NORTHAM PLATINUM LIMITED

SUSTAINABLE DEVELOPMENT REPORT 2013

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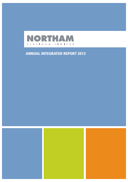
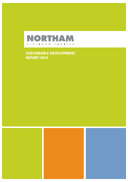
REPORTING SUITE



Integrated report 2013



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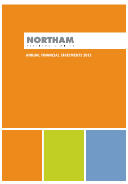

Notice of AGM and abridged annual report 2013

Scan the QR barcode with your smartphone or tablet for more information.

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REPORTING SCOPE

NORTHAM
PLATINUM LIMITED

OUR APPROACH TO REPORTING

This sustainable development report addresses Northam's governance, economic, social and environmental performance for the 2013 financial year. This information is structured according to the five capitals approach which covers the financial, human, social, natural and manufactured components of the business. Northam believes that this approach more accurately reflects the company's primary divisions and their points of confluence.

The information contained in this report pertains to the period 1 July 2012 to 30 June 2013 and is referred to as F2013 in this report. The company's previous sustainable development report was published in October 2012.

The report forms part of a suite of reports prepared at the company's year end, and should be read in conjunction with them. The other reports include:

- preliminary announcement of annual results (reviewed not audited);
- the annual integrated report 2013; and
- the notice of annual general meeting (AGM) and abridged annual report 2013.

At the half-year stage, the company issues an interim report to shareholders. This is available in print format to shareholders who elect to receive it, and is also available on the website.

All of these reports are available on the company's website at *www.northam.co.za*. They are also available in printed format on request.

Northam makes use of established and extensive systems to collate and record the information presented in this report, which is collected on a monthly basis and reviewed by management. Data for previous years is provided in certain instances for comparative purposes.

This report covers Northam's Zondereinde mine and metallurgical complex. Information on the company's new Booysendal mine is provided where this is available and meaningful. Since the Booysendal mine is deemed to have come into production from 1 July 2013, Northam has committed to reporting fully on Booysendal in the next financial year.

Unless otherwise specified, Northam uses the measure of three platinum group metal (PGM) elements (platinum, palladium, rhodium) and gold (3PGE+Au) to report its production, reserves and resources figures. All graphical information in this report pertains to Zondereinde unless otherwise specified.

Northam's primary listing is on the Johannesburg Stock Exchange (JSE) in South Africa and the company reports in terms of the JSE's listings requirements. The company's financial information is reported in accordance with the International Financial Reporting Standards and the new South African Companies Act (No. 71 of 2008). The reporting of the company's mineral reserves and ore resources is made in accordance with the guidelines of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC).

Northam's structure and reporting framework is also guided by the King Report on Governance for South Africa (King III), and the company's annual integrated report 2013, its third integrated report, has been produced in line with these requirements.

The Global Reporting Initiative's (GRI) G3 Guidelines (G3.1) and the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry (the Mining Charter) have been used as a guideline to disclosure in the report. This year, Northam has declared a B+ level of reporting (see page 62 for more information).

Northam's internal and external controls are tightly managed and a significant level of control is maintained. The company's internal audit function has been outsourced to KPMG Services Proprietary Limited (KPMG) in order to provide an independent appraisal function. KPMG has been specifically tasked with:

- examining and evaluating the group's systems of internal control in the mitigations of business risks; and
- assisting members of management with discharging their duties effectively.

The group's consolidated annual financial statements have been audited by external auditor, Ernst & Young Inc. (E&Y).

The independent assurance provider, Environmental Resources Management Limited (ERM), has assured certain non-financial key performance indicators (KPIs) in this sustainable development report. This assurance is conducted in accordance with the AA1000AS Assurance Standard Type 2 requirements that include the application of the AA1000APS Accountability Principles Standard and the reliability of specified performance information. ERM's statement of assurance may be found on page 70 of this report.

For more information on sustainability reporting at Northam, please contact:

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Aerial view of the Booysendal concentrator

COMPANY PROFILE

Northam is an independent, mid-tier, integrated PGMs producer. As such, it has total control over the entire beneficiation stream of its metals to market. Northam has a combined resource base of 195.8Moz (13.4Moz in the reserve category), with a mining life of more than 50 years. During the year, the company produced 290 675oz of PGMs and spent R1.8 billion on capital projects.

Northam's core business is conducted at the wholly-owned, steady-state Zondereinde platinum mine near the town of Thabazimbi in the Limpopo Province, and the recently commissioned and ramping up Booysendal mine near Mashishing in Mpumalanga Province.

During the year Northam acquired an additional 10% equity stake in Northam Chrome Producers Proprietary Limited (NCP). This brings Northam's holding in NCP to 80%. NCP produces chrome from Zondereinde's UG2 tailings.

The company is domiciled in South Africa and headquartered in Johannesburg. It is listed on the JSE, trading under the share code NHM, and the debt issuer code NHMI, and is a member of the JSE's Socially Responsible Investment (SRI) Index. Northam also runs a sponsored level 1 American Depositary Receipt (ADR) facility. These shares trade with the ticker code NMPNY on the over-the-counter market in the United States.

At the close of F2013 Northam employed 11 081 people in total (F2012: 11 631) at its wholly-owned Zondereinde and Booysendal operations and in the corporate office.

At the end of June 2013, Northam had 382 561 000 shares in issue and a market capitalisation of R12.2 billion.

The majority of Northam's shareholders (72%) reside in South Africa, followed by North America (18%), and the UK and Europe (6%).

SUSTAINABILITY LEADERSHIP

Policies, practices and performance relating to sustainable development form an integral part of the management of the company. While overall responsibility for sustainability lies with the board, specific oversight of various areas of sustainability issues have been delegated to the audit and risk committee, the health, safety and environmental committee and the social, ethics and human resources committee.

These committees function in accordance with established terms of reference approved by the board and material matters, particularly issues related to safety, are escalated to board level for consideration. Transformation and compliance with the Mineral and Petroleum Resources Development Act (MPRDA) and the Mining Charter are considered by the board and are a standard agenda item.

The audit and risk committee, which is chaired by lead independent director, Mr Alwyn Martin, comprises four independent non-executive directors. The health, safety and environmental committee, under the chairmanship of Mr Ralph Havenstein, comprises three independent non-executive directors, and the social, ethics and human resources committee, chaired by Ms Emily Kgosi, comprises four independent non-executive directors.

STRUCTURE

Northam wholly owns and operates the established Zondereinde platinum mine and metallurgical complex on the northern end of the western limb of the South African Bushveld Complex, and the Booysendal PGM mine near the town of Mashishing, Mpumalanga, on the eastern limb. Booysendal was commissioned in the second half of the year under review.

At steady state, Booysendal is expected to produce approximately 160 000oz. Northam owns 70% of NCP which produces chrome from Zondereinde's UG2 tailings.

Following the acquisition by Northam of Mvelaphanda Resources Proprietary Limited in June 2011, Northam 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).

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).

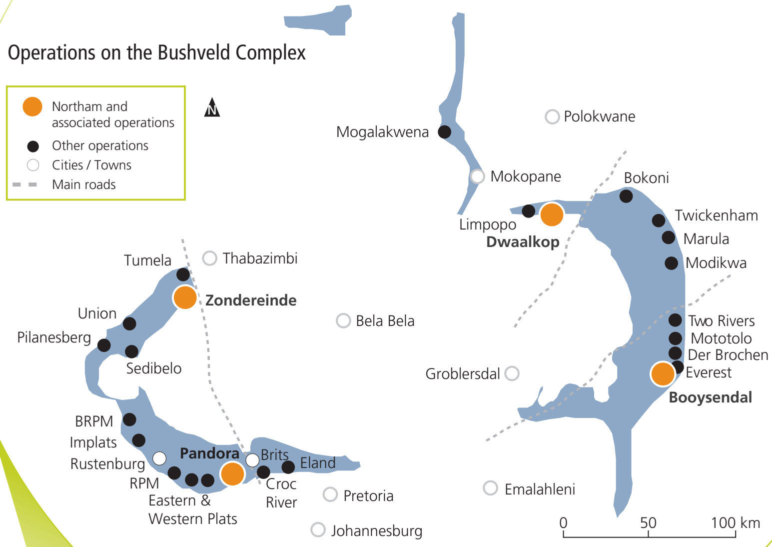
GROUP STRUCTURE AT 30 JUNE 2013

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

LOCATION OF THE BUSINESS

Operations on the Bushveld Complex



South Africa, location of the Bushveld Complex

OUR PRODUCTS AND MARKETS

OUR PRODUCTS – THE VALUE OF PGMS

PGMs comprise a rare suite of durable and precious metals, including platinum, palladium, rhodium, ruthenium, iridium and osmium. PGMs share a set of unusual chemical properties which have made them indispensable to many critical sectors of the global economy. These properties include electrical stability and conductivity, ductility, durability, resistance to corrosion, resistance to oxidation and high melting points, which allow them to remain stable and strong even under extreme heat.

OUR MARKETS

The business of mining and processing PGMs in a complex South African operating environment has been aggravated by the protracted global economic downturn, which has had a sustained adverse impact on the markets for PGMs. For Northam, in many ways, our reputation as a mid-tier, niche, independent, reliable, producer has contributed to sustained offtake of our product into our established markets worldwide, 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, ticking up over the first half of the year, averaging $1 640/oz in January 2013, before dropping to an average of $1 440/oz in June 2013, and further to $1 312 at the end of June. The platinum price reflects the uninspiring demand for platinum from the autocatalyst and industrial sectors. Nevertheless, the prices typically continued to benefit from growth in the jewellery (notably in China and India) and investment sectors.

Palladium demand has been a lot more resilient than that for platinum; and, given the price differential, was the preferred PGM to benefit from the growth in gasoline vehicle production, and the on-going substitution of palladium for platinum. Prices over the financial year ranged from $581/oz in July 2012 to spike in April at $777/oz, before retreating to $648/oz at the end of the financial year. Since the end of the financial year the prices have recovered to ~$700/oz.

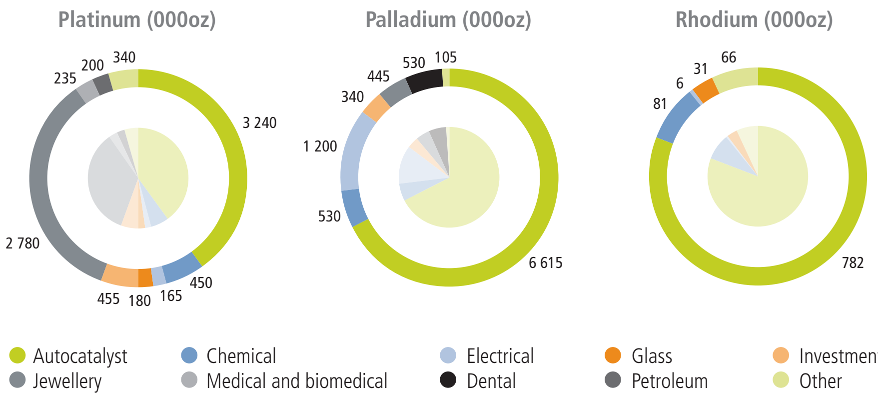
Rhodium's fortunes were lacklustre. Although there was some robust industrial demand, it was limited and autocat demand remained weak. Overall demand for the metal remains thwarted by the weak and inconsistent demand from the vehicle sector.

It is of real concern to us that demand for platinum and rhodium 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 some optimism for palladium, where the outlook is more encouraging – the metal appears to be supported by strong demand from the autocatalyst and investment sectors. On the supply side, increasing quantities of recycled metal continue to find their way to market, although the price-dampening effect of these additional volumes will be offset by the possible cutbacks in primary mine production, and the on-going likelihood of further supply shortages occasioned by work stoppages and disruptions.

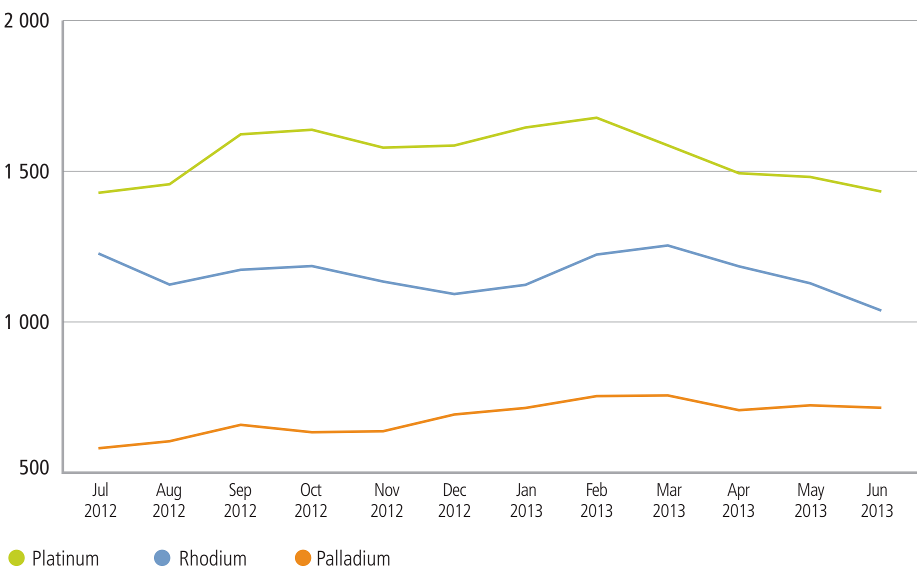
These disruptions and the spectre of labour unrest could result in further deepening of market deficits for platinum and palladium. Whether these will have a commensurate effect on prices will depend on the level of liquidity currently provided by above ground stocks of these metals. The lacklustre conditions currently prevailing in the rhodium market are likely to persist for yet another year.

GROSS DEMAND BY APPLICATION 2012*



*Source: Johnson Matthey

PGM RESOURCE PRICING ($/oz)*



AUTOCATALYSTS

Autocatalysts are small devices installed in the exhaust systems of motor vehicles, designed to chemically control the environmentally harmful emissions that are part of exhaust fumes. Autocatalysts, coated with platinum or palladium, convert over 90% of hydrocarbons, carbon monoxide and oxides of nitrogen into less harmful carbon dioxide, nitrogen and water vapour.

As emissions control legislation continues to tighten in the fight against climate change, the importance of PGMs in the global automotive sector can only rise. The demand for platinum and palladium is therefore strongly tied to this pivotal industry, which was and continues to be affected by the global financial crisis.

JEWELLERY

In addition to its high resistance to tarnishing and its attractive lustre, platinum is also one of the densest metals in nature, giving it a strength ideal for jewellery. It can be heated and cooled again and again without losing its ductility, and even the most delicate pieces retain their shape, giving designers more creative freedom than they would have using other metals. Some rings made of platinum for example, are so strong that no fitting is required to secure the gemstones; they are held in place by the sheer tensile strength of the platinum alone.

Platinum jewellery is particularly sought after in the markets of the Far East, which account for more than half of global demand.

INVESTMENT

Like gold, platinum is considered a long-term store of value and global investment markets offer a range of platinum-backed exchange traded funds (ETFs). While supply and demand were quite finely balanced in 2010, there remains a conviction among global investors that the ever increasing demand for platinum will soon outweigh its supply, limited by its natural scarcity.

This dynamic seems to be primarily responsible for the growing increase in platinum investment.

CHEMICAL AND MANUFACTURING APPLICATIONS

PGM-based catalysts are used in many other areas of industry and manufacturing for their chemical resistance

to corrosion and high heat thresholds. Manufacturers of glass, nitric acid, silicones, petroleum and plastics all use PGMs, either to achieve the right properties in the products themselves, or to enhance the efficiency or longevity of the equipment used in the manufacturing process.

ELECTRONICS

Because of their conductivity, durability, high temperature stability and oxidation resistance, platinum and palladium are used to build and coat many of the tiny electronic circuit components used in all types of digital devices from computers and mobile phones to specialist industrial equipment.

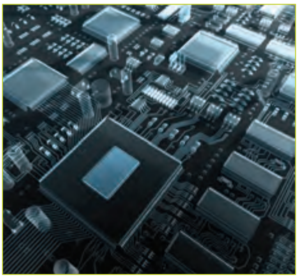
The growing need for computers to store large amounts of information has also created a role for platinum, along with ruthenium, to improve their data storage capacity. As the world surges forward into the digital age, this is becoming an increasingly important area of PGM application.

FUEL CELLS

Fuel cells are electrochemical cells that convert chemical energy into electrical energy, in a similar way to batteries. Unlike batteries, however, fuel cells do not need to be recharged; the flow of electricity is continuous as long as the supply of fuel is maintained. Their only emission, apart from the electricity they generate, is water, making them one of the most promising developments of green technology.

Research is currently focused on the development of fuel cell technology for use in vehicles, as fuel cell vehicles have virtually zero emissions, but the possibilities extend much further than the road. Fuel cells will also be used as power sources in homes, offices and industry as an uninterrupted supplement to electricity supplied by national grids. They can be used on a smaller scale too, in hand-held electronic devices. As the research into fuel cells accelerates, the potential applications continue to multiply.

The most common source of fuel for fuel cells is a combination of hydrogen and oxygen, reacted in the presence of a catalyst, which is usually platinum. Platinum, sometimes enhanced with small amounts of ruthenium, is the best available material to speed up the oxidation and reduction reactions involved in the chemical process. Its durability also means that it consistently outlasts other possible catalyst candidates, making it certain that platinum will remain a permanent feature of fuel cells as they are further developed and commercialised.



FIVE-YEAR SUSTAINABILITY REVIEW

FIVE-YEAR SUSTAINABILITY REVIEW – ZONDEREINDE

	F2013	F2012	F2011	F2010	F2009
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	9 148	9 163	8 927	8 724	8 562
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

FIVE-YEAR SUSTAINABILITY REVIEW – ZONDEREINDE CONTINUED

	F2013	F2012	F2011	F2010	F2009
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 (000m³)					
Potable water from external sources**	2 633	2 540	2 441	2 601	2 250
Fissure water used	1 492	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
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

* *NM: Not measured*

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

A MAP OF STAKEHOLDERS AND MATERIAL ISSUES

Northam ensures that the principles of openness, integrity and accountability are adopted at every level of engagement with identified stakeholders. The company defines its stakeholders as those individuals, groups and entities directly affected, both positively and negatively, by its activities. Northam believes that its ability to conduct its day-to-day business is influenced by its capacity to develop and maintain longstanding relationships with its stakeholders.

The company has identified those individuals/groups with whom the company engages who have an interest in the company and its operations, and on whom the company has an impact by way of a formal stakeholder engagement process.

Northam timeously reports information that is relevant and meaningful and, to this end, the company implements a sustained programme of communication directed at its stakeholders, including shareholders and their advisors, employees, unions, communities, government and regulators and non-governmental organisations (NGOs).

Former director, Bernard van Rooyen, is a member of the executive of the Chamber of Mines of South Africa, and continues to represent Northam's interests in the Chamber's representation to and deliberations with government.

Stakeholder concerns are raised in various ways, including formal concerns or queries lodged in writing with the company, concerns raised during stakeholder forums or informal discussion. Northam responds to these concerns appropriately and timeously.

Although the board and its sub-committees are kept informed of stakeholder concerns, issues raised by stakeholders of the company's operations are dealt with directly at operational level.

The company regularly consults with regulatory authorities at local, provincial and national level, including the Department of Mineral Resources (DMR), the Department of Water Affairs (DWA), the Department of Environmental Affairs (DEA) and the Department of Labour (DoL).

Northam engages on a formal and regular basis with local authorities, including the Moses Kotane and Thabazimbi municipalities in respect of Zondereinde and the Thaba Chweu Municipality in respect of Booysendal.

Northam also engages in public participation processes with interested and affected parties before any project which may affect stakeholders.

Northam identifies and engages with external and internal stakeholders at a number of different levels. Extensive and on-going engagement, both formal and informal, is undertaken by various disciplines and in various ways.

The table below illustrates some of these interactions.

Stakeholder group	Comment	Reference
Shareholders (providers of capital), research analysts and fund managers	A key stakeholder concern is to maximise investment returns in a sustainable manner. Shareholders are encouraged to participate in the annual general meeting (AGM) of the company and to raise issues of concern or interest directly. Northam provides information on operating, financial and other performance in a timely and equitable manner. This done by making announcements on the JSE Stock Exchange News Service (SENS), accompanied by almost simultaneous website postings, web alerts to a database of registered users; and the distribution of an explanatory media release to a second database of analysts, investors and media.	See the financial capital section of this report on page 22.
Employees, unions	Relations with employees and organised labour are governed by recognition agreements and conditions of employment by legislation. Northam supports the rights of all employees to freedom of association and acts in accordance with the South African Constitution, prescribed legislation, industry compacts and recognition agreements with unions. The company encourages open communication and consultation and employees are encouraged to raise issues of concern and interest via the formal and informal structures in place, including through the human resources discipline, line management and union structures.	For more information on how the company manages and engages with employees, see the human capital section of this report on page 26.

Stakeholder group	Comment	Reference
Communities	Community development is prescribed by the commitments made in the company's social and labour plans (SLPs). In line with the requirements of the Mining Charter, Northam ensures that its policies and practices are aligned with those of the local municipalities' integrated development plans (IDPs) as far as reasonably possible. Northam engages on a formal and regular basis with local authorities, including the Moses Kotane and Thabazimbi municipalities in respect of Zondereinde and the Thaba Chweu Municipality in respect of Booysendal. Community forums are in place to address community concerns, in particular issues such as local employment, training, and development and procurement.	See the social capital section on page 44 of this report.
Customers	Northam has long-standing relationships with its customer base. The company's marketing department maintains regular weekly contact with its domestic and international customers, and hosts customer meetings and visits customer facilities. Customer representatives, in turn, visit Northam's mining and metallurgical operations. Any issues relating to customer satisfaction are directly taken up with the marketing department.	See the manufactured capital section of this report on page 61 for more information on how Northam engages with its customers.

In identifying its stakeholders, Northam developed a matrix of those groups/individuals directly and indirectly associated with the company. Listed below are the main stakeholders identified by Northam and their key concerns and the process Northam follows when engaging with them.

Stakeholder group	Key topics/concerns	Engagement process
Shareholders and investors	Operating and financial performance, share price performance and dividends, and issues relating to the overall sustainability of the company, in particular risk mitigation, nationalisation and safety.	• AGMs • Roadshows • One-on-one investor meetings • Preliminary and annual results presentations • Investor site visits • Company announcements • Company website • Annual reports • Sustainable development reports • CDP submissions • CDP water submissions
Customers	Consistency in supply and quality of supply.	• Formal presentations • Website • Roadshows • Company announcements • Company reports • Site visits • CDP submissions • CDP water submissions

Employees	Job security, training and development, remuneration health and safety.	• Company policies
		• Collective bargaining practices
		• Team briefings
		• Two-way manager-employee communication
		• Let's talk campaigns:
		  • recruitment
		  • HIV/AIDS
		  • education
		  • performance

Stakeholder group	Key topics/concerns	Engagement process
Suppliers and contractors	Sustainability of company, company's financial performance, employment practices, local procurement practices, business training and support, quality control and preferential procurement practices.	• Company practices and policies • Preferential procurement programmes • Open days • Dialogue
Media	Financial results, corporate activity, environmental issues, marketing and community-related topics.	• Company announcements • Company website • Online presentations • Media site visits • Company reports • Interviews • Articles in local publications
Communities and NGOs	Local economic development (LED), employment and local job creation, corporate social investment (CSI) practices, health related issues, in particular HIV/AIDS, environmental impact and rehabilitation and skills development programmes.	• Community forums • Stakeholder forums • Industry partnerships • Community engagement programmes • Wellness campaigns, in particular HIV/AIDS awareness • Dialogue • Company announcements • Advertising in local newspapers

Stakeholder group	Key topics/concerns	Engagement process
Government and regulating authorities	Licence to operate, employment, education and training, LED programmes, environmental impact and rehabilitation.	• Formal processes • Participation in industry associations • SLPs • Dialogue • Company reports • Open days • Site visits

Booysendal reverse decline boxcut

THE CHIEF EXECUTIVE'S REVIEW OF THE BUSINESS

As a responsible corporate citizen, we are deeply conscious at Northam of compliance with legislation, regulations, reporting standards and norms, and we keep abreast of changes in the thinking around reporting. I alluded last year to the growing number of "sustainable" and "responsible" indices and guidelines we need to consider in our reporting and my concern about reporting for reporting's sake.

This concern has not gone away and, indeed, the headwinds we encounter as a metals producer in South Africa have intensified to such a degree, that the very sustainability of our prime business activity is threatened. And without our business activities, we have to be sanguine about this, we will have no impact whatsoever, positive or negative for that matter.

So, in this stand-alone sustainable development report (our sixth consecutive one), we have, for the first time, sought to disclose our performance in terms of the five capitals approach. We have found this to be a useful departure from the tickbox approach, and we hope that the story that the narrative attempts to capture, provides a more revealing window into the company, its people, its business, its products and their impacts. I am pleased also to have included, for the first time, the performance of our new Booysendal mine on the eastern limb. Booysendal management has embraced the processes and information gathering systems we have put in place and honed at Zondereinde over a number of years, and indeed these have become just another part of the business, certainly no longer an add-on.

Notwithstanding our concerns about arduous reporting requirements, we have continued to work in alignment with the GRI third generation G3.1 guidelines, and once again we have identified key assurance indicators. The report of the external assurers, ERM, is available on page 70 of this document.

The material issues for our business have remained constant, notwithstanding the fact that certain issues may have moved up the rankings and others dropped. Once again we have assessed our performance against these measures, which can best be described as mixed. I have discussed these in more detail in my review in the integrated report *http://northam.integrated-report.com/2013/sd/ceo-review/*. For the purposes of this review, however, I would like to focus exclusively on the single most concerning material issue which we have been grappling with for years now and which focuses on employee relations and peaceful engagement with employee and community stakeholders in order to avoid work stoppages and ensure the smooth functioning of our business. We have previously articulated this material issue as:

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

In the first half of the financial year our operations remained unscathed by the strife and conflict elsewhere in the industry, and which dominated the mining landscape over the past year. 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, and seemingly also 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 not less than 15% representivity of 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 treating all unions with bargaining rights fairly, and we will consult with any worker representatives or committees to resolve matters arising. At our operations, management has made effective strides in increasing and enhancing its direct communication with employees.

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

Nonetheless, and albeit peaceful, 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.

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

FINANCIAL CAPITAL

KEY FEATURES

- Sustained operational recovery at Zondereinde.
- Sales revenues 20% higher year on year at R4.4 billion (F2012: R3.7 billion).
- Increases in operating and cash unit costs contained.
- Operating margin improves to 13.7% (F2012: 9.2%).
- 62.6% increase in earnings per share to 132.0 cents per share (F2012: 81.2 cents per share).
- Successful commissioning of the Booysendal concentrator plant.
- Booysendal South sale agreement lapses.

APPROACH AND STRUCTURE

Based on market capitalisation, Northam is considered to be a mid-tier PGM company. However, unlike many of its peers and smaller producers, Northam is unique in that it has full ownership of its production stream, from mining to processing to marketing.

At Zondereinde, Northam's smelter complex produces final precious metal concentrate which is processed in terms of a long-term toll-refining contract with Heraeus GmbH (Heraeus). The precious metals emanating from the Heraeus refinery are shipped to Northam's customers in Europe, Japan and North America. The by-product base metals, copper and nickel sulphate, are extracted at the on-site base metals removal plant and are sold in the domestic market.

PERFORMANCE F2013

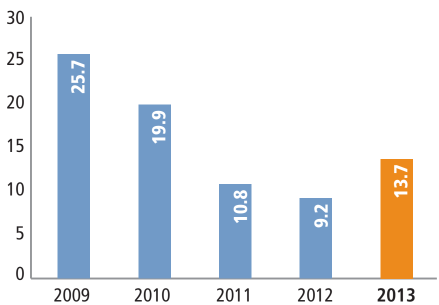
The company's performance in terms of economic contributions is dealt with comprehensively in Northam's integrated annual report for F2013.

The key developments of the year are listed below:

- 17 production days lost at Zondereinde owing to unprocedural industrial action, resulting in the loss of 17 000oz and R192 million in revenues.
- Section 54 safety stoppages accounted for 18 days lost.
- The Zondereinde smelter was shut down in May after some problems were encountered with the refractory bricks. This is anticipated to absorb some R55 million in capex.
- Zondereinde capex absorbed R349.7 million (F2012: R331.1 million).
- Booysendal commissioned in the second half of F2013.

Value distribution F2013 (%)

Operating margin (%)



- Capex at Booysendal reached the R1.5 billion level (F2012: R1.7 billion).
- No significant financial assistance received from government.
- Northam sales revenues reached R4.4 billion (F2012: R3.7 billion).
- Taxes increased by 19% to R169.1 million (F2012: R142.1 million).
- Year on year the value of the rand was 13.5% lower against the US dollar, averaging R8.82/US$ (F2012: R7.77/US$).

ECONOMIC IMPACTS

- R24 million contributed to the Toro Employee Empowerment Trust (F2012: R10.8 million).
- Continued employment at Zondereinde and Booysendal of 7 059 permanent employees.
- Taxes of R384.4 million paid to national, provincial and local government (F2012: R322.6 million).
- 380 affordable housing units sold to employees to date.
- Corporate social investment (CSI) and LED expenditure amounted to R3.0 million.

HDSA EXPENDITURE

	% BEE equity	Capital	Services and contractors	Consumables	Excluding custom purchases and toll smelting	Proportion of total discretionary spend
		R	R	R	R	%
HDSA owned	> 50%	47 336 106	35 946 583	20 606 547	103 889 237	4.06
HDSA empowered	25% to 50%	528 686 148	311 111 581	276 283 968	1 116 081 697	43.58
HDSA influenced	5% to 25%	463 075	62 321 711	–	62 784 786	2.45
		576 485 329	**409 379 875**	**296 890 515**	**1 282 755 720**	**50.09**
Exempt micro enterprise	Exempt micro-enterprise	152 610	1 635 650	–	1 788 260	0.07
Multinational enterprises	Multinational company	–	–	220 500	220 500	0.01
Measured HDSA spend		**576 637 939**	**411 015 525**	**297 111 015**	**1 284 764 479**	**50.17**
Without HDSA	No BEE shareholding	661 007 828	223 377 715	391 742 433	1 276 127 976	49.83
Total discretionary spend		**1 237 645 767**	**634 393 240**	**688 853 449**	**2 560 892 455**	**100.00**
Non-discretionary spend						
Electricity		–	9 079 454	–	9 079 454	
Water		–	357 613 021	–	357 613 021	
Municipal services		–	10 905 484	–	10 905 484	
Royalties		–	–	–	–	
Total spend		**1 237 645 767**	**1 011 991 199**	**688 853 449**	**2 938 490 414**	
		46.59%	81.29%	43.13%		

BLACK ECONOMIC EMPOWERMENT

Northam's board and management continue to explore ways of restoring the company's black equity holdings to the 26% level, as is required by the MPRDA by 2014. The following key principles form the basis of an empowerment scheme proposed to the DMR in 2011:

- Compliance with the provisions and principles of the Mining Charter and the MPRDA;
- The black economic empowerment (BEE) transaction should be sustainable and beneficial for all stakeholders;
- The shareholding structure should be secure so that the BEE status cannot be threatened again in future;
- The participation should be as broad based as possible; and
- Northam's historically disadvantaged South African (HDSA) employees should participate and benefit from the scheme.

Northam is committed to further engagement with the DMR in this regard, and is optimistic that employees and communities will become beneficiaries of the new structure.

PROCUREMENT POLICIES TO BENEFIT LOCAL ECONOMIC DEVELOPMENT

HDSA suppliers to Northam have preferred-supplier status subject to commercial competitiveness. Total procurement spend at Northam reached R2.9 billion in F2013 (F2012: R3.6 billion), of which 43.13% or R1.3 billion, was allocated to BEE suppliers.

BENEFICIATION

Northam has been instrumental in facilitating the development and construction of an independent PGM refinery in Port Elizabeth, owned and operated by the internationally renowned Heraeus group. Northam also continues to supply a percentage of its metal for local industrial offtake.

LOCAL ECONOMIC DEVELOPMENT

Northam's operations are located in rural and fairly isolated areas, where surrounding communities continue to have unrealistic expectations with regard to economic and employment opportunities.

Local employment remains a key issue in the communities surrounding Zondereinde. Management works closely with the local municipality to manage expectations. Northam has helped in identifying key economic priorities to be developed through small businesses and local entrepreneurs. These include environment and waste management, agriculture and construction. The company hopes that the small medium and micro enterprise (SMME) development will stimulate local economic activity, limiting the dependence of communities on the mining industry and creating a strong economic future after operations have ceased.

VALUE ADDED STATEMENT

	F2013		F2012	
	%	R000	%	R000
Sales revenue		4 420 977		3 684 000
Less: Purchase of goods and services in order to operate and produce refined metals		(2 218 784)		(1 910 986)
Value added by operations	96.5	2 325 896	94.5	1 773 014
Add: Share of earnings from associate	0.4	9 638	0.4	6 734
Investment revenue	1.4	33 434	2.9	53 951
Finance charges	(0.8)	(17 946)	–	–
Net sundry income	2.5	60 108	2.3	43 343
Total value added	100.0	2 411 130	100.1	1 877 042
Value distributed				
Employees	46.9	1 130 199	56.2	1 055 805
Salaries and wages	47.4	1 143 292	56.4	1 057 780
Contributions to retirement benefit funds	3.9	94 050	4.5	84 212
Contributions to health-care funds	2.2	52 361	3.0	55 627
Pay-as-you-earn deducted	(6.6)	(159 504)	(7.6)	(141 814)
Government	15.9	384 356	17.2	322 617
Mining and non-mining tax, including capital gains tax	8.2	197 629	5.9	110 767
Deferred tax	(1.2)	(28 575)	1.5	27 482
Secondary tax on companies/Dividend withholding tax	–	–	0.2	3 824
Royalties	2.3	55 798	2.0	38 730
Pay-as-you-earn deducted from employees	6.6	159 504	7.6	141 814
Providers of capital				
Dividends	1.0	21 747	3.1	57 364
Finance charges	5.1	123 703	–	–
Broader community				
Corporate social investment	0.1	3 002	0.1	2 782
Total value distributed	69.0	1 663 007	76.6	1 438 568
Retained by company	31.0	748 123	23.4	438 474
Depreciation and write-offs	9.7	234 690	10.1	190 287
Decommissioning provision to meet statutory obligations	0.5	11 324	0.3	4 907
Retained income	20.8	502 109	13.0	243 280
	100.0	2 411 130	100.0	1 877 042

Northam is nothing without its people. The company is dependent on a healthy, skilled, trained and committed workforce, capable of completing tasks safely and productively. Efforts to develop and empower employees are on-going, and form part of a drive to continuously improve the quality of life of those who sustain the company's business.

SAFETY, HEALTH AND EMPLOYEE WELLBEING

APPROACH AND STRUCTURE

The importance Northam places on the safety and health of its employees cannot be overemphasised. It is a strategic imperative and has been identified as a material issue for the company. Consequently, it is a key performance area for all levels of management and supervisors, and takes precedence over production objectives in every instance.

Northam's approach to safety and health in the workplace is guided by extensive legislation and regulations, the most significant of which is the Mine Health and Safety Act. At board level, the health, safety and environment committee is responsible for overseeing the various health and safety laws and regulations that affect the group. Zondereinde and Booysendal also have safety and health policies in place, with recognition agreements with organised labour guiding their implementation.

The company's general managers assume ultimate responsibility for safety and health at the respective operations. At both operations the day-to-day management of safety is delegated to operational management who are, in turn, supported by mine-based safety and health departments.

All employees, including those employed by Northam's contractors, receive safety induction training and are subject to the company's safety standards.

JOINT APPROACH

In an effort to ensure that all safety and health issues are addressed thoroughly and timeously, Northam encourages the participation of employees and management at all levels in such matters. As required by the Mine Health and Safety Act, a joint management/employee representative health and safety committee meets on a monthly basis, or more frequently should this be required.

The committee is responsible for:

- identifying critical issues that hamper safety and health performance;
- participating in inspections, audits and accident investigations;
- identifying areas for training and education; and
- providing personal protective equipment (PPE).

In particular, the committee focuses on empowering employees to take responsibility for their own safety and health and that of their co-workers by identifying potentially hazardous situations, and by exercising their right to refuse to work when conditions are unsafe.

Affiliation to a representative union also facilitates employee participation in safety and health related issues. Approximately 83% of the company's workforce at Zondereinde, and 47% at Booysendal is affiliated to a union and, through these structures, may participate in and contribute to the union's elected safety and health committees.

The Booysendal operation has a the health, safety and environment committee in place. Committee meetings, which are held monthly, are chaired by the operation's general manager and attended by two full-time safety and health representatives who have been elected by the workforce. These representatives also attend mine production meetings, where safety-related issues are raised. This year, the primary problems raised included training, underground water, sanitation, PPE and the reporting of incidents.

The build-up of Booysendal towards full production facilitates the installation of a permanent supply of drinking water and sanitation facilities underground. Safety representatives can also be trained now with the establishment of the new on-mine training centre. PPE is supplied through the major contractors and a comprehensive code of practice has been drafted for the allocation of PPE items to occupational specific requirements.

F2013 PERFORMANCE

Though Northam makes every effort to ensure the safety of its employees, accidents that result in serious harm do occur from time to time. All incidents and accidents are taken seriously regardless of the level of injury sustained and continuous effort is directed at reinforcing operating standards and responsibility to remedy sub-standard work.

ZONDEREINDE

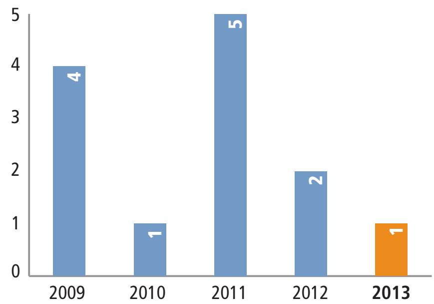
It is therefore with deep regret that Northam reports the death of one employee during the year under review (F2012: 2). Mr Amose Dlamini, a team leader at Zondereinde, was fatally injured on 27 May 2013 in a fall of ground incident. The board and management extend their deepest sympathies to Mr Dlamini's family, friends and colleagues.

This fatality came at a time when Zondereinde's efforts in safety performance had seen continuous improvement and the accomplishment of three significant milestones. On 25 October 2012, the mine achieved one million fatality-free shifts; on 11 February 2013, one million fall of ground fatality-free shifts; and on 22 April 2013, the landmark of two million fatality-free shifts.

During F2013, there were also improvements in Zondereinde's lost time injury incidence rate (LTIIR) and its reportable injury incidence rates (RIIR). The LTIIR was 1.50 per 200 000 hours worked (F2012: 1.91) and the RIIR was 0.83 per 200 000 hours worked (F2012: 0.88). Zondereinde's fatal injury incidence rate (FIIR) was 0.01 per 200 000 hours worked (F2012: 0.02). The primary agencies contributing to lost-time injuries (LTIs) at Zondereinde include materials handling (30%), falls of ground (23%), and trucks and tramming (13%).

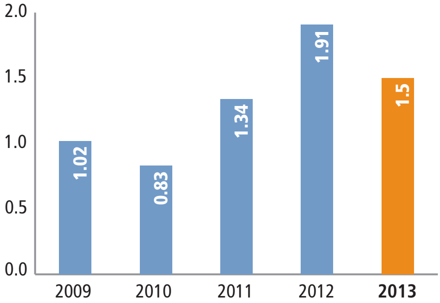
A total of seven work stoppages at Zondereinde were associated with the imposition of Section 54 notices, and resulted in 18 production days lost. The DMR isolated activities relating to rigging winches; trucking and tramming; and support installation. Another serious concern is the non-adherence to standards. These transgressions are addressed by means of disciplinary action, focusing on training of both individuals and teams, along with line supervisors throughout the mine.

Fatalities

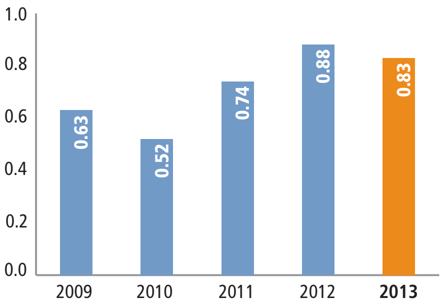


During the year under review, Zondereinde adopted the Mining Industry Occupational Safety and Health (MOSH) entry examination and making safe initiative, which focuses on the pro-active identification of risks and hazards by crews in their respective sections. Since the implementation of this initiative, there has been a reduction in fall of ground incidents.

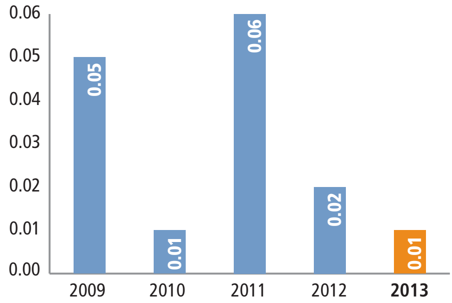
Lost time injury incidence rate (LTIIR)



Reportable injury incidence rate (RIIR)



Fatality injury incidence rate (FIIR)



BOOYSENDAL

No fatalities were reported at Booysendal in F2013 (F2012: 0) and, on 8 March 2013, the operation achieved the landmark of 1 million fatality-free shifts. Such an accomplishment is testament to the hard work and dedication to safety of everyone on site.

With the completion of the surface construction and the build-up of mining activities, the LTIIR at Booysendal increased to 0.53 per 200 000 hours worked in F2013, an increase from 0.19 per 200 000 hours worked in F2012, and the RIIR was 0.33 per 200 000 hours worked (F2012: 0.05).

Booysendal management has identified falls of ground, working at heights and the operating of trackless machinery as its key safety risks, and recorded 13 LTIs in F2013, of which eight were reportable. The primary causes of LTIs included fall of ground and material handling incidents, which together accounted for 30% of all LTIs respectively. Efforts are under way to address these risks, and to counter their recurrence, through the THINK FALL

OF GROUND campaign and general coaching on material handling. Other safety-related challenges during the year include bringing contractors and sub-contractors into line with Northam's safety standards, and standardising medical exit requirements and safety data files. Of these, 57% of contractor companies comply fully with Northam's safety standards. The remaining 43% will receive additional training in the first half of F2014.

Booysendal has launched an early examinations initiative known as THINK FALL OF GROUND (which is currently in place at Zondereinde). It provides for officials to go underground every Monday and Friday morning to ensure that employees are entering their worksites safely. Any deviations are rectified immediately. On a weekly basis, senior officials of Northam's contract miner, Murray & Roberts Cementation (MRC), provide input into the mine's trigger action response programme which has helped to formalise, and continues to inform the mine's safety initiatives. Booysendal has also introduced fatigue breaks into employees' shifts.

HEALTH

APPROACH AND STRUCTURE

Zondereinde

An integrated and holistic health care service is offered to all Northam employees at Zondereinde through Suremed® for primary health care and Life Occupational Health for occupational health services. Suremed® operates facilities both on site and in the employee village nearby which are available to all employees and contractors. All services are offered free of charge to employees who contribute to the schemes, and include on-site paramedics with emergency response vehicles, social workers and physiotherapists. A network of doctors, specialists and dentists is also contracted through the scheme. In addition, five hospitals are available to employees in the area, as well as the Netcare and Life network of hospitals country-wide.

The mine's occupational health programmes cover: wellness, medical surveillance, injury-on-duty management, occupational and chronic disease management, rehabilitation and back-to-work programmes, and emergency care.

Zondereinde also has a comprehensive TB and HIV/Aids management programme in place, administered by Suremed.

Booysendal

Booysendal's medical facilities are located at the Mashishing medical station. Negotiations are currently in place with Suremed® to obtain the services of a senior professional health practitioner on site on a weekly basis. The Suremed® scheme offers health care services to Northam employees, contractors and their dependents at Booysendal, 911 emergency services are permanently stationed. Their services include:

- an on-site emergency facility with four full-time 24/7 paramedics available for the treatment of accidents, injuries and minor health issues;
- two on-site ambulances on permanent standby, with a backup facility at Dwarsrivier and Thorncliffe;
- access to helicopter services; and
- access to the medical centre in Lydenburg, Middelburg and Nelspruit.

Through the Suremed® Medical Scheme, employee families in Lydenburg, Middelburg and Nelspruit also have access to these facilities, as do families in the Burgersfort and Steelpoort areas.

F2013 PERFORMANCE

ZONDEREINDE

Some 12 500 medical surveillance examinations were undertaken at Zondereinde during the year (F2012: 10 740), 1 231 of which were entry, 2 263 of which were exits, and 9 006 of which were annual examinations.

NIHL has been identified as Zondereinde's primary health risk, and the MOSH leading practice for the reduction of NIHL has been adopted to deal with this.

During the year, Zondereinde also implemented the Q-Med electronic database for the improved management of health information.

BOOYSENDAL

Booysendal conducted a total of 9 586 medical surveillance examinations during F2013.

These examinations revealed obesity, hypertension, diabetes, NIHL and fatigue as Booysendal's primary health risks, and a comprehensive wellness programme has been implemented as a result. This programme covers a number of different areas, including:

- psychological and emotional counselling;
- lifestyle management;
- nutrition;
- TB;
- HIV/Aids;
- substance abuse; and
- stress management.

HIV/Aids

Northam has a comprehensive HIV/Aids policy in place which covers employee care, education programmes, information confidentiality and non-discrimination. All employees have access to VCT and ART, as well as to professional counselling and support. The Northam HIV/Aids programme is focused on the following priorities:

- encouraging employees who are HIV negative not to participate in high-risk behaviour through education and awareness programmes, the mass distribution of condoms, the treatment of sexually transmitted infections (STIs) and a peer education programme;
- early detection and identification of HIV to limit high-risk behaviour amongst those infected and to start them on a treatment regimen that can prolong healthy living (the VCT programme underpins this objective and provides the necessary counselling); and
- encouraging infected employees to participate in the wellness programme, which includes the provision of ART (comprehensive counselling is in place to ensure that employees understand and accept the long-term implications of moving onto the ART programme).

ZONDEREINDE

Zondereinde's HIV/Aids programme is well-established and extensive, comprising health education, on-going campaigning, clinical management and laboratory investigations. The clinical management component includes VCT, pre- and post-test counselling, adherence testing and counselling, prevention of mother-to-child transmission, and HIV treatment. The laboratory investigations include haematology, and CD4 count, viral load, rapid plasma regain and hepatitis B surface antigen testing.

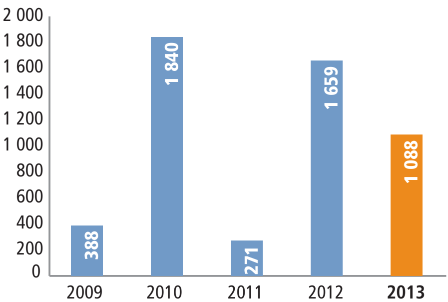
During the year under review, 1 088 Zondereinde employees registered on the VCT programme (F2012: 1 659), with 214 individuals testing positive. A total of 1 649 are currently participating in Northam's wellness programme.

Zondereinde's peer educator group consists of 10 employees who form part of the support structure for employees infected and affected by HIV/Aids, providing counselling and training. They also refer individuals to medical practitioners for further advice and treatment.

BOOYSENDAL

Booysendal's HIV/Aids peer educator group is managed by one of its core contractors, Minopex.

Voluntary counselling and testing (VCT)



Efforts are under way to employ someone to facilitate this process for the rest of the operation. At present, Minopex aims to:

- educate employees on chronic illness, the spread of contagious diseases and how they can be prevented;
- encourage employees to undergo VCT and to ensure that effective intervention, assistance and referral systems are in place; and
- manage the proper distribution and supply of preventative promotional material.

Booysendal does not record the number of employees who take part in VCT or are on ART. This information is kept confidential.

TUBERCULOSIS

TB is a significant health risk within southern Africa, especially since the symbiotic relationship between TB and HIV exacerbates the incidence of both illnesses. As a result, Northam runs a highly effective directly observed treatment regime for the treatment of TB at Zondereinde. This regime is aligned with the TB guidelines of the World Health Organisation.

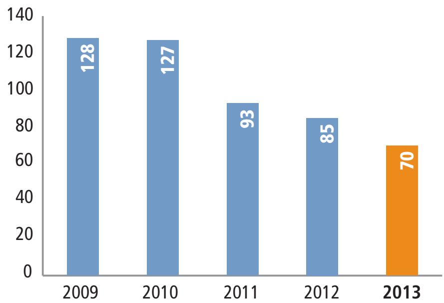
ZONDEREINDE

The total number of employees receiving treatment for TB during the year amounted to 762 (F2012: 644), with 107 cases detected and referred for compensation (F2012: 85).

BOOYSENDAL

A total of two new cases of TB were identified at Booysendal in F2013 and submitted for compensation (F2012: 2).

New cases of turberculosis (TB)



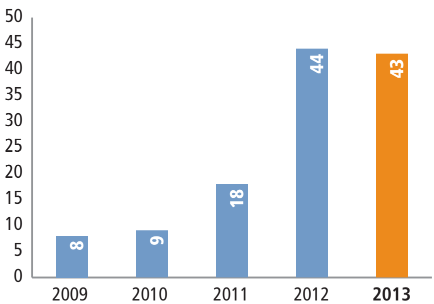
NIHL

As required by law, the noise levels associated with underground equipment at Northam's operations are contained below 110dBA. All employees are also issued with PPE to ensure that any exposure to noise levels above 85dBA over an extended period of time is limited.

ZONDEREINDE

At Zondereinde, 43 incidences of NIHL were detected and referred for compensation (F2012: 44), 25 of which have already received compensation.

New cases of noise induced hearing loss (NIHL)



BOOYSENDAL

Booysendal has a hearing awareness campaign in place, as well as a hearing conservation committee, which holds quarterly meetings. There were 21 cases of NIHL reported at Booysendal during the year (F2012: 37). The treatment those affected receive is in line with the WHO guidelines.

OCCUPATIONAL LUNG DISEASE

Northam's Zondereinde mine makes use of hydropower, particularly in the powering of rock drills. This methodology reduces the level to which employees are exposed to noise, while also helping to reduce dust generation. As the rock mined in the Bushveld Complex does not contain quartz, the threat of silicosis and occupational lung disease (OLD) is eliminated. There were no instances of OLD reported at Zondereinde nor Booysendal during the year.

EMPLOYMENT AND HUMAN RIGHTS

Northam upholds the basic labour rights enshrined in the Fundamental Rights Convention of the International Labour Organisation (ILO), which serves to ensure the implementation of fair employment practices at all of its operations. The company's policies and practices operate in compliance with South Africa's employment equity requirements, and ensure that all employees are treated fairly, irrespective of origin, race or gender.

APPROACH AND STRUCTURE

Zondereinde is currently Northam's primary revenue-generating asset, and the majority of the company's employees are based there. The corporate human resources and transformation manager is tasked with overall responsibility for employment equity and is therefore responsible for providing strategic direction and priorities in respect of equity and transformation. Each operational unit, viz Zondereinde and Booysendal, has a senior manager in place who is tasked with overseeing the operation's human resources function, and who reports to his or her general manager. The general managers and the company's chief executive officer hold ultimate responsibility for the management of human capital, with board-level oversight of this function resting with the social, ethics and human resources committee.

The social, ethics and human resources committee is responsible for ensuring that employees are equitably and fairly rewarded, according to Northam's standards and relative to their industry peers. The committee complies with the Companies Act in terms of its social and ethics obligations and also governs the employment contracts and remuneration packages of senior management, ratifies their appointments, approves any short-term incentive schemes and bonuses, and oversees the granting of shares in terms of the rules of the Northam Share Incentive Plan. The setting of mandates with regards to trade union negotiations is also within the committee's portfolio, as is the company's implementation of and compliance with the requirements of the Employment Equity Act.

At the Zondereinde and Booysendal operations, the mine-based human resources departments are responsible for driving the implementation and achievement of Northam's human resources priorities, including all aspects of the Mining Charter. Other areas of focus include:

- training and development, including mentorship and talent management;
- recruitment and retention, including succession planning and implementing career paths;
- implementing employment equity programmes, including affirmative action measures;
- labour relations, including collective bargaining;
- human resource development with specific emphasis on performance; and
- stakeholder and compliance management.

EMPLOYMENT PRACTICES

Northam is committed to fair and progressive employment practices, providing long-term employment opportunities with the scope for employees to grow and develop their potential. The company's remuneration practices take into account the demanding and innovative skill to nature of working in the mining industry and the difficulty of attracting HDSA skills to remote locations of operations. Benefits provided to full-time employees include:

- membership of pension and provident funds;
- death benefits;
- access to medical care;
- housing and living-out allowances;
- study assistance; and
- maternity and paternity leave.

Northam's employment practices and policies are governed by the legislation and regulations that have evolved over many years in South Africa's sophisticated labour relations environment.

These include:

- the Mine Health and Safety Act;
- the Employment Equity Act;
- the Skills Development Act and Skills Development Levies Act;
- the Basic Conditions of Employment Act;
- the Labour Relations Act;
- the MPRDA; and
- collective bargaining and recognition agreements with organised labour.

In August 2008, Northam established the Toro Employee Empowerment Trust, which represents the interests of some 6 700 employees or 96.9% of the company's Zondereinde employees who form part of grades 2 to 10. During F2013, Northam contributed R24 million (F2012:R10.8 million) to the trust. The trust's net income for the year was R4.3 million (F2012: R3.7 million) and the net interest of the beneficiaries at 30 June 2013 was R108.3 million (F2012:R95.4 million). To date, the trust has received profits from the company of R116.4 million.

The trust will distribute benefits to employees in three stages – in 2013, 2018 and 2023. Employees will receive their first pay-out at the end of September 2013. During the year, the company launched an internal communications campaign to educate employees on the following:

- the purpose of the trust;
- how the trust works;
- the current value of the trust; and
- who will benefit from the trust.

EMPLOYMENT EQUITY AND TRANSFORMATION

Employment equity legislation in South Africa is aimed at redressing the imbalances of the past by promoting equal opportunity, eliminating discrimination and implementing affirmative action measures. Current legislation in this regard calls for greater participation of black South Africans and women in the economy. This has been adopted by the Mining Charter which requires that HDSA employees make up 40% of management by 2014. The attraction and retention of HDSAs and women in management continues to be a significant challenge for the mining sector particularly in remote areas. Incentive schemes have been implemented across the sector to address this issue. This has meant, however, that smaller companies are often not able to compete with the remuneration packages offered by their larger competitors.

The remote location of mining operations is also a significant deterrent for the younger generations of HDSAs and women. Filling core positions with individuals with the necessary skill sets from these groups remains a challenge. This is exacerbated by the fact that HDSA and female university graduates appear to be absorbed by companies in locations closer to urban centres.

Northam has an employment equity programme in place that works in compliance with all applicable legislative requirements, specifically the Mining Charter and the Employment Equity Act. The company submits its equity plans and progress to the Department of Labour (DoL) every year.

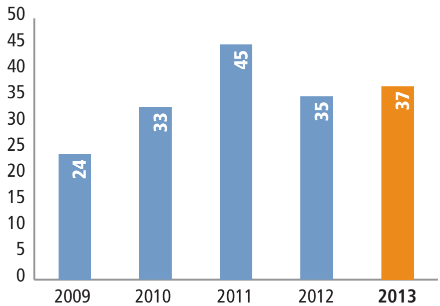
The transformation priorities are informed by the constructive, productive and sustainable working relationship with organised labour as well as key stakeholders. Structures have been defined and are closely managed to ensure efficiency and focus on the implementation of important initiatives.

The employment equity and training committee structure, though equitably and transparently constituted, has had significant challenges in successfully achieving its objectives. The company is currently engaging with recognised organised labour structures and DoL officials in trying to address these challenges and effectively achieve requisite goals and targets. At the end of F2013, the representation of HDSAs in management for the group was 36.75% at Zondereinde and 31.2% at Booysendal (F2012: 35%).

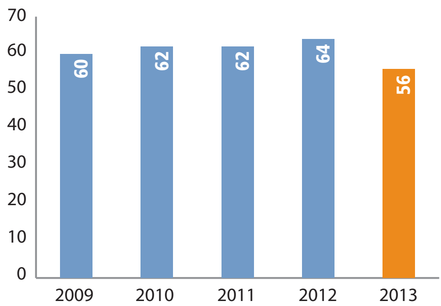
BEE SHAREHOLDING

In August 2012, shareholders were advised of a proposed restructuring of Northam's BEE shareholding. Since then, the company has proposed an 'A' class share scheme to the DMR. This is to be held by BEE trusts and is aimed at restoring Northam's BEE shareholding, which currently stands at 4%, to 26%. The company has not yet received a formal written response from the DMR in this regard and will continue to update shareholders as the process develops.

HDSAs in management (%)



HDSAs at board level (%)



WOMEN IN MINING

The employment equity and training committee drives Northam's engagement and consultation with its female employees at Zondereinde, as does consultation with local branch structures of the National Union of Mineworkers (NUM). These structures have identified the following major barriers and challenges:

- the suitability of PPE for the needs of women;
- appropriate arrangements for the unique needs of women underground; and
- perceptions surrounding women in mining.

As a means of addressing these challenges, Northam continues to implement the following interventions:

- sourcing suppliers that are able to provide suitable PPE for female employees;
- identifying and discussing the unique needs of women in the workplace in order to implement suitable arrangements; and
- including issues around perceptions and attitudes of both male and female employees in a diverse workforce into training programmes.

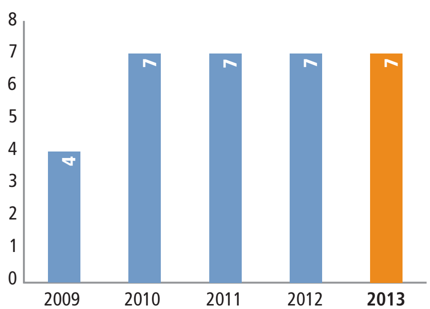
As at 30 June 2013, Northam employed 469 women (F2012: 473), of whom 251 were working in the core disciplines of mining, metallurgy and engineering. During the year, women made up 6.78% of the workforce at Zondereinde (F2012: 7%).

It is Northam's policy that remuneration is based on skills, expertise and experience, and not on race or gender. There were no material differences in the range of minimum wages of men to women during the year.

HUMAN RIGHTS

Northam provides employee training on its policies and procedures regarding aspects of human rights at least once within every 18-month period. Some 91% of Zondereinde and 100% of Booysendal employees and contractors received human rights training during the year under review. Northam has a robust system in place to deal with discrimination and human rights breaches.

Women in mining at Zondereinde (%)



Minimum notice periods in respect of operational changes and rates of pay for men and women are prescribed by legislation.

A particular concern for the company in its recruitment and retention of female employees is the risk of sexual harassment, which is prohibited in terms of a sexual harassment policy. Grievance procedures are well established and serve to facilitate the lodging of complaints.

At the end of F2013, one incident of discrimination was raised by a female employee at Zondereinde. The case related to a possible instance of sexual harassment, and was dealt with according to the company's grievance procedure. There was also one incident of discrimination reported at Booysendal. This was addressed through all the correct channels and the employee responsible for the incident was dismissed.

COLLECTIVE BARGAINING

Northam upholds the right for its employees, contractors and suppliers to exercise freedom of association and collective bargaining. This is in compliance with the South African Constitution, prescribed legislation, industry compacts and recognition agreements with unions. As a minimum, wages and other conditions of service are negotiated on an annual basis. Unions registered with the DoL that represent at least 15% in any particular bargaining unit receive organisational rights which include:

- access to the workplace, allowing qualifying unions to recruit members and host meetings on mine property outside of working hours;

- access to payroll deduction facilities;
- the opportunity to elect employee representatives for internal disciplinary processes; and
- paid leave for representatives to allow them to carry out union-related duties.

Once a registered union reaches a representivity threshold of 33.3% within a bargaining unit, it acquires the right to bargain for that particular unit. Northam recognises that it is appropriate to engage with any registered employee body that meets these thresholds. Parties are required to engage with each other in good faith for the purposes of concluding a satisfactory agreement on matters such as wages, substantive conditions of service and other matters of mutual interest.

At Zondereinde, employees are divided into three bargaining units. Categories 2-8 comprise operator level employees, category 9 miners and artisans, and category 10 officials. Some 83% of the workforce in these bargaining units are covered by collective bargaining agreements.

UNION REPRESENTATION AT ZONDEREINDE AT THE END OF F2013

Union	Categories 2-8	%	Category 9	%	Category 10	%	Total	%
Complement	6 058		401		363		6 822	
NUM	5 085	83.94	160	39.90	123	33.88	5 368	78.69
Solidarity	21	0.35	102	25.44	122	33.61	245	3.59
UASA	10	0.17	59	14.71	44	12.12	113	1.66
Total	5 116	84.45	321	80.05	289	79.61	5 726	83.93

** This table only represents employees in collective bargaining units*

At Booysendal, MRC is currently unionised and holds regular structured meetings with NUM while Minopex holds employee forum meetings from time to time.

In April 2013 Zondereinde's rock drill operators declared a dispute with management, which centred on the payment methodology of production-related bonuses. The dispute evolved into an unprocedural strike which lasted for 17 days before a resolution was reached. Approximately 17 000 production ounces were lost, resulting in revenue losses of R192 million, and the loss of wages of R1.2 million for the affected employees.

There was no industrial action at Booysendal.

Northam has a contingency plan and strategy in place to deal with strike action, be it protected or unprotected. This includes opening the channels of communication with unions, employees, shareholders and investors, labour relations experts, mediators and facilitators, security services, and the media. The company also acts in the spirit of and in compliance with the Labour Relations Act and makes use of established processes, inclusive of legal relief when necessary, to bring any form of strike action to a swift resolution.

COMMUNICATION WITH ORGANISED LABOUR

Northam has formal structures in place to facilitate the consultation that takes place with organised labour. These structures include:

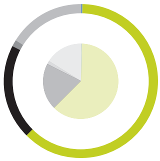
- An employee equity and training committee, which is consulted on issues relating to employment equity and human resource development. The committee also reviews the company's employment equity, recruitment, and training and development policies, in order to ensure equity and transparency within these procedures.
- A six-a-side committee, which comprises members from management and organised labour, is tasked with the smooth progress of the hostel de-intensification programme.
- A CSI committee, which oversees all initiatives relating to mine community and rural development. This includes the review and approval of all applications regarding CSI, LED and socio-economic development.
- A joint health and safety structure, which is a statutory component of the Mine Health and Safety Act. Organised labour participates in this process as a means of ensuring that the company adheres to safe operating practices.
- A partnership charter, which consists of a process and protocol to enhance the engagement between Northam and the NUM between F2011 and F2013. The process was facilitated by Mr Charles Nupen, and an engagement charter was drawn up. At present, specific considerations from both parties are being reviewed prior to the implementation of any defined structures in this engagement charter.

PPE is supplied through the major contractors and a comprehensive code of practice has been drafted for the allocation of PPE items to occupational specific requirements.

F2013 PERFORMANCE

During F2013, Northam employed 11 081 employees, including 18 people at corporate office.

Company employee profile F2013



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

Some 32.1% of Zondereinde's permanent workforce, and 41.7% of its contractors, are made up of migrant labourers. These labourers are sourced from South African provinces other than Limpopo and the North West. The operation's foreign labour workforce, that is, employees drawn from beyond South Africa's borders, makes up 30.9% of Zondereinde's permanent employees and 16.5% of its contractors.

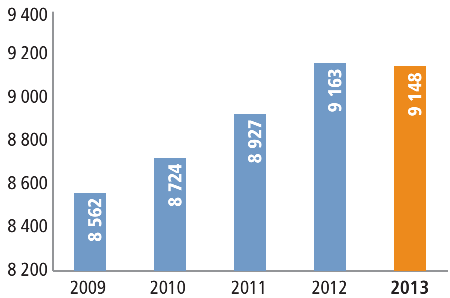
ZONDEREINDE

As at the end of June F2013, Zondereinde employed 6 916 full-time employees and 2 232 contractors (F2012: 6 861 full-time employees and 2 302 contractors). The operation's turnover rate for F2013 was 1%.

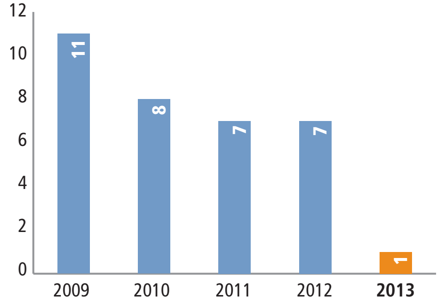
Some 6.0% of Zondereinde's permanent workforce and 9.3% of its contractors are drawn from the local Thabazimbi municipal area. The company is in regular communication with the office of the mayor of each relevant municipality, Thabazimbi in particular. This consultation process allows a forum for the municipalities' and the company's priorities, and for the challenges facing local recruitment to be discussed and addressed. The following key issues were dealt with during the year:

- A list of unemployed individuals from severely underprivileged households was prepared by the local municipality, with the aim of ensuring that opportunities are given to these individuals.
- The municipality and the company are considering embarking on a pro-active programme to educate local women about opportunities in mining. This will help the women concerned to understand fully the possible demands of such a position, and will allow the company to observe and address any issues that may arise during the recruitment of women.

Number of employees (including contractors) at Zondereinde



Turnover rate at Zondereinde (%)



BOOYSENDAL

At the end of June 2013, Booysendal employed a total of 1 915 people (F2012: 2 468), 143 of whom were permanent employees and 1 772 contractors. The decline in total employment numbers at Booysendal is attributable to the completion of surface infrastructure and the demobilisation of construction crews. The operation's employee turnover rate for F2013 was 2.5%.

Booysendal has recruited 64% of its workforce from local communities, as part of its commitment in its SLP. In addition, all contractors on site are obliged to commit to the company's local recruitment targets. On a monthly basis, contractors submit a report to Booysendal's human resources manager, detailing the number of local employees, resignations and terminations.

Given the preference that the employment policies of Booysendal and its contractors give to local employees and to South African citizens, the employment of migrant labourers is not promoted, particularly in the mine's unskilled categories. This is closely monitored by the Booysendal human resources department.

HOUSING AND LIVING CONDITIONS

Northam takes its direction from the MPRDA in respect of the provision of housing and accommodation for employees and contractors.

ZONDEREINDE

As the majority of the company's workforce come from labour-sending areas, they have indicated a clear preference not to be permanently housed in the area. Of the 9 148 employees at Zondereinde, 3 270 live in hostels provided by the company and 2 785 are provided with a living-out allowance.

Many employees, however, have their primary homes and families in other countries, other provinces or other regions of Limpopo province. To deal with the continued need for hostels, the company is currently working on converting its current hostels into single accommodation units. To date, a total of 1 116 employees are now living in single accommodation hostels, with an additional 96 rooms currently being converted.

The living-out allowance for each category forms part of the subject matter of the annual wage negotiations between Northam and the NUM, and consists of an amount that both parties agree to.

Meals served at company-provided accommodation are prepared according to a meal plan drawn up by a clinical dietician with the energy, macro and micro nutrient content rigorously monitored. On average 9 000 meals are served to employees per day.

Mojuteng home ownership scheme

Northam considers home ownership to be a key element in addressing the accommodation requirements of employees. As such, the company has implemented the Mojuteng housing project to help employees to own their own homes. It does this by offering employees a home loan, a debt consolidation facility and a structured housing subsidy. This helps free up disposable income and results in higher home loan approval rates of around 70%.

In total, 380 housing units have been completed, with 337 sold and occupied to date. These include one-, two- and three-bedroomed houses.

The company spent a total of R5.6 million on the Mojuteng Project during the year (F2012: R44 million).

BOOYSENDAL

Booysendal employees and contractors live predominantly in the towns and villages surrounding the operation, including Lydenburg, Steelpoort, Burgersfort, Ngwaabe and Jane Furse.

The operation does not have hostels available for its employees and contractors but provides single unit accommodation for both at Tshufi residence. A total of 184 employees and contractors are currently making use of this option, with some of the remaining employees and contractors eligible for and opting to receive living-out allowances.

TRAINING AND DEVELOPMENT

Northam has an established training and development programme in place to ensure that employees and local community members have the necessary support to improve their competence, knowledge in the workplace and to grow as individuals. The company separates these two areas. Training includes:

- legislative training (skills, health and safety);
- learnerships;
- portable skills; and
- external specialised training.

Development includes:

- bursaries and study assistance;
- adult basic education and training (ABET);
- mentorship; and
- succession planning.

Northam's training and development policy stipulates that emphasis be placed on the competence and competitiveness of employees as well as on their personal development. The impact of training and development interventions is assessed in order to ensure that these interventions positively influence workplace behaviour.

In F2013, the company spent a total of R20.2 million on training and development at Zondereinde and R1.3 million at Booysendal.

ZONDEREINDE

Zondereinde estimates its literacy level to be approximately 77%, with 5 335 employees having completed seven or more years of formal or structured schooling. Literacy, and the ability to communicate effectively and clearly, impacts the business at every turn. With 23% of the workforce not functionally literate, the need for ABET therefore remains key.

ABET is available to all employees on a part-time basis and the company is accredited to offer ABET up to a General Education and Training Certificate (GETC) level or an National Qualifications Framework (NQF) level 1.

Some 329 employees attended Zondereinde's ABET programme in F2013. Zondereinde does not offer ABET to local community members.

Zondereinde also offered learnerships to its employees during the year, with 35 individuals participating, 31 of whom were men and four women. The learnership fields on offer at the operation include electrical, plater/boilermaker, rigging, underground mining and rock-breaking, among others.

Northam's bursary programme is designed to limit the risk of failure in the first year of study by offering students bursaries in their second year. Bursaries are offered in four engineering fields: mining, electrical, mechanical and metallurgical. As part of this process, the company also offers in-service training to participating individuals during their vacations. Successful bursars are subsequently entered into a two-year graduate internship programme before being appointed to the Northam workforce.

During F2013, five students received support to the value of R375 000 as they endeavoured to complete a mining-related engineering degree of their choice.

In F2012, Northam reported on the Dinaledi Stars scholarship programme, recently renamed the Girl-Child bursary programme, which provides assistance to local school girls in Grades 10 to 12. This is undertaken in an effort to increase the pool of professional black women in mining. In F2013, two of the three learners who matriculated in December 2012 were accepted by the University of the Witwatersrand to study engineering and geology. The third student accepted a bursary from the University of Stellenbosch to study actuarial science. Four of the current beneficiaries of the school bursary programme are expected to matriculate in December 2013. The academic progress of these learners is regularly monitored, with attendance at curriculum-related programmes required during school holidays in order to identify and address possible problem areas.

BOOYSENDAL

A study of the literacy level at Booysendal has revealed an average minimum ABET level 4 or Grade 9 qualification amongst the operation's contractors.

ZONDEREINDE: LEARNING ASSISTANCE BREAKDOWN F2013

	Expenditure	Number of people	HDSAs	Women
	R	No	%	%
ABET	2 506 000	329	73	5
Learnerships	1 359 000	35	80	11
Bursaries	375 000	5	100	80
Study grants	32 000	1	100	0
Study assistance refunds	56 000	5	100	40
External training and skills development	3 615 000	766	46	7
Internal training and skills development	12 256 000	7 390	69	4
Total	20 204 000	8 531	68	5

ABET is therefore not considered to be a requirement with the current workforce. Northam has, however, prioritised the facilitation of ABET classes for local community members as a means of improving their access to employment opportunities in the future. The implementation of these classes has been tasked to an independent service provider from the local community.

During F2013, a total of 16 community members were enrolled into ABET level 1, with some 15 individuals completing the course.

A total of 17 employees participated in learnerships offered at Booysendal during the year, including nine women. The learnership fields on offer include rigging, electrical, auto-electrical, fitting and turning, instrumentation and plater/boilermaker.

In the interest of furthering the qualifications and knowledge of Northam employees, bursaries are also available to employees at Booysendal. The areas of study that are supported by the company's SLP, and place particular emphasis on assisting bursars from the operation's surrounding communities.

During the year under review, five employees participated in Booysendal's bursary programme, three of whom were men and two women, studying geology, metallurgy and mining. Four local community members also received bursaries during the year.

BOOYSENDAL: LEARNING ASSISTANCE BREAKDOWN F2013

	Expenditure	Number of people	HDSAs	Women
	R	No	%	%
Learnerships	661 857	17	100	52
Bursaries	144 860	5	80	40
Skills development	101 282	19	73	21
Total	907 999	41	84	37

APPROACH AND STRUCTURE

Northam understands that it does not operate in isolation from the communities and environments in which its mines are located. As a result, the company plays a responsible and co-operative role in these areas, providing meaningful and relevant contributions to their social and economic upliftment, wherever possible.

The company has a stakeholder engagement policy in place, as well as a community and rural development strategy. This strategy has been developed at group level and provides governance and strategic direction for the identification and implementation of community projects. It includes stakeholder mapping, an analysis of expectations and immediate risks, and a protocol for constructive engagement with government and related stakeholders to ensure a co-ordinated approach to community development.

Northam's compliance with the requirements of the MPRDA and the Mining Charter demand a focused approach to contributing to mine, community and rural development. The company has therefore paid a great deal of attention to the establishment of LED projects as identified in its SLPs. The SLPs are aligned with the IDPs of the local municipalities concerned in an effort to avoid the duplication of work, and to address real, identified community needs. In addition to LED, Northam supports a number of projects that do not necessarily fall within its SLP parameters but are considered to be worthy causes.

Compliance with aspects of the Mining Charter relating to LED, and the management of LED-related issues, are the responsibility of the corporate human resources and transformation manager, under the guidance of the social, ethics and human resource committee, and are reviewed by the board.

ADDRESSING COMMUNITY NEEDS

Northam's community development programme is focused on contributing to the social upliftment of communities surrounding its operations and those within major labour-sending areas. The programme aims to empower these groups economically in a sustainable manner.

A total of R3.0 million was spent on CSI and LED across the group in F2013 (F2012: R2.8 million).

ZONDEREINDE

Zondereinde is located in a region that is relatively sparsely populated and in a province with low levels of economic activity. Agriculture, mining and tourism form the basis of the economic activity in the region. Disbursement priorities have been guided by the Zondereinde SLP and the operation's CSI committee, which is tasked with identifying development priorities in the areas surrounding the mine.

The CSI committee comprises three members of management, together with one representative from each of the organised employee representative bodies. It meets on a monthly basis to identify, prioritise and allocate resources towards sustainable projects.

The mine engages with three priority municipalities: the local municipality of Thabazimbi, and the two labour-sending municipalities of Moses Kotane and OR Tambo. The company engages with these entities on a regular basis through both formal and informal meetings, with consultations on approach, strategy and priorities in specific areas conducted quarterly. During the year, the primary priorities identified included addressing unemployment and inadequate infrastructure.

Zondereinde also has long-standing relationships with the following key stakeholders:

- neighbouring farmers;
- informal settlements;
- the towns of Northam and Thabazimbi; and
- other mining company communities in the area.

LOCAL EMPLOYMENT

Local employment remains a key issue in the communities surrounding Zondereinde, with local communities having unrealistic expectations regarding employment opportunities and the availability of resources. The mine works closely with local municipalities, which supply the mine with a database of unemployed individuals in the area. Zondereinde makes use of this database in its recruitment of local candidates. Monthly meetings are held between Zondereinde mine's recruitment team and municipal officials to manage both this process and the expectations of the individuals concerned.

In this regard, Northam has prioritised key economic areas to be developed through the contributions of small businesses and local entrepreneurs. These include environment and waste management, agriculture and construction. The company hopes that the SMME development will stimulate local economic activity, limiting the dependence of communities on the mining industry and creating a strong economic future after operations have ceased.

The following community infrastructures have been undertaken:

- infrastructure has been provided for informal traders in the Thabazimbi municipality;
- 51 start-up enterprises have been established and provided with financial support in the OR Tambo municipal area; and
- an informal agreement has been entered into with the Thabazimbi and Moses Kotane municipalities to assist with recruitment opportunities for new entrants into the industry when possible (the database, which prioritises families with the most desperate need, is managed by the Mayor's office).

INFRASTRUCTURE DEVELOPMENT

Zondereinde mine, in conjunction with Anglo Platinum, the Thabazimbi municipality, and the Waterberg district municipality, has embarked on a project to build and develop a new sewerage system in the town of Northam.

Northam and Anglo Platinum intend to develop some 9 000 houses in Northam town, 3 207 of which will be in the De Put development, within the next three years. As the sewerage system currently in place does not have the capacity to service the Northam community and the new housing development, the construction of a new sewerage system is necessary. The De Put property currently has 2 500 stands and 36 bulk or high-density stands. These have been sold to Anglo Platinum as the project is deemed too large for Northam to develop alone, though Northam will share in the costs on a *pro rata* basis.

Northam contributed an additional R5 million to this project in F2013 (F2012: R5 million).

Zondereinde also contributed some R595 835 to the maintenance of infrastructure in the Northam area during the 2013 financial year.

BOOYSENDAL

Booysendal is located in a region with little existing economic activity. As at Zondereinde, agriculture and forestry, mining and tourism are the region's primary economic activities but to a much more limited extent. Stakeholder identification and engagement at Booysendal are complicated by the scale, proximity and needs of local communities, and by historic interests in landholdings.

Northam recognises that there are communities in the area which may have a historical affiliation with the land it has under management at Booysendal. For this reason, the company has undertaken extensive surveys to identify any historical artefacts or archaeological and grave sites which may have significance. Such sites have been fenced off, and are carefully protected and preserved.

The human resources manager at Booysendal is responsible for the oversight of community engagement in the area. A stakeholder engagement policy has been developed and several forums have been set up in the Greater Tubatse local municipality, within which Booysendal operates.

The forums include:

- The Booysendal community forum. In terms of the operation's stakeholder engagement policy 13 families/communities have been identified and are represented on the community forum. Management is also represented on the forum, the constituents of the forum have regular access to the site, and are provided with the opportunities to discuss training and job opportunities with management and to visit any ancestral or traditional sites;
- The local chiefs' forum, specifically arranged for chiefs within a 50km radius of the mine; and
- A stakeholder engagement forum for all interested stakeholders, including, but not limited to, local municipalities, the DMR, provincial government, and other community and youth forums.

These forums all meet as required, with the exception of the Booysendal Community Forum which meets once a month. These structures provide a channel for Booysendal to facilitate the flow of meaningful benefits to communities, to keep abreast of concerns amongst community members and to address these issues timeously. This is in addition to the needs identified in local municipal IDPs.

The company has conducted a roadshow within the Greater Tubatse local municipality to assess the needs of its individuals and households, particularly those who have claim to grave sites in these areas.

During the 2013 financial year, the following issues were raised by community members and addressed accordingly:

- The creation of employment opportunities: as far as possible, Booysendal strives to recruit locally to the benefit of its surrounding communities.

- The establishment of training opportunities: Booysendal makes mine learnerships available to members of the local community, which develop their skills level and improve their chances of securing permanent employment.
- The securing of tenders: Booysendal's procurement policy makes provision for the inclusion of local companies on its vendor list.

During the construction phase specifically, mine management representatives engaged with a significant number of these entities. Booysendal has since established a database of local suppliers which are employed on an ad hoc basis. A vendor list is also currently in the process of being collated.

Local employment

The allocation of jobs in an area with exceptionally low employment levels remains a particular concern for Booysendal, and is likely to remain so for some time to come. There appears to be widespread expectation amongst community members that mining operations will alleviate the situation, providing employment for all. Not only will it be difficult for a single operation to have a significant impact, but the nature of the orebodies and type of mining (trackless) undertaken at Booysendal is not very labour-intensive. It is unlikely that the mine will ever be able to meet the expectations and needs of everyone in the surrounding communities.

The company continues to communicate its position in this regard and seeks to address this issue in its SLP. The operation's management has also developed a dynamic database to be used in the sourcing and recruitment of future employees.

Local procurement

Guided by its compliance with the Mining Charter, Booysendal is fully committed to giving preference to local businesses in the communities surrounding its operations. Northam's procurement policy also gives local BEE companies preferred supplier status.

Booysendal's SLP has been developed and LED projects have been identified.

LAND CLAIMS AND INVASIONS

Prior to the commissioning of the Booysendal concentrator earlier this calendar year, progress on the mine had been delayed owing to illegal land invasions on one of the company's properties where Eskom contractors were being hampered from completing the installation of a powerline 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.

Several threats were levelled against the mine during the year. The emergence of a number of other individuals and communities, with exaggerated expectations of the offering that mining companies can make, has on occasion led to conflict and violent attacks in this area.

CORPORATE SOCIAL INVESTMENT AND LOCAL ECONOMIC DEVELOPMENT

The following CSI and LED projects were supported by Zondereinde and Booysendal during the year:

Name	Description	Expenditure
		R
Zondereinde		
Girl-Child Bursary Programme	Assistance provided to female learners in grades 10 to 12	23 756
Koedoeskop Primary School	Sponsorship of learner books and teacher material	52 000
Various schools	Building of computer centres, provision of maintenance and Internet services	1 263 945
Barney's Nursery School	Support of salaries and day-to-day operational costs to nursery school situated on mine premises	14 129
TEBA Development	Facilitation of business opportunities for former Northam employees and community members	1 433 447
School lunch packs	Provision of lunch packs for underprivileged school children	11 380
Thabang Feeding Scheme	Provision of raw food to this place of safety for children	58 089
Mandela Day Project	Painting of administration buildings at Deo Gloria Primary School	5 864
Life Community Centre	Assistance with agricultural project focusing on micro enterprise development	162 710
Booysendal		
Uzenzela Wena Orphanage	Donation to the orphanage for the December festive season	1 000
Greater Sekhukhune disaster management	Provision of food parcels to families affected by a storm	1 500
Greater Tubatse landfill site boreholes	Regional monitoring of waste facilities, fountains, dams, pans, streams and rivers	332 378
Rooi Draai power station	Upgrades to supply power to local communities	1 304 696

Northam's CSI priorities for F2014 include:

- the identification of an agricultural, environmental, waste management and construction project;
- the building of three additional classrooms at Deo Gloria Primary School;
- the continued support of the computer centres; and
- the relaunching of the Life Community Centre as the Entrepreneurial Support Centre with partners that include the Department of Labour and the Small Enterprise Development Agency.

NATURAL CAPITAL

APPROACH AND STRUCTURE

Northam acknowledges that, as a PGM development, mining and processing company, its activities inevitably have an impact on the environment in which its operations are found. Conserving and optimising the use of resources including land, water, energy and fuel, are among Northam's highest priorities and most significant challenges.

Northam has a health, safety and environmental committee in place, tasked with overseeing environmental matters at board level. Key environmental issues and parameters for both Zondereinde and Booysendal are formally reported on a monthly basis to the general manager and chief executive, and on a quarterly basis to the board's SHE committee. The company's chief executive assumes ultimate responsibility for environmental compliance and performance, together with the general managers of Zondereinde and Booysendal.

At Zondereinde, environmental issues form an integral part of the operation's production process and are managed as such. The technical nature of many of the mine's environmental issues and challenges means that this portfolio is overseen by the engineering department under the engineering manager. The engineering manager is supported by an environmental officer.

At Booysendal, environmental issues are the responsibility of the mine manager, who is supported by the operation's environmental personnel. This applies to the mine's designated mining area, which includes the Booysendal UG1 North mine which accounts for 7.7% of land under management. The balance of the land under management is the responsibility of a designated land manager, whose background and expertise is in conservation rather than mining.

LEGISLATION AND COMPLIANCE

Northam operates in compliance with South Africa's rigorous environmental and mining legislation. The company's environmental policy commits the company to responsible environmental management, and to the implementation of practices outlined in the National Environmental Management Act (NEMA), 1998 (Act No. 107 of 1998). With regards to environmental management, Northam has adopted a precautionary approach, implicit within the regulations of NEMA and the company's own environmental management systems (EMSs), which meet the necessary regulatory requirements and are in place at both Zondereinde and Booysendal.

Other legislation with which the company complies includes:

- the MPRDA;
- the Constitution of the Republic of South Africa,
- the Air Quality Control Act;
- the National Water Act;
- the National Environmental Management: Waste Act;
- the National Heritage Resources Act; and
- the National Environmental Management: Biodiversity Act.

Northam's approach to environmental management and compliance is also guided by the requirements of the DMR and the DWA. Consultation with these, as well as other regulatory authorities, is held on an on-going basis.

South Africa's environmental legislation demands that all new mining projects undertake environmental impact assessments (EIAs), which include a high degree of public participation as well as numerous specialist studies. These studies assess all aspects of the environment including water and air quality, fauna, flora and archaeology.

Approved environmental management plans (EMPs) are also a requirement, and are in place at both Zondereinde and Booysendal. They serve as management tools to address impacts and potential impacts on the environment arising from the operations and to provide guidance as to how these impacts should be managed, monitored and mitigated. Northam regularly undertakes audits and assessments of compliance with regard to both its EIAs and its EMPs.

Both Zondereinde and Booysendal have new order mining rights and integrated water use licences (IWUL) in place.

NEW LEGISLATION IN 2013

The new Air Quality Control Act came into effect during F2013 and will have an impact on Northam's emissions. The company intends to submit an application to the National Air Quality Advisory Committee for the postponement of compliance with the new emission requirements, as the construction of its new SO_2 treatment plant may require more time than was originally allocated.

The National Waste Information Regulations, 2012 in Gazette No. R 625 were also implemented during the financial year. These regulations require that any entity conducting activities regarding the recovery, recycling, treatment, disposal and exportation of hazardous waste register with the South African Waste Information System (SAWIS). Both Zondereinde and Booysendal are registered with SAWIS. Northam did not receive any environmental fines or legal sanctions during the year under review.

ISO14001

Northam has adopted the ISO14001 standard as the basis for its EMSs. The Zondereinde mine has been ISO14001-certified since February 2011. During the year under review, an ISO14001 audit was conducted, with three minor findings requiring attention:

- the improvement of incident reports in determining the causes and corrective actions of environmental issues;
- the improvement of documented objectives so that they can be measured against established targets; and
- the inclusion of the sewer plan on the aspect register.

Zondereinde is still in the process of implementing ISO14001 at the metallurgical complex. This requires specialised skills however, and a shortage of such skills has negatively impacted the process. Procedures are currently being developed to deal with this, with impact studies being undertaken in specific identified areas in the plant. Zondereinde's target to obtain certification by 2014 is still in place.

A formal ISO14001-compliant EMS has not yet been put in place at Booysendal. It has, however, been budgeted for F2014 and a third party will be employed to assist with the development and implementation of ISO14001, as well as ISO9001 and OHSAS18001. Certification of these standards is scheduled for F2015.

PERFORMANCE IN F2013

Northam is in the process of licensing its salvage yard in terms of the NEMA: Waste Management Act.

ZONDEREINDE

Water and energy consumption continue to be the most pressing environmental management concerns at Zondereinde. Efforts to reduce consumption are continually assessed and implemented.

Zondereinde held a public participation meeting in May 2013 at which the following issues were raised regarding Zondereinde's integrated EMP:

- the sourcing of labour and the employment of local youths and disadvantaged individuals;
- the identification and preservation of environmentally sensitive areas that are impacted by Northam's mining activities;
- the impact of mining on the health of neighbouring communities;
- the use of SO_2 that will result from the proposed Cansolv process intended to be introduced to absorb SO_2 flue gas;
- the use of filters for the SO_2 that is released into the atmosphere; and
- the enforcement of new regulations.

Only four minor environmental incidents were reported at Zondereinde during the year, none of which incurred any fines.

BOOYSENDAL

During F2013, several external audits where conducted at Booysendal:

- an annual performance assessment on the EMP in terms of the MPRDA;
- an annual water licence audit; and
- the three-monthly water licence audit for the contractors' camp.

The audits were submitted to the relevant regional departments concerned and no further comments have been received.

Two incidents were recorded at Booysendal during the year, one concerning the plant and mine pollution control dams and one involving the tailings dam.

In September 2012, owing to unexpected heavy rains over a short period of time, both the plant pollution control dam and the mine pollution control dam overflowed into tributaries of the Dwarsrivier. This incident was reported in full and in writing to the DWA. The issue was swiftly resolved and no further communication regarding this incident has been received from the department. Booysendal management continues to monitor the surrounding fresh water, and the pollution control dams are controlled in order to maintain a healthy free board margin.

In April 2013, a drainpipe malfunction on the storage tailings facility (TSF) resulted in a relatively small quantity of tailings being released into the upper reaches of a watercourse in the area.

The watercourse runs into the Der Brochen dam. Prompt and effective action quickly stemmed the flow and reduced the impact, and the DWA was immediately informed.

A number of interventions have been put into place to mitigate the impact and to avoid similar such events, including:

- two emergency waste rock embankments were constructed along the watercourse below the tailings dam;
- a weir across the rock bed of the watercourse has been constructed as a precautionary measure to protect the downstream environment; and
- manual rehabilitation was undertaken in the upper reaches of the stream, without causing any damage to the surrounding environment.

Booysendal has been informed that the DWA is satisfied with the immediate and long-term remedial and mitigation measures undertaken, and no fines were incurred as a result of this incident.

RESOURCE UTILISATION

Northam's primary resources include water, energy and bulk materials. Bulk materials include rock (both mined and processed), liquid fuels, coal, grease, steel, timber and lubricating and hydraulic oils. Zondereinde actively optimises its resource usage, and recycling programmes are in place for plastics, steel, timber and scrap.

WATER USE

Water is an exceptionally scarce resource in South Africa, an issue which complicates the mining

Aerial view of Booysendal mine

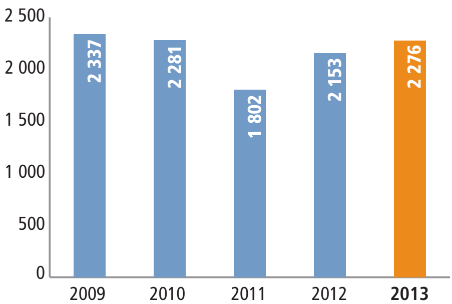
MATERIALS USED F2013

		Zondereinde			Booysendal
	Unit	F2013	F2012	F2011	F2013
Rock mined	000t	**2 276**	2 154	1 801	**755**
Ore milled	000t	**2 116**	1 934	1 591	**261**
Timber use (bulk support)	m^3	**1 573**	827	754	–
Cartridge explosives	t	**2 401**	2 552	2 010	–
Oxygen	t	**1 561**	2 018	2 461	–
Sulphuric acid	t	**520**	769	747	–
Sulphur dioxide	t	**56**	82	90	–
Grease	t	**47**	47	41	**1**
Lubricating and hydraulics oils	l	**130 270**	135 155	112 311	**83 314**

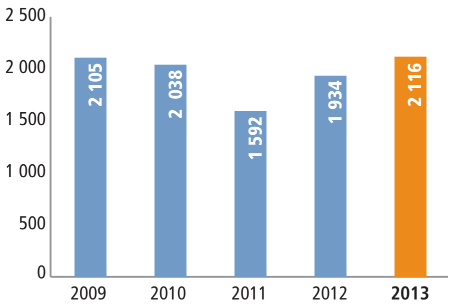
MATERIALS RECYCLED F2013

		Zondereinde			Booysendal
	Unit	F2013	F2012	F2011	F2013
Plastic	t	**42**	108	62	–
Steel	t	**1 640**	2 053	759	–
Timber	m^3	**2 380**	4 601	5 874	**396**
Scrap metal	m^3	**0**	1 995	2 526	**81**
Rubber	t	**153**	134	156	–

Rock mined (000t)



Ore milled (000t)



industry's operations, which are necessarily water-intensive. Northam recognises its responsibility to reuse and recycle water in an effort to optimise its consumption from various sources. Water awareness campaigns are also conducted on an on-going basis. Northam sources its potable water from Magalies Water and the Lebalelo Water Users Association, with which it has a contract.

For the fourth consecutive year, Northam voluntarily took part in the Carbon Disclosure Project (CDP) Water Disclosure. The submission details the company's risks and opportunities relating to water availability and can be downloaded at *http://www.greenbiz.com/sites/default/files/CDP-2012-Water-Disclosure-Global-Report.pdf.*

ZONDEREINDE

Although Zondereinde was awarded its IWUL in 2011, there are several issues that require attention on an on-going basis. The mine has regular interaction with both the DWA and the DEA in this regard. Key issues include:

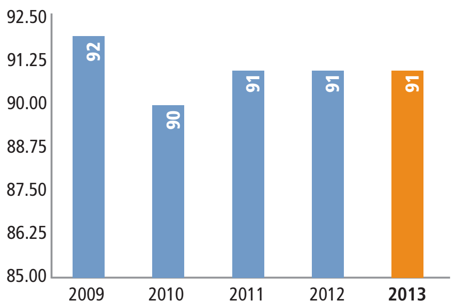
- monitoring the stringent water quality requirements for industrial water circuits;
- monitoring of groundwater to determine the extent of potential pollution plumes;
- constructing and operating dirty water infrastructure;
- calibrating flow meters every two years; and
- co-ordinating timeframes for the submission of initial reports.

Water is fundamentally important for Zondereinde mine, not only from an environmental and permitting perspective, but also operationally. Through a shaft-based hydropower system, the mine uses water as its primary source of energy for its direct mining operations underground. These technical innovations were pioneered at Northam and refined over time. Hydropowered equipment has the advantage of reducing the temperatures in the working areas; this is enhanced by the strategic placing of backfill support. Backfill lowers the underground temperatures by reducing heat ingress from worked-out areas, while also reducing the size of the area to be cooled by 65%.

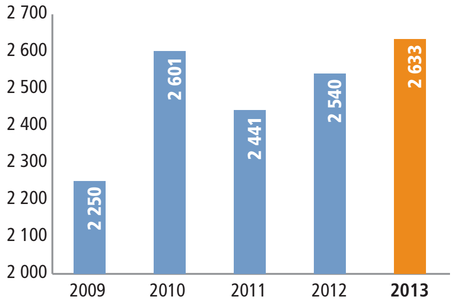
Water management and water quality are therefore integral components of Zondereinde's engineering management system, and the mine closely monitors any potential impact on its surface and groundwater sources. In addition, a comprehensive groundwater model has been in place for the past eight years. The model was developed and maintained by a third party consultant, who also monitors and advises on surface and groundwater quality control. Zondereinde strives to run a zero discharge operation. Water awareness campaigns and training sessions ensure that employees are made aware of the need to conserve water.

There were no significant events relating to Zondereinde's water use during F2013.

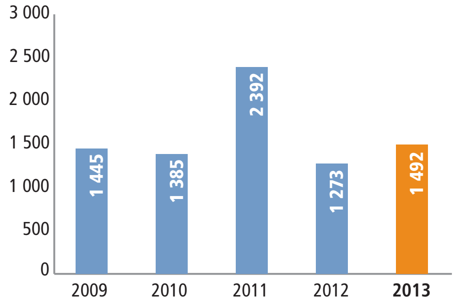
% water recycled (000m^3)



Potable water from external sources (000m³)



Fissure water used (000m³)



BOOYSENDAL

Water allocation is also of critical importance at Booysendal, where the company continues to manage water use according to the requirements of the operation's IWUL. Water quality at Booysendal is monitored on a continuous basis and the findings compared with the operation's F2010 base line information.

Booysendal's primary sources of water (both industrial and potable) are the Lebalelo Pipeline and the boreholes on site, though the latter are not currently being used. The mine's membership of the Lebalelo Water Users Association enables it to receive water from the pipeline, and a licence to extract water from the boreholes for a 20-year period is in place. This licence is reviewed every five years from the date of issue. According to Booysendal's IWUL application, the Groot Dwarsrivier is the only water source that could potentially be affected by the withdrawal of water from the boreholes. As limited water is currently being drawn from this source, no risk is posed to the river.

Booysendal strives to recover and recycle the water it uses in order to minimise the long-term effects of its water use on the surrounding environment. Water levels within the pollution control dams are monitored on a continuous basis to ensure that no discharge or runoff occurs. The only water bodies that could be affected by discharges from Booysendal are the Groot Dwarsrivier and the Der Brochen dam.

WATER USAGE (000m³)

	Zondereinde			Booysendal
	F2013	F2012	F2011	F2013
Potable water from external sources	**2 633**	2 540	2 441	**429**
Fissure water used	**1 492**	1 273	2 392	**–**
Water recycled in process	**25 909**	24 390	24 308	**237**
% water recycled	**91**	91	91	**–**

ENERGY CONSUMPTION

Northam sources its electricity from South Africa's national power utility, Eskom, which has been beset by a shortage in supply in recent years that has put pressure on demand and increased costs. Eskom increased power tariffs by 25.8% in April 2011, by 16% in April 2012, and by 8% in April 2013. In F2013, electricity costs amounted to R352 million (94.8% at Zondereinde and 5.2% at Booysendal), and the company therefore places a great deal of emphasis on its conservation.

To this end, the company has also embarked on a number of energy-saving projects, several of them in consultation with Eskom. This includes an initiative to shift the company's electricity time of use in an effort to even out consumption on the national electricity grid. There is currently sufficient power available for Northam's demand.

Northam is already at an advantage, however, as the extensive use of hydropower at Zondereinde means that the company uses less electricity per unit run of mine production than its peers who use compressed air to power underground equipment. The use of hydropowered equipment and backfill, as discussed in the water use section above, has effected annual power savings of 190 399MWh and 50 400MWh respectively. In addition, Zondereinde has implemented a number of energy efficiency initiatives resulting in a current saving of 41 494MWh of electricity which equates to a R20 million saving on electricity costs.

As Zondereinde mines deeper and further away from its shafts, and as production at Booysendal continues to be ramped up, the group's energy consumption has steadily increased. Zondereinde is also smelting the concentrate that it receives from Booysendal which requires additional power. The group's strategy in terms of energy consumption in the short to medium term is therefore focused on energy efficiency rather than on energy reduction.

Northam's energy management strategy involves the regular review of all energy-intensive processes, with the aim of improving efficiencies, through the use of spot coolers and solar heaters. The company is also currently improving its electricity consumption monitoring system, which will be updated at a later stage to include the automated use of equipment. That said, the company has made the decision to place the planned 1MW solar plant on hold, as the current Eskom tariffs limit the benefits that Northam will be able to reap from this project.

ZONDEREINDE

Zondereinde's energy-saving programmes during the year included:

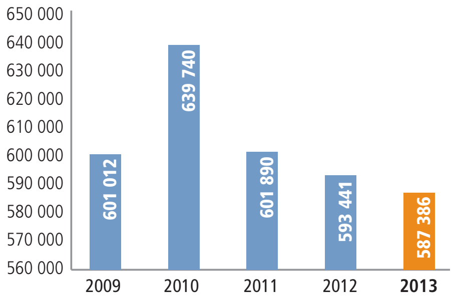
- a reduction in the power consumption of the main ventilation fans by 0.8MW for a four-hour period during the week, and for 24 hours over the weekend;
- a reduction in the quantity of water needed to be chilled and pumped by improving the efficiency of spot coolers in the underground workings, saving approximately 2.5MW of electricity;
- replacement of three electrode boilers (5MW) with coal boilers, resulting in an estimated 15% saving in carbon emissions due to the installation's positional and thermal efficiency; and
- a reduction in the amount of water to be pumped to surface by relocating a refrigeration plant required for the deepening project from the surface. (Innovative methods for the condenser cooling circuit have also been implemented.

In F2013, total indirect non-renewable energy consumption from electricity sourced from Eskom at Zondereinde decreased by 2% to 587 384MWh (F2012: 599 679MWh). Some 83% of this electricity was used by mining operations and 17% by processing and smelting activities. Zondereinde works closely with Eskom regarding its demand

ELECTRICITY CONSUMPTION (MWh)

	Zondereinde			Booysendal
	F2013	F2012	F2011	F2013
Energy from electricity purchased by shafts	**485 654**	461 484	461 484	**6 726**
Energy from electricity purchased by plants	**101 732**	125 548	140 406	**7 533**
Total electricity purchased	**587 386**	593 441	601 890	**14 259**

Total electricity purchased (MWh)



side management programme in an effort to reduce its energy requirements at the refrigeration plant and underground pumps during peak consumption periods. Power factor correction equipment is also being upgraded to reduce apparent power consumption which leads to electricity bill savings. In addition, coal-fired boilers have been installed in the smelter plant.

BOOYSENDAL

Given the strain on South Africa's energy utility Eskom, energy efficiency was a key imperative at the planning and design phase of the new Booysendal mine. Since the commissioning of the mine, a panel management system is being introduced which will assist with the protection and annual testing of the medium voltage network, and fault analysis. Once this system has begun to produce data, Booysendal will be in a position to identify areas where electricity savings may be effected.

Booysendal currently has sufficient power to continue operating, with one incoming Eskom line and transformers capable of sustaining 80MVA. The maximum demand at the moment is 29MVA. As an additional measure, Booysendal has implemented a solar-aided water heating system at the mine's change house.

CLIMATE CHANGE AND EMISSIONS

The risk posed by climate change to Northam's operations continues to be moderate on a physical and regulatory front. The company manages this risk primarily through its energy conservation initiatives. The risk is also tempered by the fact that PGMs are used in technologies that reduce noxious gases, and so contribute to limiting the potential for climate change.

The company has considered the risks and opportunities relating to climate change, including the financial implications of this, in its fifth consecutive voluntary submission to the CDP. This may be found at *www.cdproject.net*.

Zondereinde's most significant emissions or potential discharges are SO_2 emissions (directly from the smelting operations), CO_2 emissions (both direct and indirect), potential discharges to water courses and dust generation from tailings dams. In F2013 4 236 tonnes of SO_2 were emitted by the Zondereinde operations.

The new National Environmental Management: Air Quality Act, which came into effect during F2013, will have an impact on Northam's emissions. The company intends to submit an application to the National Air Quality Advisory Committee for the postponement of compliance with the new emission requirements, as the construction of its new SO_2 treatment plant may require more time than that allocated.

CO_2 EMISSIONS

The bulk of Zondereinde's CO_2 emissions are largely attributable to indirect emissions from electricity purchased from Eskom. Progress towards reducing CO_2 emissions continues to be made, with Northam already achieving a reduction of electricity consumption as a result of the implementation of energy-efficiency projects at Zondereinde which has a direct impact on the amount of greenhouse gases (GHGs) emitted into the atmosphere.

None of the activities undertaken at Booysendal are listed in terms of the Atmospheric Pollution Prevention Act of 1965. As a result, no GHG emissions are monitored at the operation.

DUST MANAGEMENT

Dust is monitored on a regular basis at Zondereinde. Northam's stakeholder engagement policies and procedures are equipped to deal with any complaints lodged by interested and affected parties regarding dust emissions, and such individuals are encouraged to come forward with concerns they may have. Since Zondereinde started operations, however, no complaints related to dust emissions have been received.

At Zondereinde's tailings dams, Fraser Alexander is currently overseeing the planting of vegetation in order to mitigate wind and water erosion. This also serves to prevent any dust management issues that may arise.

Dust monitoring at Booysendal continues to be conducted to determine the impact of mining activities on the areas surrounding the operation. Figures indicate that the areas being monitored are well within residential limits, and previously exposed areas at Booysendal have been paved, tarred or grassed. The few areas where dust is produced are monitored and watered down as required.

No external complaints have been received regarding dust emissions. The mine's location in a valley surrounded by mountains means that dust does not disperse into the surrounding communities. Internal complaints, however, were received during the year, but most of these problem areas have since been paved.

LAND MANAGEMENT AND BIODIVERSITY

Northam is the custodian of the land where its operations are based. None of Zondereinde's mining and surface treatment activities are situated in areas

GREENHOUSE GAS EMISSIONS (CO_2e TONNES)

	Zondereinde		
	F2013	F2012	F2011
Total Scope 1 emissions (direct emissions)	**15 509**	15 401	14 432
Total Scope 2 emissions (indirect emissions)	**605 008**	611 244	619 947
Total Scope 3 emissions (indirect emissions)	**665**	815	1 089
Total emissions	**621 183**	627 460	635 468

protected by the International Union for Conservation of Nature, where the Red List of Threatened Species may be encountered; or in biosphere reserves; or contain Red Data species. Booysendal; however, falls within the Sekhukhuneland Centre of Plant Endemism (SCPE), and more specifically the Roossenekal Subcentre of Endemism. In addition, the Mpumalanga province's conservation authorities' sophisticated world-class modelling system ascribes priorities to particular landscape areas for conservation purposes – and the Booysendal property encompasses several landscape types, which are critically important for conservation action.

The management and conservation of land at Zondereinde's mine and metallurgical complex is simpler than Booysendal's on a number of fronts, aided by the fact that the necessary policies and practices are entrenched within the mine's culture.

Zondereinde's landholding far exceeds the actual surface footprint of the complex, with surface freehold covering some 4 439 hectares. The land is divided as follows:

- 137 hectares (3%), the smallest portion, are used for mining, processing, deposition and related activities, including the mine village;
- 281 hectares (6.2%) includes the operation's tailings dams and waste rock dumps;
- 273 hectares (6%) are leased to farmers;
- 800 hectares (18%) are maintained by Northam and used for conservation and biodiversity purposes; and
- the balance (72.8%) remains in its natural state.

The rehabilitation of Zondereinde's tailings storage facility remains a priority, to reduce dust levels and for aesthetic reasons. Final rehabilitation will only take place after closure.

LAND USE (ha)

	Zondereinde	Booysendal
Land disturbed by mining and related activities	137	521
Land leased for farming purposes	273	N/A
Land protected for conservation	800	960
Total land under management (freehold)	4 439	6 773

BOOYSENDAL – MINING WITHIN THE CONTEXT OF BIODIVERSITY CONSERVATION

Worldwide, mining is generally considered to have large-scale adverse environmental impacts. In the planning and development of new mines companies have the choice of simply complying with increasing environmental legislation and societal pressure to account for their actions, or to shift the goal posts entirely and to take the lead in augmenting their primary activities with ancillary undertakings that add value to their business, society in general and the environment in particular.

At the planning stages of Booysendal, Northam's senior executives understood the critical importance of the host area, the Dwarsrivier Valley, to the sustained biodiversity of the region. The area falls within the SCPE, and more specifically the Roossenekal Subcentre of Endemism. In addition, the Mpumalanga province's conservation authorities' sophisticated world class modelling system ascribes priorities to particular landscape areas for conservation purposes – and the Booysendal property encompasses several landscape types which are critically important for conservation action.

The area, situated on the foothills and high-lying areas of the escarpment, is host to forest patches, to small wetlands and seepages, and to grasslands. Some threatened small mammals and fish species have been identified in the area. Research has also indicated that the threatened SCPE is not formally protected, and that more land needs to be incorporated within reserves to protect the province's biodiversity.

Faced with little prospect of growth elsewhere, Northam was presented with a difficult business choice – abandon the project, and run down the mature Zondereinde mine, and eventually put 9 000 people out of work, or come up with something innovative. Northam's approach to the environmental conundrum it was facing was entirely novel: there was acceptance from senior executives, and the chief executive in particular, that traditional mine management compliance with environmental regulations would be inadequate in this instance. The chief executive actively led the following principles and initiatives:

- all environmental work to be based on the best scientific information available;
- the creation of an offset area to be separately managed (at Booysendal, Northam's mining right covers an area of 15 151 hectares over which the company owns freehold of 6 773 hectares. Of the land under management, around 521 hectares have been disturbed by mining-related activities with around 960 hectares of the landholding having been set aside as a defined offset area for conservation and biodiversity purposes);
- the appointment of a qualified land manager directly answerable to corporate office;
- the creation of the Buttonshope Conservancy Trust, a trust fund with an initial R10 million in assets and contributions of US$1/oz of platinum abstracted after the mine reaches the threshold of 20% profitability; and
- land management to support the conservation goals of the Mpumalanga Tourism and Parks Agency (MTPA) the former Mpumalanga Parks Board;

The Buttonshope Conservancy Trust has been created with a diverse spread of board members – three senior Northam executives including the chief executive, and three external independent representatives: Prof Brian Reilly from the Tshwane University of Technology, Mr Brian Morris, a member of the MTPA and an independent conservation expert, Mr Mark Botha.

To date progress has been made in the following areas:

- a comprehensive biotic survey of the entire area has been undertaken;
- extensive tracts of alien vegetation have been cleared;
- more than 300 plant species have been identified in the areas under management;
- a comprehensive suite of management infrastructure has been put in place on the farm Pietersburg;
- research facilities for visiting scientists in planning stages; and
- the trust fund is active.

Northam has picked a route in its Booysendal development where biodiversity conservation and its long-term funding are key objectives of business. Key to this has been the creation of the Buttonshope Conservancy Trust, asset based and linked to mineral abstraction to provide long-term funding for conservation and offset management and expansion.

MANUFACTURED CAPITAL

APPROACH AND STRUCTURE

Northam's business is focussed in the mining, processing and marketing of PGMs and its associated by-products to a long-standing and stable customer base in the major economic centres of the world.

PGMs are used in a wide range of applications which contribute to human health and wellbeing. They also provide various environmental health benefits. Northam's strategic intent in terms of refining, distributing and selling its product is to maintain its positioning in the global marketplace as a reliable independent and competitive supplier of high-quality refined PGMs.

The company has long-standing relationships with its customer base and values mutually beneficial interaction with its customers, and endeavours to nurture and maintain its lasting relationships.

OPERATIONS

At the company's Zondereinde mine, Northam exploits two reefs – the Merensky and UG2 reefs – via a twin shaft system at depths varying between 1 294 and 2 115 metres below surface. Mining activities are driven by hydropowered equipment, a technological innovation pioneered by Northam, and which has now become common practice in deep-level mines.

Northam's second operation, the Booysendal UG2 North mine – which currently only exploits the UG2 reef is an underground bord and pillar mine, accessed from surface via a ramp decline system comprising three declines on the plane of reef and one situated 20m into the footwall of the reef, containing a belt for ore handling. Strike belts transport the ore to the central decline system, through an ore pass system to the footwall belt for transport to a UG2 concentrator plant on surface.

Merensky and UG2 ores at Zondereinde are processed in two separate concentrator plants which are designed to treat different ore types. The concentrate from both are blended in slurry form. UG2 ore at Booysendal is treated at the on-site UG2 concentrator plant and is transported to the Zondereinde metallurgical complex.

Drying takes place at the Zondereinde furnace prior to smelting. From the smelting process, granulated converter matte is fed to the base metals removal (BMR) plant. In the BMR, nickel (Ni) and copper metals (Cu) are removed as crystalline nickel sulphate and copper cathode which are transported directly to local consumers for further beneficiation.

The remaining PGM solutions are filtered and dried to produce a final concentrate, which is weighed and drummed and prepared for shipment to the Heraeus refinery in Hanau, Germany. At Hanau, the platinum and palladium are partially refined and transported back to Heraeus SA for final refining. The product produced in South Africa is guaranteed to be of London-Zurich 'Good Delivery' status at a minimum purity level of 99.95%, the other PGMs are refined in Hanau. Northam then sells its high purity refined metal, including platinum, palladium, rhodium, ruthenium, iridium, gold and silver to contractual customers in the major economic centres of the world, Europe, North America and Japan. A proportion of Northam's refined metal is sold within South Africa.

PRECIOUS METALS REFINING

Since 1992, in terms of a long-standing partnership, all of Zondereinde's PGM concentrate has been toll-refined under contract with Heraeus of Germany. The concentrate is delivered on a weekly basis to the Heraeus refinery in Hanau. Heraeus is a registered member of the London Platinum and Palladium

Market (LPPM) and is therefore required to produce metal of London-Zurich Good Delivery status.

More recently, in conjunction with Northam and in order to facilitate downstream beneficiation opportunities, Heraeus and Northam jointly initiated a three-phase refinery construction and expansion programme in Port Elizabeth, South Africa. The first phase of the Heraeus Refinery South Africa (HRSA), commissioned in February 2007, treats all of Zondereinde's platinum and palladium production.

In terms of Northam's precious metals refining arrangements, final PGM concentrate is transported from the Zondereinde metallurgical complex to Johannesburg, from where it is flown on commercial airlines to Germany and then delivered to the Heraeus refinery.

Strict guidelines set out by the international aviation authorities regulate the conditions and terms of product transportation. At the same time, the Hanau refinery is subject to strict European Union and materials handling protocols.

Platinum and palladium are partially refined in Hanau and then air freighted as intermediate products to the fine metal refinery (FMR) in Port Elizabeth for final refining. Northam then sells the product to its global customers. Rhodium, gold, silver, ruthenium and iridium are toll-refined at Hanau, and returned to Northam's account for international sale and distribution.

The final refined products, which are transported to customers around the world, take the form of refined metal sponge, ingots and powders. These are packaged and transported in accordance with international standards and each numbered lot of metal to consumers is accompanied by a unique Certificate of Assay as issued by the Heraeus refinery, with material safety data sheets made available to customers and transporters when appropriate.

OUR CUSTOMERS

Northam's marketing department maintains regular weekly contact with its domestic and international customers, and hosts customer meetings and undertakes visits to customer facilities. Customer representatives undertake reciprocal visits to Northam's mining and metallurgical operations. Any issues relating to customer satisfaction are directly taken up with the marketing department and proactively addressed. In this way, problems arising can be timeously and satisfactorily resolved, and customer feedback can be addressed immediately.

Due to the nature of Northam's long-standing relationships, frequent face-to-face interaction with its customers and proactive redress of any issues arising, additional customer satisfaction surveys are not required.

As the sale of Northam's products is largely conducted on a business-to-business basis for industrial applications, no definitive codes are followed for the purposes of marketing communications, promotions and sponsorships. As a result, no incidents of non-compliance with regulations or voluntary codes concerning marketing communication, advertising or promotion on sponsorship were reported during F2013.

HEALTH AND SAFETY IMPACTS

All health and safety impacts of the final product in the various stages of the life cycle have been assessed and efforts are made on a continual basis to address health and safety issues which relate to final product.

In terms of customer health and safety, there are no material health and safety complications related to the final products produced and sold by Northam, with the exception of nickel sulphate which is managed as a hazardous material and is accompanied by relevant safety and health documentation. There were no incidents of non-compliance with voluntary codes concerning the health and safety of products and services in F2013.

PRODUCT AND SERVICE INFORMATION AND LABELLING

There are currently no safety, health or environmental labelling requirements for pure PGMs. Labelling requirements do exist for the base metal by-products which enter Northam's marketing and sales stream. In particular, strict requirements exist for the transportation and distribution of nickel sulphate. This substance is transported as hazardous material and is accompanied by the appropriate coding and labelling along with the relevant safety data sheets for the information of transporters, handlers and customers.

Northam is a regulated agent, compliant with the South African Civil Aviation Authority's regulations which legislate the terms under which the company's products are exported. All containers which hold the company's product during the exportation process from mine-to-market, are accompanied by documentation which validates the contents of each shipment.

No incidents were reported in respect of non-compliance with regulations and voluntary codes concerning product and service information and labelling.

CUSTOMER PRIVACY AND CONFIDENTIALITY

Northam respects the privacy of its customers and, to this end, confidentiality agreements and non-disclosure undertakings are standard in its customer contracts. No complaints, substantiated or otherwise, regarding breaches of customer privacy and losses of customer data occurred during the year under review. During F2013, no fines were received in respect of non-compliance in the process of the provision and use of Northam's product.

Since 1992, all of Zondereinde's PGM concentrate has been toll-refined under contract with Heraeus

REPORTING IN LINE WITH GRI

Northam has provided an index below of compliance with the Global Reporting Initiative's (GRI) G3.1 reporting guidelines and core performance indicators.

Northam has self-declared a B+ level of reporting and has engaged external auditors ERM to assure certain key parameters and the group's compliance with its stated application level. In addition, GRI has verified that this report fully complies with the G3.1 reporting guidelines and core performance indicators for a B+ level of reporting (see page 62).

G3 Indicator	Description	Page	Level of reporting
Profile			
1.	STRATEGY AND ANALYSIS		
1.1	Statement from senior decision maker	18-19	Fully
1.2	Description of key impacts, risks, and opportunities	18	Fully
2.	ORGANISATIONAL PROFILE		
2.1	Organisation's name	Front cover	Fully
2.2	Major products	8-9	Fully
2.3	Operational structure and major divisions	5	Fully
2.4	Location of headquarters	3	Fully
2.5	Countries of operation	3, 5	Fully
2.6	Nature of ownership	3, 4	Fully
2.7	Markets served including geographic breakdown/sectors served/customers	6-9	Fully
2.8	Scale of organisation including number of employees, net sales/revenues, total capitalisation	3, 10, 22-23	Fully
2.9	Significant changes during reporting period	1	Fully
2.10	Awards received	None	Fully
3.	REPORT PARAMETERS		
3.1	Reporting period	1	Fully
3.2	Date of previous report	1	Fully
3.3	Reporting cycle	1	Fully
3.4	Contact point	2	Fully
	REPORT SCOPE AND BOUNDARY		
3.5	Process for defining report content	1-2	Fully
3.6	Boundary of the report	1-2	Fully

G3 Indicator	Description	Page	Level of reporting
3.7	Limitations on the scope or boundary of the report	1	Fully
3.8	Basis for reporting on joint ventures, etc.	1-2	Fully
3.9	Data measurement techniques and bases of calculations including assumptions	1	Partially
3.10	Restatements of information	None	Fully
3.11	Significant changes from previous reporting periods	None	Fully
	GRI CONTENT INDEX		
3.12	Table identifying the location of the disclosures in the report	62-69	Fully
	ASSURANCE		
3.13	Policy and practice for seeking independent assurance for report	2, 70	Fully
4.	GOVERNANCE, COMMUNITIES AND ENGAGEMENT		
	Management approach		Fully
4.1	Governance structure including committees	3-4; 45 of the Annual Integrated Report 2013	Fully
4.2	Indicate whether chair of highest governance body is also an executive officer	45 of the Annual Integrated Report 2013	Fully
4.3	Number and gender of independent directors	54-55 of the Annual Integrated Report 2013	Fully
4.4	Mechanisms for shareholders and employees to provide recommendations/ direction to highest governance body	12	Fully
4.5	Linkage between compensation and organisation's performance for members of highest governance body/senior executives	63-64 of the Annual Integrated Report 2013	Fully
4.6	Process for the board to ensure conflicts of interest are avoided	45, 53 of the Annual Integrated Report 2013	Fully
4.7	Processes for determining qualifications and expertise for guiding strategy	63 of the Annual Integrated Report 2013	Fully
4.8	Mission and values statements, codes of conduct, principles relevant to economic, environmental and social performance, and status of implementation	www.northam.co.za/sd/policies.asp	Fully

G3 Indicator	Description	Page	Level of reporting
4.9	Procedures of highest governance body for overseeing economic, environmental and social performance including compliance and codes of conduct	51 of the Annual Integrated Report 2013	Fully
4.10	Processes for evaluating performance of governance body with respect to economic, environmental and social performance	47 of the Annual Integrated Report 2013	Fully
	COMMITMENTS TO EXTERNAL INITIATIVES		
4.11	Explanation of how precautionary approach/ principle is addressed by organisation	47	Fully
4.12	Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives	1, 2 *www.cdproject.net*	Fully
4.13	Significant memberships in associations and/or advocacy organisations	53	Fully
	STAKEHOLDER ENGAGEMENT		
	Management approach	12	Fully
4.14	List of stakeholder groups	13-17	Fully
4.15	Basis for identification and selection of stakeholders with whom to engage	12	Fully
4.16	Approaches to stakeholder engagement, including frequency and type	12	Fully
4.17	Key issues raised through stakeholder engagement and how organisation has responded	13-17 and through out this report	Fully
Economic performance indicators			
	Management approach	20	Fully
EC1	Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital provider and governments	20,23	Fully
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	55-56 *www.cdproject.net*	Fully
EC4	Significant financial assistance received from government	21	Fully

G3 Indicator	Description	Page	Level of reporting
	MARKET PRESENCE		
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation	43-45	Fully
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	37-38	Partially
	INDIRECT ECONOMIC IMPACT		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro-bono engagement	21, 46	Fully
Environmental performance indicators			
	Management approach	47	Fully
	MATERIALS		
EN1	Materials used by weight or volume	51	Fully
	ENERGY		
EN4	Indirect energy consumption by primary source	54-55	Fully
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	54-55	Fully
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	54-55	Fully
	WATER		
EN8	Total water withdrawal by source	52	Fully
EN9	Water sources significantly affected by withdrawal of water	52-53	Fully
EN10	Percentage and total volume of water recycled and reused	52	Fully
	BIODIVERSITY		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	57-58	Fully

G3 Indicator	Description	Page	Level of reporting
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	57-58	Fully
EN13	Habitats protected or restored	57-58	Fully
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	57-58	Fully
EN15	Number of Red List species with habitats in areas affected by operations	57-58	Fully
	EMISSIONS, EFFLUENTS AND WASTE		
EN16	Total direct and indirect greenhouse gas emissions by weight	56	Fully
EN17	Other relevant indirect greenhouse gas emissions by weight	56	Fully
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	56	Partially
EN21	Total water discharge by quality and destination	52-53	Fully
	PRODUCTS AND SERVICES		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	48, 50	Partially
	COMPLIANCE		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	48, 50	Fully
Social performance: Labour practices and decent work performance indicators			
	Management approach	42-43	Fully
	EMPLOYMENT		
LA1	Total workforce by employment type, employment contract and region; broken down by gender	10, 37-39	Fully

G3 Indicator	Description	Page	Level of reporting
LA2	Total number and rate of employee turnover by age group, gender and region	10, 38-39	Partially
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	32	Fully
	LABOUR/MANAGEMENT RELATIONS		
LA4	Percentage of employees covered by collective bargaining agreements	35	Fully
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	34	Fully
	OCCUPATIONAL HEALTH AND SAFETY		
	Management approach	24	Fully
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	24	Fully
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	10, 25-27	Fully
LA9	Health and safety topics covered in formal agreements with trade unions	24	Fully
	TRAINING AND EDUCATION		
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	31-32, 39-41	Fully
	DIVERSITY AND OPPORTUNITY		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	37-38	Partially

G3 Indicator	Description	Page	Level of reporting
Human Rights performance indicators			
	Management approach	33	Partially
	NON-DISCRIMINATION		
HR4	Total number of incidents of discrimination and corrective actions taken	34-35	Fully
	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	35-36	Fully
Society performance indicators			
	Management approach	42	Partially
	LOCAL COMMUNITIES		
SO1	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	42-46	Fully
SO9	Operations with significant potential or actual negative impacts on local communities	42-46	Fully
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	42-46	Fully
	COMPLIANCE		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	61	Fully
Product responsibility performance indicators			
	Management approach	59	Fully
	CUSTOMER HEALTH AND SAFETY		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	60-61	Fully

G3 Indicator	Description	Page	Level of reporting
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	60-61	Fully
	PRODUCTS AND SERVICES		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	61	Fully
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	61	Fully
	MARKETING COMMUNICATION		
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	60	Fully
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes	60	Fully
	CUSTOMER PRIVACY		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	61	Fully
	COMPLIANCE		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	61	Fully

	Report application level	C	C+	B	B+	A	A+
Standard disclosures	Profile disclosures (OUTPUT)	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4 , 4.14 - 4.15	Report externally assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report externally assured	Same as requirement for Level B	Report externally assured
	Management approach disclosures (OUTPUT)	Not required		Management approach disclosures for each indicator category		Management approach disclosed for each indicator category	
	Performance indicators and sector supplement performance indicators (OUTPUT)	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.**		Report on a minimum of 20 performance indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.		Respond on each core G3 and sector supplement* indicator with due regard to the materiality principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

* *Sector supplement in final version*
** *Performance indicators may be selected from any sector supplement, but 7 of the 10 must be from the original GRI guidelines*
*** *Performance indicators may be selected from any finalised sector supplement, but 14 of the 20 must be from the original GRI guidelines*

INDEPENDENT ASSURANCE REPORT TO THE MANAGEMENT AND STAKEHOLDERS OF NORTHAM PLATINUM LIMITED

INTRODUCTION

We have been appointed by Northam Platinum Limited ("Northam Platinum") to conduct an independent assurance engagement in Accordance with AA1000AS on selected information for the Zondereinde mine and metallurgical complex related to Northam Platinum's sustainable development report for the financial year ended June 2013.

SCOPE AND SUBJECT MATTER

The identified subject matter in the assurance scope as agreed with Northam Platinum, for a moderate level of assurance, are as follows:

A. Global Reporting Initiative (GRI) G3 application: Northam Platinum's self-declared B+ level of GRI-G3.1 application on page 62;

B. AA1000 AccountAbility Principles: Northam Platinum's adherence to the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness; and

C. Selected Performance Indicators (KPIs) for the Zondereinde mine and metallurgical complex as follows:

ENVIRONMENTAL PERFORMANCE

- Materials used (including timber, explosives, oxygen, sulphuric acid, grease, lubricating and hydraulic oils) in tons on page 51;
- Energy used from electricity, diesel, petrol, coal, jet fuel and paraffin in gigajoules on page 54-55;
- Scope 1 and 2 greenhouse gas (GHG) emissions in kilotons on page 56;
- Volume of water used and recycled in 1 000m^3 on page 52-53;
- SO_2 emissions in tons on page 55; and
- Health and safety performance:
  - Fatality injury incidence rate (FIIR) on page 25-26;
  - Lost time injury incidence rate (LTIIR) on page 25-26;
  - Total injury incidence rate on page 25-26;
  - Reportable injury incident rate (RIIR) on page 25-26; and
  - New cases of noise induced hearing loss (NIHL) on page 30.

LABOUR PERFORMANCE

- Total workforce (number of employees and contractors) on page 37;
- Training and education (budget) on page 39-40;
- Number of women in mining as a percentage of total workforce on page 34;
- Number of historically disadvantaged South Africans (HDSA's) in management on page 33; and
- Corporate social investment/local economic development (CSI/LED) spend on page 42.

SUMMARY OF WORK PERFORMED

STANDARDS AND CRITERIA USED

We performed our work in accordance with the AccountAbility AA1000 Assurance Standard (AS) 2008 Type 2 requirements. We used the following assessment criteria when undertaking our work: AA1000 AccountAbility Principles Standard (APS) 2008, Northam Platinum's Sustainable Development Data Reporting Guidelines and the GRI-G3.1 application level criteria.

LEVEL OF ASSURANCE AND ENGAGEMENT LIMITATIONS

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions as to whether the reported information set out in 'Our Brief' was free from material misstatement at a moderate assurance level as per AA1000 AS 2008.

The evidence gathering procedures for moderate assurance are more restricted than for high assurance and therefore less assurance is obtained with moderate assurance than for high assurance as per AA1000 AS 2008.

The reliability of the reported information and data is subject to inherent uncertainty, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

OUR WORK

A multi-disciplinary team of sustainability and assurance specialists with experience in Northam Platinum's industry sector performed work at corporate level and at its operating location. Our assurance activities included:

- Face-to-face interviews to understand and test the processes in place for reporting on the AA1000 Principles and the KPIs, and the underlying data management systems;
- A site visit to Northam Platinum's Zondereinde operation, which involved testing, on a sample basis, the measurement, collection, aggregation and reporting processes in place;
- Reporting our assurance findings to management as they arose to provide them with the opportunity to correct them prior to finalisation of our work; and
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

RESPECTIVE RESPONSIBILITIES AND ERM'S INDEPENDENCE

Northam Platinum is responsible for preparing the report and for the collection and presentation of information within it. ERM's responsibility is to express our assurance conclusions on the agreed brief.

ERM maintains strict policies related to conflict of interest and we have confirmed our independence to Northam Platinum in delivering our assurance engagement.

OUR ASSURANCE CONCLUSIONS

In our opinion, based on the work undertaken for moderate assurance, we conclude that the information selected for this assurance engagement has been prepared in accordance with the defined reporting criteria in all material respects:

A. Northam Platinum's self-declared B+ level of GRI-G3 application on page 62.

B. Northam Platinum's adherence to the AA1000 Principles of Inclusivity, Materiality and Responsiveness; and

C. The selected KPIs as referenced.

OUR KEY OBSERVATIONS AND RECOMMENDATIONS

Based on our work set out above, and without affecting our assurance conclusions, our key observations and recommendations for improvement are:

IN RELATION TO THE INCLUSIVITY PRINCIPLE

Northam Platinum has implemented a stakeholder engagement policy and engages with its identified key stakeholders at corporate and operational level through various forums.

IN RELATION TO THE MATERIALITY PRINCIPLE

Northam Platinum has applied due process in determining and reporting on its material issues. A detailed and on-going risk assessment process is in place that together with an annual materiality determination workshop involving the CEO and the discipline heads ensures that material sustainability issues are considered.

IN RELATION TO THE RESPONSIVENESS PRINCIPLE

Northam Platinum responds to stakeholders through a dedicated public relations company, Russell and Associates, that also reports on stakeholder responses to key decision makers at board level on a regular basis.

IN RELATION TO THE SELECTED PERFORMANCE INDICATORS

Northam Platinum reports data in accordance with its sustainability reporting guideline. Findings and recommendations resulting from the assurance process have been communicated to Northam Platinum management for implementation. A notable matter to be addressed for the next reporting period is a level of inconsistency in the interpretation of lost time due to work injuries. It is recommended that Northam Platinum ensures the consistent implementation of the reporting guideline going forward.

Massimo Bettanin
Environmental Resources Management Limited (ERM)
Johannesburg, 27 September 2013

AA1000
Licenced Assurance Provider
000-21

ERM

ERM is an independent global provider of environmental, social and corporate responsibility consulting and assurance services.

Our assurance statement provides no assurance on the maintenance and integrity of the website, including controls used to maintain this, and in particular whether any changes may have occurred to the information since it was first published. These matters are the responsibility of Northam Platinum and no control procedures can provide absolute assurance in this area.

GLOSSARY OF TERMS AND ACRONYMS

ABET	Adult basic education and training
ADR	American depositary receipt
AGM	Annual general meeting
Aids	Acquired immunodeficiency syndrome
ART	Anti-retroviral therapy
BEE	Black economic empowerment
BMR	Base metals removal
CDP	Carbon Disclosure Project
CO_2e	Equivalent carbon dioxide
CSI	Corporate social investment
Cu	Copper
DEA	Department of Environmental Affairs
DMR	Department of Mineral Resources
DoL	Department of Labour
DWA	Department of Water Affairs
EIA	Environmental impact assessment
EMP	Environmental management plan
EMS	Environmental management system
ERM	Environmental Resources Management Limited
ETF	Exchange traded fund
EY	Ernst & Young Global Limited
FIIR	Fatal injury incidence rate
FMR	Fine metal refinery
GETC	General Education and Training Certificate
GHG	Greenhouse gas
GRI	Global Reporting Initiative
HDSA	Historically disadvantaged South African
HIV	Human immunodeficiency virus
HRSA	Heraeus Refinery South Africa Proprietary Limited
IDP	Integrated development plan
ILO	International Labour Organisation
ISO	International Organisation for Standardisation
IWUL	Integrated water use licence
JSE	Johannesburg Stock Exchange
King III	King Report on Governance for South Africa
KPI	Key performance indicator
LED	Local economic development
LPPM	The London Platinum and Palladium Market
LTI	Lost time injury
LTIIR	Lost time injury incidence rate
MOSH	Mining Industry Occupational Safety & Health
MPRDA	Mineral and Petroleum Resources Development Act, 2002 (Act No 28 of 2002)
MRC	Murray & Roberts Cementation Proprietary Limited
MTPA	Mpumalanga Tourism and Parks Agency
NCP	Northam Chrome Producers Proprietary Limited
NEMA	National Environmental Management Act, 1998 (Act No 107 of 1998)
NGO	Non-governmental organisation
Ni	Nickel
NIHL	Noise induced hearing loss
NQF	National Qualifications Framework
NUM	National Union of Mineworkers
OLD	Occupational lung disease
PGM	Platinum group metal
PPE	Personal protective equipment
RIIR	Reportable injury incidence rate
SAMREC	South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves
SAWIS	South African Waste Information System
SCPE	Sekhukhuneland Centre of Plant Endemism
SENS	JSE Stock Exchange News Service
SHE	Safety, health and environment
SLP	Social and labour plan
SMME	Small, medium and micro enterprises
SRI	Socially Responsible Investment
STI	Sexually transmitted infection
TB	Tuberculosis
VCT	Voluntary counselling and testing
WIM	Women in mining

ADMINISTRATION AND CONTACT INFORMATION

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Debt issuer code: NHMI

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