondereinde mine | Total | Booysendal mine | Zondereinde mine | Total |
| | R000 | R000 | R000 | R000 | R000 | R000 |
| **Non current assets** | 6 996 495 | 2 834 718 | 9 831 213 | 6 464 807 | 2 683 733 | 9 148 540 |
| Property, plant and equipment | 2 581 075 | 2 017 614 | 4 598 689 | 876 159 | 1 903 360 | 2 779 519 |
| Mining properties and mineral resources | 4 406 764 | 130 369 | 4 537 133 | 5 584 306 | 135 110 | 5 719 416 |
| Investment in associates | – | 505 415 | 505 415 | – | 505 327 | 505 327 |
| Unlisted investments | – | 6 | 6 | – | 6 | 6 |
| Township land and development | – | 43 849 | 43 849 | – | 55 918 | 55 918 |
| Long-term receivables | – | 64 937 | 64 937 | – | 27 292 | 27 292 |
| Investments held by Northam Platinum Restoration Trust Fund | 4 459 | 31 230 | 35 689 | 2 292 | 29 299 | 31 591 |
| Enviromental Guarantee Investment | 4 197 | 31 523 | 35 720 | 2 050 | 27 421 | 29 471 |
| Buttonshope Conservancy Trust | – | 9 775 | 9 775 | – | – | – |
| **Current assets** | 143 825 | 1 088 514 | 1 232 339 | 86 272 | 2 639 644 | 2 725 916 |
| Inventories | – | 811 183 | 811 183 | – | 604 647 | 604 647 |
| Trade and other receivables | 143 458 | 159 810 | 303 268 | 85 986 | 324 635 | 410 621 |
| Cash and cash equivalents | 56 | 104 924 | 104 980 | 18 | 1 697 835 | 1 697 853 |
| Receiver of Revenue | 311 | 12 597 | 12 908 | 268 | 12 527 | 12 795 |
| **Mineral resources classified as held for sale** | 1 180 300 | – | 1 180 300 | – | – | – |
| **Total assets** | 8 320 620 | 3 923 232 | 12 243 852 | 6 551 079 | 5 323 377 | 11 874 456 |
| **Non-current liabilities** | 35 627 | 612 973 | 648 600 | 37 321 | 547 159 | 584 480 |
| Deferred tax liability | – | 504 628 | 504 628 | – | 477 145 | 477 145 |
| Long-term provisions | 35 627 | 75 491 | 111 118 | 37 321 | 70 014 | 107 335 |
| Long-term loans | – | 32 854 | 32 854 | – | – | – |
| **Current liabilities** | 33 424 | 1 148 581 | 1 182 005 | 10 140 | 1 164 484 | 1 174 624 |
| Receiver of revenue | – | 101 900 | 101 900 | – | 118 268 | 118 268 |
| Trade and other payables | 33 424 | 947 785 | 981 209 | 10 140 | 962 210 | 972 350 |
| Short term provision | – | 96 466 | 96 466 | – | 84 006 | 84 006 |
| Current portion of long-term loans | – | 2 430 | 2 430 | – | – | – |
| **Net assets** | 8 251 569 | 2 161 678 | 10 413 247 | 6 503 618 | 3 611 734 | 10 115 352 |

# Annexure 6 continued

## SEGMENTAL STATEMENT OF COMPREHENSIVE INCOME

| | 2012 | | | 2011 | | |
|---|---|---|---|---|---|---|
| | Booysendal mine | Zondereinde mine | Total | Booysendal mine | Zondereinde mine | Total |
| | R000 | R000 | R000 | R000 | R000 | R000 |
| Sales revenue | – | 3 684 000 | 3 684 000 | – | 3 571 048 | 3 571 048 |
| Cost of Sales | – | 3 345 311 | 3 345 311 | – | 3 185 754 | 3 185 754 |
| – operating costs | – | 2 632 926 | 2 632 926 | – | 2 258 548 | 2 258 548 |
| – concentrates purchased | – | 624 774 | 624 774 | – | 787 316 | 787 316 |
| – refining and other costs | – | 100 612 | 100 612 | – | 68 804 | 68 804 |
| – depreciation and impairements | – | 190 287 | 190 287 | – | 147 838 | 147 838 |
| – change in metal inventories | – | (203 288) | (203 288) | – | (76 752) | (76 752) |
| **Operating profit** | – | 338 689 | 338 689 | – | 385 294 | 385 294 |
| Share of earnings from associate | – | 16 602 | 16 602 | – | 7 248 | 7 248 |
| Investment revenue | 286 | 53 665 | 53 951 | 12 499 | 73 021 | 85 520 |
| Net sundry income/ (expenditure) | – | 43 343 | 43 343 | (961) | 54 109 | 53 148 |
| Profit before tax | 286 | 452 299 | 452 585 | 11 538 | 519 672 | 531 210 |
| Taxation | 41 | 142 032 | 142 073 | 3 231 | 178 770 | 182 001 |
| Profit after tax | 245 | 310 267 | 310 512 | 8 307 | 340 902 | 349 209 |
| Other comprehensive income | | | | | | |
| – Share of other comprehensive income from associate | – | (9 868) | (9 868) | – | – | – |
| Profit and total comprehensive income for the year | 245 | 300 399 | 300 644 | 8 307 | 340 902 | 349 209 |

## ANALYSIS OF SALES REVENUE BY GEOGRAPHIC LOCATION OF CUSTOMER

| | 2012 | | | 2011 | | |
|---|---|---|---|---|---|---|
| | Booysendal mine | Zondereinde mine | Total | Booysendal mine | Zondereinde mine | Total |
| | R000 | R000 | R000 | R000 | R000 | R000 |
| Europe | – | 801 778 | 801 778 | – | 1 131 373 | 1 131 373 |
| Japan | – | 962 595 | 962 595 | – | 886 216 | 886 216 |
| North America | – | 1 022 824 | 1 022 824 | – | 1 058 083 | 1 058 083 |
| South Africa | – | 896 803 | 896 803 | – | 495 376 | 495 376 |
| | – | 3 684 000 | 3 684 000 | – | 3 571 048 | 3 571 048 |

## ANALYSIS OF TRADE AND OTHER RECEIVABLES BY GEOGRAPHIC LOCATION OF CUSTOMER

| | | | | | | |
|---|---|---|---|---|---|---|
| Europe | – | 1 750 | 1 750 | – | 60 003 | 60 003 |
| Japan | – | 1 098 | 1 098 | – | 31 015 | 31 015 |
| North America | – | 9 985 | 9 985 | – | 19 362 | 19 362 |
| South Africa | 143 458 | 146 977 | 290 435 | 85 986 | 214 255 | 300 241 |
| | 143 458 | 159 810 | 303 268 | 85 986 | 324 635 | 410 621 |

## OTHER DISCLOSABLE ITEMS

| | | | | | | |
|---|---|---|---|---|---|---|
| Additions to non-current assets (excluding financial instruments) | 1 684 331 | 344 012 | 2 028 343 | 688 394 | 269 166 | 957 560 |
| | 1 684 331 | 344 012 | 2 028 343 | 688 394 | 269 166 | 957 560 |

*All non-current assets (excluding financial instruments) fall under South Africa in a geographical analysis.*

## ANALYSIS OF SALES REVENUE

The following customers each account for more than 10% of the total sales revenue of the group:

| | Group and Company | |
|---|---|---|
| | 2012 | 2011 |
| | R000 | R000 |
| Customer 1 | 741 313 | 755 593 |
| Customer 2 | 683 595 | 158 107 |
| Customer 3 | 513 358 | 537 244 |
| Customer 4 | 491 896 | 517 930 |
| Customer 5 | 486 257 | 705 768 |
| | 2 916 417 | 2 674 642 |