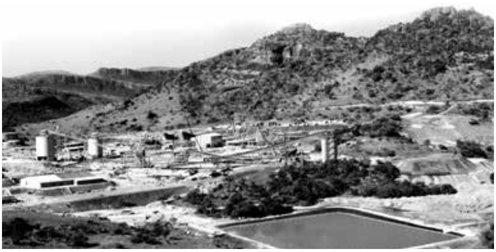
NORTHAM

PLATINUM LIMITED

Notice of annual general meeting and abridged annual report 2012



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Notice of the 2012 annual general meeting

Northam Platinum Limited

(Registration number 1977/003282/06)
Share code: NHM
ISIN: ZAE000030912

("Northam Platinum" or "the company" or "the group")

Notice is hereby given in terms of section 62(1) of the Companies Act, No. 71 of 2008 (as amended), ("the Companies Act") that the annual general meeting ("meeting") of shareholders of Northam Platinum ("shareholders") will be held in Room HB1, Hackle Brooke, 110 Conrad Drive, corner of Jan Smuts Avenue and Conrad Drive, Craighall, Johannesburg on Wednesday, 7 November 2012 at 10h00 for the following purposes:

Considering and, if deemed fit, adopting, with or without modification, the ordinary and special resolutions set out below:

Ordinary resolutions

- receiving, considering and adopting the audited group annual financial statements of Northam Platinum for the year ended 30 June 2012;
- re-electing directors;
- re-appointing the auditors;
- re-electing the audit and risk committee members;
- approving the group remuneration policy;
- approving the directors' remuneration paid for the year ended 30 June 2012.

Special resolutions

- approval of directors' remuneration for the year ending 30 June 2013;
- general authority to re-purchase issued shares;
- adoption of new memorandum of incorporation;
- financial assistance.

Transacting any other business as may be conducted at an annual general meeting.

Record dates

In terms of section 59(1)(a) and (b) of the Companies Act, the board of directors of the company has set the record date for the purpose of determining which shareholders are entitled to:

- receive notice of the meeting (being the date on which a shareholder must be registered in the company's securities register in order to receive notice of the meeting) as 28 September 2012; and
- participate in and vote at the meeting (being the date on which a shareholder must be registered in the company's securities register in order to participate in and vote at the meeting) as Friday, 2 November 2012.

Notice of the 2012 annual general meeting **continued**

Ordinary resolutions

ORDINARY RESOLUTION NUMBER 1: ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS

"Resolved that the audited annual financial statements for the year ended 30 June 2012, including the reports of the directors, auditors and the audit and risk committee, be and are hereby adopted."

The summarised audited annual financial statements for 2012 as per Annexure 1 are contained in this document, of which this notice forms part. The complete 2012 Annual Integrated Report, containing the audited annual financial statements and the relevant reports for the preceding year, is available at www.northam.co.za or can be obtained from the company's registered office on request.

ORDINARY RESOLUTION NUMBERS 2.1, 2.2, 2.3 AND 2.4: RE-ELECTION OF DIRECTORS

"Resolved that Mr ME Beckett, who retires by rotation in terms of the company's memorandum of incorporation and being eligible and offering himself for re-election, be and is hereby re-elected as director."

"Resolved that Dr NJ Dlamini, who retires by rotation in terms of the company's memorandum of incorporation and being eligible and offering herself for re-election, be and is hereby re-elected as director."

"Resolved that Mr R Havenstein, who retires by rotation in terms of the company's memorandum of incorporation and being eligible and offering himself for re-election, be and is hereby re-elected as director."

"Resolved that Mr PL Zim, who retires by rotation in terms of the company's memorandum of incorporation and being eligible and offering himself for re-election, be and is hereby re-elected as director."

Brief biographies of the directors are included in Annexure 2 contained in this document, of which this notice forms part.

ORDINARY RESOLUTION NUMBER 3: RE-APPOINTMENT OF EXTERNAL AUDITORS

"Resolved that Ernst & Young Inc. (with the designated registered auditor being Crispen Maongera) be and is hereby re-appointed as the independent external auditor of the company."

The audit and risk committee has evaluated the performance of Ernst & Young Inc. and recommends their re-appointment as auditors of the company.

ORDINARY RESOLUTION NUMBERS 4.1, 4.2, 4.3 AND 4.4: RE-ELECTION OF THE MEMBERS OF THE AUDIT AND RISK COMMITTEE

"Resolved that Mr AR Martin, being eligible and offering himself for re-election, be and is hereby re-elected as a member of the audit and risk committee."

"Resolved that subject to the passing of ordinary resolution number 2.1, Mr ME Beckett, being eligible and offering himself for re-election, be and is hereby re-elected as a member of the audit and risk committee."

"Resolved that subject to the passing of ordinary resolution number 2.3, Mr R Havenstein being eligible and offering himself for re-election, be and is hereby re-elected as a member of the audit and risk committee."

"Resolved that Ms ET Kgosi, being eligible and offering herself for re-election, be and is hereby re-elected as a member of the audit and risk committee."

Members of the audit and risk committee are set out in Annexure 3, whilst brief biographies are set out in Annexure 2 of this document.

ORDINARY RESOLUTION NUMBER 5: APPROVAL OF GROUP REMUNERATION POLICY

"Resolved, as a non-binding resolution, that the group remuneration policy be and is hereby approved by way of a non-binding advisory vote, as recommended in the third King report on Corporate Governance for South Africa 2009, commonly referred to as King III."

The group remuneration policy as well as detail of the social, ethics and human resources committee is set out in Annexure 4 of this document, of which this notice forms part.

ORDINARY RESOLUTION NUMBER 6: APPROVAL OF DIRECTORS' REMUNERATION PAID FOR THE YEAR ENDED 30 JUNE 2012

"Resolved that the directors' remuneration for the year ended 30 June 2012, as set out in Annexure 5 of this document, be and is hereby approved."

Special resolutions

SPECIAL RESOLUTION NUMBER 1: APPROVAL OF DIRECTORS' REMUNERATION FOR THE YEAR ENDING 30 JUNE 2013

"Resolved that the following remuneration for directors be and is hereby approved for the year ending 30 June 2013:

Board fees

- Board chairman – R110 400 per annum
- Lead independent director – R82 200 per annum
- Board members – R52 500 per annum
- Board meeting attendance fees – R34 000 per meeting

Audit and risk committee fees

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

Social, ethics and human resources committee fees

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

Other board appointed committees fees

- Committee chairman – 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."

Reason and effect

The reason for and the effect of this special resolution is to approve the basis for calculating the remuneration payable by the company to its non-executive directors for their services as directors of the company for the period ending 30 June 2013. Further details are included in Annexure 5 which forms part of this document.

SPECIAL RESOLUTION NUMBER 2: GENERAL AUTHORITY TO RE-PURCHASE ISSUED SHARES

"Resolved, as a special resolution, that a mandate be and is hereby given to the company (or any one of its wholly-owned subsidiaries) providing

Notice of the 2012 annual general meeting **continued**

authorisation, by way of a general authority, to acquire the company's own issued shares, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the provisions of the memorandum of incorporation of the company, the Companies Act and the Listings requirements of the JSE Limited ("Listings requirements"), and subject further to the following terms and conditions:

a. Any acquisition of shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter-party.

b. At any one time, the company may only appoint one agent to effect any acquisition.

c. This general authority shall be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from date of passing of this special resolution.

d. An announcement shall be published as soon as the company has cumulatively acquired 3% of the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter, containing full details of such acquisitions.

e. Acquisitions of shares by the company and/or its subsidiaries in aggregate in any one financial year may not exceed 20% of the company's issued share capital as at the date of passing of this special resolution or 10% of the company's issued share capital in the case of an acquisition of shares in the company by a subsidiary of the company.

f. Acquisitions may not be made at a price greater than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date on which the transaction was effected.

g. The company or its subsidiaries may not repurchase securities during a prohibited period as defined in the Listings requirements unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement over the Securities Exchange News Service prior to the commencement of the prohibited period.

h. The company may not enter the market to proceed with the repurchase of its ordinary shares until the company's sponsor has confirmed in writing to the JSE that it has discharged its responsibility in terms of schedule 25 of the Listings requirements."

In respect of the general authorities to be granted in terms of this special resolution, the directors will not undertake either of these activities until such time as they have applied the solvency and liquidity test required in terms of Section 4 of the Companies Act:

- The assets of the company and group, fairly valued, equal or exceed the liabilities of the company and group, fairly valued, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;
- There is reason to believe that the company will be able to pay its debts as and when they become due in the ordinary course of business;
- For the purpose of determining the fair value of the company's and group's assets and

liabilities, due cognisance has been taken of any contingent assets and liabilities that may arise as a consequence of the distribution.

Reason and effect

The reason for this special resolution is, and the effect thereof will be to grant, in terms of the provisions of the Companies Act, the Listings requirements and subject to the terms and conditions embodied in the said special resolution, a general authority to the directors to approve the acquisition by the company of its own shares, or by a subsidiary of the company of the company's shares, which authority shall be used by the directors at their discretion during the course of the period so authorised.

ADDITIONAL DISCLOSURE REQUIREMENTS IN TERMS OF THE LISTINGS REQUIREMENTS:

In terms of the requirements of the JSE Limited as amended or replaced from time to time ("the Listings requirements"), the following information refers:

Directors – Refer to Annexure 2.

Major shareholders – Refer to Annexure 7.

Directors' interests in securities – Refer to Annexure 7.

Share capital of the company – Refer to Annexure 7.

Directors' responsibility statement – The directors, whose names are given in Annexure 2, collectively and individually accept full responsibility for the accuracy of the information pertaining to the resolutions set out above and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement in these resolutions false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the notice contains all information required by law and the Listings requirements.

Litigation – The company and its subsidiaries are not, and have not in the twelve (12) months preceding the date of this notice of annual general meeting been involved in any legal or arbitration proceedings which may have or have had a material effect on the financial position of the company and its subsidiaries, nor is the company aware of any such proceedings that are pending or threatened save for what has been disclosed in the litigation statement included in Annexure 11.

Material change – Other than the facts and developments reported on in this summarised annual report, there have been no material changes in the affairs, financial or trading position of the company since the balance sheet date and the date of the notice. The company's products are priced in US dollars and therefore volatility in the Rand/US dollar exchange rate could affect the company's revenues negatively.

SPECIAL RESOLUTION NUMBER 3: ADOPTION OF NEW MEMORANDUM OF INCORPORATION

"Resolved that the memorandum of incorporation of the company tabled at the meeting and initialled by the chairman of the meeting for purposes of identification, be and is hereby adopted in substitution for the existing memorandum and articles of association of the company, in order to align the company's memorandum of incorporation with the Companies Act, pursuant to which the authorised and issued ordinary share capital of the company will be converted from ordinary shares having a nominal or par value of 1 cent each to ordinary shares not having a nominal or par value,

Notice of the 2012 annual general meeting **continued**

in accordance with the provisions of Regulation 31(6) of the Companies Regulations of 2011 ("the Regulations"), so that the authorised share capital will consist of 545 000 000 ordinary shares having no nominal or par value and the issued share capital will consist of ordinary shares having no nominal or par value."

Reason and effect

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

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

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

   A copy of this report is attached as Annexure 8 to this notice of annual general meeting. A copy of this notice of annual general meeting, together with the report, will be filed with the Companies and Intellectual Property Commission and the South African Revenue Services simultaneously with the delivery of this notice of annual general meeting to shareholders of the company, in accordance with Regulation 31(8)(b) of the Regulations, promulgated under section 225 of the Companies Act. ***(This is new)***

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

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

4. The introduction of a solvency and liquidity test which must be considered by the board in respect of the following:
   - capitalisation of shares;
   - cash payment in lieu of a capitalisation award;
   - declaration of dividends;

- repurchase of shares;
- provision of financial assistance; and
- any other distributions as defined by the Companies Act. *(This is new)*

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

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

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

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

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

10. Dividends must now be paid via electronic transfer.

A copy of the new MOI may be found on the company's website, www.northam.co.za.

The effect of this special resolution is that the company adopts a new MOI.

SPECIAL RESOLUTION NUMBER 4: FINANCIAL ASSISTANCE IN TERMS OF SECTION 45 OF THE COMPANIES ACT

"Resolved that the board of directors of the company ("the board") be and is hereby authorised in terms of and subject to the provisions of section 45 of the Companies Act, to cause the company to provide any financial assistance in any form or amount to any company or corporation which is related or inter-related to the company (as defined in the Companies Act), on the terms and conditions that the board may determine from time to time."

Reason and effect

The reason for and the effect of this special resolution which is required in terms of Section 45 of the Companies Act to grant the directors of the company the authority to cause the company to provide financial assistance by way of loans, guarantees, the provision of security or otherwise, to any company which is related or inter-related to Northam i.e. its subsidiaries. The special resolution does not authorise the provision of financial assistance to a director or prescribed officer of the company.

The provision of financial assistance to subsidiaries of Northam is necessary for the sustainability of the business of the group, taking into account that the financial performance of the operations is dependent on numerous external factors, which include the prices of platinum group metals and the Rand/US Dollar exchange rate.

Notice of the 2012 annual general meeting **continued**

The board is satisfied that immediately after granting the above mentioned financial assistance, the company will satisfy the solvency and liquidity test set out in the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company as referred to in Annexure 9.

To transact any other business as may be conducted at an annual general meeting.

APPROVALS REQUIRED FOR RESOLUTIONS

Ordinary resolutions 1 to 6 contained in this notice of annual general meeting require the approval of more than fifty percent (50%) of the total votes cast on the resolutions by shareholders present or represented by proxy at the annual general meeting.

Special resolutions 1, 2, 3 and 4 contained in this notice of annual general meeting require the approval of more than seventy-five percent (75%) of the total votes cast on the resolutions by shareholders present or represented by proxy at the annual general meeting.

Important notice regarding attendance at annual general meeting

A person attending the annual general meeting must present reasonably satisfactory identification. The chairman of the annual general meeting must be reasonably satisfied that the right of a person to participate and vote at the annual general meeting either as a shareholder, or as a proxy for a shareholder, has been reasonably verified.

TELEPHONIC PARTICIPATION

For the benefit of shareholders who are unable to attend the meeting but wish to participate therein, a simultaneous audiolink will be available at the following numbers:

South Africa:	011 535 3600
	0800 200 648
UK:	0800 917 7042
	0808 162 4061
Other countries:	+27 11 535 3600

Proxy

All shareholders who are entitled to attend, speak and vote at the meeting may appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a member of the company.

Should shareholders, both certificated and dematerialised, be unable to attend the meeting and wish to be represented thereat, they should appoint one or more proxies to attend, speak and vote in their stead. However, those shareholders who hold their certificated shares in the name of a nominee or shareholders who have already dematerialised their shares and have not selected own name registration and wish to attend the meeting, should timeously arrange with their nominee or their Central Securities Depository Participant (CSDP) or their broker to furnish them with the necessary authorisation to attend and vote at the meeting. Should these shareholders not wish to attend they may, pursuant to the terms of the agreement entered into with their nominee, CSDP or broker, instruct such nominee, CSDP or broker how they wish their votes to be cast in respect of any matter to be considered at the meeting. Shareholders, who are unsure of their status, or the action they should take, are advised to consult their CSDP, broker or financial adviser.

A proxy form is attached for use by registered certificated shareholders and dematerialised shareholders with own name registration. To be effective, a proxy form must be executed in terms of the company's memorandum of incorporation and in accordance with the relevant instructions set out on the form, and must be lodged with the transfer secretaries not less than 48 hours before the time set down for the meeting. If required, additional proxy forms may be obtained from the transfer secretaries.

Voting

On a show of hands, every shareholder of the company present in person or represented by proxy shall have only one (1) vote. On a poll, every shareholder of the company shall have one vote for every share held in the company by such shareholder.

Shares held by a trust or scheme will not have their votes at the annual general meeting taken into account for purposes of resolutions proposed in terms of the Listings requirements. Shares held as treasury shares may also not vote.

Proof of identification required

Any shareholder or proxy who intends to attend or participate at the annual general meeting must be able to present reasonably satisfactory identification at the meeting for such shareholder or proxy to attend and participate in the meeting. A green bar-coded identification document issued by the South African Department of Home Affairs, a driver's licence or a valid passport will be accepted as sufficient identification.

By order of the board.

PB Beale, company secretary

28 September 2012

Annexure 1 – summarised 2012 audited financial statements

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

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

* *Restated*

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

* *Restated*

Annexure 1 – summarised 2012 audited financial statements **continued**

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011	2012	2011
	R000	R000	R000	R000
	Group	Group	Company	Company
Total revenue	3 811 747	3 759 459	4 403 554	3 719 176
Sales revenue	3 684 000	3 571 048	3 648 663	3 546 895
Cost of Sales	3 345 311	3 185 754	3 320 299	3 169 199
– operating costs	2 632 926	2 258 548	2 607 914	2 242 006
– concentrates purchased	624 774	787 316	624 774	787 316
– refining and other costs	100 612	68 804	100 612	68 804
– depreciation and impairments	190 287	147 838	190 287	147 825
– change in metal inventories	(203 288)	(76 752)	(203 288)	(76 752)
Operating profit	338 689	385 294	328 364	377 696
Share of earnings from associate	16 602	7 248	816	792
Investment revenue	53 951	85 520	34 124	70 128
Net sundry income	43 343	53 148	66 284	53 737
Profit before tax	452 585	531 210	429 588	502 353
Taxation	142 073	182 001	137 099	176 484
Profit after tax	310 512	349 209	292 489	325 869
Other comprehensive income				
– share of other comprehensive income from associate	(9 868)	–	–	–
Profit and total comprehensive income for the year	300 644	349 209	292 489	325 869

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

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

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

Equity compensation reserve

The equity compensation reserve represents the value of equity-settled share-based payments provided to employees as part of their remuneration.

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.

Annexure 1 – summarised 2012 audited financial statements continued

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

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

* *Restated*

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012 CONTINUED

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

* *Restated*

Annexure 1 – summarised 2012 audited financial statements **continued**

Extracts from the joint review of the chief executive and chairman

The platinum mining business has been particularly challenging during the past year with poor economic fundamentals, safety stoppages and labour relations issues to deal with. Fundamentally more disturbing than the macro-economic fundamentals, however, have been the troubling events in our sector here at home, unbridled lawlessness, and the loss of life and livelihoods amongst some of the most vulnerable in our society.

As a society we should be deeply concerned about the raised expectations and demands on our sector. What has become obvious in the aftermath of these developments, are the glaring misconceptions amongst our stakeholders about the state of the PGM sector, its contributions to the economy over decades, its role as a major employer, provider of infrastructure and utilities, villages and communities in areas where there has traditionally been sparse economic activity. Now, more than ever, it is incumbent on all stakeholders to act responsibly and to discharge their responsibilities judiciously and diligently. The mining industry cannot be fingered as a singular contributor to poverty and its associated ills in rural communities.

MARKET OVERVIEW

We have not escaped the effects of and challenges associated with the protracted global economic downturn. Ongoing economic uncertainty and contractions in industrial manufacturing, most particularly in Europe, have broadly subdued demand for PGMs. To date, the ready supply of mined metal to the PGM market has continued largely undiminished, and combined with increased volumes of recycled metal, has resulted in a protracted period of market surplus. Metal prices have reacted accordingly and weakened notably in recent months; platinum and rhodium in particular, continue to trade at rangebound and lacklustre levels.

In February the platinum price reached its highest level so far this year at $1 729/oz. For palladium the high was $722/oz, and rhodium was trading above $1 500/oz. These highs were followed only four months later, in June 2012, when Platinum traded below $1 400/oz and Palladium approached $560/oz. Rhodium fell to $1 200/oz, its lowest since April 2009.

In dollar terms the average PGM basket price dropped by 6.5% year on year to US$1 345/oz (F2011: US$1 439/oz), while the South African currency weakened by 10.7% over the year.

FINANCIAL PERFORMANCE

A solid operating performance at Zondereinde did little to counter the effects of a largely flat rand basket price of R335 325/kg over the period. Sales volumes were largely unchanged too, accounting for a marginal increase in sales revenues to R3.7 billion (F2011: R3.6 billion). Production of metal in concentrates was 15.4% higher at 8 979kg (288 675oz) compared to 7 779kg in F2011.

A further concern is of course the rate of cost increases; mining inflation continues to rise at a rate higher than the official CPI in South Africa, putting further pressure on our operating margin which has now fallen to a low of 9.2%.

As anticipated, our previously healthy cash balances have been substantially reduced as the capital expenditure at Booysendal has accelerated over the year. The net movement in cash flows was an outflow of R1.6 billion in F2012 compared to an inflow of R511.1 million for F2011, resulting in a cash balance at year end of only R105.0 million compared to last year's R1.7 billion.

Profit before tax declined by 14.8% to R452.6 million owing to lower investment revenues and net sundry income compared to the previous period. Consequently profit after tax was 11.1% lower at R310.5 million (2011: R349.2 million) resulting in headline earnings per share declining by 9.6% to 80.9 cents per share.

Given the low metal price environment, the extent of capex requirements at both Zondereinde and Booysendal in the year ahead, shareholders will appreciate the board's decision to pass the final dividend. We do intend to resume dividend payments once we are in a position to substantially reduce our debt, and emerge from the fairly onerous capex burden we face in the short to medium term. An uptick in metal prices would obviously help to expedite this too.

INTEGRATED REPORTING AND ASSURANCE

In the previous reporting period, for financial year 2011, we believe Northam has made some fundamental strides in broadening our data-gathering base and getting to grips with our material issues. These are something we regularly interrogate and revise as necessary. In F2011 this culminated in the publication of our first annual integrated report. In F2012, we hope to have made some modest gains in terms of this reporting framework, even though the focus in this past year was the very sustainability of the business, in what is becoming an increasingly hostile operating environment.

Once again this year, at the Zondereinde sustainable development workshop, held in July this year, we took the time with a number of discipline heads, to assess the material issues we had identified in the past, and to re-evaluate them in the context of more recent business developments and the constantly evolving operating environment.

A WORD TO CONCLUDE

We would like to extend our thanks to the members of the board for their continued support and insights. Particular mention must be made of Bernard van Rooyen, who retired from the board in March 2012. Bernard's contribution to the group has been immeasurable over the years; we are fortunate that he continues to provide consultancy services to the group.

At the end of what has been a challenging year we extend our thanks to the management at both Zondereinde and Booysendal for their focus and commitment. In the current climate in the PGM sector the adage of sticking to one's knitting, and focussing on those aspects of the business environment which we can control, will stand us in good stead into the future. We aim to be in good shape as a company to be able to deliver PGMs into a rising price environment when the global economy starts recovering.

Lazarus Zim, chairman

Glyn Lewis, chief executive

Johannesburg

28 September 2012

Annexure 2 – directors

ME Beckett (76) (British)
BSc, FIMM
Independent non-executive director

Joined the board in 1999.

Mr Beckett is non-executive Chairman of Endeavour Mining Corporation, a director of International Hotels Investments Limited, Petroamerica Oil Corporation and a member of The Egypt Trust. A geologist by training, Mr. Beckett was formerly managing director of Consolidated Gold Fields plc.

CK Chabedi (44)
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 Witbank to the Waterberg in the medium term.

JAK Cochrane (48) (British)
B Eng (Hons) MBA
Non-executive director

Joined the board in 2011.

Mr Cochrane holds an MBA and a B Eng (honours) degree in mining and petrochemical engineering, is an executive director and chief commercial officer of Eurasian Natural Resources Corporation plc (ENRC) responsible for marketing and logistical operations. Mr Cochrane is the current president of the International Chrome Development Association and 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) (53)
MBChB, DOH, MBA
Independent non-executive director

Joined the board in 2004.

Dr Judy Dlamini is the chairman of Mbekani Group. She started her career as a medical practitioner and specialised in occupational health before moving into 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.

R Havenstein (56)
MSc (Chemical Engineering), B Comm
Independent non-executive director

Joined the board in 2003.

Mr Havenstein's current non-executive directorships include Hernic Ferrochrome Proprietary Limited, Metallon Corporation Plc, 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) (58)
B Comm 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 (48)
CA (SA)
Financial director

Joined the board in 2010.

Mr Khumalo, a chartered accountant by profession, holds a B Compt (Honours) and B Comm 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 (Pty) Limited.

GT Lewis (55) (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. Prior to joining Northam, he was the manager of the Tarkwa Mine in Ghana. He has extensive experience in the mining industry in both metalliferous and non-metalliferous mines.

AR Martin (74)
CA (SA)
Independent non-executive director

Joined the board in 2009.

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

MJ Willcox (42)
(BA LLB, PGrad Dip Tax)
Alternate director to Mr Xayiya since 2009

Mr Willcox, upon completion of his studies, worked for an investment bank based in the USA. During this period he was exposed to various significant mining and property transactions in the USA, the Far East and Africa.

He is one of the founding members of Mvelaphanda Holdings Proprietary Limited with Tokyo Sexwale and Mikki Xayiya and has held the position of chief executive officer since its inception. Mr Willcox is also a board member of Avusa Limited.

MSMM Xayiya (51)
(BA)
Non-executive director

Joined the board in 2009.

Mr Xayiya is the executive chairman of Mvelaphanda Holdings Proprietary Limited, Mvelaphanda Group Limited and Mvelaserve Limited. He has served as a policy advisor in the Office of the Premier in the Gauteng Province.

PL Zim (52)
B Comm (Hons) M Comm
Non-executive chairman

Joined the board in 2007.

Mr Zim is the chairman of Zim Capital and Afripalm Resources Proprietary Limited and a director of Sanlam Limited and Sanlam Life Insurance Limited. He is also a previous past President of the Chamber of Mines of South Africa. Prior to establishing Afripalm, he held senior executive positions at Anglo American South Africa Limited and MTN Group Limited.

Annexure 3 – details of the audit and risk committee members

Members of the audit and risk committee:

AR Martin (Chairman)
ME Beckett
R Havenstein
ET Kgosi

All members of the audit and risk committee are independent non-executive directors.

Annexure 4 – remuneration policy

Remuneration policy

The social, ethics and human resources committee (the SE&HR committee, formerly known as remuneration, nomination and employment equity committee) comprises the following members: Ms ET Kgosi (chairperson), Mr ME Beckett, Dr NJ Dlamini and Mr R Havenstein, all of whom are independent non-executive directors.

In terms of its mandate from the board, the SE&HR committee is also responsible for Northam's remuneration philosophy. Thus it is charged with the oversight of the group's compliance with the LRA, the BCEA and setting up various forms of remuneration.

The aims and objectives 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 has implemented the following three forms of remuneration which are monitored for effectiveness on an on-going basis:

1. Salaries, 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;
- The scale of fees to be paid to non-executives, which are submitted to the 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, particularly where scarce or critical skills are involved.

The group's 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 basis of the remuneration policy:

- The harmonisation of working conditions and salaries and wages throughout the group which has two mining operations, namely Booysendal and Zondereinde;
- The attraction and retention of core skills, such as artisans, engineers and management, for which the group must compete within the broader mining industry;
- 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, reasonable and defensible in all respects.

Main features of the remuneration policy

The group regularly seeks and consults remuneration survey services and applies the Paterson system of job grading.

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.

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 in 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 SE&HR committee approves all salary increases, for all categories of staff. 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

Annexure 4 – remuneration policy

continued

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, union agreement, individual contract and/or group policy and practice. In the case of retrenchment, the group's standard policy at all job levels is to pay the contractual notice period (if not worked) and severance pay equal to one week's remuneration per year of service with the group.

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 the 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 and Solidarity (category 9 and 10 bargaining units). As such, 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 unions that meet a representivity threshold of 33.3% within a bargaining unit.

Such employees, in addition to their wages, also earn various forms of bonuses from time to time to incentivise performance.

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 on 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 Annexure 5 of this notice of meeting.

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, 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 for a 90% achievement of target to 125% 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 37% of their BRP in bonuses in F2012.

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

The group operates the Northam Share Option Scheme ("the scheme") as well as the Northam Share Incentive Plan ("the plan"), details of which are more fully disclosed in Annexure 6. The scheme has been discontinued due to its dilutionary nature although share options issued before its discontinuance will be allowed to run their course. The plan, however, is a newer incentive plan 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 SE & HR committee approves the annual allocation of shares as well as any changes to the plan rules.

Employee participation scheme (Toro Trust)

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

Annexure 5 – directors' remuneration

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

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

[1] *Mr BR van Rooyen retired on 12 March 2012.*

[2] *Mr JAK Cochrane was appointed a non-executive director with effect from 10 November 2011.*

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

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

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

Annexure 5 – directors' remuneration **continued**

Service contracts

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

Directors' fees

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

Board fees

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

Audit and risk committee fees

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

Board appointed committees fees

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

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

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

Board fees

- Board chairman – R110 400 per annum.
- Lead independent director – R82 200 per annum.
- Board members – R52 500 per annum.
- Board meeting attendance fees – R34 000 per meeting.

Audit and risk committee fees

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

Social, ethics and human resources committee fees

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

Other board appointed committees 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.

At the forthcoming annual general meeting members will accordingly be requested to consider a special resolution providing for the increase in the fees for the year ending 30 June 2013 as set out above.

Annexure 6 – share option scheme and share incentive plan

Northam Share Option Scheme (the Scheme)

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

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

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

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

Earliest and latest exercise date	Price per share R	Total number of options
24 October 2007 and 23 October 2012	17.00	125 000
23 October 2008 and 21 October 2013	38.45	1 116 000
22 October 2009 and 21 October 2014	48.00	1 512 500
27 November 2010 and 26 November 2015	32.38	2 075 500
5 November 2011 and 4 November 2016	36.95	3 182 500
1 July 2012 and 30 June 2017	45.59	125 000
12 October 2012 and 11 October 2017	46 57	3 837 500
Number of options held at 30 June 2011		11 974 000
Number of options forfeited during the year		(1 222 500)
Number of options exercised during the year – refer Annexure 5 of the 2012 integrated annual report		(80 800)
Number of options held at 30 June 2012		**10 670 700**

Annexure 6 – share option scheme and share incentive plan continued

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

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

Full details of the options exercised during the year are set out in Annexure 5 of the 2012 integrated annual report, and are summarised as follows:

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

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

Northam Share Incentive Plan (the Plan)

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

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

- All senior officials and executives, including executive directors, in job grade D1 and above will be eligible.
- Non-executive directors will not be eligible to participate.
- Employees will not be required to pay for shares granted to them.
- In the event of a change of control of the company, all awards will vest.
- In the event of a variation in share capital such as a capitalisation issue, subdivision of shares, consolidation of shares, liquidation etc., employees will continue to participate in the Plan. The SE & HR committee may make such adjustment to awards or take such other action to place employees in no worse a position than they were prior to the happening of the relevant event, and to ensure that the fair value of awards immediately after the event is materially the same as the fair value thereof immediately before the event.
- The issue of shares as consideration for an acquisition or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to awards.
- Where necessary, the auditors of the company will confirm to the company and the JSE that the adjustments are calculated on a non-prejudicial basis.
- Any adjustments made will be reported in the company's annual financial statements in the year during which the adjustment is made.
- Subject to approval by the JSE, employees will also, for own account, be entitled to participate in any rights issue in respect of their forfeitable shares held.
- To prevent the dilutionary effect of issuing new shares, whether in terms of the Scheme, the CSP or the FSP will settle either by the issue of new shares or by the use of treasury shares purchased for this purpose on the market.

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

CSP

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

Annexure 6 – share option scheme and share incentive plan continued

- Performance conditions will be set by the 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.

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 shares allocated under the CSP during the year are set out below.

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

At 30 June 2012 the following grants had been made:

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

Full details of the shares granted during the year are set out in Annexure 5 of the 2012 integrated annual report.

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.

Annexure 7 – share capital, shareholding and directors' interest

Share capital

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

During the year 80 800 shares were allotted and issued to participants of the Northam Share Option Scheme, resulting in the issued share capital at 30 June 2012 increasing to 382 496 990 (2011: 382 416 190) shares of one cent each and the share premium increasing from R8 592 257 000 to R8 593 880 000.

Repayments of share premium

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

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

Acquisition of company's own shares

The Companies Act permits a company and its subsidiaries to acquire its own shares and for such subsidiaries to acquire shares of their holding company. Accordingly, at the annual general meeting held on 10 November 2011 shareholders passed a special resolution granting the company a general authority to repurchase its own shares. This general authority provides the directors, subject to certain terms and conditions as set out in the said special resolution, with the necessary flexibility to procure the repurchase of the company's shares from time to time should such repurchase, in view of prevailing market conditions, be opportune and be deemed to be in the best interests of the company. This general authority is valid until the company's next annual general meeting or for 15 months from the date of the aforementioned resolution (being 10 November 2011) whichever period is the shorter. The directors have proposed that this general authority be renewed for a further period once again and accordingly the text of the necessary special resolution, as well as the reasons therefor and the effects thereof, appears in the notice of annual general meeting on page 3, which forms part of this report.

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

Annexure 7 – share capital, shareholding and directors' interest
continued

Directors' interests

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

	30 June 2012			
	Direct beneficial holding	Indirect beneficial holding	Indirect non-beneficial holding	Total
ME Beckett	30 000	–	–	30 000
NJ Dlamini	–	326	–	326
MJ Willcox	336 085	–	5 026 710	7 312 256
MSMM Xayiya	614 598	–	1 518 038	2 722 696
PL Zim	–	–	11 174 520	11 174 520
	980 683	326	17 719 268	28 995 523

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

Analysis of shareholders at 30 June 2012

Shareholding range	Number of holders	Total shareholding	Percentage holding
1 – 5 000	6 249	5 105 224	1.3
5 001 – 10 000	269	2 002 893	0.5
10 001 – 50 000	345	82 417 405	2.5
50 001 – 100 000	127	8 855 454	2.3
100 001 – 1 000 000	183	55 263 249	14.5
1 000 001 and over	52	303 022 765	79.2
Total	7 225	382 496 990	100.0

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

Major shareholders at 30 June 2012

Owner	Number of shares	Percentage holding
ENRC NV	51 732 782	13.5
Afripalm Resources Proprietary Limited	37 248 400	9.7
Mvelaphanda Holdings Proprietary Limited	31 635 183	8.3

Fund manager	Number of shares	Percentage holding
Coronation Asset Management	41 985 019	11.0
Public Investment Commission	35 363 181	9.3
Sanlam Investment Managers	27 619 172	7.2
Capital Group Companies Inc.	19 315 000	5.1
Ameriprise Financial Inc.	15 357 100	4.0

Shareholder spread at 30 June 2012

The company's shareholder spread is set out below.

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

Subsequent to the end of the reporting period the shares that were held by Afripalm Resources Proprietary Limited were sold to the Public Investment Commission, resulting in Afripalm holding no shares at the date of this report. In addition, according to information at our disposal, Mvelaphanda Holdings Proprietary Limited has disposed of 4 045 231 shares, resulting in them holding 27 580 952 at the date of this report.

As a consequence of the above, the indirect non-beneficial interest of Mr MJ Willcox has reduced to 4 382 508 shares, the indirect non-beneficial interest of Mr MSMM Xayiya has reduced to 1 323 493 shares and the indirect non-beneficial interest of Mr PL Zim has reduced to nil.

Annexure 8 – report of the directors regarding the conversion of the ordinary share capital

Report on the conversion of shares in the capital of Northam Platinum Limited ("company" or "Northam ") from shares having a nominal or par value ("par value shares") to shares not having a nominal or par value ("no par value shares").

This report has been prepared in accordance with the provisions of Regulation 31(7) of the Companies Regulations of 2011 ("Companies Regulations") promulgated under the Companies Act, No. 71 of 2008 (as amended) ("Companies Act"), which became effective on 1 May 2011.

This report accompanies the notice of meeting sent to the shareholders of the company, and has been submitted to the shareholders to assist them in their consideration of, among other things, special resolution number 3 ("Conversion Resolution") that is being proposed in order to effect the conversion of all the par value shares ("Conversion Shares") in the authorised and issued share capital of the company to no par value shares ("Conversion").

1 INTRODUCTION

1.1 The share capital of the company includes par value shares, as further described in paragraph 2.3 below, but the company does not have sufficient authorised par value shares in its share capital to enable it to undertake the transactions and/or capital raisings that it contemplates may be undertaken by it in future.

1.2 The Companies Act and the Companies Regulations do not permit the creation of new par value shares, but do provide for existing companies to convert par value shares to no par value shares. By way of further explanation of the provisions of the Companies Act and the Companies Regulations, it is recorded that:

1.2.1 while such conversion is not compulsory, it is necessary for any company that has any class of par value shares in its authorised share capital to create more shares of that class, or to issue shares of that class, if none were in issue prior to 1 May 2011; and

1.2.2 par value shares that were in issue prior to 1 May 2011 retain their par value until so converted, and a company may issue further par value shares, which already formed part of the company's authorised share capital on 1 May 2011, until a proposal for the conversion of that class in accordance with the provisions of Regulation 31 is published.

1.3 The company has therefore determined that it needs to effect the Conversion, and is submitting the Conversion Resolution to its shareholders for their approval.

1.4 The reason for the conversion is only to comply with the Companies Act and the Companies Regulations and thereby enable the company to create and issue new shares in its existing class of ordinary shares, which all have a par value. Consequently, and as explained in more detail below, the Conversion does not in any way change the substance of the rights of holders of the Conversion Shares and has no impact on the value of the Conversion Shares.

1.5 It should be borne in mind that it has always been a feature of South African company law, and it remains the case, that the par value of a share does not necessarily bear any relation to the commercial value of that share (whether to the holder of that share or in any disposal of that share or otherwise), so the mere fact that the Conversion will cause the Conversion Shares to cease to have a par value does not itself have any effect on the commercial value of the Conversion Shares.

2 INFORMATION CONCERNING THE COMPANY AND THE VALUE OF ITS SHARES

2.1 Incorporation

The company was incorporated on 7 October 1977 under the laws of South Africa as a public limited liability company. Its registered address and principal executive office is Block 1A Albury Park, Magalieszicht Avenue, Dunkeld West, 2196.

2.2 Nature of the company's business

The nature of the company's business is an integrated platinum group metals (PGM) producer.

2.3 Share capital of the company prior to the conversion

The authorised and issued share capital of the company at 30 June 2012 is as set out below:

Class of share	Authorised shares		Issued shares	
	Number of authorised shares	Authorised share capital	Number of issued shares	Par value of issued share capital
Ordinary shares having a par value of 1 cent each	545 000 000	R5 450 000	382 496 990	R3 824 969.90

2.4 Share capital of the company immediately after the conversion

Immediately after the Conversion, the authorised and issued share capital of the company as at 30 June 2012 will be as set out below:

Class of share	Number of authorised shares	Number of issued shares	Total of share capital
Ordinary shares	545 000 000	382 496 990	R8 597 647 369.83

Annexure 8 – report of the directors regarding the conversion of the ordinary share capital continued

2.5 Financial information

2.5.1 The annual financial statements of the company for its two most recent financial years have been circulated to shareholders. There have been no material changes in the business of the company subsequent to the date on which the most recent of those financial statements were prepared.

2.5.2 Shares issued by the company or, to the company's knowledge, disposed of by a shareholder at 30 June 2012 are as follows:

Class of share	Issue price	Disposal price known to the Company
Ordinary shares having a par value of 1 cent each	R17.00	R23.25

3 SHAREHOLDERS AFFECTED BY THE CONVERSION

The Conversion will apply to all of the ordinary shares in the capital of the company and the holder thereof, but, as explained in this report, will not affect the rights of that holder or the commercial value of the Conversion Shares.

4 FINANCIAL EFFECTS

4.1 The Conversion will have no financial effect on the company.

4.2 However, it should be noted that, pursuant to the Conversion, the amounts standing to the credit of the share capital in the company's books of account will be transferred to the stated capital account of the company.

5 TAX IMPLICATIONS OF THE CONVERSION

5.1 The Conversion will have no effect on the taxation of the company.

5.2 The Conversion will have no tax implications for any holder of the Conversion Shares.

6 DESCRIPTION AND EVALUATION OF MATERIAL EFFECTS OF THE CONVERSION ON THE RIGHTS OF HOLDERS OF THE CONVERTED SHARES

6.1 The company will, in conjunction with the Conversion, adopt a new memorandum of incorporation in accordance with the provisions of Item 4(2)(a) of Schedule 5 of the Companies Act with effect from the date on which the special resolution required to give effect to the Conversion become effective. The new memorandum of incorporation is intended to harmonise the administration of the company with the provisions of the Companies Act.

6.2 The new memorandum of incorporation already includes references to the converted ordinary shares. Accordingly, the Conversion will not have any affect on the memorandum of incorporation.

6.3 Consequently, the Conversion will have no effect, whether material or otherwise, on the rights of the holder of the Conversion Shares or on the commercial value of the Conversion Shares.

Annexure 9 – financial assistance

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

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

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

At the forthcoming annual general meeting shareholders will be asked to approve a special resolution to authorise the granting of the necessary financial assistance as set out above. The text of the special resolution is contained in the notice of annual general meeting on page 7, which forms part of this report.

Annexure 10 – events after the reporting date

Other than the facts and developments reported on in this abridged annual report, there have been no material changes in the affairs, financial or trading position of the company since the balance sheet date and the date of the notice. The company's products are priced in US dollars and therefore volatility in the Rand/US dollar exchange rate could affect the company's revenues negatively.

Annexure 11 – directors' responsibility and litigation statement

Litigation - 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.

Notes

Notes continued

Administration and contact information

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(Registration number 1977/003282/06)
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