NORTHAM

PLATINUM LIMITED

ANNUAL INTEGRATED REPORT 2013

REPORTING PARAMETERS

NORTHAM
PLATINUM LIMITED

Northam's financial year runs from 1 July to 30 June. This integrated annual report seeks to present to stakeholders a holistic overview of the company's financial and non-financial performance for the period 1 July 2012 to 30 June 2013. For purposes of context previous years' data is presented in certain instances.

Northam Platinum Limited (Northam) is listed on the Johannesburg Stock Exchange (JSE) in South Africa, and the company reports in line with the JSE's listings requirements. Reporting is also in line with International Financial Reporting Standards (IFRS), the new South African Companies Act, and SAMREC's guidance in respect of the reporting of mineral reserves and mineral resources. Northam is committed to reporting in line with the King Report on Corporate Governance for South Africa 2009 (King III) and has reported on the application of these guidelines in the corporate governance section of its annual integrated report. Northam has also adopted the Global Reporting Initiative's G3 (GRI version 3.1) guidelines as the basis of reporting, and has declared a B+ level of report. Northam has in place a significant level of internal and external control. The internal audit function is undertaken by KPMG Services Proprietary Limited (KPMG) on an outsourced basis, to provide an independent appraisal function with specific responsibility for examining and evaluating the group's systems of internal control in the mitigation of business risks, and to assist members of management to effectively discharge their duties.

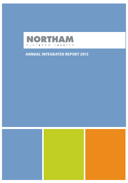
The group's consolidated annual financial statements have been audited by the external auditor, Ernst & Young Inc. (Ernst & Young), and the independent auditor's report may be found in the annual financial statements. Certain non-financial key performance indicators (KPIs) have been assured by independent assurance provider, Environmental Resources Management Limited (ERM) in respect of Northam's application of the GRI G3 application, alignment with AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness and selected Performance Indicators (KPIs). ERM's statement of assurance may be found in the sustainability report.

Any data restatement has been indicated. Information in the annual financial statements covers the group's managed operations, viz the Zondereinde mine and metallurgical complex and the Booysendal mine.

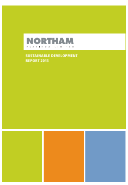
Except where specifically stated, Northam reports ore resources, reserves, production and grades in terms of three platinum group elements plus gold (3PGE + Au). R signifies rands – the South African currency.

NORTHAM INTEGRATED REPORT 2013

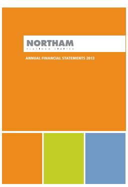
REPORTING SUITE



Integrated report 2013



Sustainable development report 2013



Notice of AGM and abridged annual report 2013

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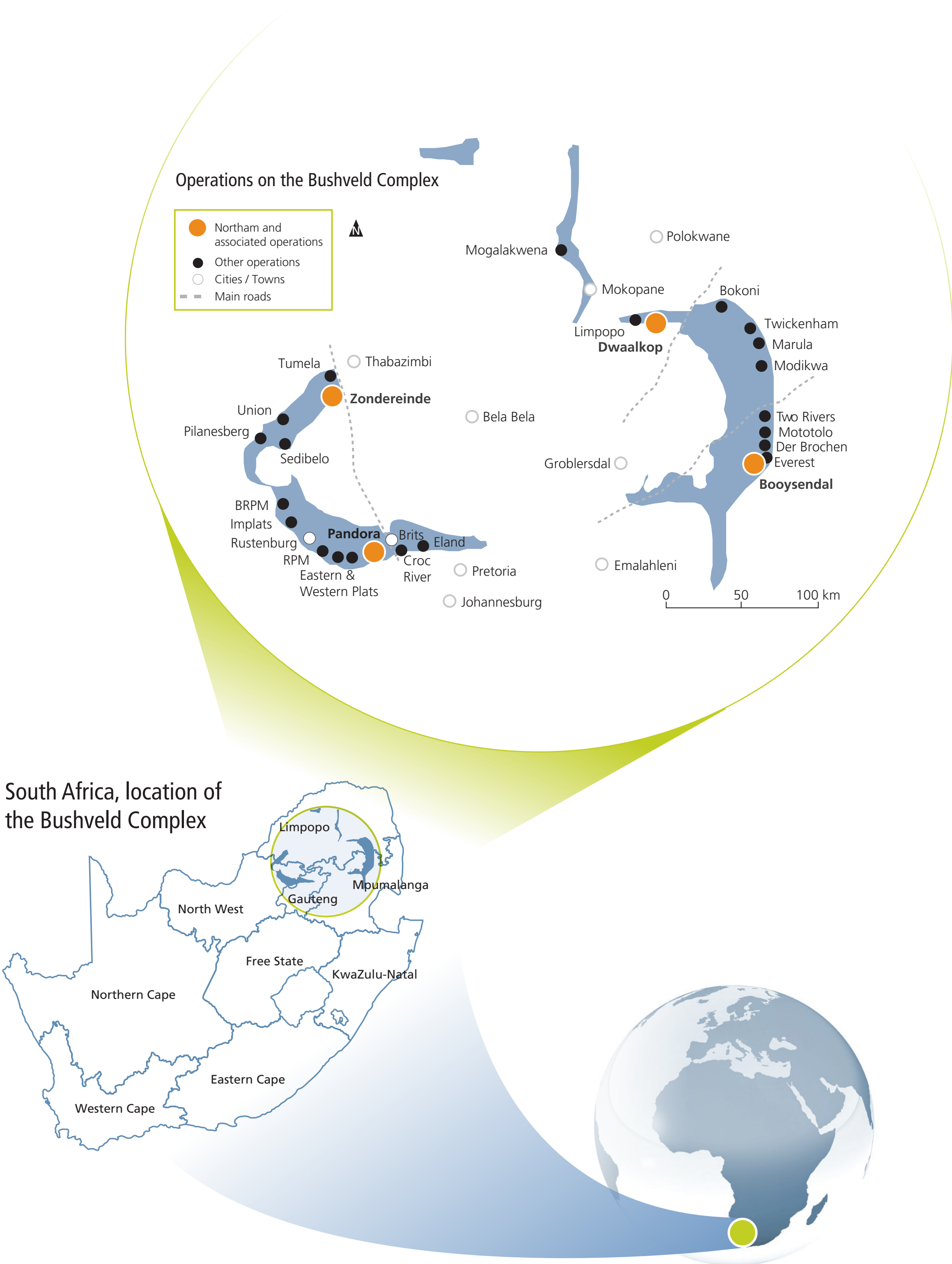


Operations on the Bushveld Complex
Northam and associated operations
Other operations
Cities / Towns
Main roads
N
Mogalakwena
Polokwane
Mokopane
Bokoni
Limpopo
Dwaalkop
Twickenham
Marula
Modikwa
Tumela
Thabazimbi
Zondereinde
Union
Pilanesberg
Sedibelo
Bela Bela
Two Rivers
Mototolo
Der Brochen
Everest
Groblersdal
Booysendal
BRPM
Implats
Rustenburg
Pandora
Brits
Eland
RPM
Eastern &
Western Plats
Croc
River
Pretoria
Johannesburg
Emalahleni
0
50
100 km
South Africa, location of
the Bushveld Complex
Limpopo
North West
Gauteng
Mpumalanga
Free State
KwaZulu-Natal
Northern Cape
Eastern Cape
Western Cape

PROFILE AND LOCATION OF THE BUSINESS

Northam is an independent, mid-tier, integrated platinum group metals (PGM) producer. The company wholly owns and operates the established Zondereinde platinum mine and metallurgical complex on the upper end of the western limb of the South African Bushveld Complex near the town of Thabazimbi, which produces some 300 000oz annually. Northam's second mine, Booysendal, was commissioned in the second half of the year under review. The Booysendal mine is located near the town of Mashishing on the eastern limb of the Bushveld Complex. At steady state, by F2016, Booysendal should produce approximately 160 000oz annually.

A 70% interest in Northam Chrome Producers Proprietary Limited (NCP) was acquired on 1 July 2012. After the year end Northam acquired an additional 10% equity stake in NCP. This brings Northam's holding in NCP to 80%. NCP produces chrome from Zondereinde's UG2 tailings. In addition, the company holds a 7.5% interest in the Pandora joint venture, a PGM mining operation at the lower end of the western limb of the Bushveld Complex, in partnership with Anglo American Platinum Limited (Amplats), the Bapo Ba Mogale community and Lonmin plc (Lonmin).

Northam also owns a 50% interest in the Dwaalkop PGM joint venture, a 51% initial participatory interest in the Kokerboom joint venture exploration project and a 20.3% interest in listed diamond miner, Trans Hex Group Limited (Trans Hex).

The company has a combined resource base of 195.88 million ounces (Moz) (13.43Moz in the reserve category), with a mining life of more than 50 years.

Northam has full control over the entire beneficiation stream of its metals from mine to market. Northam is listed on the JSE, trading under the equity code NHM and the debt issuer code NHMI for the domestic medium term note (DMTN) programme. Northam is a member of the JSE's Socially Responsible Investment Index (SRI). The company also runs a sponsored level 1 American Depositary Receipt (ADR) facility. The shares trade with the ticker code NMPNY on the over-the-counter market in the United States.

GROUP STRUCTURE

NORTHAM PLATINUM LIMITED

100%	Zondereinde mine & metallurgical processing	Resource: 80.7Moz
100%	Booysendal	Resource: 103.2Moz
50%	Dwaalkop	Attributable resource: 8.9Moz
7.5%	Pandora	Attributable resource: 2.1Moz
70%	Northam Chrome Producers	Cr_2O_3 concentrate
20.3%	Trans Hex Group	Listed diamond producer and marketer
51%	Kokerboom	FeO Cu Au prospect

F2013 SALIENT FEATURES

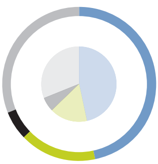
CORPORATE AND FINANCIAL

- 20% increase in sales revenue to R4.4 billion (F2012: R3.7 billion)
- Profit after tax up by 70% to R528.0 million (F2012: R310.5 million)
- Improvement in operating margin to 13.7% (F2012: 9.2%)
- Capex spend reaches R1.8 billion
- Headline earnings increased by 68.9% to R522.2 million (F2012: R309.2 million)
- Capital raising programme of R1 billion launched in September 2013

OPERATIONAL

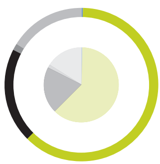
- Booysendal mine successfully commissioned in second half of F2013
- Unprocedural strike action at Zondereinde results in revenue losses of R192 million
- Zondereinde smelter shut down; rebuild to be completed by October 2013
- Operational recovery sustained at Zondereinde

Value distribution F2013 (%)



Employees	46.9
Government	15.9
Providers of capital	6.1
Broader community	0.1
Retained by company	31.0

Company employee profile F2013



Corporate office	18
Permanent employees Zondereinde	6 916
Contractors Zondereinde	2 232
Permanent employees Booysendal	143
Contractors Booysendal	1 772

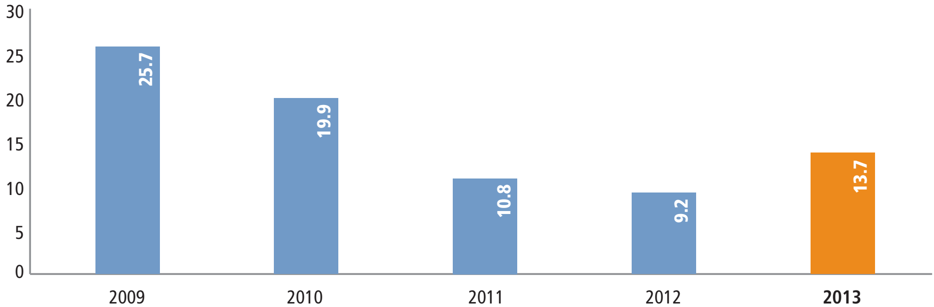
EMPLOYEES, COMMUNITIES AND THE ENVIRONMENT

- Northam operations provide 11 081 employment opportunities
- Two million fatality-free shifts achieved at Zondereinde – overall improvement in safety performance at Zondereinde
- One million fatality-free shifts achieved at Booysendal

GOVERNANCE AND COMPLIANCE

- Group code of ethics reviewed and updated in April 2013
- Memorandum of incorporation (MOI) approved in accordance with Companies Act
- Approval framework reviewed and updated in April 2013

Operating margin (%)



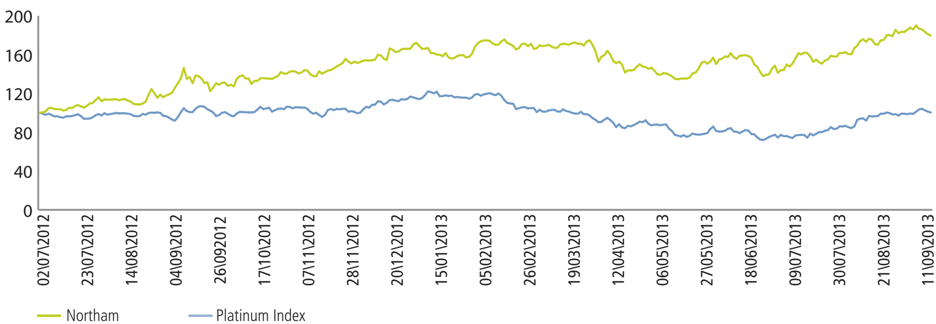
FIVE-YEAR OPERATING AND FINANCIAL REVIEW

STATEMENTS OF COMPREHENSIVE INCOME (R000)

	2013	2012	2011*	2010*	2009*
Sales revenue	4 420 977	3 684 000	3 571 048	3 945 083	3 186 042
Cost of sales	3 813 301	3 345 311	3 185 754	3 160 108	2 368 129
Operating costs	2 826 094	2 632 926	2 242 006	2 230 369	1 905 889
Concentrates purchased	657 540	624 774	787 316	735 090	140 192
Refining and other costs	161 591	100 612	68 804	92 972	120 917
Depreciation and write-offs	234 690	190 287	147 838	167 346	160 907
Change in metal inventories	(66 614)	(203 288)	(76 752)	(65 669)	40 224
Operating profit	607 676	338 689	385 294	784 975	817 913
Share of profits from associate/ dividends received	13 783	16 602	7 248	12 440	72 606
Investment revenue	33 434	53 951	85 520	167 655	130 417
Finance charges	(17 946)	–	–	–	–
Net sundry income/(expenditure)	60 108	43 343	53 148	9 557	(6 430)
Profit before tax	697 055	452 585	531 210	974 627	1 014 506
Taxation	169 054	142 073	182 001	333 601	384 024
Net profit after tax	528 001	310 512	349 209	641 026	630 482
Other comprehensive income					
Share of other comprehensive income from associate	(4 145)	(9 868)	–	–	–
Profit and total comprehensive income for the year	523 856	300 644	349 209	641 026	630 482
Headline earnings	522 182	309 248	324 949	640 434	590 757

* *Where appropriate financial results have been adjusted for changes in accounting policies.*

Northam vs Platinum Index



STATEMENTS OF FINANCIAL POSITION (R000)

	2013	2012	2011*	2010*	2009*
Property, plant and equipment	11 931 051	9 135 822	8 498 935	7 660 720	7 455 496
Interests in associates and joint ventures	495 498	505 415	505 327	129 741	130 106
Other non-current assets	196 440	189 976	144 278	111 833	100 139
Non-current assets	12 622 989	9 831 213	9 148 540	7 902 294	7 685 741
Current assets	1 734 675	1 232 339	2 725 916	2 117 683	1 616 007
Inventories	878 530	811 183	604 647	521 462	468 254
Trade and other receivables	547 920	303 268	410 621	318 054	226 850
Investment in escrow	–	–	–	91 458	–
Cash and cash equivalents	298 580	104 980	1 697 853	1 186 709	920 903
South African Revenue Service	9 645	12 908	12 795	–	–
Mineral resources classified as held-for-sale	–	1 180 300	–	–	–
Total assets	14 357 664	12 243 852	11 874 456	10 019 977	9 301 748
Shareholders' equity	10 815 635	10 413 247	10 115 352	8 833 154	8 332 186
Deferred tax	476 053	504 628	477 145	447 212	428 821
Domestic medium term notes	1 250 000	–	–	–	–
Non-current liabilities and provisions	271 773	143 972	107 335	64 948	53 838
Current liabilities	1 544 203	1 182 005	1 174 624	674 663	486 903
Total equity and liabilities	14 357 664	12 243 852	11 874 456	10 019 977	9 301 748

STATEMENTS OF CASH FLOWS (R000)

	F2013	F2012	F2011*	F2010*	F2009*
Operating cash flow	622 463	437 662	769 422	839 683	671 236
Cash generated from operations	877 529	595 918	726 807	947 920	1 002 454
Investment revenue	33 434	50 723	82 183	163 625	127 739
Change in working capital	(281 104)	(90 367)	182 380	783	357 340
Change in short-term provisions	8 204	12 460	6 073	9 111	(24 361)
Interest paid	123 703	–	–	–	–
Taxation paid	(139 303)	(131 072)	(228 021)	(281 756)	(791 936)
Investing cash flow	(1 801 501)	(2 010 021)	(197 171)	(373 237)	(451 733)
Financing cash flow	1 372 638	(20 514)	(61 107)	(200 640)	(798 348)
Dividends paid	(21 747)	(57 364)	(90 202)	(216 158)	(802 122)
Finance charges	(123 703)	–	–	–	–
Revolving credit facilities utilised	250 000	–	–	–	–
Domestic medium term notes issued	1 250 000	–	–	–	–
Other financing cash flows	18 088	36 850	29 095	15 518	3 774
Net cash flow	193 600	(1 592 873)	511 144	265 806	(578 845)
Cash and cash equivalents at beginning of year	104 980	1 697 853	1 186 709	920 903	1 499 748
Cash and cash equivalents at end of year	298 580	104 980	1 697 853	1 186 709	920 903

** Restated*

	2013	2012	2011	2010	2009
OPERATING PERFORMANCE					
Merensky					
Tonnes milled	958 211	884 660	793 490	1 002 208	1 050 404
Head grade – g/ton (3PGEs + Au)	5.8	5.9	5.6	5.9	5.8
UG2					
Tonnes milled	1 157 501	1 049 017	797 355	1 036 017	1 054 687
Head grade – g/ton (3PGEs + Au)	4.2	4.4	4.3	4.5	4.4
Combined					
Tonnes milled	2 115 712	1 933 677	1 590 845	2 038 225	2 105 091
Head grade – g/ton (3PGEs + Au)	4.9	5.1	4.9	5.2	5.1
Precious metals in concentrates produced – kg	9 041	8 979	7 779	9 999	9 408
Precious metals in concentrates purchased – kg	1 633	1 877	2 244	2 106	487
Precious metals sold – kg	10 704	9 980	9 872	12 313	10 362
Revenue – R/kg	365 217	335 325	323 899	288 255	280 609
Operating costs – R/kg	334 899	311 645	307 203	236 769	219 691
Cash costs – R/kg	309 421	283 934	279 118	215 900	199 680
Precious metals in concentrates produced – oz	290 675	288 675	250 100	321 475	302 474
Precious metals in concentrates purchased – oz	52 502	60 347	72 146	67 709	15 657
Precious metals sold – oz	344 128	320 861	317 392	395 879	333 147
Price realised – US$/oz	1 276	1 345	1 439	1 185	1 001
Operating costs – US$/oz	1 181	1 247	1 363	983	766
Cash costs – US$/oz	1 091	1 136	1 238	885	696
Sales per metal – oz					
Platinum	212 373	195 735	196 688	242 596	202 141
Palladium	100 716	92 000	90 710	116 303	97 940
Rhodium	25 281	27 095	23 550	28 655	27 271
Gold	5 757	6 031	6 444	8 325	5 795
Total – 3PGE + Au	344 127	320 861	317 392	395 879	333 147
Prices realised – US$/oz					
Platinum	1 568	1 622	1 698	1 452	1 152
Palladium	683	679	971	384	236
Rhodium	1 117	1 523	2 251	2 193	2 660
Gold	1 584	1 686	1 368	1 093	878
Basket – 3PGE + Au	1 276	1 345	1 439	1 185	1 001
Prices realised – R/kg					
Platinum	448 004	404 433	382 245	353 507	325 730
Palladium	195 716	169 151	150 703	93 417	66 509
Rhodium	322 085	381 165	508 056	532 925	721 775
Gold	455 474	421 395	308 068	266 527	249 094
Basket – 3PGE + Au	365 217	335 325	323 899	288 255	280 609

	2013	2012	2011*	2010*	2009*
FINANCIAL PERFORMANCE					
Operating margin – %	13.7	9.2	10.8	19.9	25.7
Effective tax rate – %	24.3	31.4	34.3	34.2	37.9
Return on shareholders' equity – %	5.0	3.0	3.7	7.3	7.6
Return on total assets – %	3.7	2.5	2.9	6.4	6.7
Current ratio	1.1	1.0	2.3	3.1	3.3
Acid ratio	0.2	0.1	1.4	1.8	1.7
US Dollar / Rand exchange rate					
– average	8.82	7.77	7.01	7.59	8.92
– at year end	10.01	8.16	6.78	7.67	7.72

	2013	2012	2011*	2010*	2009*
SHARE PERFORMANCE					
Weighted average number of shares in issue – 000	382 561	382 426	363 088	360 292	343 162
Number of shares at year end – 000	382 586	382 497	382 416	360 642	359 910
Operating cash flow per share – cents	162.7	114.4	216.3	239.4	195.6
Earnings per share – cents	132.0	81.2	96.2	177.9	183.7
Headline earnings per share – cents	136.5	80.9	89.5	177.8	172.2
Dividends per share – cents	–	5.0	15.0	40.0	78.0
Dividend cover	–	16.2	17.9	4.4	2.2
Net asset value per share – cents	2 827.0	2 722.0	2 645.0	2 449.0	2 315.0
Share price (cents)					
– high	4 098	2 398	5 153	5 772	7 035
– low	2 251	2 281	3 920	2 700	1 650
– at year end	3 200	2 325	4 247	4 550	3 000
Platinum sector index at year end	37.1	51.2	69.5	73.5	63.0
Compound return over 5 years – %	(13.2)	(11.3)	6.6	35.7	36.9
Average monthly volume of shares traded – 000	20 257	23 555	16 289	17 188	13 655
Annual liquidity (%)	63.5	73.9	53.8	57.2	47.8

* *Restated*

FIVE-YEAR NON-FINANCIAL PERFORMANCE REVIEW *

FIVE-YEAR SUSTAINABILITY REVIEW*

	2013	2012	2011	2010	2009
SOCIAL PERFORMANCE					
Safety					
Fatal injury incidence rate (FIIR)	0.01	0.02	0.06	0.01	0.05
Lost time injury incidence rate (LTIIR)	1.50	1.91	1.34	0.83	1.02
Reportable injury incidence rate (RIIR)	0.83	0.88	0.74	0.52	0.63
Number of fatalities	1	2	5	1	4
Health					
New cases of noise induced hearing loss (NIHL)	43	44	18	9	8
New cases of tuberculosis (TB)	70	85	93	127	128
Voluntary counselling and testing (VCT) encounters	1 088	1 659	271	1 840	388
Employment and human rights					
Average number of employees (including contractors)	9 148	9 163	8 927	8 562	8 462
Turnover rate (%)	1	7	7	8	11
HDSAs in management (%)	37	35	45	33	34
Women in mining (%)	7	7	7	7	4
HDSAs at board level (%)	56	64	62	62	60
Community development					
Total CSI and LED expenditure (Rm)	3.0	2.8	4.1	12.1	9.6
ENVIRONMENTAL PERFORMANCE					
Rock mined (000t)	2 276	2 154	1 802	2 281	2 337
Ore milled (000t)	2 116	1 934	1 592	2 038	2 105
Water usage (000m^3):					
Potable water from external sources	2 633	2 540	2 441	2 601	2 250**
Fissure water used	1 493	1 273	2 392	1 385	1 445
Water recycled in process	25 909	24 390	24 308	23 439	24 292**
% water recycled	91	91	91	90	92**
Electricity consumption (MWh):					
Energy from electricity purchased by shafts	485 654	467 893	461 484	483 541	473 181
Energy from electricity purchased by plant	101 732	125 548	140 406	156 199	127 831
Total electricity purchased	587 386	593 441	601 890	639 740	601 012

* *Excludes Booysendal performance.*

** *Figures for F2009 have been restated to include potable water used in the Zondereinde mine village and water used in the bulk air coolers.*

FIVE-YEAR SUSTAINABILITY REVIEW* CONTINUED

	2013	2012	2011	2010	2009**
ENVIRONMENTAL PERFORMANCE CONTINUED					
Greenhouse gas emissions (CO_2e tonnes):					
Scope 1 (direct) emissions	15 509	15 401	14 365	16 796	14 755
Scope 2 (indirect) emissions	605 008	611 244	619 947	658 932	65 718
Scope 3 (indirect) emissions	665	815	1 089	1 388	NM***
Total emissions	621 183	627 460	635 401	677 166	756 140
Land use (hectares)					
Land disturbed by mining-related activities	137	137	137	137	137
Land leased for farming purposes	273	273	273	273	273
Land protected for conservation	800	800	800	800	800
Total land under management (freehold)	4 439	4 439	4 439	4 439	4 439
Economic performance					
Value distributed (R000):					
Employees	1 130 199	1 055 805	883 444	873 419	733 430
Salaries and wages	1 143 292	1 057 780	863 719	861 411	725 819
Contributions to retirement benefit funds	94 050	84 212	74 096	68 211	61 042
Contributions to healthcare funds	52 361	55 627	54 606	45 079	37 417
Pay-as-you-earn deducted	(159 504)	(141 814)	(108 977)	(101 282)	(90 848)
Government	384 356	322 617	342 972	462 829	466 643
Mining and non-mining tax	197 629	110 767	143 048	262 934	238 021
Deferred tax	(28 575)	27 482	29 933	18 391	40 766
State's share of profits	–	–	–	30 660	7 580
Secondary tax on companies	–	3 824	9 020	21 616	80 212
Royalties	55 798	38 730	51 994	27 946	9 216
Pay-as-you-earn deducted from employees	159 504	141 814	108 977	101 282	90 848
Providers of capital					
Dividends	21 747	57 364	90 202	216 158	802 122
Finance charges	123 703	–	–	–	–
Broader community					
Corporate social investment	3 002	2 782	4 116	12 140	9 583
Total value distributed	1 663 007	1 438 568	1 320 734	1 564 546	2 029 223
Retained by company	748 123	438 474	411 255	603 324	(13 569)
Depreciation	234 690	190 287	147 838	167 346	160 907
Decommissioning provision to meet statutory obligations	11 324	4 907	(4 110)	(11 110)	(2 836)
Retained income	502 109	243 280	259 007	424 868	171 640

* *Excludes Booysendal performance.*

** *Figures for F2009 have been restated to include potable water used in the Zondereinde mine village and water used in the bulk air coolers.*

*** *Not measured*

MESSAGE FROM THE CHAIRMAN

DEAR STAKEHOLDERS

Shareholders and stakeholders alike will find that this report provides a glimpse into the affairs of a company which has completely transformed since I joined this board. We hope that our reports for the past financial year, and this integrated report in particular, provide readers with a useful view of the affairs of the company, along with an account of our dealings with stakeholder concerns. For me personally, at the helm of the board of your company, it has been gratifying to note a really top-class performance from executive management.

2013 was seminal in Northam's life. The commissioning of Booysendal in the second half of the year has immediately transformed the investment profile of your company as it brings new, reliable and quality ounces to a market which remains vulnerable to the supply disruptions occasioned by labour unrest, safety stoppages and generally difficult mining conditions the industry grapples with. In the medium to longer term the fundamentals for PGMs remain strong; and in order to protect and preserve our markets, we as producers should strive for stability in supply and to keep cost increases as tight as possible. These are not new targets for Northam, and the company has performed well against both these targets in the past year.

That the company's leadership has brought a new mine into production without having swollen the ranks of executives, senior and middle management, is a tribute to the expertise and skill we have at Northam. In addition, this same team has led a commendable operational recovery at Zondereinde, which, regardless of the complexities of mining this deep and difficult mine, continues to deliver at respectable levels.

This stability has stood the company in very good stead during this time of volatility on so many fronts in the industry, and in many ways has become Northam's hallmark. The chief executive has dealt with these in his review on page 11 of this document. It is incumbent on all of us to preserve this stability as we enter the next financial year.

To my fellow board members, your counsel has been invaluable during the year. We have missed the contributions of Messrs Willcox and Xayiya, who resigned from the board on 5 November 2012 and 7 December 2012 respectively. We wish Dr Dlamini well as she embarks on the next phase of her career and thank her for her nine years of service to the board, before her resignation post the year end.

Once again, I must thank Glyn Lewis and his executive and management for their outstanding contribution to the business.

Lazarus Zim
Chairman
27 September 2013

CHIEF EXECUTIVE OFFICER'S REVIEW OF BUSINESS

The travails of the 2012 financial year, which signified such an alarming wake-up call for the industry and the country as a whole, have not abated. The company's performance, notably where we measure ourselves against what we consider to be our material concerns, can probably best be described as mixed. What is significant is that these material issues, the core of which were identified in the past two years, have not gone away, and that the pressures they present are becoming more acute, threatening the realisation of our corporate vision, which remains unchanged as we aim to deliver on our strategy of:

- being a leader in the mining, processing and the independent marketing and sales of PGMs to a global customer base;
- growing our resources and output either by way of acquisition or green- or brownfields development; and
- creating maximum returns for our investors and meaningful, sustainable benefits for all our stakeholders.

MARKET OVERVIEW

The business of mining and processing PGMs in a complex South African operating environment continues to be aggravated by the protracted global economic downturn, which has had a sustained adverse impact on the markets for PGMs. For Northam, our long-standing reputation as an independent and reliable supplier of metals has facilitated the sustained offtake of our product by customers in established worldwide markets, even since the global downturn in 2008.

Over the year, market movements for the company's products were generally moribund. The platinum price at the beginning of the financial year was \$1 437/oz, increasing over the first half of the year to average \$1 640/oz in January 2013, before retracing to \$1 312/oz at the end of June. Across the period, the platinum price has reflected the broadly uninspiring demand for platinum particularly from the autocatalyst and industrial sectors. Nevertheless, the price has typically continued to benefit from growth in jewellery demand, most notably in China, and from increased ETF holdings in the investment sector. Since financial year end, platinum prices have traded up to levels above \$1 500/oz, reflecting what could be an increasing market deficit for this metal.

Throughout the year, palladium demand has been more resilient than for platinum; and, given the price differential between these metals, remains the preferred PGM to benefit from the growth in gasoline vehicle production, and the ongoing substitution of palladium for platinum. Prices over the financial year ranged from \$580/oz at the beginning of July 2012 to spike in April 2013 above \$770/oz, before retreating to \$643/oz at the end of June. Since then the price has recovered towards \$700/oz, supported by improved market fundamentals for palladium.

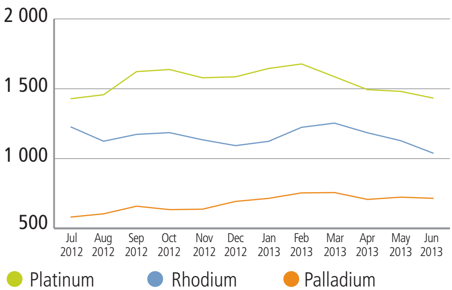
Rhodium's fortunes were lacklustre. Despite robust industrial demand, overall demand for metal remains thwarted by the weak and inconsistent demand from the vehicle sector.

Although there are sporadic signs of improving demand for platinum, it remains of concern that the outlook for platinum is likely to remain subdued, particularly in the short to medium term as the European vehicle industry struggles with the continued economic uncertainties in the region.

There is more optimism for palladium where the outlook is encouraging as the metal appears well positioned to enjoy continued support from the autocatalyst and investment sectors. With rhodium, however, demand and prices will likely remain subdued in the year ahead.

On the supply side, increasing quantities of recycled PGMs continue to find their way to market although the price dampening effect of these additional volumes will be offset by the pending cutbacks in primary mine production, and the ongoing likelihood of further supply shortages occasioned by work stoppages and disruptions. Planned reductions in mine output and the perennial spectre of labour unrest within our country should result in the further deepening of anticipated market deficits for platinum and palladium. Whether these will have a commensurate effect on prices will depend on the level of liquidity currently provided by above ground stocks of these metals. On balance, however, we believe that the medium to longer-term market outlook for our basket of metals remains very positive.

PGM RESOURCE PRICING ($/oz)*



*Source: Johnson Matthey

INTEGRATED REPORTING AND MATERIAL ISSUES

As we continue to seek to report in terms of the integrated reporting requirements, and in line with the recommendations of the South African Code of Corporate Practice and Conduct (King III), we attempt to provide a balanced yet concise reflection of the business performance over the year, and our corporate response to the concerns of our shareholders and significant stakeholders. When I consider the material issues which impact our stakeholders, with which we have been grappling for the past three years, there is really one which has been in such sharp focus over the year:

- *Establishing and maintaining constructive relations and peaceful engagement with employee and community stakeholders in order to avoid work stoppages.*

The instability in the labour movement over the past year, which gave rise to a number of violent incidents, has not really improved although the associated atrocities have not been quite as visible. The stability accord, signed by all the unions under the auspices of the Minister of Mineral Resources and the DMR in February 2013, appears to have been effective in reducing the extent of the violence which was so disturbing to the nation, and indeed the rest of the world.

In the first half of the financial year, our operations remained unscathed by the strife and conflict elsewhere in the industry. We remained on our guard, however, and operational management in particular was constantly alive to any issues which could have been used to foment any industrial unrest. What has become apparent is a trend for employees, seemingly being aggrieved or dissatisfied with unions and their structures, preferring to select leaders amongst their rank and file locally, without union representation, to lead them in any industrial action. For us as management, this presents further difficulties in our attempts to resolve any such disputes within the parameters of South Africa's labour relations legislation (notably the Labour Relations Act (LRA)) which is not designed to deal with such workers' committees and their actions.

Our policy at Northam is to grant organisational rights to any union with representivity of 15% or more in a relevant employee category; bargaining rights are granted to a union which can prove representation of not less than 33.3% of the relevant constituency. I must emphasise too that we are committed at Northam to treat all unions with bargaining rights fairly, and we will consult with any worker representatives or committees to resolve arising matters. On the operations, management has made some strides in enhancing its direct communication with employees.

At a senior executive level, I have been personally involved too with working with my peers in the industry to consider the current climate where we direct our efforts towards reducing the impact of inter-union rivalry and other disputes, and to stabilise the platinum industry.

Nonetheless, the three-week strike in April this year by rock drill operators at the Zondereinde operation was protracted, and resulted in the loss of some 17 000oz. The rock drill operators' dispute centred on the payment methodology of production-related bonuses.

At the time of going to print, the wage negotiations at Zondereinde had begun. It is disappointing to note that little progress has been made to date and once again, I remain cautious about predicting the outcome of these talks. Given the inter-union rivalry I have referred to earlier, and the continued dominance of the NUM at Zondereinde against the background of the strides made by AMCU amongst our peers in the platinum sector, we have to be alive to the possibility of the unsettled labour environment persisting for a while yet.

It is a credit to operational management that they have not taken their eye off the ball, and that they have continued to produce at healthy levels while keeping a strong focus on safety.

- *Operating safely and efficiently to protect the lives and livelihoods of employees, and – in so doing – ensuring the sustainable profitability of the company.*

The death of an employee, Mr Amose Dlamini, at Zondereinde during the year blighted what was an improved safety performance all round. Both the Zondereinde and Booysendal operations reached the one million fatality-free shifts milestone; and in April this year Zondereinde reached the two million level. With the ramping up of Booysendal, I believe that we will soon be in a position to start leveraging the institutional knowledge which is now being built up at two such varying operations.

Despite the challenges of mining in South Africa, which included safety stoppages, labour disruptions at the Zondereinde mine in April 2013 and the sluggish markets, the business posted improved results year on year on the back of increased sales volumes from our established Zondereinde mine, combined with a significant 13.5% weakening of the rand against the US dollar, which contributed to a 20.0% increase in sales revenues to R4.4 billion

(F2012: R3.7 billion). The rand weakness went a long way towards offsetting the effect of the lower US dollar prices for PGMs, which resulted in the average dollar basket price for the year being 5.1% lower at US$1 276/oz (F2012: 1 345/oz).

For a company which is essentially a price taker, the short-term benefits of a weak rand are immediately tangible. However, given the dollar-denominated prices of fuels, chemicals and other imported consumables, we have to caution against a protracted period of rand weakness and the false sense of comfort we see in our improved margins (from 9.2% in F2012 to 13.7% in F2013), without any real gains in the business. Operating costs crept up by 7.3%, attributable in the main to increases in labour and power costs, the most significant components contributing to mining inflation in South Africa during the year.

Headline earnings of R522.2 million translated into headline earnings per share of 136.5 cents. Given Booysendal's ramp-up phase, and the uncertain labour relations climate, the board has not declared a final dividend.

- *Achieving and maintaining legislative and regulatory compliance, including our social licence to operate, and ensuring the underlying systems and processes are in place to achieve this.*

There have been no further developments with regard to the Northam Black Economic Empowerment (BEE) shareholding. Shareholders are referred to the announcement dated Friday, 3 August 2012 wherein they were advised of a restructure of the group's BEE shareholding. Since then, the group has proposed an 'A' class share scheme to be held by BEE trusts. The proposal is aimed at restoring the group's BEE shareholding to 26%. Shareholders will be informed of progress in due course.

- *Successfully delivering the Booysendal project on time and within budget.*

The permanent power supply at Booysendal was commissioned on 10 March 2013, after which cold and hot commissioning of the concentrator continued until year end. I must congratulate our construction and development teams on having reached this milestone, particularly in view of the difficulties associated with community tensions and land invasions in the area. Equally, our stakeholder engagement policy and practices at Booysendal have stood us in good stead as we have had to commission a mine in an impoverished region of the country where communities' expectations are high and frequently unrealistic.

The commissioning process produced 473kg of metal from relatively low grade stockpiled ore which includes development ore. I am confident that the grades will improve as stoping ramps up, development progresses and also once we have totally depleted the surface stockpile.

The shutdown of the smelter at Zondereinde restricted sales of metal from Booysendal to 109kg (3 500oz). At year end, the surface stockpile at Booysendal contained some 400 000 tonnes.

- *To maximise cash flows and optimise capex so as to maintain and grow the value of the company and to be able to raise capital cost-effectively*

I am pleased, and humbled at the same time, to have reported to shareholders the results of our capital raising programme just before going to print with this report. The decision to raise financing in this troubled operating environment was not taken lightly, and was borne out of an extensive board and executive management review of the company's capital and funding requirements. We believe we have taken a prudent and proactive approach to this by addressing our short-term cash flow challenges while Booysendal continues to ramp up, and while we continue to toll treat concentrate during the Zondereinde smelter rebuild.

The equity component of this programme, the claw-back R600 million rights offer (fully subscribed by Coronation Asset Management (Proprietary) Limited, a long-standing and loyal shareholder) provides immediately available cash resources, without prejudicing any other shareholders from participation in the offer at the same price, of R40 per share.

In a further strengthening of the balance sheet we have introduced a new R400 million additional revolving credit facility, with certain covenants being amended to reduce key short to medium term borrowing risks.

IN CONCLUSION

The past year has been one of the toughest in the industry for a number of years, with external pressures continuing to pose unprecedented challenges, particularly for our operational management teams. I must congratulate management and employees at both our operations for sustaining an operational recovery at Zondereinde on the one hand and, on the other, for the timely commissioning of our new asset on the eastern limb.

Glyn Lewis
Chief executive officer
27 September 2013

OPERATIONS

ZONDEREINDE MINE – KEY FACTS AND STATISTICS

Ownership	Wholly-owned by Northam Platinum Limited.
Location	On the northern part of the western limb of the Bushveld complex in Limpopo province, adjacent to the Amplats Tumela mine.
Access and infrastructure	Well-established infrastructure, tarred roads, railway, water and power.
Project extent	7 625 hectares; strike length of 8km
Reserves	7.2Moz
Resources	80.7Moz
Life of mine	14 years
Operations	Underground mining operations exploit both the Merensky and UG2 reefs at an average depth of 1 750m. Hydropowered equipment is used extensively in stoping and development operations. Surface metallurgical infrastructure includes two concentrator plants (Merensky and UG2) a base metals removal plant and a smelter. In-house marketing and sales. Metal sold to customers in Japan, Europe, North America.
Production profile	Steady state, mature operation with annual output of approximately ~300 000oz.
F2013 capex	R349.7 million
F2014 capex (est)	R384.5 million
F2013 cash costs	R309 421/kg

KEY SOCIAL INDICATORS:

SAFETY

- 1 fatality (F2012: 2)
- LTIIR[1] – 1.50 per 200 000 hours (F2012: 1.91)
- RIIR[2] – 0.83 per 200 000 hours (F2012: 0.88)
- FIIR[3] – 0.01 per 200 000 hours (F2012: 0.02)
- 18 production shifts lost owing to Section 54 stoppages

Falls of ground (FOGs) reduced since the introduction of the Chamber of Mines MOSH initiatives.

[1] LTIIR – lost time injury incidence rate – resulting in one to 13 days' absence from work

[2] RIIR – reportable injury incidence rate – resulting in 14 or more days' absence from work

[3] FIIR – fatal injury incidence rate

PEOPLE, COMMUNITY AND ENVIRONMENT

- 380 affordable houses built to date
- TORO Empowerment Fund absorbed R24.0 million
- 17 days lost owing to unprocedural RDO strike
- R375 000 spent on studies for graduate internship programme
- The new Air Quality Control Act came into effect in 2013

ZONDEREINDE OPERATING STATISTICS

	% change	F2013	F2012
Merensky reef			
Development metres	10.3	6 604	5 988
Square metres mined	4.1	174 349	167 475
Tonnes milled	8.3	958 211	884 660
Head grade (g/tonne – 3PGE + Au)	(1.7)	5.8	5.9
Available ore reserves in months	11.1	20	18
UG2 reef			
Development metres	(42.8)	1 596	2 792
Square metres mined	1.0	173 635	171 894
Tonnes milled	10.3	1 157 501	1 049 017
Head grade (g/tonne – 3PGE + Au)	(4.5)	4.2	4.4
Available ore reserves in months	–	24	24
Combined reefs			
Development metres	(6.6)	8 200	8 780
Square metres mined	2.5	347 984	339 369
Tonnes milled	9.4	2 115 712	1 933 677
Head grade (g/tonne – 3PGE+Au)	(3.9)	4.9	5.1

Key developments during the year

Zondereinde's improved performance in F2012 was sustained in F2013, with a 9.4% increase in tonnes milled to 2 115 712 (958 211 Merensky; 1 157 501 UG2). The 3PGE+Au combined head grade dropped by 3.9% to 4.9 g/t compared to 5.1 g/t in F2012. This drop reflects the increased contribution of UG2 ore to the combined production, along with the 5% drop in the grade of the UG2 ore, owing to poor grade control. This will be a key focus area for management in the year ahead. Available ore reserves are currently at 20 months for Merensky reef and 24 months for UG2.

Metals produced from underground operations were 5.4% higher. This was offset by a signficant decline in metals from secondary material, resulting in a marginal rise in total mine production to 9 041kg (F2012: 8 979kg). Volumes of concentrates purchased declined by 13.0% from 1 877kg in F2012 to 1 633kg in the current year. This is mainly due to the interruption of smelting activities both in July to September 2012 and again in May 2013.

The mining strategy at Zondereinde continues to be to open up ore reserves in the north-west quadrant and also on the lower levels of the mine to access normal Merensky reef. Shareholders were advised on

23 May 2013 that the smelter at Zondereinde would be shut down and rebuilt following the unexpected erosion of the refractory bricks comprising the walls of the smelter in proximity to the slag level interface. The rebuild, using a different brick specification, is expected to be completed by the beginning of October 2013. The smelter was previously rebuilt in F2012 after a run-out.

COSTS AND CAPITAL EXPENDITURE

The higher volumes sold at Zondereinde combined with higher operating costs pushed the cost of sales to R3.8 billion, 14% up year on year. Operating cost increases were held to 7.3% – impacted by higher labour and power costs. The cost of sales was also adversely affected by a 60.6% increase in refining costs, occasioned by a weaker rand and the outsourcing of smelter services. Also included in cost of sales was a R33 million write-down in respect of the smelter. Capital expenditure amounted to R349.7 million, allocated to the deepening project (R120 million), the furnace rebuild (R41 million and maintenance capex (R188.7 million). The estimate for F2014 is R384.5 million, and includes an estimated R55 million for the smelter rebuild, R152 million on deepening infrastructure and the balance on maintenance capital expenditure.

BOOYSENDAL PLATINUM MINE – KEY FACTS AND STATISTICS

Ownership	Wholly-owned by Northam Platinum Limited
Location	Eastern limb of the Bushveld Complex in Mpumalanga Province near the Mototolo operation. Closest town is Mashishing.
Access and infrastructure	Tarred road access from Mashishing; private road across Der Brochen property. Water and Eskom power supply secured and installed. 5MW self-generation energy in place.
Project extent	15 151 hectares; strike length 14.5km
Reserves	3.17Moz
Resources	103.2Moz
Life of mine	50 years+
Operations	Mechanised room-and-pillar underground operations. Underground operations are serviced by a cluster of four declines (three on reef and one in the footwall), and accessed by a reverse decline system. Surface metallurgical infrastructure includes a UG2 concentrator and a dense media separation plant. Material is smelted at Zondereinde.
Production profile	Recently commissioned; steady state production of 160 000oz expected in F2016
F2013 capex	R1.5 billion
F2014 capex (est)	R532.1 million

SAFETY

- One million fatality free shifts achieved on 8 March 2013
- LTIIR – 0.53 per 200 000 hours
- RIIR – 0.33 per 200 000 hours
- No production shifts lost owing to section 54 and 55 stoppages

COMMUNITY AND ENVIRONMENT

Community land invasions hampered the installation of power lines to the mine. Following an appeal to the courts, and the company's numerous meetings with the land invaders, the powerline was eventually completed and the plant was successfully commissioned. Members of management have tried to assist community members with their land claims.

KEY DEVELOPMENTS DURING THE YEAR

With the construction of the mine nearing completion, the total workforce has been reduced to 1 915 people. Permanent power from Eskom was commissioned in March 2013 while the cold and hot commissioning phases of the concentrator continued until the financial year end. A number of minor problems have been identified and are in the process of being rectified.

A total of 242 602 tonnes were milled in the year, to produce 473kg of metal in concentrate which has been processed. Owing to the shutdown of the smelter at Zondereinde in May this year, metal sales from Booysendal were restricted to 109kg. In order to counter certain delays in the construction of conveyors and other services underground, management has taken on additional contractors in a temporary capacity to mitigate any delays to the production build-up.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

REVENUE

Sales revenues increased by 20.0% to R4.4 billion in F2013 (F2012: R3.7 billion) largely as a result of increased metal sales, which rose by 7.3% to 10 704kg (3PGE+Au) (F2012: 9 980kg), and an increase in the rand basket price of 8.9% to R365 217/kg. This increase is attributable to a 13.5% weakening of the rand against the US dollar year on year, from R7.77/US$ in F2012 to R8.82/US$ in F2013, notwithstanding a decline in the average US dollar price realised of some 5.1% over the comparable periods, to US$1 276/oz from US$1 345/oz (3PGE+Au).

The higher revenues were achieved despite the challenging conditions of mining in South Africa which included a three week rock drill operator (RDO) strike at the Zondereinde mine in April 2013. Sales revenues include R130.0 million in sales achieved by the 70% owned subsidiary, Northam Chrome Producers Proprietary Limited (NCP), whose sales were included for the first time following its acquisition on 1 July 2012. NCP produces chrome from Zondereinde mine's UG2 tailings.

METAL SALES AND REVENUES

	F2013			F2012		
	Units sold	Average price received	Revenue	Units sold	Average price received	Revenue
	kg	R/kg	R'000	kg	R/kg	R'000
Platinum	6 606	448 004	2 959 316	6 088	404 433	2 462 213
Palladium	3 133	195 716	613 109	2 861	169 151	484 028
Rhodium	786	322 085	253 262	843	381 165	321 227
Gold	179	455 474	81 557	188	421 395	79 050
Sub-total: (3PGE+Au)	10 704	365 041	3 907 243	9 980	335 325	3 346 518
Iridium	261	284 852	74 264	218	269 173	58 604
Ruthenium	1 315	23 391	30 751	1 091	27 221	29 702
Other precious metals	130	7 931	1 028	213	n/a	1 775
Sub-total: precious metals	12 409		4 013 286	11 503		3 436 599
Nickel (tonnes)	1 313	140 547*	184 513	1 180	144 851*	170 924
Copper (tonnes)	678	65 171*	44 161	659	59 951*	39 535
Other by-product revenue			1 460			1 605
Sales revenue – core business activities			**4 243 420**			**3 648 663**
Sales revenue – other activities			177 557			35 337
Total sales revenue			**4 420 977**			**3 684 000**

** Rand per tonne*

COST OF SALES

	F2013	F2012
	R000	R000
Labour	1 263 779	1 197 619
Stores	697 954	690 620
Utilities	340 820	298 353
Sundries	445 557	416 415
Decommissioning and restoration	11 323	4 907
Total operating costs	**2 759 433**	**2 607 914**
Concentrates purchased	657 540	624 774
Refining and other costs	161 591	100 612
Depreciation and write-offs	234 690	190 287
Change in metal inventories	(66 458)	(203 288)
Cost of sales – core business activities	**3 746 796**	**3 320 299**
Cost of sales – other activities	66 505	25 012
Total cost of sales	**3 813 301**	**3 345 311**

Cost of sales

Cost of sales increased by 14.0% to R3.8 billion (F2012: R3.3 billion). The main contributors to the increase were a 7.3% increase in sales volumes, a 7.3% increase in operating costs and a 60.6% increase in refining and realisation costs.

Operating costs

Operating costs increased by 7.3% to R2.8 billion in F2013 (F2012: R2.6 billion) owing primarily to higher labour and power costs which are the most significant components that contribute to mining inflation in South Africa.

Labour costs increased by 5.5% year on year. During the year, both the Northam Share Option Scheme and Share Incentive Plan were amended to provide employees with the option to elect for settlement in either cash or equity. The reversal of the share-based payment liability at year end had the effect of reducing total labour costs. Without this change, total labour costs would have been 11.5% higher year on year. Utility costs increased by 14.2% largely due to Eskom electricity price increases. Stores costs were well contained, increasing marginally by 1.1% while sundries increased by 7.0%.

The mining royalty increased to R51.1 million (F2012: R38.7 million) owing to higher gross sales achieved during the year as well as higher profitability.

The volume of concentrates purchased declined by 13.0% from 1 877kg in F2012 to 1 633kg in the current year, mainly owing to the interruption of smelting activities at the Zondereinde site both in the July to September 2012 period and again in May 2013.

ANALYSIS OF CONCENTRATE PURCHASES – F2013

	Purchase of concentrate	Own production	Sub -total	Other group entities	Total group
Kilograms sold (3PGE+Au)	1 470	9 233	10 704	–	10 704
Sales revenue (R000)	625 010	3 618 410	4 243 420	177 557	4 420 977
Cost of sales (R000)	631 856	3 114 940	3 746 796	66 505	3 813 301
Total operating costs (R000)	21 464	2 972 659	2 994 123	66 661	3 060 784
Change in metal stocks (R000)	(59 887)	(6 571)	(66 458)	(156)	(66 614)
Freight and realisation costs (R000)	–	10 348	10 348	–	10 348
Refining and other costs (R000)	12 739	138 504	151 243	–	151 243
Purchase custom material (R000)	657 540	–	657 540	–	657 540
Operating profit (R000)	(6 846)	503 470	496 624	111 052	607 676
Treatment charges recovered (R000)	55 840*				
Contribution to operating profit (R000)	48 994				

** This amount is included in sundry revenue in the statement of comprehensive income*

Refining and other costs
Refining and related costs increased by some 60.6% owing to the weaker exchange rate, and the outsourcing of smelting and refining services twice during the year owing to the smelter rebuilds in July to September 2012 and again in May 2013.

Depreciation and write-offs
The increase in depreciation is a result of the write-off of R33.0 million in respect of the smelter rebuild following the unexpected erosion of the refractory bricks in May 2013.

Change in inventories
Metal inventories were higher at year end due to the higher unit cost of stock values and higher quantities at year end, compared to the year before.

OPERATING PROFIT

The net result of the above elements of the statement of comprehensive income was an increase in operating profit to R607.7 million (F2012: R338.7 million) which resulted in an improved operating margin of 13.7% (F2012: 9.2%).

Share of earnings from associate
The decrease in share of earnings from associate was as a result of the lower production performance and therefore lower sales, from the Pandora joint venture.

Investment income and net sundry income
Investment revenue was 38.0% lower at R33.4 million (F2012: R54.0 million) owing to the depletion of cash reserves which were applied to the construction of the Booysendal mine.

Sundry income increased to R88.4 million (F2012: R61.6 million) mainly owing to foreign exchange rate gains in F2013, compared to foreign exchange losses in F2012.

Hedging
The group's policy is not to hedge, thus exposing investors fully to the prevailing platinum group metals (PGM) prices and exchange rates.

Tax expense

The 19.0% increase in the tax charge is a result of the higher operating profit earned in F2013 as outlined above.

The lower effective tax rate, which dropped to 24.3% in F2013 (F2012: 31.4%) was largely influenced by two factors:

- the change to allow for cash settlements for the group's share option scheme and share incentive plan (this resulted in tax deductions which were previously not allowed); and
- the implementation of borrowing/lending agreements between group companies to optimise tax benefits for the group.

A detailed analysis of the tax charge, including the effect of permanent and other differences is set out in note 33 to the annual financial statements on page 151.

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit before tax rose by 54.0% to R697.1 million (F2012: R452.6 million) whilst profit after tax at R528.0 million was 70.0% higher year on year owing to the 20.0% increase in sales revenues and a lower effective tax rate. NCP contributed an amount of R52.2 million to the group's F2013 after tax profits. The group net margin improved from 8.4% in F2012 to 11.9% in F2013. Consequently, earnings per share increased by some 62.6% in F2013, to 132.0 cents per share compared to 81.2 cents per share in the previous year.

CONSOLIDATED STATEMENT OF CASH FLOWS

Operating cash flow

The 19.8% increase in operating cash flow is driven by an increase in profit before tax of 54.0% and a net increase in working capital of R281.1 million. The higher F2013 working capital value compares with R90.4 million in F2012 and is attributable to the higher levels of trade and other receivables and inventory at the end of F2013 following the smelter shutdown.

Investing activity cash flow

Cash flows utilised in investing activities decreased by 15.3%, to R1.7 billion due to the near completion of the surface construction of Booysendal mine.

Financing activity cash flow

Cash generated from financing activities rose to R1.4 billion following the raising of R1.25 billion from the domestic debt capital markets and a R250 million drawdown on the five year revolving credit facility (RCF) to continue financing the construction of Booysendal mine.

Net increase in cash and cash equivalents

The result of all operating, investing and financing cash flow activities for the year was a net cash inflow of R193.6 million (F2012: outflow of R1.6 billion).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

Property, plant and equipment

The increase in property, plant and equipment is due to the expansion of operations by the continued development of the Booysendal mine during the year through capital expenditure of R1.4 billion and on-going capital expenditure at the Zondereinde mine amounting to R347.9 million, less depreciation.

Interest in associates and joint ventures

The group has interests in the following:

- 7.5% of the Pandora joint venture;
- 50% of the Dwaalkop joint venture;
- A 51% initial participatory interest in the Kokerboom joint venture (a greenfields iron oxide/

gold/copper and massive sulphide exploration project); and

- 20.3% share of Trans Hex Group Limited, a listed diamond producer and marketer listed on the JSE.

An analysis of these assets is available in annexure 2 of these annual financial statements, on page 168.

Land and township development
A further 97 houses in the Mojuteng township were sold in F2013, resulting in 337 being sold to date. During the year a portion of the undeveloped township land was sold to a third party.

Long-term receivables
The increase in this balance reflects the sales of housing units to employees on an instalment sale basis, through the 100% owned housing subsidiary Norplats Properties Proprietary Limited. As stated above, in F2013, a further 97 more houses were sold, in addition to the 240 sold in previous years.

Northam Platinum Restoration Trust Fund and Environmental Guarantee Investment
The R6.7 million increase in the combined total balance of these funds reflects the cash contributions made in terms of South African mining legislation to fund the group's obligations for decommissioning and restoration of its mining operations.

Buttonshope Conservancy Trust
The trust was established in 2011 as part of an initiative to collaborate with the Mpumalanga Parks and Tourism Agency 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 in F2012.

CURRENT ASSETS

Change in inventories
Metal inventories were higher at year end due to the higher unit cost of stock values and higher quantities compared to the year before.

Trade and other receivables
The increase in these balances is a result of the 20.0% rise in sales revenues in F2013 compared to F2012 as stated above under revenue.

Cash and cash equivalents
The total cash resources of the group at the year-end was R298.6 million (F2012: R105.0 million). The rise in this balance is due to an increase in operating cash flow and the raising of R1.25 billion through the Domestic Medium Term Notes (DMTN) programme in F2013.

NON-CURRENT LIABILITIES

Long-term provisions
The increase in these provisions is as a consequence of the changes in the estimate and unwinding of the discount.

Share-based payment liability
This liability has arisen from a change in the treatment of the group's employee share option scheme and share incentive plan, whereby employees may now choose for their benefit to be either cash settled or equity settled.

Domestic Medium Term Notes
This balance represents the R1.25 billion finance required for the continued development and operation of the Booysendal mine raised during F2013, through the issue of three-year senior unsecured floating rate notes at a rate of Jibar plus 350 basis points.

Long-term loans
An additional loan of R16.1 million (F2012: R35.3 million) was raised from a Dutch organisation, Nederlandse Financierings–Maatschappij voor Ontwikkelingslanden N.V ('FMO') during F2013, to fund the group's affordable home ownership initiative for employees. The short-term portion of this loan amounts to R3.8 million.

CURRENT LIABILITIES

Trade and other payables

The marginal increase in trade payables is due to cash management strategies implemented to conserve cash. Both balances in F2013 and F2012 are similarly high compared to previous years due to the advent of the Booysendal mine which will henceforth be a permanent feature of the group as an operating mine.

Short-term provisions

This liability relates to leave accrued to employees and is higher owing to the increasing salary and wages bill.

CAPITAL EXPENDITURE

Booysendal mine

Booysendal absorbed R1.5 billion in capital expenditure in F2013 (F2012: R1.7 billion). Capital expenditure is expected to be R532.1 million in 2014, which includes R75.6 million for on-going capital. Since inception the total project expenditure, including finance costs and other directly attributable costs, is R4.0 billion against a projected total expenditure of R4.5 billion. The original capital budget for Booysendal mine was R3.9 billion in June 2010 money terms.

Zondereinde mine

Capital expenditure was R345.8 million in F2013 (2012: R331.1 million). Capital spend in F2014 is projected at R350.2 million, and includes an initial estimate of R55.0 million for the smelter rebuild.

POST BALANCE SHEET FINANCING ACTIVITY

Shareholders are referred to the announcement dated 20 September 2013, wherein the company announced a new R1.0 billion funding programme, comprising a R600.0 million fully subscribed renounceable claw-back rights offer, a R400.0 million additional revolving credit facility and amendments to certain key terms of Northam's current revolving credit facility.

In terms of the claw back offer, 15 000 000 new Northam ordinary shares of no par value will be offered to shareholders at a price of R40 per share, representing a total claw back offer subscription consideration of R600 million. The subscription price represents a 2% discount to the 30 day volume weighted average price (VWAP) and a 5% premium to the 60 day VWAP of Northam ordinary shares, calculated at 18 September 2013. The claw back shares will be offered to shareholders in the ratio of 3.92068 claw back shares for every 100 Northam ordinary shares held on 15 November 2013. The circular containing details of the claw back offer will be posted to shareholders on or about Monday, 18 November 2013.

As advised in the above announcement, Northam has secured an additional revolving credit facility of R400.0 million (new RCF), on terms that are customary for a credit facility of this nature.
The new RCF has an automatic termination date of 31 March 2015, whereupon any drawn down and unpaid balance must be repaid in full and the facility will expire. The new RCF is unsecured and does not introduce any material new or otherwise onerous lending conditions relative to those governing the existing revolving credit facility. Northam has retained full flexibility to draw down funds, to repay funds drawn under the new facility and/or to cancel the facility, entirely or partially, prior to its expiry date.

In addition to the new RCF referred to above, Northam secured a complete special covenant holiday in respect of all debt covenants applicable to the existing revolving credit facility that pertain to, or are calculated with reference to Northam's earnings before interest, tax, depreciation and amortisation over the next three measuring periods. The covenant holiday will also apply to the new RCF.

Ayanda Khumalo,
Financial director
27 September 2013

MINERAL RESOURCE AND RESERVE STATEMENT

Resources and reserves reflected in this statement are reported on a Northam attributable basis, and include those which are either from properties that are wholly owned by Northam or its wholly owned subsidiaries, or joint venture properties in which Northam holds a stake.

Mineral resources are reported and are inclusive of mineral reserves.

SCOPE OF REPORTING

Resources and reserves reflected in this statement include those from the following properties:

Zondereinde, the company's wholly-owned platinum group metal (PGM) mine, located in the Thabazimbi area of the Limpopo province and within the northern portion of the western limb of the Bushveld Complex. This includes both the Zondereinde and the Middeldrift portions of the property;

Booysendal, 100% owned by Northam's wholly-owned subsidiary, Micawber 278 Proprietary Limited (Micawber) and situated in the southern portion of the eastern limb of the Bushveld Complex;

Dwaalkop, located in the northern portion of the eastern limb of the Bushveld Complex, and in which Northam holds a 50% stake through its wholly-owned subsidiary Mvelaphanda Resources. Dwaalkop is managed by Lonmin plc (Lonmin);

Pandora, located in the Brits area of North West province and within the southern portion of the western limb of the Bushveld Complex, and in which Northam holds a 7.5% stake. Pandora is managed by Lonmin.

KEY POINTS AND SIGNIFICANT REVISIONS FROM LAST YEAR

A decrease in the indicated Normal Merensky reef resource at Zondereinde, owing to reinterpretation of the regional transition location in the east of the property. This follows new drilling in the area.

A 30% increase in the Pandora resource, following a drilling programme conducted in 2011.

REGULATORY COMPLIANCE

The mineral resource and mineral reserve statements for Northam Platinum Limited have been prepared under the guidance of the company's Lead Competent Persons who are duly registered with the South African Council for Professional and Technical Surveyors (PLATO) and/or with the South African Council for Natural Scientific Professions (SACNASP). This ensures that the mineral resource and mineral reserve statements comply with the provisions of the South African Code for Reporting of Mineral Resources and Mineral Reserves of 2007, revised in 2009 (SAMREC 2009). The company's competent persons have taken cognisance of definitions included in the code. The mineral resource and mineral reserve quantities reported here are considered to be fully compliant in all material respects with the requirements of the code, and the lead competent persons have given written confirmation of such.

Definitions of the various mineral resource and mineral reserve categories as well as the requirements for reporting of exploration results may be found at:
www.samcode.co.za/downloads/SAMREC2009.pdf.

STATUS OF MINERAL RIGHTS

Resources reflected in this statement include those of the Zondereinde and Booysendal concessions which are wholly owned by Northam or its wholly-owned subsidiaries. In addition, Northam holds a 7.5% stake in the Pandora joint venture and a 50% stake in the Dwaalkop joint venture, both of which are managed by Lonmin, through its subsidiaries, Eastern Platinum Limited, and Western Platinum Limited respectively.

Northam holds new order mining rights over both the Zondereinde and Booysendal mines.

The Pandora mine operates under a new order mining right which was converted from an old order right in 2013.

The Dwaalkop joint venture holds a new order prospecting right over the Dwaalkop prospect. This right is subject to a renewal application. An application for a new order mining right was submitted in 2009 and is being processed.

Northam further holds eight new order prospecting rights over the Kokerboom prospect, granted in 2009. Kokerboom is an iron oxide copper gold and massive sulphide copper zinc exploration prospect covering some 1 000 000 hectares of the Northern Cape Province of the Republic of South Africa. A prospecting work programme is currently in progress and no resource or reserve has yet been estimated.

Prospecting and mining rights are held in good order, and Northam perceives no risk to its rights to continue prospecting for and mining of minerals over any of its properties.

CONTINUING OPERATIONS

The company confirms that it is not aware of any legal or arbitration proceedings, either pending or threatened, which may have or have had a material effect on the financial position of the company and its subsidiaries.

Further to this, the risk management section on pages 56 to 59 of this report analyses potential risks which may impact the company's ability to continue its activities.

ENVIRONMENTAL LIABILITIES

The company's environmental obligations are managed in terms of approved environmental management plans. Compliance with the plans is audited by independent external parties on a regular basis. Details of the environmental liabilities are contained in note 20 to the 2013 annual financial statements and details of the funding of the environmental liabilities are contained in notes 10 and 11 to the 2013 annual financial statements.

A summary of mineral rights held and managed by Northam is tabulated below:

Property	Type of right	Status
Zondereinde mine	New order mining right	Converted mining right
Booysendal mine	New order mining right	Converted mining right
Pandora mine	New order mining right	Converted mining right
Dwaalkop prospect	New order prospecting right	Application for a new order mining right in process
Kokerboom prospect	New order prospecting rights	Eight new order prospecting rights granted

GROUP RESOURCES AND RESERVES

The following tables summarise the mineral resources and reserves attributable to Northam for both the current and previous year. Notes on the reporting criteria are pertinent, together with specific notes to this section.

NORTHAM GROUP RESOURCE ESTIMATE (combined measured, indicated and inferred)

		3PGE + Au as at 30 June 2013			3PGE + Au as at 30 June 2012		
Reef	Mine	Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Booysendal North	164.90	5.32	28.22	164.90	5.32	28.22
	Booysendal South	90.57	3.54	10.32	90.57	3.54	10.32
	Booysendal UG2 Mine	0.00	0.00	0.00	0.00	0.00	0.00
	Dwaalkop[1]	38.05	2.98	3.64	38.05	2.98	3.64
	Pandora[1]	0.00	0.00	0.00	0.00	0.00	0.00
	Zondereinde	169.09	7.37	40.08	172.42	7.39	40.96
	Total	**462.61**	**5.53**	**82.26**	**465.93**	**5.55**	**83.14**
UG2	Booysendal North	328.77	3.61	38.19	328.77	3.61	38.19
	Booysendal South	208.10	3.10	20.74	208.10	3.10	20.74
	Booysendal UG2 Mine	40.75	4.36	5.71	41.88	4.34	5.85
	Dwaalkop[1]	37.56	4.35	5.25	37.56	4.35	5.25
	Pandora[1]	14.25	4.65	2.13	11.77	4.29	1.62
	Zondereinde	248.35	5.08	40.59	248.84	5.09	40.72
	Total	**877.78**	**3.99**	**112.62**	**876.92**	**3.99**	**112.37**
Combined	Booysendal North	493.67	4.18	66.41	493.67	4.18	66.41
	Booysendal South	298.67	3.23	31.06	298.67	3.23	31.06
	Booysendal UG2 Mine	40.75	4.36	5.71	41.88	4.34	5.85
	Dwaalkop[1]	75.61	3.66	8.90	75.61	3.66	8.90
	Pandora[1]	14.25	4.65	2.13	11.77	4.29	1.62
	Zondereinde	417.45	6.01	80.67	421.25	6.03	81.67
	Total	**1 340.38**	**4.52**	**195.88**	**1 342.85**	**4.53**	**195.51**

1 *Current resources and reserves of Pandora and Dwaalkop are quoted as at 30 September 2012, while those of the previous year are at 30 September 2011.*

NORTHAM GROUP RESERVE ESTIMATE (combined proven and probable)

		3PGE + Au as at 30 June 2013			3PGE + Au as at 30 June 2012		
Reef	Mine	Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Booysendal North	0.00	0.00	0.00	0.00	0.00	0.00
	Booysendal South	0.00	0.00	0.00	0.00	0.00	0.00
	Booysendal UG2 Mine	0.00	0.00	0.00	0.00	0.00	0.00
	Dwaalkop[1]	13.66	2.61	1.15	13.66	2.61	1.15
	Pandora[1]	0.00	0.00	0.00	0.00	0.00	0.00
	Zondereinde	12.80	5.84	2.40	16.24	5.66	2.96
	Total	**26.46**	**4.17**	**3.55**	**29.90**	**4.27**	**4.10**
UG2	Booysendal North	0.00	0.00	0.00	0.00	0.00	0.00
	Booysendal South	0.00	0.00	0.00	0.00	0.00	0.00
	Booysendal UG2 Mine	33.27	2.96	3.17	34.06	2.95	3.23
	Dwaalkop[1]	16.10	3.30	1.71	16.10	3.30	1.71
	Pandora[1]	1.36	4.02	0.18	1.09	4.14	0.14
	Zondereinde	34.24	4.39	4.83	34.48	4.30	4.77
	Total	**84.97**	**3.62**	**9.88**	**85.73**	**3.57**	**9.85**
Combined	Booysendal North	0.00	0.00	0.00	0.00	0.00	0.00
	Booysendal South	0.00	0.00	0.00	0.00	0.00	0.00
	Booysendal UG2 Mine	33.27	2.96	3.17	34.06	2.95	3.23
	Dwaalkop[1]	29.76	2.98	2.85	29.76	2.98	2.85
	Pandora[1]	1.36	4.02	0.18	1.09	4.14	0.14
	Zondereinde	47.04	4.78	7.23	50.72	4.74	7.72
	Total	**111.42**	**3.75**	**13.43**	**115.62**	**3.75**	**13.95**

[1] *Current resources and reserves of Pandora and Dwaalkop are quoted as at 30 September 2012, while those of the previous year are at 30 September 2011.*

Breakdowns of the mineral resources and reserves into their respective confidence categories may be found in the sections specific to the concessions.

COMPETENT PERSONS

The resource and reserve statement for the Zondereinde and Middeldrift portions of Zondereinde mine were compiled by Charl van Jaarsveld, BSc (Hons) Geology, Pr.Sci.Nat. (400268/05), chief geologist at the Zondereinde mine with 10 years' experience relevant to Bushveld-related resource and reserve estimation.

The Booysendal resource statement was compiled by Meschak Mqadi; BSc (Hons) Geology, Pr.Sci.Nat. (MGSSA 966985), chief geologist at Booysendal UG2 North mine with five years' experience relevant to precious metal related resource estimation.

The Booysendal reserve statement was compiled by Willie Theron, BSc (Hons) Mining, Pr. Cert Eng, ECSA (200790030), Manager: Mining at Booysendal UG2 North mine with 17 years' experience of Bushveld-related underground mining and reserve estimation.

Resource and reserve estimates for both Zondereinde and Booysendal were reviewed by Damian Smith, BSc (Hons) Geology, MSc, Pr.Sci. Nat. (400323/04), principal member of Prospect Geoservices with 23 years' experience in mining and exploration geology, 17 years of which are relevant to Bushveld-related resource and reserve estimation.

The resource and reserve estimates for the Pandora joint venture were prepared by a team from both Anglo Platinum and Lonmin. Resources were signed off by Jeremy Witley (Lonmin) and Paul Stevenson (Anglo Platinum), whilst reserves were signed off by Jonathan Hudson (Lonmin).

The resource and reserve estimates for the Dwaalkop joint venture were prepared by a team from Snowden Mining Industry Consultants (Resources) and from AMC Consulting (Pty) Limited (Reserves). Resources were signed off by Jeremy Witley (Lonmin), whilst reserves were signed off by Jonathan Hudson (Lonmin).

Contact details for Northam's lead competent persons authorising publication of the resource estimates are contained within the notes on reporting criteria within this report.

GEOLOGICAL SETTING – THE BUSHVELD COMPLEX

The 2 billion year old Bushveld Complex is the largest layered igneous complex in the world, and is the repository for around 85% of known global PGM resources. Extending over an area of some 67 000km^2 within the north-eastern portion of the Republic of South Africa, it contains the intrusive, mafic-ultramafic Rustenburg Layered Suite (RLS), which outcrops as three main acicular limbs, namely the western, eastern and northern limbs (see figure on page 32), and ranges in thickness from 7km to 12km.

The magmatic layering in the RLS is laterally persistent and can be correlated throughout most of the complex. Layering is generally shallow dipping towards the centre of the complex. The RLS stratigraphy is sub-divided into five zones, which are, from lowest to highest; the marginal zone, the lower zone, the critical zone (which is further subdivided into a lower and upper unit), the main zone and the upper zone.

PGM and associated precious and base metal mineralisation is hosted in or adjacent to chromitite seams located within the upper critical zone of the RLS. There are two significant ore bodies from which 75% of global primary PGM production is derived, these being the UG2 and Merensky reefs. The vertical separation between the UG2 and Merensky reefs is variable across the Bushveld Complex, ranging from 20m to 140m on the western limb and between 170m and 400m on the eastern limb.

Historically, PGM production was concentrated on the western limb, but in recent years the eastern limb has been the focus of new mine development.

The two wholly-owned Northam properties, the Zondereinde and Booysendal mines contain resources of both the UG2 and Merensky reefs.

ZONDEREINDE MINE

Zondereinde mine is situated in the northern portion of the western limb of the Bushveld Complex, approximately 30km south of the town of Thabazimbi in the Limpopo province of the Republic of South Africa. The mining concession covers some 7 625 hectares underlain by both the Merensky and UG2 ore bodies, which dip at approximately 20˚ and extend from a depth of 1 100 metres below surface to 2 900 metres below surface.

The company exploits both the Merensky and UG2 reefs of the upper critical zone of the Bushveld Complex. While there is lateral continuity of both reefs across the mine property, the Merensky reef displays a variety of reef types. The distribution of these is determined from a combination of surface exploration boreholes, ongoing prospect drilling from underground development, and reef mapping in development and stoping. In contrast to the Merensky Reef, the UG2 displays little variation in reef attributes.

The Bushveld sequence at Zondereinde is typical of the northern portion of the western limb. The critical zone stratigraphy is telescoped and dominated by mafic lithologies. Vertical separation between the UG2 and Merensky reefs is in the range of 20m to 40m.

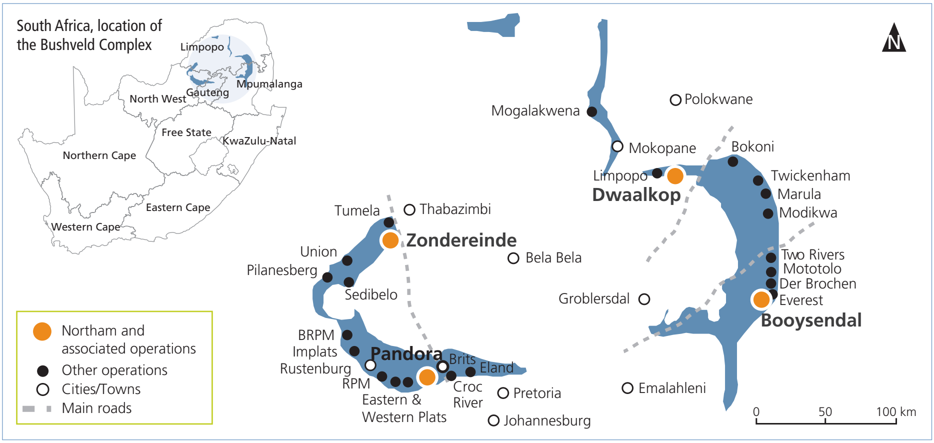
Combined geological and extraction losses were discounted from the resources for both reefs. These comprised pothole and structural losses as well as other pillar losses. Discount losses vary per Merensky reef type and resource category, but average at 26% for Merensky reef and 48% for UG2.

History and mining activities

Development of Zondereinde mine started in 1986, following a five year exploration programme. Mining of ore, commissioning of a PGM concentrator, smelter and base metal removal plant and the sale of first PGMs came in 1993. The mine originally exploited only the Merensky reef resource, but the commissioning of a UG2 concentrator in 2000, together with the necessary underground ore handling systems, allowed mining and processing of UG2. The mine produces approximately 2 000 000 tonnes of ore per annum, generating in the order of 300 000oz of 3PGE+Au in final concentrate together with associated precious and base metal by-products.

Underground mining focuses on the exploitation of PGM ores by means of traditional narrow tabular reef drill and blast mining methods. A standard breast mining layout is used at Northam. The vertical interval (distance) between levels is 63 metres. With the orebody dipping at 20°, this provides a raise length of 180 metres allowing for six panels of 30 metres each per raise connection. Strike gullies are inclined at 10° above the strike direction.
A dip gully handles the ore transported via the

BUSHVELD LOCATION PLAN INDICATING CURRENT PGM MINING OPERATIONS



strike gullies to three orepasses situated in the original raise, all of which are fitted with radial-door control chutes. Ore is transported to the main shaft ore passes by battery powered locomotives (locos) pulling spans of eight hoppers. Broken ore is transported to a conventional shaft ore-pass system, with separate rock handling facilities for Merensky reef, UG2 reef and waste.

Mining is successfully conducted using hydropowered equipment such as rock drills and high pressure water-jets in conjunction with electric scraper winches.

The underground workings are accessed from a twin shaft system. No 1 shaft extends to 13 level (2 039 metres below surface) and No 2 shaft serves workings down to 8 level (1 724 metres below surface). The shafts are 90 metres apart and are interconnected at an intermediate pump chamber (IPC) at 1 019 metres below surface, and also on levels 4, 6, 7, 8 and 9. Workings below 13 level are serviced by a decline access way, designed to accommodate both people and materials, and equipped with a conveyor belt system that transports the broken rock.

Merensky reef

The Merensky reef is a zone of mineralisation which straddles the base of the Merensky cyclic unit. In the area of Zondereinde mine the Merensky reef consists of two sub-facies of the Zwartklip facies of the RLS, namely the normal and regional pothole sub-facies. The latter may be further subdivided into three reef types, each of which occurs at a specific stratigraphic level below that of the normal reef sub-facies. These being NP2 and P2, which constitute the main sources of ore, and FWP2 which, whilst not considered a primary mining target due to the undulating nature of this reef type, is successfully exploited in the south western quadrant of the current mining area where it displays lesser disruption.

The stoping cut on the Merensky reef is dependent upon the reef type mined, and the geozone in which it is located. In all stoping cuts, the Merensky chromitite is exposed with a minimum of 10cm of the overlying mineralised Merensky pyroxenite as hanging wall.

The measured resource is an estimate of the *in situ* tonnage, grade and 4E PGM ounces that have been exposed through development and are immediately available for mining. The Merensky measured resource has increased from 2.41Mt (631 000oz) in June 2012 to 2.79Mt (740 000oz) in June 2013. This is the result of an increase to the exposed Merensky resource, combined with the application of a higher resource grade owing to a higher proportion of high grade P2 reef in the north western portions of the resource block.

The Merensky indicated and inferred resources have declined as a result of a lower normal Merensky reef contribution, which dominates the deeper portions of Zondereinde mine within the indicated and inferred resource categories. This is a consequence of a down-dip reinterpretation of the regional transition from normal to regional pothole sub-facies in the eastern portion of the mine, following new drilling in this area.

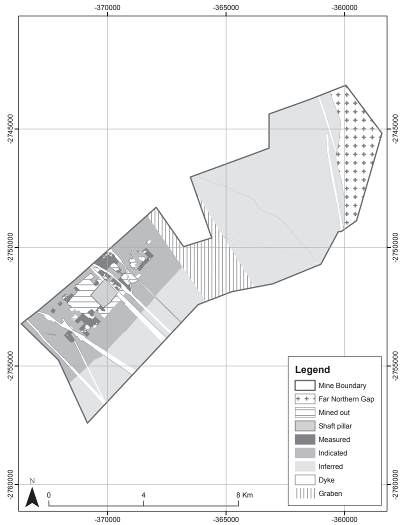
UG2 reef

The UG2 reef at Zondereinde mine is remarkably conformable when compared with the Merensky reef. Disruption, in the form of potholes and reef

ZONDEREINDE RESOURCES AND RESERVES

Zondereinde Merensky resource classification 2013

Zondereinde UG2 resource classification 2013



rolls, is extremely limited and localised. The reef consists of three chromitite seams separated by narrow pyroxenite partings. The lower seam, termed the main member, is generally in the order of 85cm thick, and is overlain by two leader seams, each in the order of 15cm thick. Total reef thickness, inclusive of a portion of mineralized reef footwall, is in the order of 150cm to 160cm. There is no basis for subdividing the UG2 reef into facies types.

Historically, UG2 mining has been limited to de-stressed areas underlying previously mined Merensky reef. Furthermore, a full reef cut is mined, which enhances metal output, hanging wall stability and safe working practices.

The measured resource is an estimate of the *in situ* tonnage, grade and PGM ounces that have been exposed through development and are immediately available for mining. The UG2 measured resource has increased from 3.82Mt (622 000oz) in June 2012 to 4.52Mt (730 000oz) in June 2013. This is the result of an increase in exposed UG2 resource and is in line with mining depletion and planned development of the UG2 reef, partially offset by a marginally reduced resource grade due to the application of a wider channel. The UG2 indicated resource has declined in line with mining depletion. The UG2 inferred resource is essentially unchanged.

ZONDEREINDE RESOURCE ESTIMATE

		3PGE + Au as at 30 June 2013			3PGE + Au as at 30 June 2012		
Reef	Category	Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Measured	2.79	8.29	0.74	2.41	8.15	0.63
	Indicated	19.76	7.09	4.50	23.29	7.13	5.34
	Inferred	146.54	7.39	34.83	146.72	7.42	34.99
	Total	**169.09**	**7.37**	**40.08**	**172.42**	**7.39**	**40.96**
UG2	Measured	4.52	5.04	0.73	3.82	5.06	0.62
	Indicated	36.64	5.04	5.94	37.78	5.06	6.15
	Inferred	207.20	5.09	33.92	207.23	5.09	33.95
	Total	**248.35**	**5.08**	**40.59**	**248.84**	**5.09**	**40.72**
Combined	Measured	7.31	6.28	1.48	6.23	6.26	1.25
	Indicated	56.40	5.76	10.44	61.07	5.85	11.49
	Inferred	353.74	6.05	68.75	353.95	6.06	68.93
	Total	**417.45**	**6.01**	**80.67**	**421.25**	**6.03**	**81.67**

ZONDEREINDE RESERVE ESTIMATE

		3PGE + Au as at 30 June 2013			3PGE + Au as at 30 June 2012		
Reef	Category	Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Proven	3.29	6.14	0.65	2.94	5.96	0.56
	Probable	9.51	5.73	1.75	13.30	5.59	2.39
	Total	**12.80**	**5.84**	**2.40**	**16.24**	**5.66**	**2.96**
UG2	Proven	4.78	4.39	0.67	4.02	4.30	0.56
	Probable	29.49	4.39	4.16	30.46	4.30	4.21
	Total	**34.24**	**4.39**	**4.83**	**34.48**	**4.30**	**4.77**
Combined	Proven	8.07	5.10	1.32	6.69	5.00	1.12
	Probable	38.97	4.72	5.91	43.76	4.69	6.61
	Total	**47.04**	**4.78**	**7.23**	**50.72**	**4.74**	**7.72**

					% metal content		
Prill splits	Pt	Pd	Rh	Au	Cr_2O_3	Cu	Ni
UG2	57.7	30.9	10.3	1.0	27.6	0.021	0.123
Merensky	63.0	29.2	5.2	2.6	0.8	0.072	0.164

BOOYSENDAL MINE

The Booysendal concession is located in the southern compartment of the eastern limb of the Bushveld Complex, approximately 35km west of the town of Mashishing (formerly Lydenburg), straddling the border of Limpopo and Mpumalanga provinces in the Republic of South Africa.

The concession covers some 15 151 hectares and hosts both the UG2 and Merensky ore bodies, which outcrop over a strike length of 14.5km and dip at approximately 10° to the west.

The resource estimate is informed by exploration data, together with channel sampling from on-reef development within the UG2 North mine. 90% of the exploration drilling was conducted within 2.5km down-dip of outcrop. Drill hole spacing in this near outcrop area ranges from 150m to 400m. Channel samples are located at 15m intervals within on-reef development and stoping.

A study to determine the feasibility of mining UG2 and Merensky reefs within the northern most 8km of Booysendal strike, over a dip extent from outcrop of approximately 2km, was completed in September 2009. Development of a UG2 mine (UG2 North mine) in the northernmost 4km of strike started in May 2010.

In May 2011, Northam concluded an agreement to dispose of mineral rights within the southern section of the Booysendal concession, comprising some 6 620 hectares. The transaction required the fulfilment or waiver of various conditions precedent, including, among others, a section 102 consent by the Minister of Mineral Resources. The agreement lapsed at the end of April 2013 through the expiry of time without the section 102 approval having been obtained.

In light of these developments, the resource estimate for the Booysendal concession is subdivided into three sections, these being the southern section of Booysendal subject, which was subject to a sale transaction (Booysendal South); the UG2 North mine; and the remainder of the northern section of the concession (Booysendal North). A mineral reserve estimate is presented for the UG2 North mine only.

The Bushveld sequence at Booysendal is similar to that found across the southern compartment of the eastern limb. The critical zone stratigraphy is fully developed and middling between the UG2 and Merensky reefs is in the order of 175m in the northern portion of Booysendal. The sequence is, however subject to thinning in the southern portion, which is linked to the Bushveld rocks abutting basement highs. The impact of this 'abutment' is further manifested in disruption to surface morphology and internal structure of the two reefs. This has led to the characterisation of three geozones within the Booysendal concession, these being the normal, slump and abutment geozones. Despite this progressive disruption to the south, the continuity of the reef surfaces is robust across the property.

The internal structure of the UG2 reef is similar to that found on the Bushveld western limb, whilst the Merensky reef is typical of the northern portion of the Bushveld eastern limb.

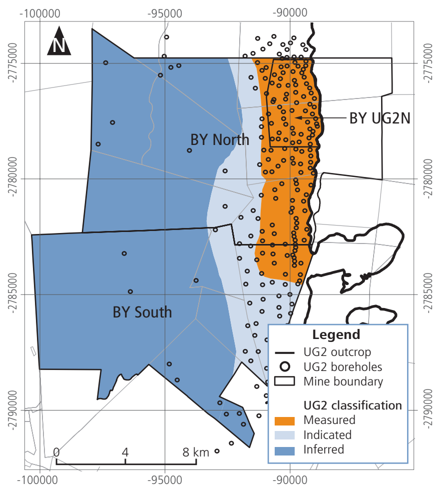
The UG2 reef consists of an upper leader chromitite and a lower main chromitite with a combined thickness of some 140cm. These seams are generally juxtaposed or merged, but can display variable internal silicate partings.

The Merensky reef is the upper mineralized portion of the Merensky pyroxenite, generally extending over 110cm. The Merensky reef is immediately overlain by a sequence of competent norites.

Resources were estimated over the reef channels. For the UG2 reef, the reef channel extends from the top of the leader chromitite to the base of the main chromitite seam. For the Merensky reef, the reef channel extends from the top of the Merensky pyroxenite to a sample grade cut off of 1g/t, with a minimum mining channel width of 80cm applied.

BOOYSENDAL RESOURCES AND RESERVES

UG2 resource classes



Geological losses were discounted from the resources for both reefs. These comprised pothole and structural losses. In the north and UG2 North mine sections of the concession, geological losses amounted to 24% and 23% for the UG2 and Merensky reefs respectively. In the south section of the concession, geological losses of 30% and 23% were applied respectively. Furthermore, a channel cut-off 4E grade of 2.5g/t was applied to estimated blocks in all three sections. In addition, a 30m thick surface oxidized zone was discounted along the lines of outcrop of both reefs.

Resource categorisation was based upon a combination of quantitative geostatistical parameters, together with a qualitative appreciation of orebody continuity informed by the resource database together with data from surrounding properties.

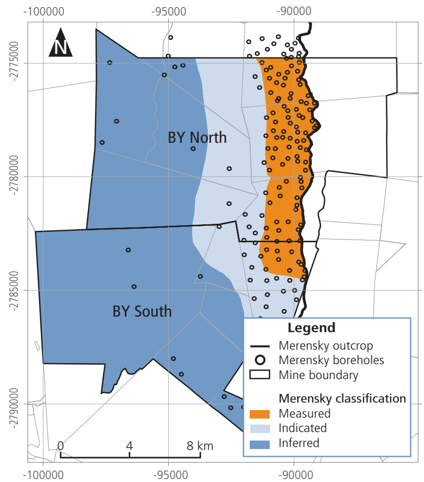
MINE DESIGN AND MINING ACTIVITIES

The UG2 North mine is an underground, mechanised bord and pillar mine, accessed from surface via a ramp decline system, comprising three declines on the plane of reef and one decline situated 20m into the footwall of the reef, containing a belt for ore handling.

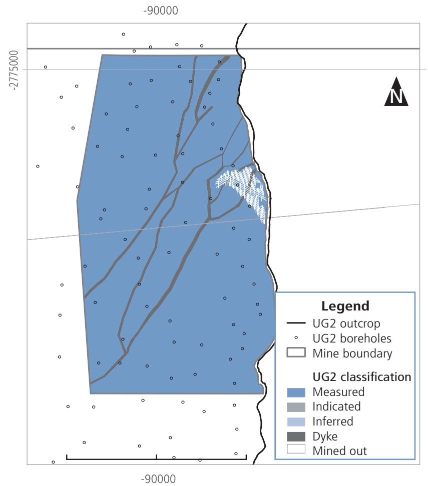
Mining sections extend over a dip length of 144m, equating to a vertical interval of 25m. Strike drives are inclined at 5° above the line of strike, strike belts within the drives will transport ore to the central decline system, tipping through an ore pass system to the footwall belt for transport to a UG2

BOOYSENDAL RESOURCES AND RESERVES

Merensky resource classes



Booysendal UG2 North mine UG2 resource classes



concentrator plant on surface. Mechanised boom rigs and LHDs are employed in mining and development.

The mine is planned with a life of 25 years, to produce 2 250 000 tonnes of ore per annum at steady state, generating in the order of 160 000oz of metals in concentrate (3PGE+Au), together with associated precious and base metal by-products.

It is in build-up phase and is expected to reach steady state in 2016.

BOOYSENDAL RESOURCES AND RESERVES

The UG2 measured resource for the UG2 North mine has decreased from 41.88Mt (5.85Moz) in June 2012 to 40.75Mt (5.71Moz) in June 2013, as a result of mining depletion.

BOOYSENDAL UG2 NORTH MINE RESOURCE ESTIMATE

		3PGE + Au as at 30 June 2013			3PGE + Au as at 30 June 2012		
Reef	Category	Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Measured	0.00	0.00	0.00	0.00	0.00	0.00
	Indicated	0.00	0.00	0.00	0.00	0.00	0.00
	Inferred	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
UG2	Measured	40.75	4.36	5.71	41.88	4.34	5.85
	Indicated	0.00	0.00	0.00	0.00	0.00	0.00
	Inferred	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**40.85**	**4.36**	**5.71**	**41.88**	**4.34**	**5.85**
Combined	Measured	40.75	4.36	5.71	41.88	4.34	5.85
	Indicated	0.00	0.00	0.00	0.00	0.00	0.00
	Inferred	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**40.75**	**4.36**	**5.71**	**41.88**	**4.34**	**5.85**

BOOYSENDAL UG2 NORTH MINE RESERVE ESTIMATE

		3PGE + Au as at 30 June 2013			3PGE + Au as at 30 June 2012		
Reef	Category	Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Proven	0.00	0.00	0.00	0.00	0.00	0.00
	Probable	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
UG2	Proven	33.27	2.96	3.17	34.06	2.95	3.23
	Probable	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**33.27**	**2.96**	**3.17**	**34.06**	**2.95**	**3.23**
Combined	Proven	33.27	2.96	3.17	34.06	2.95	3.23
	Probable	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**33.27**	**2.96**	**3.17**	**34.06**	**2.95**	**3.23**

					% metal content		
Prill splits	Pt	Pd	Rh	Au	Cr_2O_3	Cu	Ni
UG2	57.2	32.6	9.3	0.9	24.9	0.008	0.085
Merensky	–	–	–	–	–	–	–

All categories of the Merensky and UG2 resources for Booysendal North and South are unchanged from the previous reporting period.

BOOYSENDAL NORTH RESOURCE ESTIMATE

		3PGE + Au as at 30 June 2013			3PGE + Au as at 30 June 2012		
Reef	Category	Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Measured	33.30	5.37	5.75	33.30	5.37	5.75
	Indicated	46.34	5.43	8.08	46.34	5.43	8.08
	Inferred	85.26	5.25	14.39	85.26	5.25	14.39
	Total	**164.90**	**5.32**	**28.22**	**164.90**	**5.32**	**28.22**
UG2	Measured	51.73	3.88	6.45	51.73	3.88	6.45
	Indicated	46.23	4.66	6.92	46.23	4.66	6.92
	Inferred	230.81	3.34	24.82	230.81	3.34	24.82
	Total	**328.77**	**3.61**	**38.19**	**328.77**	**3.61**	**38.19**
Combined	Measured	85.03	4.46	12.20	85.03	4.46	12.20
	Indicated	92.57	5.04	15.00	92.57	5.04	15.00
	Inferred	316.07	3.86	39.21	316.07	3.86	29.21
	Total	**493.67**	**4.18**	**66.41**	**493.67**	**4.18**	**66.41**

					% metal content		
Prill splits	Pt	Pd	Rh	Au	Cr_2O_3	Cu	Ni
UG2	56.9	33.7	8.5	0.8	26.7	0.007	0.075
Merensky	59.0	31.0	2.4	7.7	0.8	0.141	0.301

BOOYSENDAL SOUTH RESOURCE ESTIMATE

		3PGE + Au as at 30 June 2013			3PGE + Au as at 30 June 2012		
Reef	Category	Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Measured	3.80	2.46	0.30	3.80	2.46	0.30
	Indicated	15.79	3.15	1.62	15.79	3.15	1.62
	Inferred	70.80	3.69	8.40	70.80	3.69	8.40
	Total	**90.57**	**3.54**	**10.32**	**90.57**	**3.54**	**10.32**
UG2	Measured	14.60	3.41	1.60	14.60	3.41	1.60
	Indicated	52.90	3.43	5.84	52.90	3.43	5.84
	Inferred	140.60	2.94	13.30	140.60	2.94	13.30
	Total	**208.10**	**3.10**	**20.74**	**208.10**	**3.10**	**20.74**
Combined	Measured	18.40	3.21	1.90	18.40	3.21	1.90
	Indicated	68.87	3.37	7.46	68.87	3.37	7.46
	Inferred	211.40	3.19	21.70	211.40	3.19	21.70
	Total	**298.67**	**3.23**	**31.06**	**298.67**	**3.23**	**31.06**

					% metal content		
Prill splits	Pt	Pd	Rh	Au	Cr_2O_3	Cu	Ni
UG2	60.6	28.6	9.5	1.2	26.0	0.010	0.071
Merensky	57.1	33.1	2.6	7.3	0.8	0.096	0.221

PANDORA RESOURCE ESTIMATE

		3PGE + Au as at 30 September 2012			3PGE + Au as at 30 September 2011		
Reef	Category	Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Measured	0.00	0.00	0.00	0.00	0.00	0.00
	Indicated	0.00	0.00	0.00	0.00	0.00	0.00
	Inferred	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
UG2	Measured	2.00	4.81	0.31	0.93	4.84	0.14
	Indicated	10.52	4.61	1.56	3.42	4.52	0.50
	Inferred	1.72	4.73	0.26	7.42	4.12	0.98
	Total	**14.25**	**4.65**	**2.13**	**11.77**	**4.29**	**1.62**
Combined	Measured	2.00	4.81	0.31	0.93	4.84	0.14
	Indicated	10.52	4.61	1.56	3.42	4.52	0.50
	Inferred	1.72	4.73	0.26	7.42	4.12	0.98
	Total	**14.25**	**4.65**	**2.13**	**11.77**	**4.29**	**1.62**

PANDORA RESERVE ESTIMATE

		3PGE + Au as at 30 September 2012			4E PGM as at 30 September 2011		
Reef	Category	Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Proven	0.00	0.00	0.00	0.00	0.00	0.00
	Probable	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
UG2	Proven	0.11	4.30	0.01	0.08	4.39	0.01
	Probable	1.25	4.00	0.16	1.01	4.12	0.13
	Total	**1.36**	**4.02**	**0.18**	**1.09**	**4.14**	**0.14**
Combined	Proven	0.11	4.30	0.01	0.08	4.39	0.01
	Probable	1.25	4.00	0.16	1.01	4.12	0.13
	Total	**1.36**	**4.02**	**0.18**	**1.09**	**4.14**	**0.14**

					% metal content		
Prill splits	Pt	Pd	Rh	Au	Cr_2O_3	Cu	Ni
UG2	60.5	28.0	11.1	0.4	no data	0.004	0.024
Merensky	–	–	–	–	–	–	–

DWAALKOP RESOURCE ESTIMATE

		3PGE + Au as at 30 September 2012			3PGE + Au as at 30 September 2011		
Reef	Category	Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Measured	0.00	0.00	0.00	0.00	0.00	0.00
	Indicated	21.83	2.89	2.03	21.83	2.89	2.03
	Inferred	16.22	3.10	1.62	16.22	3.10	1.62
	Total	**38.05**	**2.98**	**3.65**	**38.05**	**2.98**	**3.64**
UG2	Measured	0.00	0.00	0.00	0.00	0.00	0.00
	Indicated	20.85	4.35	2.92	20.85	4.35	2.92
	Inferred	16.71	4.35	2.34	16.71	4.35	2.34
	Total	**37.56**	**4.35**	**5.25**	**37.56**	**4.35**	**5.25**
Combined	Measured	0.00	0.00	0.00	0.00	0.00	0.00
	Indicated	42.68	3.60	4.94	42.68	3.60	4.94
	Inferred	32.93	3.73	3.95	32.93	3.73	3.95
	Total	**75.61**	**3.66**	**8.90**	**75.61**	**3.66**	**8.90**

DWAALKOP RESERVE ESTIMATE

		3PGE + Au as at 30 September 2012			3PGE + Au as at 30 September 2011		
Reef	Category	Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Proven	0.00	0.00	0.00	0.00	0.00	0.00
	Probable	13.66	2.61	1.15	13.66	2.61	1.15
	Total	**13.66**	**2.61**	**1.15**	**13.66**	**2.61**	**1.15**
UG2	Proven	0.00	0.00	0.00	0.00	0.00	0.00
	Probable	16.10	3.30	1.71	16.10	3.30	1.71
	Total	**16.10**	**3.30**	**1.71**	**16.10**	**3.30**	**1.71**
Combined	Proven	0.00	0.00	0.00	0.00	0.00	0.00
	Probable	29.76	2.98	2.85	29.76	2.98	2.85
	Total	**29.76**	**2.98**	**2.85**	**29.76**	**2.98**	**2.85**

					% metal content		
Prill splits	Pt	Pd	Rh	Au	Cr_2O_3	Cu	Ni
UG2	47.1	42.8	7.9	2.2	no data	0.090	0.140
Merensky	56.8	31.8	4.2	7.2	no data	0.110	0.170

NOTES ON REPORTING CRITERIA

- Mineral resource tonnages and grades for Zondereinde are reported as estimates discounted for geological and mining pillar losses, all other mineral concessions are reported as estimates discounted for geological losses.
- Mineral resource tonnages and grades are *in situ* estimates inclusive of internal waste dilution, but exclusive of external waste dilution.
- PGM grade is expressed as corrected 4E (combined platinum, palladium, rhodium and gold) grade, this being synonymous with 3PGE+Au.
- PGM metal splits (platinum, palladium, rhodium and gold) are expressed as percentages of the combined 4E value.
- Base metal contents (chromite, copper and nickel) are expressed as weight percentages.
- Structural losses, due to faults, dykes and joints, include the volumes of expected bracket pillars required to be placed on such features.
- Kriging parameters are applied to discrete mining areas in order to estimate tonnage and metal content.
- Kriging parameters are derived from the interrogation of extensive sampling databases.
- Rounding of numbers in the tables may result in minor computational discrepancies; where this occurs it is deemed insignificant.
- The most reasonable mining width is assumed, based on practical mining conditions. 4E grade, as well as specific gravity are calculated for these widths.
- Total mineral resources and reserves attributable to Northam Platinum Limited are listed in the summary tables.
- Mineral resources for Pandora and Dwaalkop, reflecting Northam Platinum Limited's 7.5% and 50.0% respective attributable interests, are quoted as at the end of September 2012 and 2011 and are provided by Lonmin PLC.
- Measured and indicated mineral resources are reported separately and include those mineral resources modified to produce proven and probable mineral reserves.
- Whilst mineral resources are quoted as *in situ* resources, all reserves provided by Northam are quoted at run-of-mine (ROM) grades and tonnages as delivered to the concentrator plants on site and are therefore fully diluted.
- Mineral reserves for Zondereinde mine are quoted to 15 level (2 165 metres below surface).
- Mineral reserves for Booysendal relate to the first planned mining module, the UG2 North mine.
- Mineral reserves for Pandora and Dwaalkop are provided by Lonmin PLC and reflect Lonmin's reserve modifying factors.
- All references to tonnage are to the metric unit.
- All references to ounces are troy with a conversion factor of 31.103475 used to convert from metric grams to ounces.
- Contact details for lead competent persons are:
  - Mr C van Jaarsveld, chief geologist at Zondereinde mine, PO Box 441, Thabazimbi 0380
  - Mr M Mqadi, chief geologist at Booysendal UG2 North mine.
  - Mr W Theron, mining manager at Booysendal UG2 North mine, PO Box 412694, Craighall 2024
  - Mr D Smith, principal member of Prospect Geoservices, PO Box 37876, Faerie Glen 0043

CORPORATE GOVERNANCE REPORT

The board of directors subscribes to and promotes the highest standards of integrity and good corporate governance throughout the group. The board and management recognise that, in order to safeguard the interests of stakeholders, all of their actions must be guided by full accountability and transparency.

The board is guided by the board charter, memorandum of incorporation (MOI), the Companies Act No 71 of 2008 (Companies Act), the equity and debt listings requirements of the JSE (JSE listings requirements), the third King Report on Corporate Governance for South Africa 2009 (King III), the Global Reporting Initiative (GRI) as well as other applicable legislation. The board is also responsible for the corporate strategy of the group, which is executed within the confines of its corporate governance structure.

GOVERNANCE STRUCTURE – AT 30 JUNE 2013

Board of directors

NON-EXECUTIVE DIRECTORS:	EXECUTIVE DIRECTORS:	INDEPENDENT NON-EXECUTIVE DIRECTORS:
PL Zim (non-executive chairman) JAK Cochrane	GT Lewis (chief executive officer) AZ Khumalo (financial director)	AR Martin (lead independent) ME Beckett NJ Dlamini (Dr) ET Kgosi R Havenstein CK Chabedi

Board committees

AUDIT AND RISK COMMITTEE:	HEALTH, SAFETY AND ENVIRONMENTAL COMMITTEE (HSE):	INVESTMENT COMMITTEE:	SOCIAL, ETHICS AND HUMAN RESOURCES COMMITTEE (SE&HR):
AR Martin (chairman) ME Beckett R Havenstein ET Kgosi	R Havenstein (chairman) CK Chabedi NJ Dlamini (Dr)	R Havenstein (chairman) CK Chabedi JAK Cochrane NJ Dlamini (Dr) AR Martin	ET Kgosi (Chairperson) ME Beckett NJ Dlamini (Dr) R Havenstein
By invitation: Management Internal audit External audit	**By invitation:** Management	**By invitation:** Management	**By invitation:** Management

BOARD OF DIRECTORS

As at 30 June 2013, the company's board comprised 10 directors, two of whom are executive directors, being the chief executive officer and the financial director. Of the eight non-executive directors, six are independent in terms of King III. Northam has a unitary board led by a non-executive chairman, Mr Lazarus Zim who was appointed in 2007. Mr Zim, although non-executive, is not independent and therefore a non-executive lead independent director, Mr Alwyn Martin, was appointed in 2010. In line with the company's MOI, at least 50% of board members must be historically disadvantaged persons. It is the responsibility of the board to ensure that its composition is appropriate in terms of skills, knowledge, experience and gender, in line with legislation and best corporate governance practice.

In terms of the company's MOI, one-third of the longest serving non-executive directors retire at each AGM and if eligible, may offer themselves for re-election. At the 2013 AGM, to be held on 6 November 2013, Mr CK Chabedi, Ms ET Kgosi and Mr AR Martin retire from office and being eligible, are available for re-election. Their biographies appear on pages 54 to 55.

BOARD MEETING ATTENDANCE

Date	24 Jul 2012	21 Aug 2012	7 Nov 2012	20 Feb 2013	23 Apr 2013	25 Jun 2013
PL Zim (chairman)	√	Apology	√	√	√	✆
GT Lewis (chief executive officer)	√	√	√	√	√	√
AZ Khumalo (financial director)	√	√	√	√	√	√
ME Beckett	√	√	√	√	√	√
CK Chabedi	√	√	√	√	√	✆
JAK Cochrane	√	✆	✆	Apology	√	✆
NJ Dlamini	√	√	√	√	√	√
ET Kgosi	√	√	√	√	√	√
R Havenstein	√	√	√	√	√	√
AR Martin (lead independent)	√	√	√	√	√	√
MSMM Xayiya *	Apology	√	Apology	N/A	N/A	N/A
MJ Willcox ** (alt to MSMM Xayiya)	✆	N/A	N/A	N/A	N/A	N/A

* resigned 7 December 2012
** resigned 5 November 2012

Key
√ attended ✆ participated telephonically N/A not applicable

CHANGES TO THE BOARD

During the year under review, Mr MJ Willcox resigned as alternate director to Mr MSMM Xayiya on 5 November 2012, and Mr MSMM Xayiya resigned as a director on 7 December 2012. Subsequent to year-end, Dr NJ Dlamini resigned as a director, with effect from 30 September 2013.

BOARD AND COMMITTEE MEETINGS

The board and its committees meet at least once a quarter; *ad hoc* meetings may also be called to consider specific issues. The investment committee meets as and when required, which may be more or less than four times a year. All directors are required to declare their directorships and interests. At each board and committee meeting they are requested to declare any conflict of interest in matters pending.

BOARD CHARTER AND COMMITTEE TERMS OF REFERENCE

The board of directors' charter articulates the objectives and responsibilities of the board. Each of the board committees operates in accordance with written terms of reference, which are regularly reviewed by the board. The board takes ultimate responsibility for the group's adherence to sound corporate governance standards and sees to it that all business decisions and judgements are made with reasonable care, skill and diligence. The revised board of directors' charter and the board committees' terms of reference are available on the Northam website at *www.northam.co.za.*

The key responsibilities of the board in terms of its charter are as follows:

- determining the group's strategy and related plans and objectives;
- delegating adequate powers to the chief executive officer and financial director in order to execute the group's strategy, achieve group objectives and run the group's business;
- implementing, maintaining and monitoring corporate governance practice with the company;
- determining the board's charter and the terms of reference of board committees;
- identifying and managing the risks of the group;
- ensuring board committees are mandated for specific tasks and that these committees are effective;
- reviewing performance of executive directors and senior management;
- approving the budget of the group, including capital and project expenditure;
- ensuring that there are effective risk and internal controls over all the business processes of the company, including that of information technology;
- considering and approving Northam's interim results, announcement of financial results, the annual financial statements, the sustainability report and the annual integrated report;
- reporting to shareholders and other stakeholders of the group;
- ensuring compliance with legislation and corporate governance rules; and
- ensuring the effectiveness of the board, board committees and their members.

ANNUAL PERFORMANCE EVALUATION OF BOARD AND COMMITTEES

An annual evaluation of the board; assessment of the board chairman and re-appointment thereto; individual director assessments including the executive directors, and the independence test prescribed by King III for directors classified as "independent" were undertaken during the year under review. Each of the board committees also conducted annual evaluations.

COMPANY SECRETARY

During the financial year, and in compliance with the JSE listings requirements, the board evaluated the performance of the company secretary and is satisfied that the company secretary is competent, suitably qualified and experienced. Furthermore, since she is not a director, nor is she related to or connected to any of the directors, thereby negating a potential conflict of interest, she maintains an arm's length relationship with the board.

The company secretary oversees corporate governance matters within the group in line with King III and the Companies Act and keeps board members and the chairman informed of relevant developments and their duties in this area.

The company secretary seeks to ensure compliance with all statutory and listing requirements relating to the group and ensures that minutes of meetings are kept for shareholder, board and committee meetings in terms of the Companies Act.

COMPLIANCE WITH KING III

The areas identified by the gap analysis conducted under the auspices of the audit and risk committee in 2011 as requiring attention, and the progress made to address these gaps, have been documented in previous annual integrated reports. King III is not a prescriptive document but is rather a series of recommendations which may be adopted on an "apply or explain" basis. Furthermore, Northam believes in going beyond compliance through the adoption, integration and embedding of the spirit and principles of governance as opposed to simply responding to and complying with rule sets and recommended codes. In terms of this, Northam does not apply King III in every aspect but in most recommendations. The group carefully considers each and every aspect of King III and complies as far as is practicable.

In terms of the above, Northam's compliance with the King III principles and recommendations, is available on the Northam website at *www.northam.co.za.*

COMPANIES ACT

On 1 May 2011 the Companies Act was introduced to regulate the corporate business landscape in South Africa. Companies were given a two year window period to implement the provisions of the Act. At the annual general meeting (AGM) in November 2012, shareholders approved the adoption of the company's MOI, in order to align it with the Companies Act, pursuant to which the authorised and issued ordinary share capital of the company was converted from ordinary shares having a nominal or par value of 1 cent each to ordinary shares not having a nominal or par value. The MOI of Northam's subsidiary companies were also updated in October 2012.

JSE LISTINGS REQUIREMENTS

As a listed entity Northam is required to comply with the JSE's listings requirements and certification of this is submitted to the JSE at the end of each calendar year. Northam's submissions are currently up to date.

SOUTH AFRICAN EMPLOYMENT EQUITY ACT OF 1998

In compliance with Section 21 of the Employment Equity Act 55 of 1998, the Company is obliged to file with the Department of Labour, the employment equity statistics for its South African workforce. A report was filed with the Department of Labour on 27 September 2012, covering the period 1 July 2011 to 30 June 2012. A copy of the report is available on the Company's website at *www.northam.co.za.*

Audit and risk committee members are elected at each AGM in line with the Companies Act and King III. To this end, shareholders will be required, at the forthcoming AGM to approve the necessary resolution appointing the committee. The committee is chaired by an independent non-

BOARD COMMITTEES
AUDIT AND RISK COMMITTEE

Attendance at audit and risk committee meetings

Date	20 Aug 2012	13 Sep 2012	5 Nov 2012	18 Feb 2013	22 Apr 2013
AR Martin (Chair)	√	√	√	√	√
ET Kgosi	√	√	√	√	√
ME Beckett	√	✆	√	√	√
R Havenstein	√	√	√	√	√
KC Chabedi (by invitation)*	N/A	√	N/A	N/A	N/A

** representative from the HSE Committee to review the 2012 sustainable development report.*

Key

√ attended ✆ participated telephonically N/A not applicable

executive director, who in this instance is also the lead independent director. All members of this committee are independent. The board is satisfied that members of the audit and risk committee have the requisite skills, understanding of corporate law and adequate practical experience relevant to the business of Northam. They also understand the International Financial Reporting Standards framework in terms of which Northam must report as a listed company.

The chief executive officer and financial director are permanent invitees to these meetings and, at appropriate times, both external and internal auditors are invited to attend. At least once a year, the external and internal audit plans are reviewed and approved for the year ahead. The internal audit plan is approved after management's input on focus areas needing attention. The committee also approves and reviews the risk management report twice yearly, based on management proposals that identify key risks and state the measures in place to mitigate these risks.

Audit and risk committee terms of reference

The key responsibilities of the committee's terms of reference are as follows:

- review and recommend to the board for approval the interim report and preliminary announcement of results, the annual financial statements, annual integrated report and the sustainability report;
- appoint and evaluate external auditors and their terms of engagement;
- appoint and evaluate the internal auditors and their mandate;
- approve the remuneration of external and internal auditors;
- ensure the independence of external and internal auditors;
- approve 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;

- ensure that company risks are properly assessed and monitored by management and that a risk register is maintained, and to ensure that such risks are adequately mitigated;
- ensure that internal controls of the company are implemented, effective and monitored; and
- ensure a cordial working relationship between management and external and internal auditors.

The risk assessment of the audit and risk committee also involves a review of the role of the information technology (IT) systems within the business, ensuring that IT risk and controls support business continuity. The committee reviews the risk register, which incorporates the legislation and regulatory compliance report, to ensure risks of the business are identified and mitigated against by management and laws and regulations are complied with by the group. It is also the responsibility of this committee to review the company's internal control policies on behalf of the board. The committee's report is available on page 69 of this document.

External audit

The group's external auditors, Ernst & Young Inc., have unrestricted access to the audit and risk committee. In accordance with the Companies Act, the committee reviewed and was satisfied that Mr M Herbst of Ernst & Young is independent of the Northam group of companies, in his capacity as the newly appointed designated auditor for the 30 June 2013 financial year. The committee noted the resignation of the previous designated auditor, Mr C Maongera. This committee is required to satisfy itself annually regarding the independence of the external auditors and to approve their audit plan and fees.

Internal audit

The internal audit function of the company is outsourced to KPMG Services Proprietary Limited. The audit and risk committee annually satisfies itself that the internal audit function is independent and effective. Internal audit also has unrestricted access to the audit and risk committee.

The annual approved scope of internal audit covers the following:

- testing the effectiveness of internal controls;
- checking IT risks and controls and ensuring their effectiveness; and
- checking the reliability and integrity of financial information.

HEALTH, SAFETY AND ENVIRONMENTAL (HSE) COMMITTEE

Attendance at HSE committee meetings

Date	20 Aug 2012	6 Nov 2012	19 Feb 2013	23 Apr 2013
R Havenstein (Chair)	√	√	√	√
NJ Dlamini	✆	Apology	√	√
CK Chabedi	√	√	✆	√

Key

√ attended ✆ participated telephonically

This committee's members are three independent non-executive directors. The chief executive officer is a permanent invitee to meetings of this committee. The committee meets every quarter.

The HSE committee is charged with ensuring the group's performance on such sustainability issues as safety, health and the environment at the mines, especially as they affect employees and communities in the areas in which the group operates. This committee has oversight of policies, records and reporting systems pertaining to typical occupational safety and other endemic health issues associated with the mining industry.

INVESTMENT COMMITTEE

Attendance at investment committee meetings

Date	27 Aug 2012	14 Nov 2012	28 Nov 2012	13 Mar 2013	27 May 2013	24 Jun 2013
R Havenstein (Chairman)	√	√	√	√	√	√
JAK Cochrane	✆	✆	✆	Recused	Recused	Recused
CK Chabedi *	N/A	N/A	N/A	√	√	✆
NJ Dlamini	✆	√	✆	√	✆	Apology
AR Martin	√	√	√	√	✆	√
MSMM Xayiya **	Apology	Apology	Recused	N/A	N/A	N/A
MJ Willcox *** (alt to M Xayiya)	✆	N/A	N/A	N/A	N/A	N/A

** appointed 20 February 2013*
*** resigned 7 December 2012*
**** resigned 5 November 2012*

Key

√ attended ✆ participated telephonically N/A not applicable

This committee was established in April 2012 to evaluate and advise the board on all investment-related opportunities. The committee which is not a permanent committee considers the suitability and compatibility of potential investments and their returns, weighted against the interests of shareholders. It is composed of five non-executive directors, four of whom are independent. The executive directors are invited to committee meetings.

SOCIAL, ETHICS AND HUMAN RESOURCES (SE&HR) COMMITTEE

Attendance at SE&HR committee meetings

Date	24 Jul 2012	20 Aug 2012	6 Nov 2012	19 Feb 2013	22 Apr 2013	24 Jun 2013
ET Kgosi (Chairperson)	√	√	√	√	√	√
R Havenstein	√	√	√	√	√	√
NJ Dlamini	√	✆	√	√	√	Apology
ME Beckett	√	√	√	√	√	✆

Key

√ attended ✆ participated telephonically

This committee is composed of four independent non-executive directors. It meets at least every quarter.

The functions of the SE&HR committee as set out in the Companies Act include monitoring the company's activities and compliance with relevant legislation, legal requirements and international codes of practice regarding:

- social and economic development, including the company's standing in terms of the goals and purposes of the United Nations (UN) Global Compact's 10 principles; the OECD recommendations regarding corruption; the United Kingdom Bribery Act; the Employment Equity Act; the Broad Based Black Economic Empowerment Act; the Mineral and Petroleum Resources Development Amendment Act (MPRDA), and the Mining Charter;
- good corporate citizenship;
- the environment, health and public safety;
- labour and employment; and
- the company's standing in terms of the International Labour Organisation's (ILO) protocol on decent work and working conditions.

Apart from these statutory requirements, the aims of the SE&HR committee are:

- to enable the board to establish and implement a remuneration policy which empowers the company to source, reward and retain skilled personnel;
- to ensure adequate transformation in compliance with the Mining Charter in a manner which will enhance the group's performance;
- to ensure the appointment of competent directors and senior managers; and
- to advise on salaries, bonus schemes and share incentive plans.

BLACK ECONOMIC EMPOWERMENT (BEE) AND COMPLIANCE

There have been no further developments with regard to the Northam Black Economic Empowerment (BEE) shareholding. Shareholders are referred to the announcement dated Friday, 3 August 2012 wherein they were advised of a restructure of the group's BEE shareholding. Since then, the group has proposed an 'A' class share scheme to be held by BEE trusts. The proposal is aimed at restoring the group's BEE shareholding to 26%. Shareholders will be informed of progress in due course.

CODE OF ETHICS

The group's code of ethics was reviewed and updated by the board in April 2013. This code applies to both directors and employees and governs the interaction between the group and its suppliers, contractors, and customers and covers the use of group assets and confidential information. A breach of the code of ethics could result in disciplinary action and/or civil or criminal action being taken against a perpetrator. The code of ethics is available on the Northam website at *www.northam.co.za.*

INSIDER TRADING

The company has clear rules and guidelines in place which seek to ensure that employees do not contravene the JSE's rules on insider trading. Neither directors nor employees are allowed to deal in the company's shares if they are in possession of non-public information or during closed periods. These rules also extend to close relatives of directors and employees. Directors and employees are required to obtain prior approval for dealing in the company's shares and are routinely advised of the company's closed periods.

ETHICS 24-HOUR WHISTLE-BLOWING HOTLINE

Northam's ethics hotline number 0800 15 25 39 became effective in 2011 and is monitored by an external party (KPMG), 24 hours a day in all the official languages of South Africa. Anyone (whistle-blower) may anonymously report corruption, fraudulent activity or other problems for investigation. All whistle-blowers are protected against any form of victimisation provided disclosures are made in accordance with the provisions of the Protected Disclosures Act, No 26 of 2000.

DONATIONS

The company has a long-standing policy which prohibits, *inter alia,* donations of a political nature.

Furthermore, employees may not accept gifts, hospitality or favours from suppliers or contractors of more than a nominal value. All gifts and entertainment details are recorded in a gift register for record purposes.

CONFLICTS OF INTEREST

Members of the board and its committees are requested to declare their interests in any matters to be discussed at every board and committee meeting. All board and committee members are required to report any conflicts of interest that may arise in the course of their duties in order to avoid corruption.

APPROVAL FRAMEWORK

The approval framework was reviewed and updated by the board in April 2013. This document governs the delegation of authority and value limits within the group and is necessary to ensure that all transactions are approved appropriately. This enables management to limit the potential damage that any unauthorised expenditure or corruption could inflict on the company.

REPORTING TO STAKEHOLDERS

The board is acutely aware of the requirements for the company to engage with analysts, shareholders and stakeholders alike about the company's financial performance, operational developments and sustainability indicators.

Along with the print and electronic publication and dissemination of results on a half-yearly basis, the company regularly hosts visits, presentations, briefings and meetings with interested shareholders, institutions and other stakeholders. Feedback is a critical element of such engagement processes and is communicated to the relevant executive directors for discussion at board level.

DIRECTORATE

DIRECTORS

ME Beckett (77) (British)
BSc, FIMM
Independent non-executive director
Joined the board in 1999.

Mr Beckett is non-executive chairman of Endeavour Mining Corporation, and a director of International Hotels Investment Limited and Petroamerica Oil Corporation. A geologist by training, Mr Beckett was formerly managing director of Consolidated Gold Fields plc.

CK Chabedi (45)
BSc Mining Engineering, MDP
Independent non-executive director
Joined the board in 2009.

Mr Chabedi has many years' experience in the mining industry, having worked in various management positions for Anglo Coal. He currently consults to the mining industry while lecturing mining methods in both opencast and underground mining at the University of the Witwatersrand. He teaches an international post-graduate course which attracts students from around the world. Mr Chabedi has undertaken research and advises the South African coal mining industry in the problem of spontaneous combustion. His current research includes the mechanism of moving the centre of coal from Emalahleni to the Waterberg in the medium term.

JAK Cochrane (49) (British)
BEng (Hons) MBA
Non-executive director
Joined the board in 2011.

Mr Cochrane holds an MBA and a BEng (honours) degree in mining and petrochemical engineering. Formerly an executive director of Eurasian Natural Resources Corporation plc (ENRC). Mr Cochrane is an independent director of Jindal Stainless Limited, India's largest stainless steel producer. His previous appointments include head of M&A and business development at ENRC, marketing director at Samancor Chrome Limited and operations manager at Impala Platinum Holdings Limited.

NJ Dlamini (Dr) (54)
MBChB, DOH, MBA
Independent non-executive director
Joined the board in 2004.

Dr Dlamini is the chairman of Mbekani Group. She started her career as a medical practitioner and specialised in occupational health before moving to business. After spending two years at HSBC, in the transport and energy corporate finance division, she left to pursue her entrepreneurial interests. She is a founder and trustee of Mkhiwa Trust, a family vehicle for social responsibility initiatives. She is also the non-executive chairman of Aspen Pharmacare Holdings Limited. Subsequent to year-end, Dr Dlamini resigned as a director of Northam, with effect from 30 September 2013.

R Havenstein (57)
MSc (Chemical Engineering), BComm
Independent non-executive director
Joined the board in 2003.

Mr Havenstein's current non-executive directorships include Hernic Ferrochrome Proprietary Limited, Omnia Holdings Limited and Reatile Proprietary Limited. He was previously chief executive officer of Anglo American Platinum Limited, prior to which he was an executive director of Sasol Limited responsible for Sasol Chemical Industries.

ET Kgosi (Ms) (59)
BComm Hons
Independent non-executive director
Joined the board in 2004.

Ms Kgosi is the cluster manager in Supply Chain Operations, Eskom Group Commercial. She has extensive experience in the banking sector mainly in a treasury operations environment, having held positions at a number of South Africa's main banking groups as well as Credit Suisse First Boston (NY).

AZ Khumalo (49)
CA (SA)
Financial director
Joined the board in 2010.

Mr Khumalo, a chartered accountant by profession, holds a BCompt (Honours) and BComm degree from the University of South Africa and has extensive mining and corporate finance experience. From September 2008 he was the group finance executive of Coal of Africa Limited. Prior to that, from 2004 to 2008, he was director – finance of Aquarius Platinum South Africa Proprietary Limited.

GT Lewis (56) (British)
BSc (Mining Engineering), MBA
Chief executive officer

Mr Lewis joined Northam in 2001 as mine manager, was appointed general manager in 2002 and chief executive officer in 2005. He has extensive experience in the mining industry in both metalliferous and non-metalliferous mines.

AR Martin (75)
BComm, CA (SA)
Independent non-executive director
Joined the board in 2009.

Mr Martin is chairman of the audit & risk committee and is lead independent director. His other directorships include Datacentrix Holdings Limited, Petmin Limited and Trans Hex Group Limited.

PL Zim (53)
BComm (Hons) MComm DComm
Non-executive chairman
Joined the board in 2007.

Mr Zim is a director of Zim Capital Proprietary Limited, Sanlam Limited and Sanlam Life Insurance Limited. He is also a previous past president of the Chamber of Mines of South Africa. Previously chairman of Telkom Limited, he has also held senior executive positions at Anglo American South Africa Limited and MTN Group Limited. He also serves on the International Advisory Board of the Capital Group.

BUSINESS AND RISK ENVIRONMENT – 2013

The board is ultimately responsible for ensuring that the group's system of internal control is effective to guard against any loss of the group's assets. The risk assessment and management function therefore covers any routine transactional risks that a mining group, the nature and size of Northam, is subjected to in the ordinary course of business.

Risk assessment is an executive management function in the group, and is overseen by the audit and risk committee on behalf of the board. In terms of an ongoing risk review process the major risks facing the company are identified, ranked on the basis of their inherent risk and mitigating steps identified, so as to lead to an acceptable level of residual risk. The risk register includes legislation and the extent of regulatory compliance.

COUNTRY RISK

REGULATORY RISK

South African mining is characterised by laws which have been legislated to redress some of the social and economic imbalances resulting from the discriminatory policies and practices of the past. The MPRDA and the Mining Charter (revised in 2011) create the framework for the transformation of the mining industry. A key aspect of this legislation is the vesting of all mineral rights in the state and promoting more equitable ownership of South Africa's mineral resources, by requiring a 26% black economic empowerment (BEE) interest in the equity of mining companies by 2014.

Northam has advised shareholders of reductions in these equity levels, which, at the date of this report, are at the 4% level. Shareholders are referred to the announcement dated Friday, 3 August 2012 wherein they were advised of a proposed restructure of the group's BEE shareholding.

The group has made certain proposals to the DMR, more fully disclosed in the directors' report, aimed at restoring the group's BEE shareholding.

SOCIO-POLITICAL RISK

Since the tragic events at Marikana in 2012, the industrial relations climate throughout the mining industry has been volatile and uncertain. The advent of the annual wage negotiation season in the middle of the calendar year has once again put the spotlight on the difficulties associated in the industrial relations arena. This is dominated by inter-union rivalry between the National Union of Mineworkers (NUM) and the Association of Mineworkers and Construction Union (AMCU), which has pitted worker against worker and employers are caught in the crossfire. The majority of workers at the company's Zondereinde mine operation are members of NUM; however AMCU has made inroads at the mine, although its members there are not yet sufficient in number for recognition. There has also been a trend for employees to select leaders among their rank and file locally, without union representation.

Northam's policy is to grant organisational rights to any union with representivity of 15% or more of a relevant category of employees. Management maintains open channels of communication with its labour force and representative unions. For bargaining rights, employees are required to prove 33.3% of its relevant constituency. In addition, management consults with legitimate worker representatives or committees to resolve any concerns which may arise.

In line with the government's call on mining groups to improve the hostel housing system, and for increased available accommodation, the group has built affordable houses for employees at the Zondereinde mine, and to date 337 houses have been sold to employees. Hostels are also being de-intensified to relieve employees from over-crowding.

HEALTH AND SAFETY

The occupational illnesses associated with deep-level underground mining operations are those caused by, *inter alia*, excessive exposure to heat, dust, noise, radiation and gases. Consequently, the mining industry is subject to stringent health and safety laws and regulations. In certain cases amendments to health and safety legislation could result in the group incurring additional costs in order to comply with new laws and regulation. In addition, the industry as a whole is experiencing the negative effects of medical pandemics such as HIV/Aids and TB. These medical conditions adversely affect productivity and costs.

The group seeks to comply fully with applicable health and safety legislation and to ensure that all the employees adhere to group safety standards. HIV/Aids and TB have been aggressively targeted with a strong focus on prevention, through education initiatives and community involvement, as well as the implementation of a monitored employee wellness programme which includes the provision of anti-retroviral therapy (ART) for those affected.

At Zondereinde the use of hydropower itself gives rise to a significant reduction in dust in the workings.

Deep-level underground mining is inherently hazardous and requires full compliance with health and safety regulations, safety training and the use of personal protective equipment. Non-compliance with safety standards can lead to costly mine stoppages. The group has adopted a zero tolerance policy towards safety infringements. All infringements are investigated, and employees can face disciplinary hearings which can lead to suspension or dismissal. In addition, the group undertakes continuous training campaigns for its employees.

ENVIRONMENTAL AND SOCIAL RISK

In keeping with the rest of the mining sector in South Africa, the group has to ensure that it complies with constantly changing environmental laws and regulations and that it effectively manages the increasing risk associated with community and social obligations and aspirations. Compliance with changing regulatory standards and community expectations may result in increased costs which would negatively impact cash flows and earnings.

The group's approach in this regard is to engage with its various stakeholders on an ongoing basis in order to develop sound relationships with those affected by its mining operations. In addition the group seeks to comply with all environmental legislation, in order to ensure the sustainability of its operations.

MARKET, FINANCIAL AND FINANCING RISK

The risks of metal price fluctuations and exchange rate are inextricably linked with the business of Northam. As a PGM producer the group is a price taker and thus has no control over the commodity prices which are denominated in US dollars. The company provides investors with full exposure to the PGM markets, and does not hedge either its currency or commodity price risk.

The group's mining operations are exposed to the effects of increases in mining input costs which are denominated in South African rands. As a PGM producer, the group is a price taker and the higher than inflation increases in labour and power costs in South Africa has squeezed the profitability of all mines in the last decade.

In order to fund the development of its second mine, Booysendal, the group has borrowed from a bank and the debt capital markets, and is therefore exposed to financing risk associated with the debt market and interest rates. In order to mitigate and contain this risk the company is committed to repaying such debt as expeditiously as possible. This is underpinned by a continued focus on optimising operational performance and cost containment.

HUMAN RESOURCE SKILLS AND CAPACITY

Global competition for expertise and skills, particularly in the technical field as well as the proximity of the mines to major urban centres, have put pressure on the group to attract and retain appropriate technical prowess. In addition, the poor standard of education in South Africa has led to low levels of skills.

The group has developed appropriate remuneration policies and practices to retain its technical competitive edge in the industry. Other mitigation measures include intensive skills upliftment programmes, in-house training and learnerships.

GEOLOGICAL AND ORE RESOURCE RISK

Zondereinde mine is the deepest platinum mine in the world and its geology is challenging. It is associated with difficult mining conditions which can result in ore reserve losses. Geological and mining conditions are constantly monitored to reduce the associated risk.

Mitigation measures include finding conformable and less complex ore reserve and reef. The deepening project at Zondereinde will help to alleviate some of the challenges associated with mining the Merensky reef, while Booysendal mine provides further geographic diversification and access to a less complex, shallower ore body.

INFRASTRUCTURAL SERVICE SUPPLY RISK

The group is dependent on the reliable supply of power in order to conduct its operations. South Africa's national electricity utility, Eskom, currently has very little surplus generating capacity and has required the mining industry in South Africa to achieve reductions in the overall power consumption.

The group has engaged with Eskom so that it is given advance warning of any possible outages in order to secure employees' safety and protect its assets. It is not always possible to determine the cost of power disruptions, which are likely to persist until at least 2014. The group has put a number of measures in place to reduce its maximum demand as well as its total power consumption.

OPERATIONAL RISKS

The group is currently involved in the completion of the construction of the Booysendal mine and the deepening project at the Zondereinde mine, both of which present challenges.

By employing a multi-disciplinary approach to the planning and execution, the group will be better equipped to identify and resolve problems.

SOCIAL, ETHICS AND HUMAN RESOURCES COMMITTEE REPORT

The Companies Act No 71 of 2008 (Companies Act) requires that certain companies, of which Northam is one, constitute a social and ethics committee with statutory duties, which must report to shareholders at an annual general meeting (AGM). The company's social, ethics and human resources (SE&HR) committee is responsible for these statutory duties.

The members of the SE&HR committee are Ms ET Kgosi (chairperson), Mr M E Beckett, Dr NJ Dlamini and Mr R Havenstein, all of whom are independent non-executive directors.

The aims and objectives of the committee are:

- to comply with the Companies Act in terms of social and ethics obligations which includes the monitoring of:
  - Northam's performance as a good corporate citizenship including promoting equality, prevention of unfair discrimination, development of communities, sponsorship, donations and charitable giving;
  - the impact of Northam's activities on the environment, health and public safety;
  - compliance with the United Nations (UN) Global Compact's 10 principles on human rights, labour, the environment and anti-corruption;
  - compliance with the Organisation of Economic Co-operation and Development (OECD) recommendations on anti corruption;
  - consumer relationships, including Northam's advertising, public relations and compliance with consumer protection laws;
  - labour and employment in terms of the International Labour Organisation's (ILO) protocol on decent work and working conditions and Northam's contribution to the training and development of its employees;
- to ensure that competent individuals are nominated and appointed as directors and senior managers of the group;
- to enable the board to establish and implement a remuneration policy that empowers the group to source, reward and retain appropriately skilled personnel; and
- to ensure that the group transforms adequately in order to comply with the Mining and Petroleum Resources Development Act (MPRDA) and Mining Charter in a manner that will enhance the group's performance.

SOCIAL AND ETHICS STATUTORY OBLIGATIONS

The company has obligations, which the committee has an oversight responsibility, to perform and to monitor for compliance, and where necessary to formulate group goals on environmental issues and to instil a culture of ethical behaviour within the group in line with the 10 principles set out by the UN Global Compact as well as the OECD's anti corruption guidelines, the United Kingdom Bribery Act, the Labour Relations Act (LRA), Basic Conditions of Employment Act (BCEA), Employment Equity Act, the MPRDA and the Mining Charter.

In terms of its social and ethics obligations, the committee focuses on monitoring social and economic development goals and the effects of the group's activities, and ensures that these are sustainable. Group activities must display good corporate citizenship and stakeholder engagement with respect to labour and employment.

For the financial year 2013, the committee performed its duties in terms of these obligations and confirms that:

a) generally accepted norms on the environment, labour and human rights have been adhered to. Northam is not aware nor is it complicit in any labour or human rights abuses or environmental damage;

b) social and economic development goals in terms of the 10 principles set out in the UN Global Compact are complied with;

c) good corporate citizenship is practiced to promote equality, prevent unfair discrimination and it contributes towards the development of surrounding communities in addition to sponsorships and donations;

d) the impact of Northam's activities and its products on health, public safety and the environment was minimised;

e) Northam seeks to promote cordial relationships with all its stakeholders;

f) labour and employment legislation in South Africa, and as far as possible the ILO's protocol on decent work are complied with. This includes the provision of housing as well as the de-intensification of hostels at the Zondereinde mine. The Social and Labour Plans (SLPs) for Booysendal and Zondereinde mines were submitted to the Department of Mineral Resources (DMR) together with Section 102 of the MPRDA; and

g) the OECD's recommendations against corruption have been taken into account by ensuring that management has effective internal controls.

The committee has monitored its obligations by:

- ensuring the group's corporate governance structures are effective and all board committees report appropriately and timeously to the board;
- ensuring the evaluation of the board; assessment of the board chairman and individual directors; the independence test prescribed by King III for directors classified as independent who have been on the board beyond nine years, and the evaluations of the board committee are undertaken annually;
- ensuring that management is adequately qualified and equipped so that internal controls over such matters such as safety, production, financial transactions, legal obligations and environmental monitoring procedures are implemented, monitored and effective;
- ensuring there is adequate reporting by independent external assurance providers such as internal auditors, external auditors as well as environmental assurance providers. The main regulators, the DMR and the Department of Labour (DoL) routinely inspect various aspects of Northam's business and/or activities which must comply with legislation; and
- ensuring Northam's participation in industry initiatives undertaken by organisations such as the Chamber of Mines and the Platinum Task Team, which is convened under the auspices of the Mining Industry Growth Development and Employment Task Team (MIGDETT).

HUMAN RESOURCES STATUTORY OBLIGATIONS

The committee is charged with the oversight of the group's compliance with the LRA, the BCEA and implementation of various forms of remuneration. Both the DoL and the DMR have inspected Northam in the last 24 months. After its inspection, the DoL made certain remedial recommendations which Northam has since complied with. The DoL has confirmed that compliance has been maintained. The DMR visited both mine operations in 2012. The visits focused on progress made against the approved SLP for each mine. These audits resulted in the receipt of Section 93 notices for each mine. These notices requested that key elements of the SLPs be revisited in line with the then current economic trends and social conditions in the sector. Section 102 applications to realign the current approved SLPs for each mine were requested by the DMR. These were submitted in December 2012. Approval is still awaited.

The committee is also responsible for the remuneration philosophy within the Northam group in terms of its mandate from the board.

The aims and objections of the committee regarding remuneration are to establish and implement a remuneration policy and to ensure that competent individuals are nominated and appointed as directors and senior managers.

In order to do this, the committee supervises the following three forms of remuneration implemented by management. These are monitored for effectiveness on an on-going basis:

1. salaries and remuneration packages, including those of the executive directors;
2. various bonus schemes;
3. a share incentive plan.

The committee is also responsible for mandating management on appropriate wage increase percentages for negotiation with the unions. It also advises on the following matters:

- the appropriate composition and size of the board; and
- the scale of fees to be paid to non-executive directors, which are submitted to shareholders for approval.

The group's remuneration policy is designed to support its strategic goal in a way that aligns the interests of employees, managers, executives and directors with those of shareholders. The group aims to attract, retain, incentivise and reward top quality staff at all levels, particular where scarce or critical skills are involved.

The remuneration policy is not intended to be a 'one size fits all' statement of rules and procedures, but rather to serve as the basis for a flexible approach to the variable and changing needs of the dynamic and competitive mining employment environment.

There are, however, a number of key principles that are the basis of the remuneration policy:

- the attraction and retention of core skills, such as artisans, engineers and management, for which the group must compete within the broader mining industry;
- the harmonisation of working conditions and salaries and wages throughout the group which has two mining operations, namely Booysendal and Zondereinde;
- compliance with all statutory and regulatory requirements and a commitment to applying best practice guidelines in all aspects of remuneration and benefits; and
- the offering of remuneration packages that, at all employment levels, are competitive, fair and reasonable in all respects.

MAIN FEATURES OF THE REMUNERATION POLICY

Contracts of employment are prepared in compliance with employment legislation in South Africa. As a general principle, employment contracts are concluded on a permanent basis (i.e. for an indefinite period), except where business needs and prevailing circumstances dictate the use of either fixed-term or short-term temporary contracts. The notice period for the termination of employment contracts is typically one (1) month, but for critical positions this can be extended by mutual agreement to a maximum of one year.

The group regularly seeks and consults remuneration survey services and uses an appropriate job grading system.

Job grades, salary scales and employee benefit costs are benchmarked against mining industry standards and reviewed annually. The midpoints of the group's salary scales are compared to industry percentiles and adjusted annually, in line with the changing size, structure, financial performance and general circumstances of the group over time.

The group's salary scales have a range of approximately 40% (20% on either side of the midpoint) to allow for the appropriate positioning of individuals according to factors such as qualifications, experience, performance, growth, development and market imperatives. However, in a very competitive market where skills are scarce such as is the case of the mining industry, often market comparisons at the top of the range are considered and paid, in order to attract and keep critical staff.

The committee approves salary increases for all categories of staff in advance each year. Any material changes to allowances, benefits, bonus schemes, or any other aspect of remuneration policy are approved by the committee prior to implementation.

The group provides a market-competitive basic salary plus compulsory medical aid and retirement fund membership at all job levels. Various fixed and variable allowances are paid at certain job levels or to certain job categories.

Severance payments upon termination of service are governed by legislation, agreements with unions, individual contract and/or group policy and practice. In the case of retrenchment, the group's most common policy at all job levels is to pay the contractual notice period (if not worked) and severance pay equal to two weeks for the first 10 years of service with the group and one week's remuneration per year of service with the group thereafter.

The group does not provide any special retirement benefits other than the standard benefits available to employees as members of one of the group's recognised retirement funds, with the exception of those employees who were in service with the group on 31 December 1998. In respect of these employees, a contribution is made to a post-retirement healthcare fund. These contributions cease when the employee leaves the service of the group for any reason.

All components of the group's remuneration system are subject to regular internal and external audits, as well as routine monitoring by the South African Revenue Services. The group is compliant with all pertinent regulations.

EMPLOYEES COVERED BY COLLECTIVE BARGAINING

The majority of the group's employees are contributing members of the National Union of Mineworkers (NUM) (mainly category 2 and 8 bargaining units). Therefore, their salary levels, annual increases, allowances and benefit packages are negotiated annually or every two years, on a collective basis, between the group and the trade union that meet a representative threshold of 33.3% within a bargaining unit. The other unions, (UASA, Solidarity, and the Association of Mineworkers and Construction Union (AMCU)) do not have adequate representation to bargain on behalf of their members at present.

Such employees, in addition to their wages, also earn various forms of bonuses from time to time to incentivise performance. These bonuses are implemented and monitored by management.

NON-UNION STAFF AND MANAGEMENT

Members of management at both the group's corporate office and the mining operations are treated individually in accordance with their contracts of employment and the remuneration and benefit schemes and practices applicable to their job grades. Salaries are reviewed annually, effective 1 July. Salary increases are determined individually, according to individual performance, retention and market-matching criteria.

All non-union staff, managers and executives have detailed job profiles which stipulate the key performance areas of their positions and serve as the basis for performance and management of assessments and the determination of performance-linked salary increases and bonuses.

Details of the remuneration paid to the directors are disclosed in the directors' report on page 83 of this integrated report.

EMPLOYEE BONUSES

The group has a variety of bonus schemes for employees graded in the C band and higher, whereby the achievement of production and other targets is rewarded.

EXECUTIVE AND MANAGEMENT BONUSES

Executives and management are not paid a guaranteed bonus. The short term cash bonus scheme is subject to the achievement of certain safety, production and other targets as well as individual performance.

In terms of the rules of the bonus scheme, executives may earn a bonus based on the extent to which they have achieved the targets and objectives set for them during the financial year by the chief executive officer and the board of directors. Bonuses are payable half-yearly.

Typically, the bonus scheme will be based on a combination of targets such as:

- safety;
- linear metres achieved;
- square metres achieved;
- total tonnes milled;
- recoverable metals produced;
- cash operating costs per unit;
- transformation (referring to social employment quotas/criteria that must be met in terms of employment legislation in South Africa); and
- personal performance.

Such key performance areas are weighted to total 100% and the bonus is payable on the basis of the extent of achievement of each of these targets, starting at 90% of achievement, up to 110%. Depending on the extent of achievement, bonuses payable range from 5% of basic remuneration package (BRP) for a 90% achievement of target to 125% of BRP for 110% achievement of target for each key performance indicator multiplied by its relative weighting.

BRP represents the remuneration paid to senior employees excluding the 12.5% pension contribution paid by the group. On average, executive directors and senior managers were paid 30.4% of their BRP in bonuses in F2013.

The board of directors, through the SE&HR committee, determines the performance targets and objectives of the chief executive officer and the financial director, and conducts their performance assessment and decides the quantum of their performance bonus. The financial director's performance is evaluated with the input of the chief executive officer.

The chief executive officer and the SE&HR committee determine the performance targets and objectives of the financial director and managers, conduct their performance assessments and propose the quantum of performance bonuses for approval by the board of directors.

LONG-TERM EXECUTIVE RETENTION SCHEME AND PLAN

The group operates the Northam Share Incentive Plan ("the Plan") as well as the previous Northam Share Option Scheme ("the Scheme"). The Scheme was discontinued due to its dilutionary nature, although share options issued before its discontinuance are allowed to run their course. Details of the Scheme are more fully disclosed in Annexure 5 on page 178.

The Plan however was introduced in 2011, in line with current market trends of attracting, incentivising and retaining skilled senior managers. The target group for the Plan includes all senior officials and executives in job grades D1 and above. The committee approves the annual allocation of shares as well as any changes to the Plan rules.

In March 2013 the JSE approved a change to the rules of the Scheme and the Plan. Option holders may elect to receive either the shares over which an option has been granted or a cash payment equivalent to the difference between the volume weighted average price at which Northam shares traded on the day preceding the exercise date and the exercise price. Options which are cash settled are regarded as having been exercised. Participants in the Plan may elect to receive either the shares that have vested or an amount equal to the volume weighted average price on the day preceding the settlement date.

In terms of the Plan, senior officials are allocated shares which incorporate either one or a combination of the conditional share plan (CSP) and the forfeitable share plan (FSP) annually. Under the more often used CSP, a smaller portion (approximately one-third in 2012) of the shares is allocated to senior employees. These are known as "retention" shares and are allocated with no performance conditions attached. These are received by the employee, who does not have to pay for them, and may be exercised after a two-year period. A larger portion of the shares allocated, known as "conditional" shares, have performance conditions attached to them, and these conditions must be met, fully or in part, before they can be allocated. These conditional shares are also free to the employee. The conditional shares vest after a three-year period. The key features common to both the CSP and FSP are outlined in detail in the directors' report.

As mentioned above, the final number of conditional performance shares allocated to senior officials and management are subject to certain performance criteria which must be met fully or in part. The performance criteria is based on factors such as:

- safety;
- estimated recoverable platinum group metals (3PGM+Au) produced; and /or
- unit cash costs.

Each of these factors is weighted with targets set for a three-year period. For staff to earn their allocation, each factor's target must be measured per year, over a three-year period. Allocations are made annually, depending on the extent of the targets met in that year.

However, for each three-year period allocation, the committee may set different factors, targets and weightings as appropriate. A typical target for safety might be an improvement of 10% over the previous financial year's safety record, with a weighting of say 30%. For unit cash costs, the target may be achieving the budgeted unit costs for the current year with a weighting of 30%. Estimated recoverable metals production may then, in this example, be weighted at 40%, with the sum of the weightings totalling 100%.

On measurement of the achievement or not of these targets, each factor's achievement rank depends on the extent of achievement for each factor and for that year, ranging from a ranking of 1 (which represents a 90 to 100% achievement of target). This could mean, for example, a 100% award of conditional shares. This rises to a ranking of 4, which, for example might be an achievement of over 105%, which may equate to a share award of 135%. An achievement of less than 90% of target results in no shares being allocated at all. Every year the committee, with the assistance of management, assesses and approves the allocation of both retention and conditional performance shares per employee.

EMPLOYEE PARTICIPATION SCHEME (TORO EMPLOYEE EMPOWERMENT TRUST)

The group has entered into an agreement with the representative unions at the Zondereinde mine in terms of which the group contributes 4% of Zondereinde mine's after-tax profits to a registered trust fund (The Toro Employee Empowerment Fund), providing Zondereinde mine's unskilled and semi-skilled employees with an opportunity to participate in the profits of the mine. Eligible employees will receive payment at the end of each five year cycle, with the first five-year cycle ending in FY2013. A similar scheme may be considered for Booysendal mine employees in future.

Emily Kgosi
Chairperson
Johannesburg
27 September 2013

ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 88 to 188 have been prepared under the supervision of the financial director, Mr AZ Khumalo CA (SA). The annual financial statements have been audited by Ernst & Young Inc.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS AND COMPANY SECRETARY'S CONFIRMATION

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 70.
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 page 88 to 188 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.
4. Adequate accounting records and an effective system of internal controls and risk management have been maintained during the entire accounting period.
5. 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.
6. 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.
7. 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 70.
8. A corporate governance report appears on pages 45 to 53 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 27 September 2013 and are signed on its behalf by:

PL Zim	**GT Lewis**	**AR Martin**
Chairman	Chief Executive Officer	Chairman – Audit and Risk Committee

Johannesburg
27 September 2013

COMPANY SECRETARY'S CONFIRMATION

I, PB 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 Companies and Intellectual Property Commission and that all such returns are true, correct and up to date.

PB Beale
Company secretary
Johannesburg
27 September 2013

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 internal audit plan;
- approving the external audit plan without infringing on the external auditors independence;
- 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 compliance review, and ensuring that such risks are properly mitigated;
- ensuring that internal controls of the company are implemented, effective and monitored; and
- ensuring a cordial working relationship between management and external and internal auditors.

EXPERTISE AND EXPERIENCE OF THE FINANCIAL DIRECTOR AND RESOURCES OF THE FINANCIAL DEPARTMENT

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 and that the financial department has adequate resources to execute its functions.

APPOINTMENT OF EXTERNAL AUDITORS

The committee confirms 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 2014.

GOING CONCERN STATEMENT

The directors report that they have a reasonable expectation that the group has adequate cash resources and facilities 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 audit results report and considered 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 AGM.

AR Martin
Chairman – audit and risk committee
Johannesburg
27 September 2013

TO THE SHAREHOLDERS OF NORTHAM PLATINUM LIMITED

REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

We have audited the consolidated and separate financial statements of Northam Platinum Limited set out on pages 88 to 188, which comprise the consolidated and separate statements of financial position as at 30 June 2013, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Northam Platinum Limited as at 30 June 2013, 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 2013, we have read the Directors' Report, the report of the Audit and Risk Committee and the Company Secretary's confirmation for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate 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 consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst & Young Inc.
Director – Mike Herbst
Registered Auditor
Chartered Accountant (SA)

Wanderers Office Park
52 Corlett Drive, Illovo
Johannesburg
27 September 2013

The directors have pleasure in submitting their report for the year ended 30 June 2013. The review of the group's operational performance is set out in the operational review on pages 16 to 19, whilst the nature of business is described in the business profile which appears on page 1.

MAIN BUSINESS AND OPERATIONS

BOOYSENDAL MINE

Capital expenditure for F2013 was R1.5 billion (F2012: R1.7 billion) which includes capitalised finance charges. Capital expenditure is expected to be R532.1 million in F2014; this includes R75.6 million for on-going capital. Since inception the total project expenditure, including finance costs and other directly attributable expenditure, amounted to R4.0 billion against projected total expenditure of R4.5 billion. The original capital budget was R3.9 billion in June 2010 terms.

A total of 242 602 tonnes were milled in F2013, to produce 473kg of metal in concentrate. Metal sales from Booysendal were restricted to 109kg owing to the shutdown of the smelter at Zondereinde in May 2013. Revenue earned from metal sales to 30 June 2013 was credited to property, plant and equipment in line with IFRS accounting standards. For accounting purposes, the mine came into production on 1 July 2013. To counter certain delays in the construction of conveyors and other services underground, management has taken on additional contractors in a temporary capacity to mitigate further delays to the production build-up.

Following the commissioning of the permanent power supply on 10 March 2013, cold and hot commissioning of the concentrator continued to year end with a number of issues having been identified which have been or are in the process of being rectified. This process will continue until all outstanding issues have been remedied.

ZONDEREINDE MINE

The combined tonnes milled at Zondereinde mine were 9.4% up at 2 115 712 tonnes from 1 933 677 in F2012 comprising 958 211 Merensky tonnes milled (F2012: 884 660 million tonnes) and 1 157 501 UG2 tonnes milled (F2012: 1 049 017 million tonnes). The 3PGE+Au combined head grade dropped by 3.9% to 4.9g/t compared to 5.1g/t in F2012. This drop reflects the lower average UG2 grade of 4.2g/t over the period owing to poor grade control. This will be a key focus area for management in the year ahead. Available ore reserves are currently at 20 months for Merensky reef and 24 months for UG2.

In spite of the lower head grade, the increase in tonnes milled resulted in an increase in metals produced from underground operations. Metals from secondary material declined significantly resulting in total mine production increasing marginally to 9 041kg (F2012: 8 979kg). Volumes of concentrates purchased declined by 13% from 1 877kg in F2012 to 1 633kg in the current year. This is mainly due to the interruption of smelting activities both in July to September 2012 and again in May 2013.

The mining strategy at Zondereinde continues to be to open up ore reserves in the north-west quadrant and also on the lower levels of the mine to access normal Merensky reef. Shareholders were advised on 23 May 2013 that the smelter at Zondereinde would be shut down and rebuilt following the unexpected erosion of the refractory bricks comprising the walls of the smelter in proximity to the slag level interface.

The rebuild, using a different brick specification, is expected to be completed by the end of September 2013. The smelter was previously rebuilt in F2012 after a run-out.

ASSOCIATES AND JOINT VENTURES

The group has an interest in the following entities and joint ventures:

DWAALKOP PLATINUM PROJECT

This project is a PGM development opportunity in joint venture with Lonmin plc. The group's share of the exploration expenditure amounted to R0.5 million, which was charged to sundry expenditure. The carrying value of the group's investment is R300.7 million. Further details of the group's interest in Dwaalkop are set out in Annexure 2 on pages 168 to 173.

KOKERBOOM JOINT VENTURE

This is an early stage Iron Oxide Copper Gold and Massive Sulphide deposit situated in the Northern Cape Province. The exploration is being undertaken in joint venture with two other parties, with the group having a 51% interest. The group spent R9.8 million, primarily on an airborne magnetic survey, during the year, which was charged to sundry expenditure.

PANDORA JOINT VENTURE

The group's share of earnings from the Pandora joint venture amounted to R3.6 million (2012: R6.7 million). The carrying value of the group's investment was R121.0 million (2012: R136.9 million). Further details of the group's interest in Pandora are set out in Annexure 2 on pages 168 to 173.

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. The group's share of earnings from Trans Hex, including its share of other comprehensive income, amounted to R6.1 million (2012: R32.4 million). The carrying value of the group's investment amounted to R73.7 million.

Further details of the group's interest in Trans Hex are set out in Annexure 2 on pages 168 to 173.

CORPORATE GOVERNANCE

The board of directors subscribes to and promotes the highest standards of integrity and good corporate governance throughout the group. The board and management recognise that, in order to safeguard the interests of stakeholders, all of their actions must be guided by full accountability and transparency.

The board is guided by the board charter, memorandum of incorporation (MOI), the Companies Act No 71 of 2008 (Companies Act), JSE listings requirements, the third King Report on Corporate Governance for South Africa 2009 (King III), 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 page 45 to 53.

MINING LICENCES

BOOYSENDAL MINE

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, Uysedoorns 47 JT, Johannesburg 45 JT, Sheeprun 50 JT and Sheeprun 179 JT.

ZONDEREINDE MINE

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).

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 88 to 188, reflect the financial results and position of the company and the group.

DIVIDENDS

Owing to the continued uncertainty prevailing in the mining industry and the cash requirements for the completion of the Booysendal mine, the board did not declare any dividend in respect of the year under review. (F2012: 5 cents per share).

SHARE CAPITAL

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

During the year 56 700 shares were allotted and issued to participants of the Northam Share Option Scheme whilst 32 400 shares were allotted and issued to participants of the Northam Share Incentive Plan, resulting in the issued share capital at 30 June 2013 increasing to 382 586 090 (2012: 382 496 990) shares.

At the forthcoming AGM shareholders will be asked to place the authorised but unissued ordinary shares in the capital of the company, other than the 8 775 000 shares that are reserved for purposes of the Northam Share Option Scheme and 38 000 000 shares that are reserved for the Northam Share Incentive Plan, under the control of the directors. Furthermore, subject to the passing of the above ordinary resolution, shareholders will be asked to grant approval for the directors to issue equity securities for cash, subject to the Companies Act and the JSE listings requirements. The text of the necessary resolutions is set out in the notice of AGM on page 3.

REPURCHASE OF ISSUED SHARES

At the AGM on 7 November 2012 shareholders approved a special resolution granting a general authority for the repurchase of ordinary shares by the company (or any one of its wholly-owned subsidiaries), subject to the JSE listings requirements and the provisions of the Companies Act. No shares were repurchased in the current or prior year in terms of this general authority. This general authority is valid until the company's next AGM or for 15 months from the date of the aforementioned resolution (being 7 November 2012) whichever period is the shorter. Approval to renew this general authority will be sought at the forthcoming AGM to be held on Wednesday, 6 November 2013. The text of the necessary special resolution, as well as the reasons therefor and the effects thereof, appears in the notice of AGM on page 9, which forms part of the abridged annual report.

BORROWINGS AND BORROWING POWERS

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

In November 2011 the company 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 reporting date an amount of R250.0 million had been drawn under this facility. At the date of this report, the entire facility had 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, under the company's R2 billion domestic medium term note (DMTN) programme dated 3 August 2012. On 11 July 2013, the company announced that a further R120.0 million had been raised in the domestic capital market through the DMTN programme. These funds have been used for the development of the Booysendal mine, the deepening project at the Zondereinde mine as well as and other operational and working capital requirements of the group.

In addition to the above a subsidiary, Norplats Properties Proprietary Limited has arranged loan facilities of R80.0 million to fund the sale of houses to employees in terms of the group's affordable housing initiative. Details of the interest rates and terms of these loans are contained in notes 21 and 23 to the annual financial statements on pages 144 to 146.

PROPOSED AMENDMENTS TO THE MOI

At the AGM in November 2012, shareholders approved the adoption of the company's MOI, in order to align it with the Companies Act, pursuant to which the new shares to be authorised and issued will be shares not having a nominal or par value. At the forthcoming AGM to be held on Wednesday, 6 November 2013 shareholders will be asked to approve appropriate resolutions to amend the MOI in respect of the following:

Executive directors – the existing MOI excludes the rotation of executive directors and having regard to international best practice, good governance and recent circumstances, wherein institutional investors have required that executive directors must be included in the rotation process and run for re-election, the board has proposed that the MOI be amended to include the retirement by rotation of executive directors once every 5 (five) years.

Distributions – to provide that distributions (in the form of a dividend or otherwise) to shareholders, be paid by means of electronic funds transfer into a bank account designated for such purposes by members, with payments by cheque no longer being permissible unless the member has specifically requested that such payments be made by cheque.

The text of the necessary special resolutions is contained in the notice of AGM and abridged annual report.

FINANCIAL ASSISTANCE

At the forthcoming AGM shareholders will be asked to approve a special resolution to authorise the granting of the necessary financial assistance as set out below. The text of the special resolution is contained in the notice of AGM on page 8, which forms part of this report.

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 2013	Balance at 30 June 2013	Additional amount to be advanced in coming year	New loan facility	Other facilities	Total financial assistance to be granted
	R000	R000	R000	R000	R000	R000
Broad Brush Investments 2 Proprietary Limited	19 500	nil	nil	19 500	nil	19 500
Dialstat Trading 133 Proprietary Limited [(1)]	260 000	1	nil	260 000	nil	260 000
Micawber 278 Proprietary Limited [(2)]	3 775 000	4 019 830	878 170	4 970 000	22 815	4 992 815
Mvelaphanda Resources Proprietary Limited [(3)]	nil	nil	60 000	60 000	nil	60 000
Norplats Properties Proprietary Limited [(4)]	79 000	36 840	nil	73 000	nil	73 000
Windfall 38 Properties Proprietary Limited [(2)]	15 800	15 424	384	15 800	nil	15 800

Notes:

(1) *The funds to be advanced to Dialstat will be used for any 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.*

(2) *The loans to Micawber and Windfall bear interest at 2% below the South African prime interest rate.*

(3) *The loan to Mvela Resources will be used to fund working capital.*

(4) *The loan facility granted to Norplats comprises an interest bearing portion of R24.4 million which is repayable in 2026 and an interest free portion of R12.4 million which has no fixed repayment date. The interest bearing portion carries interest at prime less 2.0%.*

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 made a significant contribution to the operations of the company. The Scheme was discontinued in 2011 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.

In March 2013 the JSE approved a change to the rules of the Scheme in terms of which option holders may elect to receive either the shares over which an option has been granted or a cash payment equivalent to the difference between the volume weighted average price at which Northam shares traded on the day preceding the exercise date and the exercise price. Options which are cash settled are regarded as having been exercised. At 30 June 2013 the outstanding options were exercisable as indicated in Annexure 5 on pages 178 to 183:

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

Earliest and latest exercise date	Price per share	Total number of options
	R	
24 October 2007 and 23 October 2012	17.00	56 700
23 October 2008 and 21 October 2013	38.45	1 071 000
22 October 2009 and 21 October 2014	48.00	1 467 500
27 November 2010 and 26 November 2015	32.38	1 955 500
5 November 2011 and 4 November 2016	36.95	2 752 500
1 July 2012 and 30 June 2017	45.59	125 000
12 October 2012 and 11 October 2017	46.57	3 242 500
Number of options held at 30 June 2012		10 670 700
Number of options forfeited during the year		556 000
Number of options exercised during the year – refer Annexure 5 on pages 178 to 183		
Equity settled options		56 700
Cash settled options		1 283 000
Number of options held at 30 June 2013		**8 775 000**

Earliest and latest exercise date	Price per share	Total number of options	Options vested at 30 June 2013	Options exercisable in F2014
	R			
23 October 2008 and 22 October 2013	38.45	1 058 000	1 058 000	–
22 October 2009 and 21 October 2014	48.00	1 397 500	1 397 500	–
27 November 2010 and 26 November 2015	32.38	1 237 000	1 237 000	–
5 November 2011 and 4 November 2016	36.95	2 050 000	2 050 000	–
1 July 2012 and 30 June 2017	45.59	125 000	62 500	62 500
12 October 2012 and 11 October 2017	46.57	2 907 500	1 453 750	1 453 750
Number of options held at 30 June 2013		**8 775 000**	**7 258 750**	**1 516 250**

Full details of the options exercised during the year are set out in Annexure 5 on pages 178 to 183, and are summarised as follows:

	Equity settled options			Cash settled options		
Grant date	Number of options exercised	Exercise price	Consideration received	Number of options exercised	Exercise price	Total gain paid to participants
		R	R000		R	R000
24 October 2005	56 700	17.00	964	Nil	–	–
27 November 2008	Nil	–	–	680 500	32.38	4 561
5 November 2009	Nil	–	–	602 500	36.95	1 373
Total	**56 700**		**964**	**1 283 000**		**5 934**

NORTHAM SHARE INCENTIVE PLAN (the Plan)

The Plan was approved in 2011 when 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 are eligible.
- Non-executive directors are not 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 Plan. 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 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 their 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 can be settled 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 they 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 Social, Ethics and Human Resources (SE&HR) 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.

In March 2013 the JSE approved a change to the rules of the Plan in terms of which, upon the vesting of any awards, participants may elect to receive either the shares that have vested or an amount equal to the volume weighted average price on the day preceding the settlement date.

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

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

Grant date	Details	Total	Retention shares	Performance shares
Balance at 30 June 2012		1 941 000	684 000	1 257 000
6 November 2012	Shares awarded	2 549 000	930 000	1 619 000
	Shares forfeited	(140 000)	(48 000)	(92 000)
	Shares cash-settled	(152 000)	(54 000)	(98 000)
Balance at 30 June 2013		**4 198 000**	**1 512 000**	**2 686 000**

At 30 June 2013 the following awards were outstanding:

Grant date	Details	Total	Retention shares	Performance shares
22 November 2011	Retention shares	608 000	608 000	–
22 November 2011	Performance shares	1 113 000	–	1 113 000
6 November 2012	Retention shares	904 000	904 000	–
6 November 2012	Performance shares	1 573 000	–	1 573 000
Balance at 30 June 2013		**4 198 000**	**1 512 000**	**2 686 000**

Full details of the shares granted during the year are set out in Annexure 5 on pages 178 to 183.

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 MJ Willcox resigned as alternate director to Mr MSMM Xayiya on 5 November 2012.
- Mr MSMM Xayiya resigned as a non-executive director on 7 December 2012.
- Dr NJ Dlamini resigned as a director with effect from 30 September 2013.

The composition of the board of directors, as well as of board appointed committees, at the date of this report, is reflected on pages 54 to 55.

Further, in terms of the company's MOI one third of the non-executive directors, being those longest in office, must retire from office at each AGM. A retiring director who is eligible and available may offer himself or herself for re-election and appointment. Mr CK Chabedi, Ms ET Kgosi and Mr AR Martin retire by rotation and, being eligible and available, offer themselves for re-election. Accordingly at the forthcoming AGM members will be requested to consider resolutions providing for the election and re-appointment of the aforementioned non-executive directors of the company.

Brief summaries of their curricula vitae appear on pages 54 to 55.

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 AGM members will be requested to consider resolutions providing for the appointment of the aforementioned 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 – 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 chairmen – 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 chairmen – 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.

The above fees were set in 2012, and in order to recognise the ever increasing regulatory environment as well as the effects of inflation, it is proposed that they be increased by an average of 5.0% to bring them more into line with market norms. The proposed fee for *ad hoc* work is calculated on the basis of $^{1}/_{5}$ (one fifth) of the board appointed committee meeting attendance fee, on the basis that 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 – R116 100 per annum.
- Lead independent director – R86 100 per annum.
- Board members – R55 200 per annum.
- Board meeting attendance fees – R35 700 per meeting.

Audit and risk committee fees

- Committee chairman – R51 900 per annum.
- Committee members – R26 400 per annum.
- Committee meeting attendance fees – R17 300 per meeting.

Social, ethics and human resources committee fees

- Committee chairman – R44 400 per annum.
- Committee members – R21 900 per annum.
- Committee meeting attendance fees – R13 800 per meeting.

Other board appointed committee fees

- Committee chairmen – R41 400 per annum.
- Committee members – R20 700 per annum.
- Committee meeting attendance fees – R13 800 per meeting.
- *Ad hoc* fees – R2 760 per hour.

DIRECTORS' REMUNERATION

The directors' remuneration for the year ended 30 June 2013 was as follows:

	Fees	Remuneration package	Performance bonus	Benefits	Gain on exercise of options	Total
	R000	R000	R000	R000	R000	R000
2013 Executive						
AZ Khumalo	–	2 392	955	391	–	3 738
GT Lewis	–	5 841	2 291	809	–	8 941
Non-executive						
ME Beckett	475	–	–	–	–	475
CK Chabedi	389	–	–	–	–	389
JAK Cochrane	282	–	–	–	–	282
NJ Dlamini	512	–	–	–	–	512
R Havenstein [(1)]	892	–	–	–	–	892
ET Kgosi	510	–	–	–	–	510
AR Martin	517	–	–	–	–	517
MSMM Xayiya [(2)]	112	–	–	–	–	112
PL Zim	280	–	–	–	–	280
	3 969	**8 233**	**3 246**	**1 200**	**–**	**16 648**

(1) Mr R Havenstein was paid an ad hoc fee of R217 000 in respect of special work done for the board.
(2) Mr MSMM Xayiya resigned as a director 7 December 2012.

	Fees	Remuneration package	Performance bonus	Benefits	Gain on exercise of options	Total
	R000	R000	R000	R000	R000	R000
2012 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
MSMM Xayiya	174	–	–	–	–	174
PL Zim	258	–	–	–	–	258
	2 981	**6 793**	**8 501**	**688**	–	**18 963**

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

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 which is intended to be extended. 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 2013 were as follows:

	30 June 2013		
	Direct beneficial holding	Indirect beneficial holding	Total
ME Beckett	30 000	–	30 000
NJ Dlamini	–	326	326
	30 000	**326**	**30 326**

	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**

There have been no significant changes in the directors' shareholding outlined above since the end of the financial year and at the date of this report.

ANALYSIS OF SHAREHOLDERS AT 30 JUNE 2013

Shareholding range	Number of holders	Total shareholding	Percentage holding
1 – 5 000	6 373	5 929 684	1.5
5 001 – 10 000	319	2 349 031	0.6
10 001 – 50 000	360	8 628 528	2.3
50 001 – 100 000	140	9 981 253	2.6
100 001 – 1 000 000	180	57 291 943	15.0
1 000 001 and over	52	298 405 651	78.0
Total	**7 424**	**382 586 090**	**100.0**

Category of shareholder	Number of holders	Total shareholding	Percentage holding
Individuals	6 892	15 326 062	4.0
Companies	2	59 552 951	15.6
Managed funds and other bodies	530	307 707 077	80.4
Total	**7 424**	**382 586 090**	**100.0**

Geographic analysis of shareholders	Total shareholding	Percentage holding
Australasia	1 387 152	0.4
Europe and United Kingdom	21 833 628	5.7
North America	69 548 018	18.2
Far East	7 162 794	1.9
Africa	670 246	0.2
South Africa	273 653 746	71.5
Other	8 330 506	2.1
Total	**382 586 090**	**100.0**

MAJOR SHAREHOLDERS AT 30 JUNE 2013

Owner	Number of shares	Percentage holding
ENRC NV	51 732 782	13.5

Fund manager	Number of shares	Percentage Holding
Public Investment Commission	68 332 592	17.9
Coronation Asset Management	54 623 506	14.3
Sanlam Investment Managers	28 066 779	7.3
Capital group Companies Inc.	21 949 794	5.7
Ameriprise Financial Inc.	16 699 952	4.4

SHAREHOLDER SPREAD AT 30 JUNE 2013

The company's shareholder spread is set out below.

	Number of shareholders	Percentage holding
Public	7 421	86.5
Non-public		
– Directors	2	***
– Other (any who fall outside the scope of the above)	1	13.5
Total	7 424	100.0

**** Shareholding below 0.1%.*

BEE STATUS

There have been no further developments with regard to the Northam Black Economic Empowerment (BEE) shareholding. Shareholders are referred to the announcement dated Friday, 3 August 2012 wherein they were advised of a restructure of the group's BEE shareholding. Since then, the group has proposed an 'A' class share scheme to be held by BEE trusts, as outlined in the announcement. The proposal is aimed at restoring the group's BEE shareholding to 26%. Shareholders will be informed of progress 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 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 10 and 20 of the notes to the financial statements. In addition, the group has procured the issue of guarantees for R96.9 million (2012: R96.9 million) in respect of certain unfunded environmental restoration costs, as more fully disclosed in note 11 of the notes to the financial statements.

BUTTONSHOPE CONSERVANCY TRUST

The Buttonneshope 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. Details of the contributions are disclosed in note 12 of the notes to the financial statements.

TORO EMPLOYEE EMPOWERMENT TRUST

The group has entered into an agreement with the representative unions at the Zondereinde mine in terms of which the group contributes 4% of Zondereinde mine's after-tax profits to a registered trust fund (The Toro Employee Empowerment Fund), providing Zondereinde mine's unskilled and semi-skilled employees with an opportunity to participate in the profits of the mine. Eligible employees will receive payment at the end of each five year cycle, beginning in F2013. A similar scheme may be considered for Booysendal mine employees.

SUBSIDIARIES

Northam acquired a 70.0% interest in Northam Chrome Producers Proprietary Limited (NCP) at a cost of R10.0 million on 1 July 2012. The primary business of NCP is producing a metallurgical grade chrome concentrate from Northam's UG2 tailings. The product is sold primarily via traders into the export market at international market related prices. The plant operated satisfactorily within design parameters during the year under review. Subsequent to year end, Northam acquired a further 10% of NCP for R10 million, increasing its total shareholding to 80%.

Details of Northam's subsidiaries at 30 June 2013 are set out in Annexure 3 on pages 174 to 175.

SPECIAL RESOLUTIONS

Special resolutions relating to financial assistance and the adoption of a new MOI to harmonise with the Companies Act, were passed by Northam's subsidiary companies during the year under review.

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. In addition management has assessed whether there are any indicators of impairment in the market and believes that the increase in the average price realised, the firmer outlook of the platinum price, as well as the recovery in the automotive industry indicates that no impairment needs to be recognised.

Management has assessed the valuation of the Booysendal mine as required in terms of IAS 36 – Impairments of Assets, and has concluded that the mine is not impaired. The assessment was based on previous independent valuations taking into account the current available future outlook of commodity prices and exchange rates and Booysendal's ore reserves. None of Northam's investments in subsidiaries 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

Northam is listed on the JSE, trading under the equity issuer code NHM, and the debt issuer code NHMI for the DMTN programme. The ISIN is ZAE000030912.

ADR LISTING

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

POST BALANCE SHEET FINANCING ACTIVITY

Shareholders are referred to the announcement dated 20 September 2013, wherein the company announced a new R1.0 billion funding programme, comprising a R600.0 million fully subscribed renounceable claw-back rights offer, a R400.0 million additional revolving credit facility and amendments to certain key terms of Northam's current revolving credit facility.

In terms of the claw back offer, 15 000 000 new Northam ordinary shares of no par value will be offered to shareholders at a price of R40 per share, representing a total claw back offer subscription consideration of R600 million. The subscription price represents a 2% discount to the 30 day volume weighted average price (VWAP) and a 5% premium to the 60 day VWAP of Northam ordinary shares, calculated at 18 September 2013. The claw back shares will be offered to shareholders in the ratio of 3.92068 claw back shares for every 100 Northam ordinary shares held on 15 November 2013. The circular containing details of the claw back offer will be posted to shareholders on or about Monday, 18 November 2013.

As advised in the above announcement, Northam has secured an additional revolving credit facility of R400.0 million (new RCF), on terms that are customary for a credit facility of this nature. The new RCF has an automatic termination date of 31 March 2015, whereupon any drawn down and unpaid balance must be repaid in full and the facility will expire. The new RCF is unsecured and does not introduce any material new or otherwise onerous lending conditions relative to those governing the existing revolving credit facility. Northam has retained full flexibility to draw down funds, to repay funds drawn under the new facility and/or to cancel the facility, entirely or partially, prior to its expiry date.

In addition to the new RCF referred to above, Northam secured a complete special covenant holiday in respect of all debt covenants applicable to the existing revolving credit facility that pertain to, or are calculated with reference to Northam's earnings before interest, tax, depreciation and amortisation over the next three measuring periods. The covenant holiday will also apply to the new RCF.

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that have been measured at fair value, in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The consolidated 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.

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 group 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.

- IAS 1 – Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (Amendment).
- IAS 12 – Income Taxes – Deferred Taxes – Recovery of underlying assets (Amendment).

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

IAS 1 – Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (Amendment)
The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time are now presented separately from items that will never 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.

The amendment has an impact on the group's share of other comprehensive income from associate in that the associate's foreign currency translation reserve (FCTR) and fair value adjustments on available-for-sale financial assets are classified as recyclable.

IAS 12 – Income Taxes – Deferred 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. A rebuttable presumption was introduced that an investment property measured using the fair value

model will be recovered in its entirety through sale. Deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16 should always be measured on a sale basis.

The adoption of this amendment has no material effect on the group as the group does not have investment properties or non-depreciable assets measured using the revaluation model.

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
IFRS 1	First time adoption of International Financial Reporting Standards – 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	First time adoption of International Financial Reporting Standards – Borrowing 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

Standard or Interpretation	Description	Impact	Effective date
IFRS 9	Financial Instruments-Classification and Measurement of Financial Assets and Liabilities	**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. 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. **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.	

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. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. 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 10	Consolidated Financial Statements – Transition guidance amendments (amendment)	The amendments clarify that an entity is not required to make adjustments to the previous accounting for its involvement with entities if the consolidation conclusion reached at the date of initial application is the same when applying IAS 27/SIC-12 and when adopting IFRS 10. As a result, relief from retrospective application of IFRS 10 would also apply to an investor's interests in investees that were disposed of during a comparative period, such that consolidation would not occur in accordance with either IAS 27/SIC-12 or IFRS 10 at the date of initial application. Although the impacts of the amendments have not yet been assessed in detail, it might reduce the burden of adopting IFRS 10 during the 2014 financial year.	1 January 2013
IFRS 10	Consolidated Financial Statements – Investment entities final amendment – exception to consolidation (amendment)	The amendment provides an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The adoption of this amendment will have no impact on the Group as the holding company does not comply with the definition of an investment entity.	1 January 2014

Standard or Interpretation	Description	Impact	Effective date
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. Joint arrangements will be classified as joint operations or joint ventures. Proportionate consolidation will no longer be permitted for joint ventures. The impact of adoption of this new standard has not yet been assessed.	1 January 2013
IFRS 12	Disclosure of Interests 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 11 and IFRS 12	Joint Arrangements and Disclosure of Interests in Other Entities – Transition guidance amendments	The amendments provide transition relief, as follows: To limit the requirement to provide adjusted comparative information to the immediately preceding period only; and for the first year that IFRS 12 is applied, the requirement to present comparative information for the disclosures related to unconsolidated structured entities is removed. Although the impacts of these amendments have not yet been assessed in detail, it might reduce the burden of adopting IFRS 11 and IFRS 12 during the 2014 financial year.	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 proposed disclosures increase transparency about fair value measurement, e.g. fair value hierarchy, inputs in fair value measurement, etc. The impact of the adoption of this Standard has not yet been assessed.	1 January 2013
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

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 and Joint Ventures (amendment)	The revised standard caters for joint ventures (now accounted for by only applying the equity method) in addition to prescribing the accounting for investments in associates. The adoption of this amended standard is not expected to impact the group as the current application of the equity method should not change.	1 January 2013
IAS 32	Financial Instruments: Presentation – 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

Standard or Interpretation	Description	Impact	Effective date
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
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
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
IAS 36	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (amendment)	These amendments clarify the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarify that additional information should also be disclosed on discount rates if fair value less costs of disposal is based on present value techniques. It is unlikely that this amendment will have an impact on the group, as impairment calculations are normally done on a value-in-use basis.	1 January 2014

Standard or Interpretation	Description	Impact	Effective date
IAS 39	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting (amendment)	The amendment provides relief from discontinuing hedge accounting when novation of a derivative (designed as a hedging instrument) to a central counterparty following the introduction of a new law or regulation meets certain criteria. The adoption of this amendment will have no impact on the group as hedge accounting is not applied.	1 January 2014
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
IFRIC 21	Levies	The interpretation clarifies that a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The impact of this interpretation has not yet been assessed.	1 January 2014

The group does not intend early adopting any of the above amendments, standards and interpretations.

2. CONSOLIDATION

The consolidated financial statements include the results, financial position and cash flows of Northam, 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, 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.

The group also has an interest in a joint venture which is classified as such in terms of IAS 31 Interests in Joint Ventures. The group's investment in this joint venture 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.

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 recognises 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 associates 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-related costs are expensed as incurred.

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 Financial Instruments: Recognition and Measurement, 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 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.

5.3 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/scrapped.

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 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 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.

5.6 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.

5.7 LAND

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

5.8 IMPAIRMENT

At each reporting date, the group assesses whether there is any indication that an asset or cash-generating-unit 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 cash flows 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.

5.9 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.

5.10 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.

5.11 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 accounting policy note 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, long-term receivables, 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 accounting policy note 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.

Negotiable instruments are recorded initially at the fair value of the consideration given subsequent measurement is at amortised cost which is incorporated in the determination of investment income.

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 as follows:

- 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; and
- 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 finance 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 result 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 it 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 finance 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 to the extent 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.

In determining the amount of borrowing cost eligible for capitalisation during a period, any investment income earned on such funds is deducted from the borrowing costs 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 Plan

Awards granted to employees in terms of the rules of the Northam Share Incentive Plan (the Plan) 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 Plan 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.

16.2.3 Modification during the year

During the year both the Scheme and Plan was amended to provide employees with the option to either elect for settlement in shares or cash. The change was made to avoid the ongoing dilution of the BEE position and approval was granted by the JSE during March 2013.

Where the counterparty has the right to elect for settlement in either shares or cash, IFRS 2 regards the transaction as a compound transaction to which split accounting must be applied. The general principle is that the transaction must be analysed into a liability component (the counterparty's right to demand settlement in cash) and an equity component (the counterparty's right to demand settlement in shares).

Management considered the requirements and determined that based on historical information very few individuals, if any, have kept their Northam shares, and that the majority of the outstanding options, performance and retention shares will be settled in cash and should therefore be accounted for as a liability rather than an equity compensation reserve. Cash-settled options and shares are accounted for as a liability and until the liability is settled, the entity remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value being recognised in profit or loss for the period.

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 terminate.

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.

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 accounting policy note 10.

18.3 DIVIDENDS WITHHOLDING TAX

During the 2012 financial year, secondary taxation on companies on dividends declared was accrued in the period in which the dividend was declared. Dividends withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012.

The group withholds dividends tax on behalf of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of the group's tax charge but rather as part of the dividend paid recognised directly in equity.

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.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2013

		Group		Company	
		2013	2012	2013	2012
	Note	R000	R000	R000	R000
ASSETS					
Non-current assets		**12 622 989**	9 831 213	**8 287 148**	8 147 929
Property, plant and equipment	2	**6 222 226**	4 598 689	**2 147 090**	2 027 614
Mining properties and mineral resources	3	**5 708 825**	4 537 133	**121 762**	130 369
Interest in associates and joint ventures	5	**495 498**	505 415	**122 442**	47 533
Investments in subsidiaries	6			**5 801 514**	5 863 688
Unlisted investment	7	**6**	6	**6**	6
Land and township development	8	**15 553**	43 849	**–**	–
Long-term receivables	9	**87 400**	64 937	**–**	–
Investments held by Northam Platinum Restoration Trust Fund	10	**40 948**	35 689	**33 913**	31 231
Environmental Guarantee Investment	11	**42 407**	35 720	**35 965**	31 523
Buttonshope Conservancy Trust	12	**10 126**	9 775	**–**	–
Long-term subsidiary loans	13			**24 456**	15 965
Current assets		**1 734 675**	1 232 339	**5 534 946**	3 647 671
Short-term subsidiary loans	13			**4 119 639**	2 640 498
Inventories	14	**878 530**	811 183	**872 333**	811 183
Trade and other receivables	15	**547 920**	303 268	**333 959**	155 877
Cash and cash equivalents	16	**298 580**	104 980	**209 015**	38 358
South African Revenue Service		**9 645**	12 908	**–**	1 755
Mineral resources classified as held for sale	3	**–**	1 180 300	**–**	–
Total assets		**14 357 664**	12 243 852	**13 822 094**	11 795 600

		Group		Company	
		2013	2012	2013	2012
	Note	R000	R000	R000	R000
EQUITY AND LIABILITIES					
Stated capital/Share capital and share premium	17	**8 599 655**	8 597 648	**8 599 655**	8 597 648
Retained earnings		**2 220 477**	1 622 833	**2 063 282**	1 427 527
Equity compensation reserve	18	**–**	202 634	**–**	202 634
Share of other comprehensive income from associate		**(14 013)**	(9 868)	**–**	–
Equity attributable to owners of the parent		**10 806 119**	10 413 247	**10 662 937**	10 227 809
Non-controlling interests		**9 516**	–	**–**	–
Total equity		**10 815 635**	10 413 247	**10 662 937**	10 227 809
Non-current liabilities		**1 997 826**	648 600	**1 909 754**	575 857
Deferred tax liability	19	**476 053**	504 628	**484 447**	500 365
Long-term provisions	20	**133 267**	111 118	**90 299**	75 492
Long-term loans	21	**47 564**	32 854	**–**	–
Share-based payment liability	22	**90 942**	–	**85 008**	–
Domestic medium-term notes	23	**1 250 000**	–	**1 250 000**	–
Current liabilities		**1 544 203**	1 182 005	**1 249 403**	991 934
Current portion of long-term loans	21	**3 801**	2 430	**–**	–
Share-based payment liability	22	**16 665**	–	**14 518**	–
Revolving credit facilities	23	**250 000**	–	**250 000**	–
South African Revenue Service		**156 963**	101 900	**52 848**	–
Trade and other payables	24	**1 012 104**	981 209	**826 650**	895 468
Short-term provisions	25	**104 670**	96 466	**104 670**	96 466
Short-term subsidiary loans	13			**717**	–
Total equity and liabilities		**14 357 664**	12 243 852	**13 822 094**	11 795 600

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

		Group		Company	
		2013	2012	2013	2012
	Note	R000	R000	R000	R000
Revenue	27	**4 510 475**	3 802 662	**4 579 424**	4 394 469
Sales revenue	27	**4 420 977**	3 684 000	**4 243 420**	3 648 663
Cost of sales		**3 813 301**	3 345 311	**3 745 036**	3 320 299
Operating costs	28	**2 826 094**	2 632 926	**2 759 433**	2 607 914
Concentrates purchased		**657 540**	624 774	**657 540**	624 774
Refining and other costs		**161 591**	100 612	**161 591**	100 612
Depreciation and write-offs	29	**234 690**	190 287	**232 930**	190 287
Change in metal inventories		**(66 614)**	(203 288)	**(66 458)**	(203 288)
Operating profit		**607 676**	338 689	**498 384**	328 364
Share of earnings from associate/ dividends received	30	**13 783**	16 602	**16 740**	816
Investment revenue	31	**33 434**	53 951	**174 311**	34 124
Finance charges		**(17 946)**	–	**(119 669)**	–
Sundry expenditure	32	**(28 254)**	(36 885)	**(70 666)**	(654 483)
Sundry income	32	**88 362**	80 228	**193 067**	720 767
Profit before tax		**697 055**	452 585	**692 167**	429 588
Taxation	33	**169 054**	142 073	**149 149**	137 099
Profit for the year		**528 001**	310 512	**543 018**	292 489
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss		**(4 145)**	(9 868)	**–**	–
Share of associate's exchange differences on translating foreign operations		**(4 105)**	(9 582)	**–**	–
Share of associate's fair value adjustment on available for sale financial assets		**(40)**	(286)	**–**	–
Total comprehensive income for the year		**523 856**	300 644	**543 018**	292 489

	Note	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Profit attributable to:					
Owners of the parent		**504 907**	310 512	**543 018**	292 489
Non-controlling interests		**23 094**	–	**–**	–
Profit for the year		**528 001**	310 512	**543 018**	292 489
Total comprehensive income attributable to:					
Owners of the parent		**500 762**	300 644	**543 018**	292 489
Non-controlling interests		**23 094**	–	**–**	–
Total comprehensive income for the year		**523 856**	300 644	**543 018**	292 489

	Note	Group 2013 Cents	Group 2012 Cents	Company 2013 Cents	Company 2012 Cents
Earnings per share	34	**132.0**	81.2		
Fully diluted earnings per share	34	**132.0**	81.2		
Headlines earnings per share	34	**136.5**	80.9		
Fully diluted headline earnings per share	34	**136.5**	80.9		

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

GROUP

Balance at 1 July 2011

Share-based payments expense

Total comprehensive income for the year

Profit for the year

Other comprehensive income for the year

Transfer of equity compensation reserve to retained earnings

Dividends declared

Issue of new shares

Balance at 30 June 2012

Share-based payments expense

Transfer of equity compensation reserve to share-based payment liability

Transfer of equity compensation reserve to retained earnings

Non-controlling interest arising on a business combination

Total comprehensive income for the year

Profit for the year

Other comprehensive income for the year

Dividends declared#

Issue of new shares

Balance at 30 June 2013

Note

Non-controlling interest's portion of dividends declared by entities within the Northam group.
* *Share capital and share premium were converted to no par value shares and are now referred to as stated capital.*

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 18 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*	Share premium*	Equity compensa-tion reserve	Retained earnings	Other com-prehensive income from associate	Non-controlling interest	Total
R000	R000	R000	R000	R000	R000	R000
3 824	8 592 258	156 076	1 363 194	–	–	10 115 352
–	–	53 049	–	–	–	53 049
–	–	–	310 512	(9 868)	–	300 644
–	–	–	310 512	–	–	310 512
–	–	–	–	(9 868)	–	(9 868)
–	–	(6 491)	6 491	–	–	–
–	–	–	(57 364)	–	–	(57 364)
1	1 565	–	–	–	–	1 566
3 825	8 593 823	202 634	1 622 833	(9 868)	–	10 413 247
–	–	13 807	–	–	–	13 807
–	–	(123 704)	–	–	–	(123 704)
–	–	(92 737)	92 737	–	–	–
–	–	–	–	–	8 169	8 169
–	–	–	504 907	(4 145)	23 094	523 856
–	–	–	504 907	–	23 094	528 001
–	–	–	–	(4 145)	–	(4 145)
–	–	–	–	–	(21 747)	(21 747)
1	2 006	–	–	–	–	2 007
3 826	**8 595 829**	**–**	**2 220 477**	**(14 013)**	**9 516**	**10 815 635**
17	17	18				

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013 CONTINUED

	Share capital*	Share premium*	Equity compensa-tion reserve	Retained earnings	Total
	R000	R000	R000	R000	R000
COMPANY					
Balance at 1 July 2011	3 824	8 592 258	156 076	1 185 911	9 938 069
Share-based payments expense	–	–	53 049	–	53 049
Total comprehensive income for the year/profit for the year	–	–	–	292 489	292 489
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
Share-based payments expense	–	–	13 807	–	13 807
Transfer of equity compensation reserve to share-based payment liability	–	–	(123 704)	–	(123 704)
Transfer of equity compensation reserve to retained earnings	–	–	(92 737)	92 737	–
Total comprehensive income for the year/profit for the year	–	–	–	543 018	543 018
Dividends declared	–	–	–	–	–
Issue of new shares	1	2 006	–	–	2 007
Balance at 30 June 2013	**3 826**	**8 595 829**	**–**	**2 063 282**	**10 662 937**
Note	17	17	18		

** Share capital and share premium were converted to no par value shares and are now referred to as stated capital.*

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 18 for further details.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

		Group		Company	
		2013	2012	2013	2012
	Note	R000	R000	R000	R000
Cash flows from operating activities		**524 200**	437 662	**428 377**	496 690
Cash generated from operations	35	**915 317**	608 378	**829 423**	639 209
Interest received		**29 290**	50 723	**17 468**	30 896
Change in working capital	36	**(281 104)**	(90 367)	**(308 050)**	(41 430)
Taxation paid	37	**(139 303)**	(131 072)	**(110 464)**	(131 985)
Cash flows utilised in investing activities		**(1 703 238)**	(2 010 021)	**(1 640 058)**	(1 388 968)
Property, plant, equipment, mining properties and mineral reserves					
– additions to maintain operations		**(363 914)**	(331 070)	**(347 871)**	(328 312)
– additions to expand operations		**(1 383 200)**	(1 684 331)	**–**	–
– disposals proceeds		**4 497**	6 488	**3 689**	5 762
Land and township development					
– additions		**(17 683)**	(12 942)	**–**	–
– disposals proceeds		**45 979**	25 011	**–**	–
Investment in associate					
– cash distributed		**16 740**	816	**16 740**	816
Increase in subsidiary loans				**(1 401 345)**	(1 714 300)
Increase in investments held by Northam Platinum Restoration Trust Fund		**(5 259)**	(4 098)	**(2 682)**	(1 932)
Increase in investments held by Environmental Contingency Fund		**(6 687)**	(6 249)	**(4 442)**	(4 102)
Increase in investment held in Buttonshope Conservancy Trust		**(351)**	(9 775)	**–**	–
Acquisition of subsidiary net of cash acquired		**6 416**	–	**(10 000)**	–
Dividends received		**224**	6 129	**105 853**	653 100

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013 CONTINUED

		Group		Company	
		2013	2012	2013	2012
	Note	R000	R000	R000	R000
Cash flows generated from/ (utilised in) financing activities		**1 372 638**	(20 514)	**1 382 338**	(55 798)
Proceeds from issue of shares		**2 007**	1 566	**2 007**	1 566
Finance charges		**(123 703)**	–	**(119 669)**	–
Dividends paid		**(21 747)**	(57 364)	**–**	(57 364)
Increase in long-term loans		**16 081**	35 284	**–**	–
Revolving credit facilities utilised		**250 000**	–	**250 000**	–
Domestic medium-term notes issued		**1 250 000**	–	**1 250 000**	–
Increase/(decrease) in cash and cash equivalents		**193 600**	(1 592 873)	**170 657**	(948 076)
Cash and cash equivalents at beginning of year	16	**104 980**	1 697 853	**38 358**	986 434
Cash and cash equivalents at end of year	16	**298 580**	104 980	**209 015**	38 358

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 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 considered to be 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, 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. Management has assessed its cash generating units as being both Zondereinde and Booysendal, which is the lowest level for which cash flows are largely independent of other assets.

Impairment testing requires management to make significant judgements concerning the existence of impairment indicators, identification of cash-generating units, remaining useful lives of assets and estimates of projected cash flows and fair value less costs to sell. Management's analysis of cash-generating units involves an assessment of a group of assets' ability to independently generate cash inflows and involves analysing the extent to which different products make use of the same assets. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

The determined value in use of the cash-generating unit is most sensitive to the platinum price, the US dollar exchange rate and the discount rate.

In assessing the value in use, the following key estimates and judgments were made by management, which are based on management interpretation of market forecast and the future.

1. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS CONTINUED

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
The main assumptions include:				
Long-term real platinum price – US$ per ounce	**1 750**	1 595	**1 750**	1 595
Long-term real exchange rate – US$ = R	**9.10**	7.50	**9.10**	7.50
Long-term real discount rate – %	**9.76**	10.00	**9.76**	10.00

Management estimated the residual amount of mineral assets that the group is not planning to develop. For those assets, the residual amount is calculated on a fair-value-less-cost-to-sell basis taking into account earlier binding sales agreements that did not occur.

1.2 PROVISIONS

	Group 2013	Group 2012	Company 2013	Company 2012
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 real 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.

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 resource 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 (if any), and depreciation and amortisation charges.

1.5 PRODUCTION START DATE FOR BOOYSENDAL

The group assesses the stage of a mine under construction to determine when the mine moves into the production phase. This being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of that mines construction project, such as the complexity of the project and its location. The group considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from "pre-production development expenditure" to "property, plant and equipment".

Some of the criteria used to identify the production start date include, but are not limited to:
- Level of capital expenditure incurred compared to the original construction cost estimate
- Completion of a reasonable period of testing of the mine plant and equipment
- Ability to produce metal in saleable form (within specifications)
- Ability to sustain ongoing production of metal

When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation commences.

1.6 CAPITALISATION OF BORROWING COSTS

Northam obtained various forms of borrowings to fund the development of the Booysendal mine. In assessing these borrowing costs incurred, an allocation is made to estimate the percentage of these costs that funds working capital at the Zondereinde mine. Only borrowing costs relating to qualifying assets (development of the Booysendal mine) is capitalised.

1. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS CONTINUED

1.7 TORO EMPLOYEE EMPOWERMENT TRUST

In applying the projected unit credit method, the following estimates were used:

	2013	2012
	%	%
– Discount rate	**5.40**	7.75
– Expected rate of return on assets	**7.30**	7.45

2. PROPERTY, PLANT AND EQUIPMENT

	Mining plant and equipment	Development costs	Decom-missioning asset	Motor vehicles	Total
	R000	R000	R000	R000	R000
GROUP – 30 JUNE 2013					
Property, plant and equipment:					
– at cost	3 656 756	4 016 435	95 430	19 230	**7 787 851**
– accumulated depreciation	(1 539 254)	–	(17 953)	(8 418)	**(1 565 625)**
Balance at end of year	2 117 502	4 016 435	77 477	10 812	**6 222 226**
Reconciliation of movement in property, plant and equipment:					
– balance at beginning of year	1 983 761	2 529 543	69 172	16 213	**4 598 689**
– additions to maintain operations	345 745	–	–	478	**346 223**
– present value of decommissioning asset capitalised (note 20)	–	–	10 658	–	**10 658**
– additions to expand operations	–	1 381 135	–	2 065	**1 383 200**
– borrowing costs capitalised	–	105 757	–	–	**105 757**
– acquisition of a subsidiary (note 4)	10 039	–	–	456	**10 495**
– disposals at cost	(117 989)	–	–	(7 782)	**(125 771)**
– accumulated depreciation on disposals during the year	117 989	–	–	2 777	**120 766**
– depreciation charged for the year	(189 043)	–	(2 353)	(3 395)	**(194 791)**
– write-off of assets	(33 000)	–	–	–	**(33 000)**
Balance at end of year	2 117 502	4 016 435	77 477	10 812	**6 222 226**

	Mining plant and equipment	Development costs	Decom-missioning asset	Motor vehicles	Total
	R000	R000	R000	R000	R000
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**
– additions to expand operations	–	1 683 966	–	3 017	**1 686 983**
– present value of decommissioning asset capitalised (note 20)	–	–	(1 123)	–	**(1 123)**
– reclassification between categories	(12)	–	12	–	**–**
– disposals at cost	(5 613)	–	–	(9 047)	**(14 660)**
– accumulated depreciation on disposals during the year	4 471	–	–	2 135	**6 606**
– depreciation charged for the year	(177 065)	–	(2 217)	(3 986)	**(183 268)**
Balance at end of year	1 983 761	2 529 543	69 172	16 213	**4 598 689**

2. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Mining plant and equipment and development cost	Decom-missioning asset	Motor vehicles	Total
	R000	R000	R000	R000
COMPANY – 30 JUNE 2013				
Property, plant and equipment:				
– at cost	3 644 818	52 628	9 743	**3 707 189**
– accumulated depreciation	(1 537 621)	(17 953)	(4 525)	**(1 560 099)**
Balance at end of year	2 107 197	34 675	5 218	**2 147 090**
Reconciliation of movement in property, plant and equipment:				
– balance at beginning of year	1 983 761	33 545	10 308	**2 027 614**
– additions to maintain operations	343 846	–	478	**344 324**
– present value of decommissioning asset capitalised (note 19)		3 483	–	**3 483**
– disposals at cost	(117 989)	–	(6 570)	**(124 559)**
– accumulated depreciation on disposals during the year	117 989	–	2 498	**120 487**
– depreciation charged for the year	(187 410)	(2 353)	(1 496)	**(191 259)**
– write-off of assets	(33 000)	–	–	**(33 000)**
Balance at end of year	2 107 197	34 675	5 218	**2 147 090**

	Mining plant and equipment and development cost	Decom-missioning asset	Motor vehicles	Total
	R000	R000	R000	R000
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**
– additions to maintain operations	319 832	–	4 800	**324 632**
– present value of decommissioning asset capitalised (note 19)	–	571	–	**571**
– transfer between categories	(12)	12	–	**–**
– disposals at cost	(4 471)	–	(8 009)	**(12 480)**
– accumulated depreciation on disposals during the year	4 471	–	1 931	**6 402**
– depreciation charged for the year	(177 065)	(2 217)	(2 584)	**(181 866)**
Balance at end of year	1 983 761	33 545	10 308	**2 027 614**

3. MINING PROPERTIES AND MINERAL RESOURCES

	Mining properties	Mineral resources*	Total
	R000	R000	R000
GROUP – 30 JUNE 2013			
– at cost	282 374	5 571 003	**5 853 377**
– accumulated depreciation	(144 552)	–	**(144 552)**
Balance at end of year	137 822	5 571 003	**5 708 825**
Reconciliation of movement in mining properties and mineral resources			
– balance at beginning of year	146 430	4 390 703	**4 537 133**
– additions during the year	63	–	**63**
– reclassification from mineral resource held for sale	–	1 180 300	**1 180 300**
– depreciation charged for the year	(8 671)	–	**(8 671)**
Balance at end of year	137 822	5 571 003	**5 708 825**
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**
– reclassification to mineral resource held for sale	–	(1 180 300)	**(1 180 300)**
– additions to expand operations	6 438	–	**6 438**
– depreciation charged for the year	(8 421)	–	**(8 421)**
Balance at end of year	146 430	4 390 703	**4 537 133**

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

MINERAL RESOURCE HELD FOR SALE

	Mineral resources	Total
	R000	R000
Balance at 1 July 2011	–	–
Carrying value of assets held for sale previously classified under mining properties and mineral resources	1 180 300	1 180 300
Balance at 30 June 2012	1 180 300	1 180 300
Carrying value of assets held for sale reclassified to mining properties and mineral resources	(1 180 300)	(1 180 300)
Balance at 30 June 2013	–	–

The aforementioned represented 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 lapsed during the year and the mineral resource has subsequently been reclassified to mineral resources.

	Mining properties	Mineral resources	Total
	R000	R000	R000
COMPANY – 30 JUNE 2013			
– at cost	266 314	–	**266 314**
– accumulated depreciation	(144 552)	–	**(144 552)**
Balance at end of year	121 762	–	**121 762**
Reconciliation of movement in mining properties and mineral resources			
– balance at beginning of year	130 369	–	**130 369**
– additions during the year	64	–	**64**
– depreciation charged for the year	(8 671)	–	**(8 671)**
Balance at end of year	121 762	–	**121 762**
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**

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 10). The bond was cancelled during the prior financial year.

4. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

ACQUISITIONS IN 2013

Acquisition of Northam Chrome Producers Proprietary Limited

On 1 July 2012, the company acquired 70% of the voting shares in Northam Chrome Producers Proprietary Limited (NCP), an unlisted company based in the town of Northam, and specialising in chrome recovery, for a cash consideration of R10 million. The group acquired NCP in order to capture benefits from the chrome industry, a by-product to PGM mining.

ASSETS ACQUIRED AND LIABILITIES ASSUMED

The fair values of the identifiable assets and liabilities of NCP as at the date of acquisition were:

	Group	
	2013	2012
	R000	R000
ASSETS		
Property, plant and equipment	**10 495**	–
Cash and cash equivalents	**16 416**	–
Trade receivables	**1 442**	–
Inventories	**689**	–
	29 042	–
LIABILITIES		
Long-term provisions	**166**	–
Short-term provisions	**18**	–
Trade payables	**6 619**	–
Receiver of revenue	**4 070**	–
	10 873	–
Total identifiable net assets	**18 169**	–
Non-controlling interest	**(8 169)**	–
Non-controlling interest's portion of the identifiable net assets	**(5 173)**	–
Non-controlling interest's portion of pre-acquisition dividends declared during the financial year	**(2 996)**	–
Purchase consideration transferred	**10 000**	–

The non-controlling interest in NCP has been determined as the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

Subsequent to year end, the company acquired an additional 10% of the voting shares in NCP for a consideration of R10 million.

From the date of acquisition, NCP has contributed R129.8 million of revenue and R105.6 million to profit before tax for the group.

Trade receivables are considered fully recoverable.

No significant transaction costs were incurred with the acquisition of NCP.

5. INTEREST IN ASSOCIATES AND JOINT VENTURES

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Interest in associates and joint ventures comprises of a 7.5% interest in the Pandora joint venture (associate), a 50% interest in the Dwaalkop platinum project (joint venture), a 51% interest in the Kokerboom exploration project and a 20.3% interest in the issued share capital of Trans Hex Group Limited (associate). The percentage holdings remain unchanged from the prior year.				
Dwaalkop joint venture	**300 679**	300 679	**–**	–
Pandora joint venture/associate	**120 915**	136 915	**44 933**	47 533
Trans Hex Group Limited	**73 904**	67 821	**77 509**	–
	495 498	505 415	**122 442**	47 533

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.

During the financial year the investment in Trans Hex Group Limited was transferred from Mvelaphanda Resources Proprietary Limited to Northam Platinum Limited.

6. INVESTMENTS IN SUBSIDIARIES

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Dialstat Trading Proprietary Limited [1]			*	*
Khumama Platinum Proprietary Limited [2]			**5 566 000**	5 566 000
Mvelaphanda Resources Proprietary Limited [3]			**225 514**	297 688
Norplats Properties Proprietary Limited [4]			*	*
Northam Chrome Producers Proprietary Limited [5]			**10 000**	–
Windfall 38 Properties Proprietary Limited [6]			*	*
Balance at end of year			**5 801 514**	5 863 688

[1] *The company holds 120 ordinary shares representing a 100% equity interest in Dialstat Trading Proprietary Limited.*

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

[3] *The company holds 217 881 101 ordinary shares representing a 100% equity interest in Mvelaphanda Resources Proprietary Limited.*

[4] *The company holds 100 ordinary shares representing a 100% equity interest in Norplats Properties Proprietary Limited.*

[5] *The company holds 70 ordinary shares representing a 70% equity interest in Northam Chrome Producers Proprietary Limited.*

[6] *The company holds 100 ordinary shares representing a 100% equity interest in Windfall 38 Properties Proprietary Limited.*

With the exception of NCP, all companies are wholly-owned.

All companies are incorporated in the Republic of South Africa.

* *Represents investment of less than R1 000.*

Details of the subsidiaries are contained in Annexure 3, which forms part of these notes.

7. UNLISTED INVESTMENTS

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Available for sale investment	**6**	6	**6**	6

The unlisted investment represents an equity investment in a mining industry service organisation, Rand Mutual Assurance Company Limited.

8. LAND AND TOWNSHIP DEVELOPMENT

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Balance at beginning of year	**43 849**	55 918	**–**	–
Construction in progress	**28**	435	**–**	–
Acquisitions and surrenders	**17 655**	12 507	**–**	–
Disposals	**(45 979)**	(25 011)	**–**	–
Balance at end of year	**15 553**	43 849	**–**	–

Township development comprising 411 residential erven (2012: 382 residential erven) with houses erected thereon in Northam, District of Thabazimbi, as well as 502 undeveloped erven (2012: 1 757 undeveloped erven) in Northam. These properties have been acquired in order to assist the group's employees to acquire affordable housing. The 411 erven are registered in the name of the company's subsidiary, Norplats Properties Proprietary Limited, whilst the 502 erven are registered in the name of Broad Brush Investments 2 Proprietary Limited, a wholly-owned subsidiary of Norplats Properties Proprietary Limited.

97 houses (2012: 140 houses) were sold in Mojuteng Township of Northam town during the year, totalling the number of houses sold to date at 336 (2012: 239).

Broad Brush Investments 2 Proprietary Limited sold 1 255 undeveloped erven to Rustenburg Platinum Mines Limited during the year for R23 million, inclusive of VAT. The undeveloped erven were sold with the intention of township development.

9. LONG-TERM RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Long-term receivables	**92 961**	68 042	**–**	–
Current portion of long-term receivables (note 15)	**(5 561)**	(3 105)	**–**	–
Non-current portion of long-term receivables	**87 400**	64 937	**–**	–

This comprises balances due by employees in respect of Northam's employee home ownership scheme under suspensive sale agreements. The loans to the employees bear interest at the South African prime interest rate, and are 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 2013 there were no receivables (2012: R nil) 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 NV (FMO) (note 21).

10. 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:

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Balance at beginning of year	**35 689**	31 591	**31 231**	29 299
Contributions made during the year	**3 114**	2 183	**806**	156
Interest earned during the year (note 31)	**2 145**	1 915	**1 876**	1 776
Balance at end of year	**40 948**	35 689	**33 913**	31 231

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

11. ENVIRONMENTAL GUARANTEE INVESTMENT

The balance of the fund comprises:

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Balance at beginning of year	**35 720**	29 471	**31 523**	27 421
Contributions made during the year	**6 000**	6 000	**3 000**	3 000
Management fees	**(1 312)**	(1 312)	**(350)**	(350)
Interest earned during the year (note 31)	**1 999**	1 561	**1 792**	1 452
Balance at end of year	**42 407**	35 720	**35 965**	31 523

The Environmental Guarantee Investment policy was issued in terms of the insurance guarantee for R96.9 million (2012: R89.9 million) relating to the group and R31.0 million (2012: R24.0 million) for the company.

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

12. BUTTONSHOPE CONSERVANCY TRUST

The balance of the fund comprises:

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Balance at beginning of year	**9 775**	–	**–**	–
Contributions received during the year	**48**	10 000	**–**	–
Interest earned during the year (note 31)	**351**	–	**–**	–
Less expenditure incurred during the year	**(48)**	(225)	**–**	–
Balance at end of year	**10 126**	9 775	**–**	–

The trust was established as a conservancy trust by Northam Platinum Limited (Northam), 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, clean-up 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. An initial contribution of R10 million was required by Micawber in terms of the trust agreement, which was paid in the previous financial year.

Funds of R10.1 million (2012: R9.8 million) are invested with Standard Bank Limited in a call fund account.

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

13. SUBSIDIARY LOANS

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Long-term subsidiary loans receivable				
Norplats Properties Proprietary Limited			**24 456**	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 21).				
Short-term subsidiary loans receivable				
Broad Brush Investments 2 Proprietary Limited			**–**	13 066
Micawber 278 Proprietary Limited			**4 091 830**	2 583 789
Norplats Properties Proprietary Limited			**12 384**	27 948
Windfall 38 Properties Proprietary Limited			**15 424**	15 695
Dialstat Trading 133 Proprietary Limited			**1**	–
			4 119 639	2 640 498
Total subsidiary loans receivable			**4 144 095**	2 656 463
Short-term subsidiary loans payable				
Broad Brush Investments 2 Proprietary Limited			**(717)**	–
Total subsidiary loans payable			**(717)**	–

The loans to Broad Brush Investments 2, Dialstat Trading 133 and Norplats Properties Proprietary Limited are unsecured and interest-free, repayable on demand and, therefore, stated as current.

The loans to Micawber 278 and Windfall 38 Properties bear interest at 2.0% below the South African prime interest rate, repayable on demand and, therefore, stated as current.

Details of the subsidiaries are set out in Annexure 3, which forms part of these notes.

14. INVENTORIES

Inventory comprises:

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Metals on hand and in transit – at net realisable value	**825 733**	759 275	**825 733**	759 275
Chrome finished product – at cost	**274**	–	**–**	–
Consumable stores – at cost	**52 523**	51 908	**46 600**	51 908
Total inventories at the lower of cost and net realisable value	**878 530**	811 183	**872 333**	811 183

The cost-of-sales figure disclosed in the statement of comprehensive income approximates the cost of inventory expensed.

Included in cost of sales is R0.1 million (2012: R1.0 million) for consumable stores written-down to net realisable value and R72.7 million (2012: R127.4 million) recognised as an expense for metals on hand and in transit carried at net realisable value.

15. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise:

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Trade receivables	**215 965**	33 109	**213 899**	33 109
Prepayments	**58 124**	60 191	**57 346**	60 191
Receiver of revenue-value added tax	**139 838**	131 183	**20 799**	26 005
Current portion of long-term receivables (note 9)	**5 561**	3 105	**–**	–
Other	**128 432**	75 680	**41 915**	36 572
	547 920	303 268	**333 959**	155 877

Trade receivables are unsecured, non-interest-bearing and are generally on 30 day terms except for metal debtors who have payment terms of between 2-5 days. As at 30 June 2013, there were no receivables (2012: R nil), which were impaired and fully provided for.

The age analysis of trade receivables as at 30 June 2013 is set out in Annexure 1, which forms part of these notes.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Cash at banks and on hand	**132 501**	84 530	**42 936**	17 908
Short-term deposits	**166 079**	20 450	**166 079**	20 450
	298 580	104 980	**209 015**	38 358

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.

At 30 June, 2013 the group had R750 million (2012: R nil) of undrawn committed borrowing facilities.

Included in cash and cash equivalents is R4.3 million (2012: R3.5 million) that has been pledged to FMO by Norplats Properties Proprietary Limited (Norplats Props) as a debt service reserve account (the account) as security for servicing of the loan from FMO (note 21). In accordance with the FMO agreement, Norplats Props shall maintain at all times a balance in the account equal to not less than the sum of all payments of principal and interest on each loan which will be due and payable during the next relevant period. Norplats Props may withdraw amounts from the account only for the purpose of paying principal and interest under the agreement. Norplats Props shall not withdraw funds from the account for any other purpose without the written consent of FMO.

For the purpose of the statement of cash flows, cash and cash equivalents comprise only the above balances as the group has no bank overdrafts.

17. STATED CAPITAL/SHARE CAPITAL AND SHARE PREMIUM

	2013		2012	
	R000	Number of shares	R000	Number of shares
	Group and Company		Group and Company	
Authorised share capital	**5 450**	**545 000 000**	5 450	545 000 000
Issued share capital				
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**	1	80 800
At 1 July 2012	**3 825**	**382 496 990**	3 825	382 496 990
Shares issued during the year for cash on the exercise of share options	**1**	**89 100**		
	3 826	**382 586 090**		
Share premium				
At 1 July 2011	**8 592 258**		8 592 258	
Shares issued during the year for cash on the exercise of share options	**1 565**		1 565	
At 1 July 2012	**8 593 823**		8 593 823	
Shares issued during the year for cash on the exercise of share options	**2 006**			
	8 595 829			
Share capital and share premium	**8 599 655**	**382 586 090**	8 597 648	382 496 990
Transfer to stated capital	**(8 599 655)**			
Stated capital	**8 599 655**			

During the year share capital and share premium were converted to no par value shares and are now referred to as stated capital.

During the year 89 100 (2012: 80 800) shares were allotted and issued it terms of the rules of Northam Share Option Scheme at a value of R2.0 million (2012: R1.6 million). This resulted in the issued share capital increasing to 382 586 090 (2012: 382 496 990) shares.

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

18. EQUITY COMPENSATION RESERVE

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Balance at beginning of year	**202 634**	156 076	**202 634**	156 076
Increase in equity compensation reserve	**13 807**	53 049	**13 807**	53 049
Transfer to retained earnings	**(92 737)**	(6 491)	**(92 737)**	(6 491)
Transfer to share-based payment liability (note 22)	**(123 704)**	–	**(123 704)**	–
Balance at end of year	**–**	202 634	**–**	202 634

The group has a Share Option Scheme (the Scheme) and Share Incentive Plan (the Plan) under which options to subscribe for the group's shares were granted to certain executives and senior employees.

Options were 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 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 Scheme has been discontinued owing to its dilutionary nature although share options issued before its discontinuance will be allowed to run their course. The shares awarded in terms of the rules of the Plan 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 an employee receives is subject to certain performance criteria being met.

During the year, the rules of both the Scheme and the Plan were amended to allow for a cash-settlement option. Consequently, both the Scheme and Plan are now accounted for as cash settled share-based payments based on the historical number of shares retained by employees. Details thereof can be found under note 22.

Refer to Annexure 5, which forms part of these notes, for further details on the equity settled and cash settled share-based payments.

19. DEFERRED TAX LIABILITY

The principal components of the deferred tax liability are as follows:

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Deferred tax liabilities				
Property, plant and equipment	**547 872**	534 336	**559 675**	534 336
Metal inventory	**16 971**	14 176	**16 971**	14 176
Section 24C allowance in respect of long-term receivables	**3 746**	4 263	**–**	–
	568 589	552 775	**576 646**	548 512
Deferred tax assets				
Employee benefits relating to leave pay and bonus provisions	**(39 339)**	(27 010)	**(39 048)**	(27 010)
Decommissioning and environmental restoration provisions	**(25 330)**	(21 137)	**(25 284)**	(21 137)
Share-based payment liability	**(27 867)**	–	**(27 867)**	–
	(92 536)	(48 147)	**(92 199)**	(48 147)
Net deferred tax liability	**476 053**	504 628	**484 447**	500 365
The charge in the deferred tax balance is reconciled as follows:				
Deferred tax liability at beginning of year	**504 628**	477 145	**500 365**	477 145
Charge for the year (per note 33)	**(28 575)**	27 483	**(15 918)**	23 220
Temporary differences in respect of property, plant and equipment	**13 536**	26 353	**25 339**	26 353
Depreciation component included in metals on hand and in transit	**2 795**	6 903	**2 795**	6 903
Section 24C allowance in respect of long-term receivables	**(517)**	4 263	**–**	–
Temporary difference in respect of employee benefits	**(12 329)**	(3 488)	**(12 038)**	(3 488)
Temporary difference in respect of decommissioning and environmental restoration provisions	**(4 193)**	(6 548)	**(4 147)**	(6 548)
Temporary difference in respect of share-based payment liabilities	**(27 867)**	–	**(27 867)**	–
Net deferred tax liability at end of year	**476 053**	504 628	**484 447**	500 365

The group offsets tax assets and liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

A deferred tax asset has not been raised for items included in Micawber 278 Proprietary Limited as taxable profits will not be generated in the foreseeable future against which the deferred tax asset can be utilised. The amount of unrecognised deferred tax assets amounts to R8.7 million (2012: R nil).

20. LONG-TERM PROVISIONS

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Provision for decommissioning costs				
Balance at beginning of year	**91 659**	93 105	**67 262**	62 332
Change in estimate and capitalisation of decommissioning costs as part of the development of the Booysendal mine (note 2)	**9 600**	(1 123)	**3 483**	571
Unwinding of discount (note 28)	**4 394**	(323)	**4 394**	4 359
Balance at end of year	**105 653**	91 659	**75 139**	67 262
Provision for restoration costs				
Balance at beginning of year	**19 459**	14 230	**8 230**	7 682
Restoration provision acquired under a business combination	**167**	–	**–**	–
Capitalisation of restoration cost as part of the development of the Booysendal mine (note 2)	**1 058**	–	**–**	–
Change in estimate (note 28)	**6 272**	4 614	**6 272**	(67)
Unwinding of discount (note 28)	**658**	615	**658**	615
Balance at end of year	**27 614**	19 459	**15 160**	8 230
Total long-term provisions	**133 267**	111 118	**90 299**	75 492

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 10) 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.

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Provisions before funding	**133 267**	111 118	**90 299**	75 492
Less: Northam Platinum Restoration Trust Fund (note 10)	**(40 948)**	(35 689)	**(33 913)**	(31 231)
Less: Environmental Guarantee Investment (note 11)	**(42 407)**	(35 720)	**(35 965)**	(31 523)
Net present value of unfunded environmental rehabilitation obligations	**49 912**	39 709	**20 421**	12 738
The future value of the environmental rehabilitation obligation will be paid over to the Northam Platinum Restoration Trust Fund (note 10) 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 8.0% (2012: 8.0%) and a long-term inflation rate of 6.0% (2012: 6.0%) over the remaining life of the mines.				
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	**150 211**	129 353	**101 519**	90 509
Undiscounted restoration obligations	**40 051**	28 953	**20 444**	11 074
Total decommissioning and restoration obligation	**190 262**	158 306	**121 963**	101 583
Less: Obligation not requiring financial provision	**(43 057)**	(38 855)	**(43 057)**	(38 855)
	147 205	119 451	**78 906**	62 728
Less: Funds held by Northam Platinum Restoration Trust Fund (note 10)	**(40 948)**	(35 689)	**(33 913)**	(31 231)
Less: Environmental Guarantee Investment (note 11)	**(42 407)**	(35 720)	**(35 965)**	(31 523)
Total unfunded future rehabilitation obligations	**63 850**	48 042	**9 028**	(26)

20. LONG-TERM PROVISIONS CONTINUED

The group has procured the issue of an insurance guarantee for R96.9 million (2012: R89.9 million) in respect of the unfunded decommissioning and restoration costs, of which R31.0 million (2012: R24.0 million) relates to the company.

21. LONG-TERM LOANS

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden NV (FMO)	**51 365**	35 284	**–**	–
Current portion of long-term loans	**(3 801)**	(2 430)	**–**	–
Total long-term loans	**47 564**	32 854	**–**	–

The loan, which is repayable in equal bi-annual instalments over 15 years, bears interest at 3.5% above JIBAR, with the last payment due 30 September 2026.

The group has pledged the instalment sales agreement as security for the loan (note 9).

22. SHARE-BASED PAYMENT LIABILITY

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Share-based payment liability at modification date	**123 704**	–	**123 704**	–
Share-based payment liability reversal	**(16 097)**	–	**(24 178)**	–
Total share-based payment liability at year end	**107 607**	–	**99 526**	–
Short-term share based payment liability	**16 665**	–	**14 518**	–
Long-term share based payment liability	**90 942**	–	**85 008**	–

The group operates the Northam Share Option Scheme (the Scheme) as well as the Northam Share Incentive Plan (the Plan). The Scheme has been discontinued owing to its dilutionary nature although share options issued before its discontinuance will be allowed to run their course.

During the year, both the Scheme and Plan were amended to provide employees with the option to either elect for settlement in shares or cash. The change was made to avoid the ongoing dilution of the BEE position and approval was granted by the JSE during March 2013.

The previous share Scheme and Plan were considered an equity settled share-based payment transactions. The fair value of these equity instruments were measured at the grant date and included in equity as an equity compensation reserve.

Where the counterparty has a right to elect for the settlement in either shares or cash, IFRS 2 regards the transaction as a compound transaction to which split accounting must be applied. The general principle is the transaction must be analysed into a liability component (the counterparty's right to demand settlement in cash) and an equity component (the counterparty's right to demand settlement in shares).

Management considered the requirements and determined that based on historical information very few individuals, if any, have kept their Northam shares, and that the majority of the outstanding options, performance and retention shares will be settled in cash and should, therefore, be accounted for as a liability rather than an equity compensation reserve.

Refer to Annexure 5, which forms part of these notes, for further details on the share-based payments.

23. UNSECURED LENDING

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Domestic medium-term notes	**1 250 000**	–	**1 250 000**	–

The group raised term debt through the issue of R1.25 billion, 3-year senior unsecured floating rate notes (notes) under its R2 billion Domestic Medium Term Note Programme dated 3 August 2012. The notes attract a coupon of 350 basis points above three-month JIBAR and interest payments are due quarterly. The notes will mature on 4 September 2015.

The issue is guaranteed by Northam's wholly owned subsidiaries, Micawber 278 Proprietary Limited and Khumama Platinum Proprietary Limited, who are the statutory entities in which the Booysendal mine development is housed.

Subsequent to year end, on 11 July 2013, the company raised an additional amount of R120 million in the domestic capital market through a tap issue which will also mature on 4 September 2015.

The interest rate for the tap issue notes was placed at a lower rate of JIBAR plus 330 basis points, which was accounted for in the issue price.

23. UNSECURED LENDING CONTINUED

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Revolving credit facilities	**250 000**	–	**250 000**	–

The group entered into a facility agreement with Nedbank Limited in August 2011 regarding a R1.0 billion 5-year senior unsecured revolving credit facility (the facility). The facility is available to be utilised by way of periodic drawdown requests until the earlier of 1 month prior to final maturity and cancellation of the agreement. Interest is calculate at JIBAR plus 2.80% for each applicable interest period.

24. TRADE AND OTHER PAYABLES

Trade and other payables comprise:

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Trade payables	**319 397**	294 436	**280 700**	250 230
Accruals	**364 577**	427 397	**362 147**	427 397
Accrual for acquisition of participating interest in the Pandora joint venture	**65 000**	65 000	**65 000**	65 000
Receiver of revenue-value added tax	**12 804**	8 111	**–**	–
Other	**250 326**	186 265	**118 803**	152 841
	1 012 104	981 209	**826 650**	895 468

Trade payables are unsecured, non-interest bearing and are normally settled on 30-day terms.

The amount payable for the acquisition of the Pandora joint venture participating interest will be payable once the mineral reserves have been transferred.

25. SHORT-TERM PROVISIONS

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Provision for leave pay				
Balance at beginning of year	**96 466**	84 006	**96 466**	84 006
Additional amounts raised	**120 938**	111 817	**120 938**	111 817
Utilised	**(112 734)**	(99 357)	**(112 734)**	(99 357)
Balance at end of year	**104 670**	96 466	**104 670**	96 466

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 financial reporting date based on the basic cost of employment and available leave entitlement at that date.

26. TORO EMPLOYEE EMPOWERMENT TRUST

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 from September 2013.

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Assets at fair market value as at 1 July	**96 863**	85 466		
Expected return on assets	**7 402**	7 921	**–**	–
Employer contributions	**24 006**	10 823	**–**	–
Benefits paid	**(1 415)**	(1 683)	**–**	–
Actuarial gain/(loss)	**314**	(5 664)		
Assets at fair market value as at 30 June	**127 170**	96 863	**–**	–
Unrecognised due to Paragraph 58 limit*	**(75 533)**	(32 979)		
Defined benefit obligation as at 1 July	**63 884**	55 115	**–**	–
Service cost	**19 067**	21 780	**–**	–
Interest cost	**6 379**	6 676	**–**	–
Actuarial gain	**(36 278)**	(18 004)	**–**	–
Benefits paid	**(1 415)**	(1 683)		
Defined benefit obligation as at 30 June	**51 637**	63 884	**–**	–
Asset/(liability) recognised on the statement of financial position	**–**	–	**–**	–

* *The "Paragraph 58 limit" ensures the asset to be recognised on the company's balance sheet is subject to a maximum of the sum of any unrecognised actuarial losses, past-service costs and the present value of any economic benefits available to the company in the form of refunds or reductions in future contributions.*

The company is not entitled to any refund from the fund and hence the economic benefit available to the company is nil.

27. REVENUE

Total revenue comprises:

	Group 2013	Group 2012	Company 2013	Company 2012
	R000	R000	R000	R000
Sales revenue	**4 420 977**	3 684 000	**4 243 420**	3 648 663
Investment income (note 31)	**33 434**	53 951	**174 311**	34 124
Sundry revenue (note 32)	**56 064**	64 711	**161 693**	711 682
	4 510 475	3 802 662	**4 579 424**	4 394 469

Sales revenue comprises the turnover of platinum group metals and related precious and base metals, net of value added tax, trade discounts and intra-group sales.

28. OPERATING COSTS

Operating costs comprise mining and concentrating costs, excluding depreciation, and consist of the following principal prime cost categories:

	Group 2013	Group 2012	Company 2013	Company 2012
Labour (note 39)	**1 289 703**	1 197 619	**1 275 927**	1 197 619
Stores	**701 268**	690 620	**701 268**	690 620
Utilities	**344 463**	298 353	**342 802**	298 353
Sundries	**479 336**	441 427	**428 112**	416 415
Provision for decommissioning and restoration costs (note 20)	**11 324**	4 907	**11 324**	4 907
	2 826 094	2 632 926	**2 759 433**	2 607 914

The analysis of operating costs by principal activity is as follows:

	Group 2013	Group 2012	Company 2013	Company 2012
Mining operations	**2 117 255**	1 988 417	**2 117 255**	1 988 417
Smelter operations	**97 532**	100 114	**97 532**	100 114
Base metal removal plant operations	**64 053**	85 099	**64 053**	85 099
Overheads	**535 930**	454 389	**469 269**	429 377
Provision for decommissioning and restoration costs (note 20)	**11 324**	4 907	**11 324**	4 907
	2 826 094	2 632 926	**2 759 433**	2 607 914

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Operating costs include the following:				
Directors' remuneration:				
– Non-executive fees	**3 969**	2 981	**3 969**	2 981
– Executive remuneration	**12 679**	15 982	**12 679**	15 982
Share-based payment expense (note 18)	**13 807**	53 049	**13 807**	53 049
Share-based payment liability reversal (note 22)	**(16 097)**	–	**(24 178)**	–
Operating lease payments:				
– Office equipment	**1 813**	813	**771**	727
– Premises	**3 422**	5 571	**1 040**	895

Details of directors' remuneration are contained in the Directors' Report on page 83.

29. DEPRECIATION AND WRITE-OFFS

Depreciation of mining properties, plant and equipment consists of the following:

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Mining property	**8 671**	8 421	**8 671**	8 421
Plant and equipment	**189 043**	177 065	**187 410**	177 065
Decommissioning asset	**2 353**	2 217	**2 353**	2 217
Vehicles	**1 623**	2 584	**1 496**	2 584
Write-off of assets	**33 000**	–	**33 000**	–
	234 690	190 287	**232 930**	190 287

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
30. SHARE OF EARNINGS FROM ASSOCIATES/ DIVIDENDS RECEIVED				
Share of earnings from associates/dividends received (refer Annexure 2)	**13 783**	16 602	**16 740**	816
31. INVESTMENT REVENUE				
Investment revenue consists of the following:				
Interest received on cash and cash equivalents	**21 855**	45 960	**17 468**	30 574
Interest received from subsidiary	**–**	–	**153 175**	322
Interest received on instalment sale agreement	**7 084**	4 515	**–**	–
Interest received in Northam Platinum Restoration Trust Fund (note 10)	**2 145**	1 915	**1 876**	1 776
Interest received in Environmental Guarantee Investment (note 11)	**1 999**	1 561	**1 792**	1 452
Interest received in Buttonshope Conservancy Trust (note 12)	**351**	–	**–**	–
	33 434	53 951	**174 311**	34 124
32. NET SUNDRY INCOME				
Net sundry income is arrived taking into account the following:				
Dividends received	**224**	6 129	**105 853**	653 100
Royalties received from chrome recovery plant	**–**	5 940	**–**	5 940
Treatment charges in respect of concentrates purchased	**55 840**	52 642	**55 840**	52 642
Sundry revenue (note 27)	**56 064**	64 711	**161 693**	711 682
Rent received	**5 377**	1 662	**5 377**	1 662
Sale of scrap	**2 145**	1 761	**2 145**	1 761
Insurance claim	**4 318**	2 072	**4 318**	2 072
Other income	**2 168**	10 022	**1 244**	3 590
Currency translation gain	**18 290**	–	**18 290**	–
Total sundry income	**88 362**	80 228	**193 067**	720 767

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Sundry expenditure				
Loss on sale of property, plant and equipment	**(508)**	(317)	**(383)**	(317)
Currency translation loss	**–**	(3 133)	**–**	(3 133)
Amortisation of participation interest of the Pandora joint venture	**(2 600)**	(2 600)	**(2 600)**	(2 600)
Dividends forfeited	**–**	554	**–**	554
Write-down on investment	**–**	(3 230)	**(62 270)**	(630 813)
Other expenditure	**(25 146)**	(28 159)	**(5 413)**	(18 174)
Total sundry expenditure	**(28 254)**	(36 885)	**(70 666)**	(654 483)
Net sundry income	**60 108**	43 343	**122 401**	66 284

33. TAXATION

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Current income tax				
Current income tax charge	**197 346**	114 120	**163 704**	110 298
Adjustment in respect of current income tax of previous year	**283**	471	**1 363**	3 581
	197 629	114 591	**165 067**	113 879
Deferred tax				
Relating to origination and reversal of temporary differences (note 19)	**(28 575)**	27 482	**(15 918)**	23 220
Income tax expense reported in profit or loss	**169 054**	142 073	**149 149**	137 099
Taxation comprises:				
Mining tax	**131 883**	85 702	**131 883**	85 702
Non-mining tax	**65 300**	23 675	**31 662**	19 853
Tax on share of earnings from associate – current year	**159**	919	**159**	919
Secondary tax on companies	**–**	3 824	**–**	3 824
Capital gains tax	**4**	–	**–**	–
Adjustment in respect of prior years	**283**	471	**1 363**	3 581
Temporary differences	**(28 575)**	27 482	**(15 918)**	23 220
	169 054	142 073	**149 149**	137 099

33. TAXATION CONTINUED

A reconciliation of the standard rate of South African tax compared with that charged in the statement of comprehensive income is set out below:

	Group		Company	
	2013	2012	2013	2012
	%	%	%	%
South African normal tax	**28.0**	28.0	**28.0**	28.0
Secondary tax on companies	**–**	0.8	**–**	0.9
Adjustments in respect of prior periods	**–**	0.1	**0.2**	0.8
Expenditure disallowed and other adjustments	**0.3**	2.5	**(2.7)**	2.2
Other	**(4.0)**	–	**(4.0)**	–
Effective tax rate	**24.3**	31.4	**21.5**	31.9

33.1 MINING TAX

The current rate of mining tax applicable to the company is 28% (2012: 28%).

33.2 NON-MINING TAX

Non-mining income is subject to a rate of 28% (2012: 28%).

33.3 DEFERRED TAX

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

33.4 DIVIDENDS WITHHOLDING TAX AND SECONDARY TAX ON COMPANIES

With effect from 1 March 2012, dividends withholding tax replaced secondary tax on companies and is levied at 15% for local shareholders. Prior to 1 March 2012, secondary tax on companies was levied at a rate of 10% of net dividends declared.

33.5 CAPITAL GAINS TAX

With effect from 1 March 2012, the effective capital gains tax rate increased to 18.7%. Prior to 1 March 2012, capital gains tax at an effective rate of 14% was payable on any gains realised on the disposal of investments or mining properties.

33.6 TAX ON SHARE OF EARNINGS FROM ASSOCIATE

Mining and non-mining income is subject to a rate of 28% (2012: 28%).

34. 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 382 560 902 (2012: 382 426 483) outstanding during the year. Headline earnings per share are based on headline earnings and are reconciled to profit attributable to shareholders as follows:

	Group	
	2013	2012
	R000	R000
Profit attributable to shareholders	**504 907**	310 512
(Profit)/loss on sale of property, plant and equipment	**(1 769)**	317
Write-off of smelter	**33 000**	–
Insurance claim	**(4 318)**	(2 072)
Profit on sale of associate's property, plant and equipment	**(2 118)**	–
Tax effect on above	**(7 520)**	491
Headline earnings	**522 182**	309 248

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.

Dividends per share (cents)	**–**	5
The number of potential diluted shares are calculated as follows:		
Average number of ordinary shares in issue during the year	**382 560 902**	382 426 483
Average number of Northam Share Option Scheme options and Incentive Scheme shares outstanding during the year*	**–**	–
Average number of potential diluted ordinary shares in issue	**382 560 902**	382 426 483

* *The effect of the Northam Share Option and Incentive Schemes was not included as the options/incentive shares were antidilutive in the current and prior year.*

35. CASH GENERATED FROM OPERATIONS

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Profit before taxation	**697 055**	452 585	**692 167**	429 588
Adjusted for non-cash items:				
Loss on disposal of property,plant and equipment	**508**	317	**383**	317
Depreciation and write-off	**234 690**	90 287	**232 930**	190 287
Increase/(decrease) in long-term provisions	**22 149**	4 907	**14 807**	4 907
(Increase)/decrease in long-term receivables	**(22 463)**	(37 603)	**–**	–
Share based payment expense	**(2 290)**	53 049	**(10 371)**	53 049
Share of profit from associate	**(13 783)**	(16 602)	**(16 740)**	(816)
Amortisation of participation interest in the Pandora joint venture	**2 600**	2 600	**2 600**	2 600
Change in short-term provisions	**8 204**	12 460	**8 204**	12 460
Fair value adjustment of investment in associate/impairment of investment in subsidiary	**215**	3 230	**62 270**	630 813
Interest paid	**17 946**	–	**119 669**	–
Interest received	**(29 290)**	(50 723)	**(170 643)**	(30 896)
Dividend received	**(224)**	(6 129)	**(105 853)**	(653 100)
	915 317	608 378	**829 423**	639 209

36. CHANGE IN WORKING CAPITAL

	Group 2013	Group 2012	Company 2013	Company 2012
Inventories	**(67 347)**	(206 536)	**(61 150)**	(206 536)
Trade and other receivables	**(244 652)**	107 353	**(178 082)**	165 679
Trade and other payables	**30 895**	8 816	**(68 818)**	(573)
	(281 104)	(90 367)	**(308 050)**	(41 430)

37. TAXATION PAID

	Group 2013	Group 2012	Company 2013	Company 2012
Balance owing at beginning of year	**88 992**	105 473	**(1 755)**	16 351
Profit or loss charge	**197 629**	114 591	**165 067**	113 879
Balance owing at end of year	**(147 318)**	(88 992)	**(52 848)**	1 755
	139 303	131 072	**110 464**	131 985

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
38. COMMITMENTS				
Capital expenditure – Booysendal mine				
– Authorised but not contracted	**54 801**	888 484	**–**	–
– Contracted	**477 281**	916 113	**–**	–
Capital expenditure – Zondereinde mine				
– Authorised but not contracted	**223 071**	494 138	**223 071**	494 138
– Contracted	**127 085**	152 232	**127 085**	152 232
Information technology – outsource service provider charges				
– Due within one year	**9 710**	9 777	**9 710**	9 777
– Due within two to five years	**31 753**	41 309	**31 753**	41 309
Operating lease rentals – office equipment				
– Due within one year	**1 117**	1 981	**847**	1 843
– Due within two to five years	**915**	2 829	**915**	2 518
Operating lease – premises				
– Due within one year	**3 116**	3 463	**734**	1 040
– Due within two to five years	**11 098**	11 215	**–**	734
– More than five years	**11 900**	13 976	**–**	–
Housing development				
– Authorised	**4 000**	30 483	**4 000**	–
Unutilised loan facility granted to subsidiary			**–**	504 537
Bank guarantees issued	**73 210**	66 340	**49 240**	66 340

These commitments will be funded from a combination of internal retentions and debt as more fully described in the financial review and Directors' Report.

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
39. EMPLOYEE BENEFITS				
The aggregate earnings and benefits of employees, including directors, were:				
– Salaries, wages, share-based payments and other benefits	**1 119 286**	1 046 957	**1 105 510**	1 046 957
– Contributions to retirement benefit funds	**94 050**	84 212	**94 050**	84 212
– Contributions to health-care funds	**52 361**	55 627	**52 361**	55 627
– Employee empowerment scheme (note 26)	**24 006**	10 823	**24 006**	10 823
Total labour	**1 289 703**	1 197 619	**1 275 927**	1 197 619
– Fees paid to non-executive directors	**3 969**	2 981	**3 969**	2 981
	1 293 672	1 200 600	**1 279 896**	1 200 600

40. RELATED PARTIES

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.

41. SEGMENTAL REPORTING

The group has two operating 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 segmental performances.

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

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the group's operations and to provide guarantees to support its 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 cashflows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest-rate risk, currency risk, commodity-price risk and other price risk, such as equity risk.

(b) Foreign currency risk

Foreign-currency risk is the risk that the fair value or future cashflows 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.

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Weakening by 10%	**16 386**	2 974	**16 386**	2 974
Strengthening by 10%	**(16 386)**	(2 974)	**(16 386)**	(2 974)
At year end the foreign currency value of items under their respective statement of financial position classifications were as follows:				
Accounts receivable – US$	**12 763**	1 562	**12 763**	1 562
Cash and cash equivalents – US$	**4 122**	2 093	**4 122**	2 093
Accounts payable – €	**(389)**	(296)	**(389)**	(296)
Exchange rates at year end:				
– ZAR/US$	**10.01**	8.22	**10.01**	8.22
– ZAR/€	**13.05**	10.40	**13.05**	10.40

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

(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.

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
The following is an indication of the effect that changes in the commodity prices would have on the profit before tax:				
– Increase of 10%	**21 390**	1 284	**21 390**	1 284
– Decrease of 10%	**(21 390)**	(1 284)	**(21 390)**	(1 284)

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.

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Cash and cash equivalents				
Increase of 1%	**2 986**	1 050	**2 090**	384
Decrease of 1%	**(2 986)**	(1 050)	**(2 090)**	(384)
Floating rate borrowings				
Increase of 1%	**(15 514)**	(353)	**(15 000)**	–
Decrease of 1%	**15 514**	353	**15 000**	–

(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 liquidation sale.

Management is of the opinion that the book value of financial instruments approximates fair value for group purposes. At a company level, the book value of financial instruments approximates fair value with the exception of inter-group loans, for which the fair value is R4.2 billion.

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.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

(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.

In addition to the loan secured from Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden NV (FMO) (note 21) by Norplats Properties Proprietary Limited in the previous financial year, the group has the following unsecured loans at financial reporting date: Funding in the debt capital market through the issue of R1.25 billion 3 year senior unsecured floating rate notes (the notes) under its R2 billion Domestic Medium Term Note Programme dated 3 August 2012. The notes attract a coupon of 350 basis points above three month JIBAR and interest payments are due quarterly. The notes will mature on 4 September 2015. The group had entered into a facility agreement with Nedbank Limited in August 2011 regarding a R1.0 billion 5 year senior unsecured revolving credit facility (the facility). The facility is available to be utilised by way of periodic drawdown requests until the earlier of 1 month prior to final maturity and cancellation of the agreement. Interest is calculated at JIBAR plus 2.80% for each applicable interest period. At year end R250 million of the facility was unutilised.

Subsequent to year end, on 11 July 2013, the company raised an additional amount of R120 million in the domestic capital market through a tap issue which will also mature on 4 September 2015.

The interest rate for the tap issue notes was placed at a lower rate of JIBAR plus 330 basis points, which was accounted for in the issue price.

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 manages 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 share holders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2013 and 30 June 2012.

The group monitors capital by assessing interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents to assess whether additional capital is required. No formal objectives have been set for a specific ratio/headroom to be met in this regard.

(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 2013 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.

	Group at 30 June 2013			
	Level 1	Level 2	Level 3	Total
	R'000	R'000	R'000	R'000
Assets measured at fair value				
Available for sale investments	**6**	**–**	**–**	**6**
Investments held by Northam Platinum Restoration Trust Fund	**40 948**	**–**	**–**	**40 948**
Environmental Guarantee Investment	**42 407**	**–**	**–**	**42 407**
Buttonshope Conservancy Trust	**10 126**	**–**	**–**	**10 126**
	at 30 June 2012			
Assets measured at fair value				
Available for sale investments	6	–	–	6
Investments held by Northam Platinum Restoration Trust Fund	35 689	–	–	35 689
Environmental Guarantee Investment	35 720	–	–	35 720
Buttonshope Conservancy Trust	9 775	–	–	9 775

	Company at 30 June 2013			
	Level 1	Level 2	Level 3	Total
	R'000	R'000	R'000	R'000
Assets measured at fair value				
Available for sale investments	**6**	**–**	**–**	**6**
Investments held by Northam Platinum Restoration Trust Fund	**33 913**	**–**	**–**	**33 913**
Environmental Guarantee Investment	**35 965**	**–**	**–**	**35 965**
	at 30 June 2012			
Assets measured at fair value				
Available for sale investments	6	–	–	6
Investments held by Northam Platinum Restoration Trust Fund	31 231	–	–	31 231
Environmental Guarantee Investment	31 523	–	–	31 523

43. EVENTS AFTER THE REPORTING DATE

Please refer to events after the reporting date included on page 87 of the Directors' Report.

44. MAJOR SHAREHOLDERS AND SHAREHOLDER SPREAD

Please refer to major shareholders and shareholder spread at 30 June 2013 on page 85 of the Directors' Report.

ANNEXURE 1

ANALYSIS OF FINANCIAL INSTRUMENTS AT 30 JUNE 2013

a) Categories of financial instruments

	Available for sale		Loans and receivables	
	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2012
	R000	R000	R000	R000
GROUP				
Available for sale investments	**6**	6	**–**	–
Long-term receivables	**–**	–	**87 400**	64 937
Investments held by Northam Platinum Restoration Trust Fund	**–**	–	**–**	–
Environmental Guarantee Investment	**–**	–	**–**	–
Buttonshope Conservatory Trust	**–**	–	**–**	–
Trade and other receivables	**–**	–	**349 958**	111 894
Cash and cash equivalents	**–**	–	**298 580**	104 980
Trade and other payables	**–**	–	**–**	–
Loans and unsecured lending	**–**	–	**–**	–
	6	6	**735 938**	281 811
COMPANY				
Available for sale investments	**6**	6	**–**	–
Investments held by Northam Platinum Restoration Trust Fund	**–**	–	**–**	–
Environmental Guarantee Investment	**–**	–	**–**	–
Trade and other receivables	**–**	–	**255 814**	69 681
Cash and cash equivalents	**–**	–	**209 015**	38 358
Trade and other payables	**–**	–	**–**	–
Loans and unsecured lending	**–**	–	**–**	–
	6	6	**464 829**	108 039

Note: Non-financial instruments comprise pre-payments and VAT receivables.

Assets designated at fair value through profit and loss		Financial liabilities at amortised cost		Non-financial instruments		Total	
Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2012
R000	R000	R000	R000	R000	R000	R000	R000
–	–	–	–	–	–	6	6
–	–	–	–	–	–	87 400	64 937
40 948	35 689	–	–	–	–	40 948	35 689
42 407	35 720	–	–	–	–	42 407	35 720
10 126	9 775	–	–	–	–	10 126	9 775
–	–	–	–	197 962	191 374	547 920	303 268
–	–	–	–	–	–	298 580	104 980
–	–	(1 012 104)	(981 209)	–	–	(1 012 104)	(981 209)
–	–	(1 551 365)	(35 284)	–	–	(1 551 365)	(35 284)
93 481	81 184	(2 563 469)	(1 016 493)	197 962	191 374	(1 536 082)	(462 118)
–	–	–	–	–	–	6	6
33 913	31 231	–	–	–	–	33 913	31 231
35 965	31 523	–	–	–	–	35 965	31 523
–	–	–	–	78 145	86 196	333 959	155 877
–	–	–	–	–	–	209 015	38 358
–	–	(826 650)	(895 468)	–	–	(826 650)	(895 468)
–	–	(1 500 000)	–	–	–	(1 500 000)	–
69 878	62 754	(2 326 650)	(895 468)	78 145	86 196	(1 713 792)	(638 473)

b) Trade and other receivables

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

	Neither past due nor impaired		< 30 days		30 – 60 days	
	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2012
	R000	R000	R000	R000	R000	R000
GROUP	**374 233**	202 528	**14 733**	21 796	**251**	4 176
COMPANY	**300 955**	145 834	**14 703**	5 712	**226**	4 176

c) Borrowings and trade and other payables

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

	Payable on demand	
	Year ended 30 June 2013	Year ended 30 June 2012
	R000	R000
GROUP		
Trade payables	**319 397**	294 436
Accruals	**–**	–
Accrual for the acquisition of the interest in the Pandora joint venture	**–**	–
Other	**–**	–
Long-term loans	**–**	–
Unsecured lending	**–**	–
	319 397	294 436
COMPANY		
Trade payables	**280 700**	250 230
Accruals	**–**	–
Accrual for the acquisition of the interest in the Pandora joint venture	**–**	–
Other	**–**	–
Unsecured lending	**–**	–
	280 700	250 230

60 – 90 days		> 90 days		Total	
Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2012
R000	R000	R000	R000	R000	R000
242	109	**158 461**	74 659	**547 920**	303 268
88	7	**17 987**	149	**333 959**	155 877

1 to 6 months		More than six months		Total	
Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2013	Year ended 30 June 2012
R000	R000	R000	R000	R000	R000
–	–	**–**	–	**319 397**	294 436
364 577	427 397	**–**	–	**364 577**	427 397
–	–	**65 000**	65 000	**65 000**	65 000
250 326	186 265	**–**	–	**250 326**	186 265
–	–	**153 720**	32 854	**153 720**	32 854
–	–	**1 749 093**	–	**1 749 093**	–
614 903	613 662	**1 967 813**	97 854	**2 902 113**	1 005 952
–	–	**–**	–	**280 700**	250 230
362 147	427 397	**–**	–	**362 147**	427 397
–	–	**65 000**	65 000	**65 000**	65 000
118 803	152 841	**–**	–	**118 803**	152 841
–	–	**1 749 093**	–	**1 749 093**	–
480 950	580 238	**1 814 093**	65 000	**2 575 743**	895 468

ANNEXURE 2

INTEREST IN ASSOCIATES AND JOINT VENTURES AT 30 JUNE 2013

RECONCILIATION OF NORTHAM'S INTEREST IN ASSOCIATES AND JOINT VENTURES

	2013						
	Interest in Pandora joint venture	Interest in Dwaalkop joint venture	Interest in Trans Hex Group Limited	Total	Interest in Pandora joint venture	Interest in Trans Hex Group Limited	Total
	7.50%	50.00%	20.30%		7.50%	20.30%	
	Group	Group	Group	Group	Company	Company	Company
	R000	R000	R000	R000	R000	R000	R000
Cost of investment	**65 000**	**300 679**	**67 821**	**433 500**	**65 000**	**77 509**	**142 509**
Share of earnings previously accounted for	**100 981**	–	–	**100 981**	–	–	–
Profit for the year	**3 555**	–	**10 228**	**13 783**	–	–	–
Other comprehensive income	–	–	**(4 145)**	**(4 145)**	–	–	–
Amortisation previously accounted for	**(9 967)**	–	–	**(9 967)**	**(9 967)**	–	**(9 967)**
Current year amortisation	**(2 600)**	–	–	**(2 600)**	**(2 600)**	–	**(2 600)**
Cash distributions received in previous years	**(19 314)**	–	–	**(19 314)**	**(7 500)**	–	**(7 500)**
Cash distributions received in the current year	**(16 740)**	–	–	**(16 740)**	–	–	–
Carrying value of investment in associate	**120 915**	**300 679**	**73 904**	**495 498**	**44 933**	**77 509**	**122 442**
Dividends received (note 30)					**16 740**	–	**16 740**

2012						
Interest in Pandora joint venture	Interest in Dwaalkop joint venture	Interest in Trans Hex Group Limited	Total	Interest in Pandora joint venture	Interest in Trans Hex Group Limited	Total
7.50%	50.00%	20.30%		7.50%	20.30%	
Group	Group	Group	Group	Company	Company	Company
R000	R000	R000	R000	R000	R000	R000
65 000	300 679	67 821	433 500	65 000	–	65 000
94 462	–	–	94 462	(7 500)	–	–
6 734	–	9 868	16 602	–	–	–
–	–	(9 868)	(9 868)	–	–	
(7 367)	–	–	(7 367)	(7 367)	–	(7 367)
(2 600)	–	–	(2 600)	(2 600)	–	(2 600)
(18 498)	–	–	(18 498)	(7 500)	–	(7 500)
(816)	–	–	(816)	(7 500)	–	–
136 915	300 679	67 821	505 415	44 933	–	47 533
				816	–	816

ANNEXURE 2

INTEREST IN ASSOCIATES AND JOINT VENTURES AT 30 JUNE 2013 CONTINUED

STATEMENT OF COMPREHENSIVE INCOME

	2013			
	Interest in Pandora joint venture	Interest in Dwaalkop joint venture	Interest in Trans Hex Group Limited	Total
	7.50%	50.00%	20.30%	
	Group	Group	Group	Group
	R000	R000	R000	R000
Sales	**32 775**	**–**	**150 119**	**182 894**
Cost of sales and operating expenditure	**(25 316)**	**–**	**(130 926)**	**(156 242)**
Operating profit	**7 459**	**–**	**19 193**	**26 652**
Investment income	**555**	**–**	**3 667**	**4 222**
Sundry income	**375**	**–**	**–**	**375**
Other operating costs	**(4 776)**	**–**	**(13 308)**	**(18 084)**
Finance charges	**(58)**	**–**	**(1 572)**	**(1 630)**
Income tax	**–**	**–**	**(1 886)**	**(1 886)**
Impairment adjustment	**–**	**–**	**–**	**–**
Profit from discontinued operation	**–**	**–**	**4 134**	**4 134**
Profit for the year	**3 555**	**–**	**10 228**	**13 783**
Other comprehensive income	**–**	**–**	**(4 145)**	**(4 145)**
Total comprehensive income for the year	**3 555**	**–**	**6 083**	**9 638**

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.

2012			
Interest in Pandora joint venture	Interest in Dwaalkop joint venture	Interest in Trans Hex Group Limited	Total
7.50%	50.00%	20.30%	
Group	Group	Group	Group
R000	R000	R000	R000
29 635	–	153 160	182 795
(24 530)	–	(131 512)	(156 042)
5 105	–	21 648	26 753
1 683	–	2 873	4 556
–	–	–	–
–	–	–	–
(54)	–	(2 336)	(2 390)
–	–	(5 771)	(5 771)
–	–	(32 416)	(32 416)
–	–	25 870	25 870
6 734	–	9 868	16 602
–	–	(9 868)	(9 868)
6 734	–	–	6 734

STATEMENT OF FINANCIAL POSITION

	2013			
	Interest in Pandora joint venture	Interest in Dwaalkop joint venture	Interest in Trans Hex Group Limited	Total
	7.50%	50.00%	20.30%	
	Group	Group	Group	Group
	R000	R000	R000	R000
Non-current assets				
Property, plant and equipment	**59 197**	**–**	**67 869**	**127 066**
Financial assets	**–**	**–**	**24 372**	**24 372**
Current assets	**17 384**	**–**	**97 113**	**114 497**
Inventory	**–**	**–**	**36 054**	**36 054**
Trade and other receivables	**9 772**	**–**	**6 912**	**16 684**
Prepayments	**51**	**–**	**–**	**51**
Cash and cash equivalents	**7 561**	**–**	**54 147**	**61 708**
Total assets	**76 581**	**–**	**189 354**	**265 935**
Participants' interest	**69 240**	**–**	**5 847**	**75 087**
Total shareholders' interest	**–**	**–**	**97 948**	**97 948**
Non-current liabilities	**796**	**–**	**32 476**	**33 272**
Capital loans from participants	**–**	**–**	**–**	**–**
Provision for environmental and rehabilitation obligations	**796**	**–**	**–**	**796**
Deferred tax	**–**	**–**	**11 839**	**11 839**
Borrowings	**–**	**–**	**176**	**176**
Other provisions	**–**	**–**	**20 461**	**20 461**
Current liabilities	**6 545**	**–**	**53 083**	**59 628**
Royalties payable	**288**	**–**	**–**	**288**
Trade and other payables	**6 257**	**–**	**40 112**	**46 369**
Borrowings	**–**	**–**	**12 971**	**12 971**
Income tax liability	**–**	**–**	**–**	**–**
Total equity and liabilities	**76 581**	**–**	**189 354**	**265 935**

	2012			
	Interest in Pandora joint venture	Interest in Dwaalkop joint venture	Interest in Trans Hex Group Limited	Total
	7.50%	50.00%	20.30%	
	Group	Group	Group	Group
	R000	R000	R000	R000
	55 537	–	78 126	133 663
	–	–	20 100	20 100
	43 554	–	94 744	138 298
	–	–	19 849	19 849
	16 915	–	4 383	21 298
	42	–	–	42
	26 597	–	70 512	97 109
	99 091	–	192 970	292 061
	81 882	–	32 416	114 298
	–	–	62 807	62 807
	684	–	38 785	39 469
	–	–	–	–
	684	–	–	684
	–	–	14 359	14 359
	–	–	4 953	4 953
	–	–	19 473	19 473
	16 525	–	58 962	75 487
	760	–	–	760
	15 765	–	43 914	59 679
	–	–	14 076	14 076
	–	–	972	972
	99 091	–	192 970	292 061

ANNEXURE 3

SUBSIDIARIES AT 30 JUNE 2013

Name of company	Effective holding 2013 %	Effective holding 2012 %	Share capital and premium R000
Broad Brush 2 Proprietary Limited	**100.0**	100.0	***
Dialstat Trading 133 Proprietary Limited	**100.0**	100.0	***
Khumama Platinum Proprietary Limited	**100.0**	100.0	2 506 125
Micawber 278 Proprietary Limited	**100.0**	100.0	***
Micawber 325 Proprietary Limited	**100.0**	100.0	1
Mvelaphanda Equity Proprietary Limited	**100.0**	100.0	***
Mvelaphanda Gold Proprietary Limited	**100.0**	100.0	***
Mvelaphanda Investment and Mining Proprietary Limited	**100.0**	100.0	***
Mvelaphanda Platinum Proprietary Limited	**100.0**	100.0	***
Mvelaphanda Resources Proprietary Limited	**100.0**	100.0	4 358
NCP Materials Handling Proprietary Limited #	**17.5**	n/a	2 089
NCP Staff Transportation Proprietary Limited #	**34.3**	n/a	***
Norplats Properties Proprietary Limited	**100.0**	100.0	***
Northam Chrome Producers Proprietary Limited	**70.0**	n/a	1
Windfall 38 Properties Proprietary Limited	**100.0**	100.0	***
Interest in subsidiaries			

** Investment less than R1 000* *** Indirectly held subsidiary* **** Issued capital less than R1 000*

All companies are incorporated in the Republic of South Africa.
With the exception of Northam Chrome Producers, NCP Materials Handling and NCP Staff Transportation, all companies are wholly-owned.

Interest of holding company				
Shares		Indebtedness		Nature of business
2013 R000	2012 R000	2013 R000	2012 R000	
**	**	**(717)**	13 066	Broad Brush owns certain property in the town of Northam, and will develop a residential township as a further part of the initiative to assist Northam employees in acquiring their own affordable houses.
*	*	**1**	–	Dormant.
5 566 000	5 566 000	**–**	–	Khumama owns 100% of the issued capital of Micawber 278 Proprietary Limited.
**	**	**4 091 830**	2 583 789	Micawber owns the mining titles and certain freehold in respect of the Booysendal mine.
**	**	**–**	–	Dormant, in voluntary liquidation.
**	**	**–**	–	Dormant, in voluntary liquidation.
**	**	**–**	–	Dormant, in voluntary liquidation.
**	**	**–**	–	Dormant, in voluntary liquidation.
**	**	**–**	–	Dormant, in voluntary liquidation.
225 514	297 688	**–**	–	Mvelaphanda Resources holds the group's interest in the Dwaalkop exploration joint venture and the Kokerboom exploration joint venture.
**	n/a	**–**	n/a	NCP Materials Handling provides logistical services to Northam Chrome Producers.
**	n/a	**–**	n/a	NCP Staff Transportation provides transport services to Northam Chrome Producers.
*	*	**36 840**	43 913	Norplats Properties 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 owns 100% of the issued capital of Broad Brush 2 Proprietary Limited.
10 000	n/a	**–**	n/a	Northam Chrome Producers operates a chrome recovery plant at Northam's Zondereinde mine. Northam Chrome Producers owns 25% of the issued capital of NCP Materials Handling Proprietary Limited and 49% of the issued capital of NCP Staff Transportation Proprietary Limited.
*	*	**15 424**	15 695	Windfall owns certain freehold in respect of Booysendal.
5 801 514	5 863 688	**4 143 378**	2 656 463	

NCP Materials Handling and NCP Staff Transportation are controlled by the Northam group as the group obtains the majority of the benefits generated by these two entities.

The loan to Norplats Properties Proprietary Limited includes a fixed-term loan, further details of which are disclosed in note 13. The loans to Micawber 278 and Windfall 38 Properties bear interest at 2.0% below the South African prime interest rate. The loans to Broad Brush Investments 2 and Dialstat Trading 133 are unsecured and interest-free. All the loans are repayable on demand and are therefore stated as current.

ANNEXURE 4

RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 30 JUNE 2013

Name of entity	Basis of identification as a related party	Related director	Nature of services provided	Where charged/(credited) in statement of financial position
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
Telkom Limited	Common directorship	PL Zim	Supply of tele-communication services	Trade and other payables

KEY MANAGEMENT PERSONNEL

Where charged/(credited) in statement of comprehensive income	Non-executive directors' fees Operating costs – sundries		Remuneration Operating costs – labour		Contribution to retirement funds Operating costs – labour		Performance bonus Operating costs – labour	
	2013	2012	2013	2012	2013	2012	2013	2012
	R000	R000	R000	R000	R000	R000	R000	R000
Non-executive directors' remuneration (see Directors' Report page 83)	**3 969**	2 981	**–**	–	**–**	–	**–**	–
Executive directors								
AZ Khumalo	**–**	–	**2 392**	1 752	**299**	219	**955**	699
GT Lewis	**–**	–	**5 841**	3 091	**730**	386	**2 291**	7 617
BR van Rooyen (Note 1)	**–**	–	**–**	1 950	**–**	–	**–**	185
	–	–	**8 233**	6 793	**1 029**	605	**3 246**	8 501
Total directors' remuneration	**3 969**	2 981	**8 233**	6 793	**1 029**	605	**3 246**	8 501
Senior management			**22 443**	20 612	**2 812**	2 577	**12 937**	9 230

Note 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 page 84 of the Directors' Report for directors' interests.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity and comprise members of the board of directors.

Where charged/(credited) in statement of comprehensive income	Charged/(credited) to statement of financial position		Charged/(credit) to statement of comprehensive income		Year end balance		Year end balance included in:
	2013	2012	2013	2012	2013	2012	
	R000	R000	R000	R000	R000	R000	
	8 000	–	**–**	–	**8 000**	–	Cash and cash equivalents
Investment revenue	**–**	–	**629**	2 017	**33**	9	Trade and other receivables
Sales revenue	**–**	–	**552 228**	512 886	**–**	–	n/a
Operating costs	**–**	–	**767**	890	**–**	43	Trade and other payables

Other benefits		Equity settled share based payments		Cash settled share based payments		Sub total		Gain on exercise of share options		Total	
Operating costs – labour		Operating costs – labour		Operating costs – labour							
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
R000	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000
–	–	**–**	–	**–**	–	**3 969**	2 981	**–**	–	**3 969**	2 981
92	9	**3 410**	2 839	**(9)**	–	**7 139**	5 518	**–**	–	**7 139**	5 518
79	12	**3 206**	3 438	**(405)**	–	**11 742**	14 544	**–**	–	**11 742**	14 544
–	62	**–**	–	**–**	–	**–**	2 197	**–**	–	**–**	2 197
171	83	**6 616**	6 277	**(414)**	–	**18 881**	22 259	**–**	–	**18 881**	22 259
171	83	**6 616**	6 277	**(414)**	–	**22 850**	25 240	**–**	–	**22 850**	25 240
2 842	3 054	**16 038**	16 646	**(1 771)**	–	**55 301**	52 119	**n/a**	n/a	**55 301**	52 119

It has been determined that the executive directors are the only prescribed officers of the company and as a result no additional disclosure of executive salaries is required. Prescribed officers is defined in terms of Section 66(10) of the Companies Act 71 of 2008, and as further described in Section 38 of the Regulations thereto.

ANNEXURE 5(A)

ANALYSIS OF SHARE OPTIONS HELD AT 30 JUNE 2013

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
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
Options forfeited during the year	–	(13 000)	(70 000)
Options exercised during the year	(56 700)	–	–
Month			
July	–	–	–
August	–	–	–
September	(12 500)	–	–
October	(44 200)	–	–
November	–	–	–
December	–	–	–
January	–	–	–
February	–	–	–
March	–	–	–
April	–	–	–
May	–	–	–
June	–	–	–
Balance at 30 June 2013	–	1 058 000	1 397 500
Total consideration received on equity-settled options (R000)	964	–	–
Total gain on cash-settled options (R000)	–	–	–

In March 2013, the JSE approved a change to the rules of the Scheme in terms of which option holders may elect to receive either the shares over which an option has been granted or a cash payment equivalent to the difference between the volume weighted average price at which Northam shares traded on the day preceding

27 November 2008 27 November 2010 26 November 2015 32.38	05 November 2009 05 November 2011 04 November 2016 36.95	01 July 2010 01 July 2012 30 June 2017 45.59	12 October 2010 12 October 2012 11 October 2017 46.59	Total
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
(38 000)	(100 000)	–	(335 000)	(556 000)
(680 500)	(602 500)	–	–	(1 339 700)
–	–	–	–	–
–	–	–	–	–
–	–	–	–	(12 500)
–	–	–	–	(44 200)
–	–	–	–	–
–	–	–	–	–
–	–	–	–	–
–	–	–	–	–
(680 500)	(577 500)	–	–	(1 258 000)
–	(25 000)	–	–	(25 000)
–	–	–	–	–
–	–	–	–	–
1 237 000	2 050 000	125 000	2 907 500	8 775 000
–	–	–	–	964
4 561	1 373	–	–	5 934

the exercise date and the exercise price. Options which are cash-settled are regarded as having been exercised. All options exercised during the year in respect of the 27 November 2008 and 5 November 2009 grant date were cash-settled, the options exercised in respect of the 24 October 2005 grant date were equity-settled.

DETAILS OF OPTIONS GRANTED TO DIRECTORS

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
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
New options granted during the year	–	–	–
Balance at 30 June 2013	–	187 500	187 500
AZ Khumalo			
Balance at 30 June 2011	–	–	–
New options granted during the year	–	–	–
Balance at 30 June 2012	–	–	–
New options granted during the year	–	–	–
Balance at 30 June 2013	–	–	–

No options were exercised by directors during the current or prior year.

27 November 2008 27 November 2010 26 November 2015 32.38	05 November 2009 05 November 2011 04 November 2016 36.95	01 July 2010 01 July 2012 30 June 2017 45.59	12 October 2010 12 October 2012 11 October 2017 46.59	Total
187 500	187 500	–	187 500	937 500
–	–	–	–	–
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
–	–	–	–	–
–	–	125 000	125 000	250 000

ANNEXURE 5(B)

ANALYSIS OF SHARE INCENTIVE PLAN AS AT 30 JUNE 2013

Retention shares	06 November 2012 share award	22 November 2011 share award
Balance at 30 June 2012	–	684 000
Retention shares awarded	930 000	–
Shares forfeited during the year	–	(48 000)
Shares cash-settled during the year	(26 000)	(28 000)
Balance at 30 June 2013	904 000	608 000

Performance shares	06 November 2012 share award	22 November 2011 share award
Balance at 30 June 2012	–	1 257 000
Performance shares awarded	1 619 000	–
Shares forfeited during the year	–	(92 000)
Shares cash-settled during the year	(46 000)	(52 000)
Balance at 30 June 2013	1 573 000	1 113 000

DETAILS OF SHARE INCENTIVES GRANTED TO DIRECTORS

	06 November 2012 share award	22 November 2011 share award
GT Lewis		
Balance at 30 June 2012	–	93 000
Retention shares awarded during the year	56 000	–
Performance shares awarded during the year	98 000	–
Shares forfeited during the year	–	–
Balance at 30 June 2013	154 000	93 000
AZ Khumalo		
Balance at 30 June 2012	–	93 000
Retention shares awarded during the year	56 000	–
Performance shares awarded during the year	98 000	–
Shares forfeited during the year	–	–
Balance at 30 June 2013	154 000	93 000

The shares awarded in terms of the rules of the Share Incentive Plan 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.

ANNEXURE 5(C)

SHARE-BASED PAYMENT LIABILITY AT 30 JUNE 2013

In March 2013, the JSE approved a change to the rules of the Plan in terms of which, upon the vesting of any awards, participants may elect to receive either the shares that have vested or an amount equal to the volume weighted average price at which Northam shares traded on the day preceding the settlement date.

All awards that were cash-settled during the year relate to employees who retired.

The carrying amount of the liability relating to the share options scheme and share incentive plan:

	Group	Company
	R000	R000
Long-term share-based payment liability	90 942	85 008
Short-term share-based payment liability	16 665	14 518
Total share-based payment liability as at 30 June 2013	107 607	99 526

The following table lists the inputs to the model used for the share option scheme for the year ended 30 June 2013:

	23 October 2006	22 October 2007	27 November 2008	5 November 2009	1 July 2010	12 October 2010
Dividend yield (%)	–	–	–	–	–	–
Expected volatility (%)	34.04	34.04	34.04	34,04	34.04	34.04
Risk-free interest rate (%)	5.1035	5.5363	6.1107	6.5612	6.8493	6.9497
Expected life-of-share options (years)	0.3	1.3	2.4	3.4	4.0	4.3
Spot price (R)	32.00	32.00	32.00	32.00	32.00	32.00
Model used	Binomial	Binomial	Binomial	Binomial	Binomial	Binomial

The following table lists the inputs to the model used for the share incentive plan for the year ended 30 June 2013:

	22 November 2011		6 November 2012	
	Retention shares	Performance shares	Retention shares	Performance shares
Dividend yield (%)	–	–	–	–
Expected life-of-share awards (years)	0.4	1.4	1.4	2.4
Spot price (R)	32.00	32.00	32.00	32.00
Model used	Binomial	Binomial	Binomial	Binomial

The expected life is based on historical data and current expectations, and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options/incentive shares is indicative of future trends, which may not necessarily be the actual outcome.

ANNEXURE 6

SEGMENTAL ANALYSIS AT 30 JUNE 2013

SEGMENTAL STATEMENT OF FINANCIAL POSITION

	2013			2012		
	Booysendal operations	Zondereinde operations	Total	Booysendal operations	Zondereinde operations	Total
	R000	R000	R000	R000	R000	R000
Non-current assets	**9 705 791**	**2 917 198**	**12 622 989**	6 980 800	2 850 413	9 831 213
Property, plant and equipment	**4 120 946**	**2 101 280**	**6 222 226**	2 581 075	2 017 614	4 598 689
Mining properties and mineral resources	**5 571 368**	**137 457**	**5 708 825**	4 391 069	146 064	4 537 133
Investment in associate and joint ventures	**–**	**495 498**	**495 498**	–	505 415	505 415
Unlisted investments	**–**	**6**	**6**	–	6	6
Land and township development	**–**	**15 553**	**15 553**	–	43 849	43 849
Long-term receivables	**–**	**87 400**	**87 400**	–	64 937	64 937
Investments held by Northam Platinum Restoration Trust Fund	**7 035**	**33 913**	**40 948**	4 459	31 230	35 689
Environmental Guarantee Investment	**6 442**	**35 965**	**42 407**	4 197	31 523	35 720
Buttonshope Conservancy Trust	**–**	**10 126**	**10 126**	–	9 775	9 775
Current assets	**212 761**	**1 521 914**	**1 734 675**	143 825	1 088 514	1 232 339
Inventories	**5 266**	**873 264**	**878 530**	–	811 183	811 183
Trade and other receivables	**205 631**	**342 289**	**547 920**	143 458	159 810	303 268
Cash and cash equivalents	**79**	**298 501**	**298 580**	56	104 924	104 980
South African Revenue Service	**1 785**	**7 860**	**9 645**	311	12 597	12 908
Mineral resources classified as held for sale	**–**	**–**	**–**	1 180 300	–	1 180 300
Total assets	**9 918 552**	**4 439 112**	**14 357 664**	8 304 925	3 938 927	12 243 852

	2013			2012		
	Booysendal operations	Zondereinde operations	Total	Booysendal operations	Zondereinde operations	Total
	R000	R000	R000	R000	R000	R000
Non-current liabilities	**48 736**	**1 949 090**	**1 997 826**	35 627	612 973	648 600
Deferred tax liability	**–**	**476 053**	**476 053**	–	504 628	504 628
Long-term provisions	**42 802**	**90 465**	**133 267**	35 627	75 491	111 118
Share-based payment liability	**5 934**	**85 008**	**90 942**	–	–	–
Long-term loans	**–**	**47 564**	**47 564**	–	32 854	32 854
Domestic medium-term notes	**–**	**1 250 000**	**1 250 000**	–	–	–
Current liabilities	**124 226**	**1 419 977**	**1 544 203**	33 424	1 148 581	1 182 005
Trade and other payables	**122 079**	**890 025**	**1 012 104**	33 424	947 785	981 209
South African Revenue Service	**–**	**156 963**	**156 963**	–	101 900	101 900
Short-term provision	**–**	**104 670**	**104 670**	–	96 466	96 466
Share-based payment liability	**2 147**	**14 518**	**16 665**	–	–	–
Current portion of long-term loans	**–**	**3 801**	**3 801**	–	2 430	2 430
Revolving credit facilities	**–**	**250 000**	**250 000**	–	–	–
Net assets	**9 745 590**	**1 070 045**	**10 815 635**	8 235 874	2 177 373	10 413 247

SEGMENTAL ANALYSIS AT 30 JUNE 2013 CONTINUED

SEGMENTAL STATEMENT OF COMPREHENSIVE INCOME

	2013			2012		
	Booysendal operations	Zondereinde operations	Total	Booysendal operations	Zondereinde operations	Total
	R000	R000	R000	R000	R000	R000
Sales revenue	**–**	**4 420 977**	**4 420 977**	–	3 684 000	3 684 000
Cost of sales	**–**	**3 813 301**	**3 813 301**	–	3 345 311	3 345 311
Operating costs	**–**	**2 826 094**	**2 826 094**	–	2 632 926	2 632 926
Concentrates purchased	**–**	**657 540**	**657 540**	–	624 774	624 774
Refining and other costs	**–**	**161 591**	**161 591**	–	100 612	100 612
Depreciation and write-offs	**–**	**234 690**	**234 690**	–	190 287	190 287
Change in metal inventories	**–**	**(66 614)**	**(66 614)**	–	(203 288)	(203 288)
Operating profit	**–**	**607 676**	**607 676**	–	338 689	338 689
Share of earnings from associate	**–**	**13 783**	**13 783**	–	16 602	16 602
Investment revenue	**723**	**32 711**	**33 434**	286	53 665	53 951
Finance charges	**–**	**(17 946)**	**(17 946)**	–	–	–
Net sundry income	**2**	**60 106**	**60 108**	–	43 343	43 343
Profit before tax	**725**	**696 330**	**697 055**	286	452 299	452 585
Taxation	**(952)**	**170 006**	**169 054**	41	142 032	142 073
Profit for the year	**1 677**	**526 324**	**528 001**	245	310 267	310 512
Other comprehensive income						
– Share of other comprehensive income from associate	**–**	**(4 145)**	**(4 145)**	–	(9 868)	(9 868)
Total comprehensive income for the year	**1 677**	**522 179**	**523 856**	245	300 399	300 644

	2013			2012		
	Booysendal operations	Zondereinde operations	Total	Booysendal operations	Zondereinde operations	Total
	R000	R000	R000	R000	R000	R000
Analysis of sales revenue by geographic location of customer						
Europe	**–**	**702 279**	**659 379**	–	801 778	801 778
Japan	**–**	**1 145 127**	**1 145 127**	–	962 595	962 595
North America	**–**	**1 333 179**	**1 333 179**	–	1 022 824	1 022 824
South Africa	**–**	**1 240 392**	**1 283 292**	–	896 803	896 803
	–	**4 420 977**	**4 420 977**	–	3 684 000	3 684 000
Analysis of trade and other receivables by geographic location of customer						
Europe	**–**	**6 510**	**6 510**	–	1 750	1 750
Japan	**–**	**76 656**	**76 656**	–	–	–
North America	**–**	**44 531**	**44 531**	–	9 985	9 985
South Africa	**205 631**	**214 592**	**420 223**	143 458	148 075	291 533
	205 631	**342 289**	**547 920**	143 458	159 810	303 268
Other disclosable items						
Additions to non-current assets (excluding financial instruments)	**1 383 200**	**381 597**	**1 753 440**	1 684 331	344 012	2 028 343
	1 383 200	**381 597**	**1 753 440**	1 684 331	344 012	2 028 343

All non-current assets 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	
	2013	2012
Customer 1	849 039	741 313
Customer 2	848 641	683 595
Customer 3	610 553	513 358
Customer 4	515 094	491 896
Customer 5	484 378	486 257
	3 307 705	2 916 419

ADMINISTRATION AND CONTACT INFORMATION

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Debt issuer code: NHMI

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