

NORTHAM
P L A T I N U M L I M I T E D

Annual Report

2010

A decorative graphic in the bottom right corner consisting of three overlapping circles. The top circle is orange, the bottom-left circle is grey, and the bottom-right circle is blue. The year '2010' is printed in large white font across the orange and grey circles.

Business profile

Northam Platinum Limited (Northam) is the only fully independent, black-owned and controlled integrated platinum group metals (PGM) producer listed on the JSE Limited (JSE). The company wholly owns and operates the cash-generative Zondereinde platinum mine and metallurgical complex on the upper end of the western limb of the South African Bushveld Complex near the town of Thabazimbi, as well as the 103Moz-resource Booyesendal platinum project, located near the town of Mashishing on the eastern limb of the Bushveld Complex.

In addition, the company holds a 7.5% interest in the Pandora joint venture, a PGM mining operation

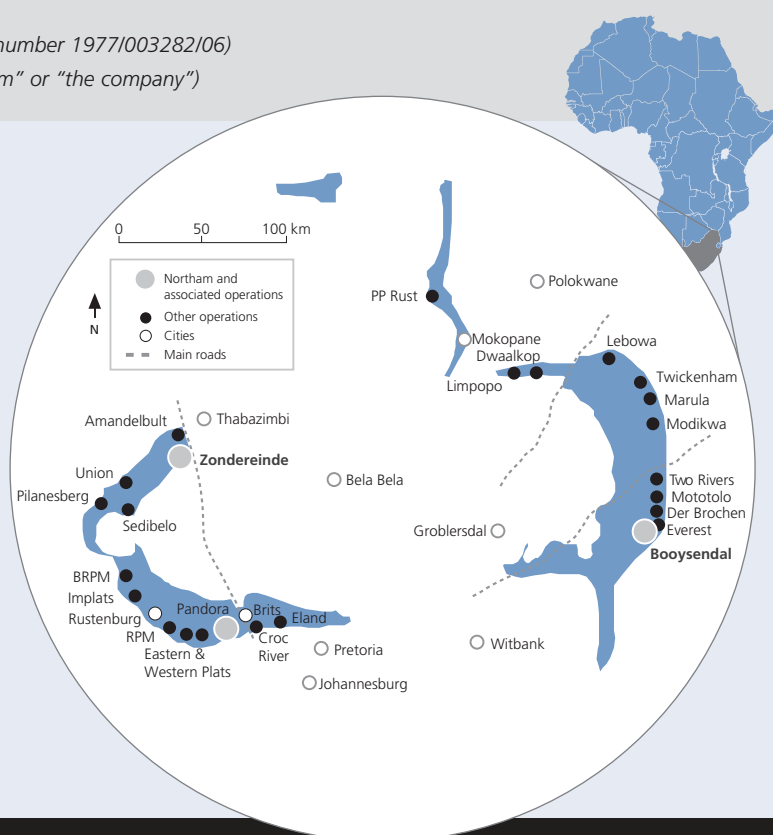
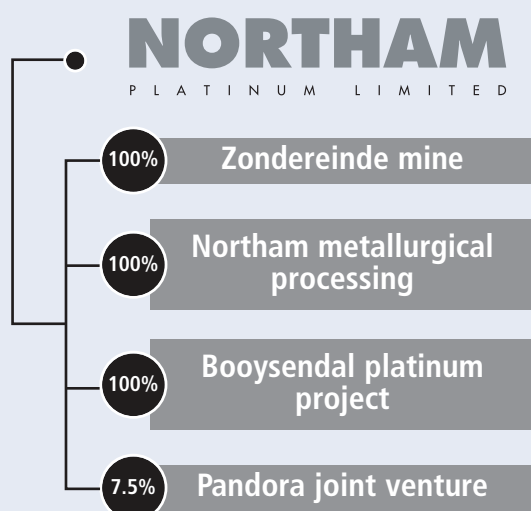
on the lower end of the western limb of the Bushveld Complex in partnership with Anglo Platinum Limited (Anglo Platinum), the Bapo Ba Mogale community and Lonmin plc (Lonmin).

The company has a combined resource base of 130.72Moz (10.61Moz in the reserve category), with more than 50 years' life of mine. The development of Booyesendal could add some 162 000oz to the company's existing annual output of some 300 000oz. As an independent, fully integrated PGM producer, Northam has full control over the entire beneficiation stream of its metals from mine to market.

Incorporated in the Republic of South Africa (Registration number 1977/003282/06)

Share code: NHM ISIN: ZAE 000030912 ("Northam Platinum" or "the company")

Group structure



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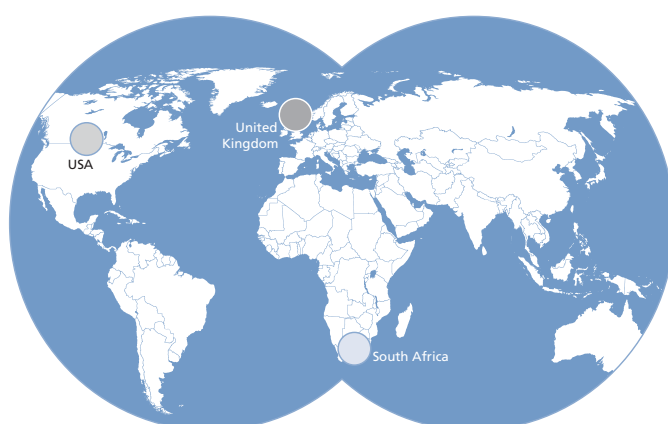
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Geographical

shareholder spread



Shareholder data

Listing	JSE Limited
Share code	NHM
ISIN	ZAE 000030912
JSE Sector	Platinum
Shares in issue (000)	360 642
Market cap (Rmillion)*	16 409
Market cap (US\$million)*	2 139
Share price high	R57.72
Share price low	R27.00

* as at 30 June 2010

South Africa	82%	Other countries	5%
USA	9%	England and Wales	4%

Reporting scope

This annual report comprises:

- the annual financial statements of Northam Platinum Limited for the financial year ended 30 June 2010 prepared in accordance with International Financial Reporting Standards (IFRS), the South African Companies Act, 61 of 1973, the Listings Requirements of the JSE and the second and third King Reports on Governance for South Africa (King II and King III);
- a review of the business of the company, its operating subsidiaries and its associate investments; and
- a mineral reserve and resource statement, reported in accordance with the South African Code for Reporting of Mineral Resources and Mineral Reserves (SAMREC).

Where possible, results and performance are compared with those of the preceding year, and, in some instances, in order to illustrate historical continuity and/or trends, graphic information may cover a five or ten-year period, as does the financial and statistical review on pages 4 and 5. A 13-year financial and statistical review is provided on the company's website at www.northam.co.za.

Note: Throughout this document \$ refers to US dollars, unless specifically indicated to the contrary and oz (ounces) or kg (kilograms) refers to platinum, palladium, rhodium and gold (3PGE+Au) unless stated otherwise.

As envisaged by King III, this annual report seeks to integrate those material aspects of the company's environmental, social and governance (ESG) impacts with the operational and financial performance of the business under management. Key highlights of the ESG impacts are included in the key features, discussion is provided in the business review, while comment is included in the chief executive's review of the year.

More detail on the process we have followed in compiling our material impacts, along with a more comprehensive account of our ESG performance and initiatives we have taken to mitigate adverse impacts are covered in our 2010 sustainability report, which is available under separate cover both in printed format and electronically on the company's website. The sustainability report has been compiled in accordance with the GRI G3 guidelines and the South African Mining Charter.

This annual report is also available in a web-based edition on the company's website at www.northam.co.za

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Form of proxy insert

Highlights for the year

2010

Improved safety performance
– sustained drop in injuries

- Metals in concentrate produced up 6.3% to 9 999kg (321 475oz)
- Record sales at 395 879oz
- Sales revenue up 24% to R3.9 billion
- Average basket price received increased by 2.7% to R288 255/kg
- Earnings 1.7% higher at R641 million
- Cash on hand exceeds R1.1 billion
- Go-ahead at Booysendal

Precious metals in concentrate produced (oz)



PGM sales by Northam (oz)



Chairman's statement



P Lazarus Zim, *chairman*

This message to shareholders comes to you after a year of dramatic changes in the world of Northam. It is with an enormous sense of pride that I endorse this account of the various aspects of our business to all our stakeholders. I hope that the developments which we have delivered during the year, and the emergence of a solid and healthy growth trajectory will go some way in vindicating that nucleus of loyal shareholders who believe that Northam, as a mid-tier, independent and integrated PGM company, continues to occupy an important position in the South African PGM landscape.

That the company's operating mine in Limpopo province, the Zondereinde mine, managed not only to weather the worst of the economic crisis of 2008 and 2009, and still managed to remain profitable is testimony to the tireless efforts of a dedicated, focused executive and management team. We will be relying on these same qualities and similar expertise as we develop the Booyssendal project and grow the company over the next couple of years. I have no doubt that Northam will emerge a stronger and more resilient, multi-asset, PGM company.

Apart from having to negotiate the very real physical demands of deep-level mining, which often include inhospitable and even hazardous conditions, executive management also has to contend with the broader social, economic and legislative environment which impacts their jobs and their lives. The matter of mineral rights and ownership is something that has recently received a lot of air time in South Africa, and has, predictably, elicited a fairly nervous response from investors, both locally and abroad. I am keen to reassure investors:

- that the ownership of Northam's mining rights at both its mining properties is not in any doubt;
- that we at Northam have had ongoing positive engagement with the Department of Mineral Resources (DMR);
- that our applications for conversion are being dealt with; and
- just to be absolutely clear about the scope of these rights - all our applications specify PGEs and base metals.

I am optimistic that the DMR's moratorium on new mining prospecting bids will be short-lived and that the results of the overhaul of these mining laws will be positive for the industry.

The cost pressures that we face have already dented our operating margin, which has fallen from 25.7% to 20.0%. The main contributors to these increases over the year were labour, steel and electricity. If these, and other cost drivers continue to escalate at these levels, it is completely plausible that our operating margin will slip further during the next reporting year.

Northam does not have the luxury of closing difficult and underperforming assets in order to achieve healthier margins. What our management teams have to ensure is that tonnages are sustained at levels which will translate into more moderate unit cost increases on the one hand, while continuing to achieve the high grades and extract the excellent recoveries we have gained throughout our metallurgical infrastructure.

Another issue which has been top of mind, and will remain so, is the matter of mine safety. Mining is inherently a hazardous activity and, when safety procedures and standards are not rigorously applied, accidents will continue to happen, and in severe cases, people will die. I would like to thank mine management and employees for their unwavering attention to this critical area and for the successes achieved on this front. In spite of these important successes, it is with a sense of sadness that we remember Mr Sebenzile Ketile who died on 13 May this year in a drilling accident, and also Messrs Cossa and Chithango, who lost their lives as a result of a fall of ground after the financial year-end.

It is a tribute to the support and efforts of the safety inspectorate of the DMR that the imposition of safety stoppages, in the past frequently representing a source of frustration for managers, are now completely differently perceived. Some good will have come of all of this if we can sustain this sense of common purpose.

We believe that Northam continues to represent a sound investment in the PGM sector:

- Northam is evolving from a lease-bound, single asset company with limited expansion opportunity to a geographically diversified, multi-asset group;
- Northam is the only PGM company whose growth lies in shallow ounces;
- Booyssendal represents a multi-million ounce resource with potential for further value extraction;
- Zondereinde mine has a track record of generating cash;
- Northam has a strong balance sheet and no debt.

On behalf of the board I would like to welcome Mr Ayanda Khumalo, appointed as finance director on 1 July 2010, and also to thank Mr Derek Wolstenholme who served the board well in this position in a temporary capacity.

After the recent global financial storm, I doubt that Northam's prospects would look as good were it not for the commitment and determination of the management team. Finally, to my fellow directors, I am grateful for your support in what has been a difficult time.

P Lazarus Zim
Chairman
16 September 2010

Ten year financial review

(Where appropriate financial results have been adjusted for changes in accounting policies and adoption of IFRS)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000
Statement of comprehensive income										
Sales revenue	3 945 083	3 186 042	3 886 137	3 739 805	2 386 326	1 554 501	1 720 399	1 471 999	1 560 685	1 567 883
Cost of sales	3 160 108	2 368 129	1 608 648	1 727 945	1 372 727	1 280 405	1 335 217	1 093 908	976 905	780 433
Operating costs	2 230 369	1 905 889	1 626 610	1 360 818	1 240 320	1 118 906	1 061 171	1 011 664	804 870	732 758
Concentrates purchased	735 090	140 192	–	106 447	–	20 075	14 632	–	–	–
Refining and other costs	92 972	120 917	75 540	91 816	59 520	57 222	60 569	68 549	41 394	29 601
Leased metal costs	–	–	–	–	–	–	(14 149)	14 149	–	–
Depreciation and impairments	167 346	160 907	149 325	129 040	114 713	103 646	97 527	89 059	99 451	86 999
Change in metal stocks	(65 669)	40 224	(242 827)	39 824	(41 826)	(19 444)	115 467	(89 513)	31 190	(68 925)
Operating profit	784 975	817 913	2 277 489	2 011 860	1 013 599	274 096	385 182	378 091	583 780	787 450
Share of profits from associate	12 440	72 606	–	–	–	–	–	–	–	–
Investment income	167 655	130 417	97 507	83 643	39 700	29 623	38 174	64 140	52 023	39 714
Net sundry income/(expenditure)	9 557	(6 430)	(16 145)	5 303	19 820	75 367	(36 392)	23 946	20 793	4 256
Profit before tax	974 627	1 014 506	2 358 851	2 100 806	1 073 119	379 086	386 964	466 177	656 596	831 420
Tax	333 601	384 024	866 040	774 562	367 555	128 440	136 869	198 601	259 121	308 143
Profit and comprehensive income for the year attributable to shareholders	641 026	630 482	1 492 811	1 326 244	705 564	250 646	250 095	267 576	397 475	523 277
Headline earnings	640 434	590 757	1 492 827	1 325 969	705 350	250 661	249 960	267 223	405 071	538 134
Statement of financial position										
Property plant and equipment	7 660 720	7 455 496	1 683 901	1 536 289	1 481 901	1 390 586	1 355 765	1 334 203	1 249 774	1 261 159
Investment in associate	129 741	130 106	–	–	–	–	–	–	–	–
Other non current assets	181 163	146 741	71 633	64 435	29 280	17 554	12 744	10 645	8 741	7 310
	7 971 624	7 732 343	1 755 534	1 600 724	1 511 181	1 408 140	1 368 509	1 344 848	1 258 515	1 268 469
Current assets	2 117 683	1 616 007	2 363 992	1 733 264	1 231 073	835 187	804 015	747 907	1 038 062	882 506
Inventories	521 462	468 254	504 980	254 490	280 372	246 302	223 187	339 156	249 252	284 214
Trade and other accounts receivable	318 054	226 850	359 264	268 862	119 415	83 003	79 206	113 776	57 497	54 083
Investment in escrow	91 458	–	–	–	–	–	–	–	–	–
Cash and cash equivalents	1 186 709	920 903	1 499 748	1 209 912	831 286	505 882	501 622	294 975	731 313	544 209
Total assets	10 089 307	9 348 350	4 119 526	3 333 988	2 742 254	2 243 327	2 172 524	2 092 755	2 296 577	2 150 975
Shareholders' equity	8 833 154	8 332 186	2 903 871	2 381 446	2 001 632	1 598 886	1 583 642	1 515 508	1 892 908	1 965 439
Deferred tax	447 212	428 821	388 055	376 163	357 632	325 298	332 395	330 323	249 103	69 723
Non-current liabilities and provisions	134 278	100 440	55 858	21 749	25 149	22 556	15 151	11 442	9 393	8 179
Current liabilities	674 663	486 903	771 742	554 630	357 841	296 587	241 336	235 482	145 173	107 634
Total equity and liabilities	10 089 307	9 348 350	4 119 526	3 333 988	2 742 254	2 243 327	2 172 524	2 092 755	2 296 577	2 150 975
Statement of cash flows										
Operating cash flow	862 411	717 838	1 546 908	1 555 025	852 501	381 700	512 808	390 040	747 481	800 873
Cash generated from operations	970 648	1 049 056	2 429 382	2 156 896	1 159 025	460 689	454 070	500 170	706 849	886 196
Investment income	163 625	127 739	95 454	80 936	37 925	28 209	37 142	63 125	51 286	39 119
Change in working capital	783	357 340	(265 004)	(106 316)	(72 770)	(7 893)	132 007	(105 707)	54 248	(62 911)
Change in short-term provisions	9 111	(24 361)	35 305	7 810	3 015	4 779	7 355	8 006	4 274	9 518
Tax paid	(281 756)	(791 936)	(748 229)	(584 301)	(274 694)	(104 084)	(117 766)	(75 554)	(69 176)	(70 463)
Interest paid	–	–	–	–	–	–	–	–	–	(586)
Investing cash flow	(395 965)	(498 335)	(263 795)	(211 636)	(212 045)	(133 708)	(118 496)	(172 171)	(87 575)	(167 325)
Financing cash flow	(200 640)	(798 348)	(993 277)	(964 763)	(315 052)	(243 732)	(187 665)	(654 207)	(472 802)	(467 764)
Dividends paid	(216 158)	(802 122)	(1 010 068)	(970 332)	(373 880)	(196 822)	(104 194)	(439 449)	(472 942)	(460 682)
Share premium repaid	–	–	–	–	–	(46 310)	(81 394)	(219 606)	–	–
Other financing cash flows	15 518	3 774	16 791	5 569	58 828	(600)	(2 077)	4 848	140	(7 082)
Net cash flow	265 806	(578 845)	289 836	378 626	325 404	4 260	206 647	(436 338)	187 104	165 784
Cash and cash equivalents at beginning of year	920 903	1 499 748	1 209 912	831 286	505 882	501 622	294 975	731 313	544 209	378 425
Cash and cash equivalents at end of year	1 186 709	920 903	1 499 748	1 209 912	831 286	505 882	501 622	294 975	731 313	544 209

Ten year statistical review

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Operating performance										
Merensky										
Tons milled	1 002 208	1 050 404	1 059 624	1 341 057	1 424 160	1 434 198	1 541 234	1 582 421	1 288 141	1 576 926
Head grade – g/ton (3PGEs + Au)	5.9	5.8	5.6	5.6	6.1	6.2	6.0	5.9	6.1	5.8
UG2										
Tons milled	1 036 017	1 054 687	963 033	928 149	878 924	715 946	691 353	636 717	643 286	371 374
Head grade – g/ton (3PGEs + Au)	4.5	4.4	4.4	4.4	4.5	4.4	4.3	4.0	3.8	3.9
Combined										
Tons milled	2 038 225	2 105 091	2 022 657	2 269 206	2 303 084	2 150 144	2 232 587	2 219 138	1 931 427	1 948 300
Head grade – g/ton (3PGEs + Au)	5.2	5.1	5.0	5.1	5.5	5.6	5.5	5.3	5.3	5.4
Precious metals in concentrates produced – kg*	9 999	9 408	9 113	10 087	11 247	10 115	10 592	10 354	8 458	8 725
Precious metals in concentrates purchased – kg*	2 106	487	–	404	–	–	–	–	–	–
Precious metals sold – kg*	12 313	10 362	8 586	10 703	11 285	9 922	11 733	9 174	8 944	8 306
Revenue – R/kg*	288 255	280 609	409 159	297 292	189 286	137 517	130 874	145 273	160 367	172 733
Operating costs – R/kg*	239 769	219 691	193 409	148 872	120 475	120 862	109 392	106 309	105 587	92 751
Cash costs – R/kg*	215 900	199 680	175 197	135 248	109 441	110 005	99 532	96 880	94 861	83 750
Precious metals in concentrates produced – oz*	321 475	302 474	292 989	324 296	361 599	325 214	340 547	332 888	271 931	280 516
Precious metals in concentrates purchased – oz*	67 709	15 657	–	12 989	–	–	–	–	–	–
Precious metals sold – oz*	395 879	333 147	276 059	344 101	362 821	318 992	377 239	294 947	287 546	267 042
Price realised – US\$/oz*	1 185	1 001	1 722	1 288	918	686	597	498	497	705
Operating costs – US\$/oz*	983	766	821	643	586	607	493	365	325	379
Cash costs – US\$/oz*	885	696	744	584	532	552	449	333	292	342
Sales per metal – oz										
Platinum	242 596	202 141	169 611	212 484	221 580	196 056	236 792	179 108	177 580	168 294
Palladium	116 303	97 940	81 103	96 888	109 721	94 420	108 648	89 086	86 758	79 558
Rhodium	28 655	27 271	20 666	28 180	24 085	22 093	23 849	20 744	17 325	13 295
Gold	8 325	5 795	4 678	6 549	7 435	6 423	7 950	6 009	5 883	5 895
Total – 3PGE + Au	395 879	333 147	276 059	344 101	362 821	318 992	377 239	294 947	287 546	267 042
Prices realised – US\$/oz										
Platinum	1 452	1 152	1 668	1 206	1 017	855	782	605	491	590
Palladium	384	236	400	342	265	201	216	265	407	773
Rhodium	2 193	2 660	7 553	5 310	3 107	1 338	573	621	1 076	1 952
Gold	1 093	878	832	654	529	424	390	322	292	268
Basket – 3PGE + Au	1 185	1 001	1 722	1 288	918	686	597	498	497	705
Prices realised – R/kg										
Platinum	353 507	325 730	396 780	278 054	210 131	171 186	171 534	175 249	159 696	144 493
Palladium	93 417	66 509	94 894	79 258	54 653	40 287	47 123	79 415	130 256	189 351
Rhodium	532 925	721 775	1 792 075	1 225 945	635 590	269 687	123 701	183 223	339 741	478 194
Gold	266 527	249 094	196 990	151 337	109 156	84 487	85 892	97 165	96 450	65 781
Basket – 3PGE + Au	288 255	280 609	409 159	297 292	189 286	137 517	130 874	145 273	160 367	172 733
Financial performance										
Operating margin – %	19.9	25.7	58.6	53.8	42.5	17.6	22.4	25.7	37.4	50.2
Effective tax rate – %	34.2	37.9	36.7	36.9	34.3	33.9	35.4	42.6	39.5	37.1
Return on shareholders' equity – %	7.3	7.6	56.5	60.5	39.2	15.8	16.1	15.7	20.6	27.1
Return on total assets – %	6.4	6.7	36.2	39.8	25.7	11.2	11.5	12.8	17.3	24.3
Current ratio	3.1	3.0	3.1	3.1	3.4	2.8	3.3	3.2	7.2	8.2
Acid ratio	1.8	1.7	1.9	2.2	2.3	1.7	2.1	1.3	5.0	5.1
US Dollar/Rand exchange rate – average	7.59	8.92	7.32	7.20	6.39	6.19	6.90	9.05	10.13	7.60
– at year end	7.67	7.67	7.83	7.04	7.14	6.69	6.20	7.57	10.27	8.04
Share performance										
Weighted average number of shares in issue – 000	360 292	343 162	238 007	236 747	233 704	231 578	231 540	231 313	230 744	230 311
Number of shares at year end – 000	360 642	359 910	238 688	237 226	236 003	231 969	231 544	231 539	230 915	230 565
Operating cash flow per share – cents	239.4	195.6	649.9	656.8	364.8	164.8	221.5	168.6	323.9	347.7
Earnings per share – cents	177.9	183.7	627.2	560.2	301.9	108.2	108.0	115.7	172.3	227.2
Headline earnings per share – cents	177.8	172.2	627.2	560.1	301.9	108.2	108.0	115.5	175.5	233.7
Dividends per share – cents	40.0	78.0	330.0	525.0	280.0	70.0	105.0	90.0	170.0	235.0
Capital repayments per share – cents	–	–	–	–	–	–	20.0	55.0	75.0	–
Dividend cover	4.4	2.2	1.9	1.1	1.1	1.5	1.0	1.3	1.0	1.0
Net assets value per share – cents	2 449.0	2 315.0	1 217.0	1 004.0	848.0	689.0	684.0	655.0	820.0	852.0
Share price (cents)										
– high	5 772	7 035	7 984	6 190	3 800	1 280	1 345	2 210	2 000	1 860
– low	2 700	1 650	3 800	3 400	1 240	775	825	955	1 000	765
– at year end	4 550	3 000	6 760	4 800	3 784	1 260	890	1 230	1 665	1 525
Platinum sector index at year end	73 490.0	63 030.0	128 520.0	101 130.0	70 346.9	29 043.5	23 373.7	28 545.9	29 252.3	35 070.6
Compound return over 5 years – %	35.7	36.9	45.8	32.3	25.5	21.6	29.2	49.5	58.3	32.0
Average monthly volume of shares traded – 000	17 188	13 655	13 920	12 339	5 542	5 384	4 916	4 906	8 014	11 054
Annual liquidity (%)	57.2	47.8	70.2	62.5	28.5	27.9	25.5	25.5	41.7	57.6

Chief executive's review

The past financial year has been a busy one, characterised by transition on many fronts. The ongoing global economic recession has meant that neither the demand for resources nor metal prices have yet recovered to pre-financial crisis levels. This has been a less than ideal background to the geological, mining and cost challenges we have had to face in the past year at Zondereinde, while also completing the Booyssendal feasibility study and optimisation exercise, as this project rapidly reaches the execution phase.

Our emergence from single asset status to a company with a healthy, geographically diversified asset portfolio has been both exciting and challenging. The challenges have mostly been in scaling up human capital and expertise, while modifying existing support systems to deal with a transformed company structure. For a company like Northam, where we have always guarded against corporate excess and traditionally run a very lean ship – this has sometimes required something of a paradigm shift. Nevertheless, we have made good progress in expanding and integrating our financial, IT and human resource systems. We are fortunate that so many of the systems are already in place and well managed at the Zondereinde operation; with Booyssendal beginning to run off these systems we will in time be achieving the economies of scale which would assist in gaining efficiencies and moderating unit cost increases.

Safety

At Zondereinde mine safety remains the most critical focus area and one that remains fundamental to the sustainability of our business. Our approach to safety is underpinned by the simple maxim of avoiding injuries, of any kind, no matter what the severity. This fairly simple exercise in self-preservation applies equally in any human endeavour, and in time has to translate into a reduction in injuries and accidents,

and in turn it must also result in a reduction in fatalities. Over the past 10 years we have seen a very encouraging downward trend in injury rates. Year on year both our reportable and lost time injuries were some 20% lower; however, we are now reaching the stage of diminishing returns – in other words we can no longer expect such quantum improvements. So the challenge will lie in guarding against complacency, sustaining a culture of continuous safety awareness and maintaining these levels.

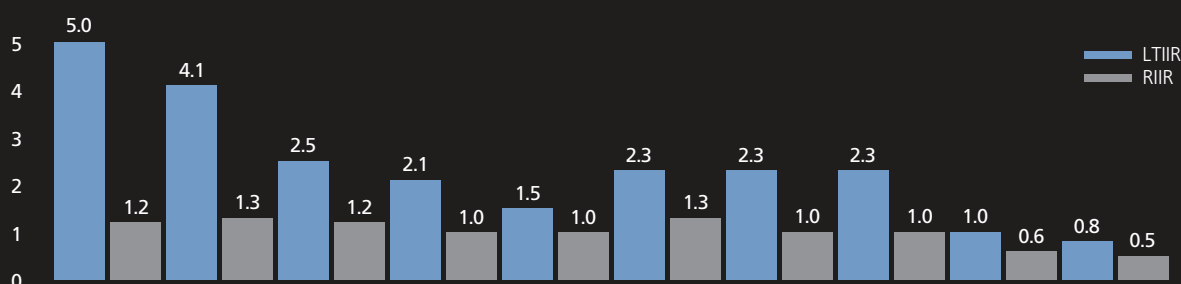
Sadly, the excellent efforts of management and employees alike in achieving two million fatality free shifts during the year were overshadowed by the tragic loss of Mr Sebenzile Ketile in May in a drilling accident, and after the year end that of Messrs Cossa and Chithango in a fall of ground incident.

Operational performance

Operationally Zondereinde fared well under trying circumstances. Total production was 6.3% higher at 9 999kg despite the loss of 22 production shifts and persistent difficult Merensky mining conditions. The legacy of the sterilisation of the Merensky resource on the eastern side of the mine continued to impact ore reserve development. Some delays in the northwest quadrant of the mine were experienced in the first half of the year as some structural features were negotiated. Since then there have been varied levels of success but inconsistent ground conditions continue to impact the creation of new mineable face length.

There is progress on the 18 level deepening project, which opens up more conformable Merensky reef, and where, with each additional level, we add two years to the operation's life. Importantly, though, Zondereinde's resilience lies in its grades, the highest in the industry, and excellent recoveries throughout the metallurgical process. As a mature mine, Zondereinde should, with the development of the 18 level expansion project, continue to produce around

Injury incidence rates per 200 000 man hours





Glyn Lewis, *chief executive*

300 000oz per annum for the remainder of its 18 year life, which is calculated on the availability of Merensky reef.

We have in the past indicated our intent to leverage our metallurgical capacity and to create downstream beneficiation opportunities. For the first time this year, after the smelter rebuild in F2009, purchased concentrate has made a significant contribution of 17.4% to our sales volumes. This purchased material, which enters our metals to market stream, does not, as yet, yield large margins for us, but its benefits are real and they are twofold – in that it helps to provide some diversification and balance to our smelter feed, and adds to the critical mass in volume to provide feed for the Heraeus precious metals refinery in Port Elizabeth. Obviously we would like to forecast similar quantities of purchased concentrate in the year ahead, but the quantum will largely be determined by the mix of our own on-mine production, and the availability of concentrate from our suppliers.

The cost performance at Zondereinde was disappointing. The 17.0% increase in operating costs is much higher than inflation, and reflects the increases in our mining input costs, especially those of labour, steel and power. It's fair to say that, in the medium term, unit costs should improve once we have negotiated our way through the underground production restrictions and get to draw some advantage from the economies of scale represented by the additional tonnages associated with the development of the decline. For now though costs remain under pressure and threaten to erode our operating margin – the current strike action bears testimony to the unrealistic demands from labour, which have also been fuelled by the recent protracted public servants' strike.

In pursuit of improved disclosure and to give investors a better sense of the management of those costs we do have control over, we have, in this report, attempted to provide a more transparent cost

breakdown in the financial review on page 18, and in the notes to the financial statements on page 89.

Earnings year on year were largely flat despite the increased sales volumes and reflect the effect of higher investment income and a lower tax charge. Given Booyseendal's imminent capital requirements, and in line with what we have cautioned in the past, we have increased our dividend cover to 4.5 times for the year, resulting in a dividend of 40 cents per share for the full financial year. This is unlikely to be any more generous in the years ahead.

The Booyseendal project remains on track, with an estimated capital expenditure of R3.6 billion approved by the board in April 2010. As recently as the second week of September this year we received notice of the approval of our environmental management programme (EMP); although there are still some ancillary environmental permitting approvals outstanding, we are now in a position to move forward on the construction and development phase at Booyseendal. During the year, capital expenditure of R340 million was allocated to an optimisation exercise to extract further value from the project, and an early works programme to allow for infrastructural development on site. The optimisation study has suggested a more robust project with output levels of 162 000oz (3PGM+Au) per annum and an accelerated timeline, with first production anticipated in January 2013. There cannot be many PGM companies which have the prospect of such a step change in production growth. Given that the availability of power remains key to the successful development and operation of new PGM projects, we believe the work we are doing with Jubilee Platinum plc (Jubilee) in determining the viability of establishing a ConRoast smelter facility in Middelburg in the Mpumalanga province, which has its own secure and relatively inexpensive power supply, could give Booyseendal a further competitive advantage in the sector. This gives us some smelting optionality too, as we continue to diversify and grow our production base.

Cash and cash equivalents (R000)

06	831 286
07	1 209 912
08	1 499 748
09	920 903
10	1 186 709

Projected production profile – oz (estimate)

11	300 000
12	300 000
13	300 000
14	300 000
15	300 000

Chief executive's review (continued)

Shareholders have been anxious for us to provide more certainty with regard to our preferred method of funding the development of the Booyssendal mine. This is largely owing to the delay in the unbundling process of our major shareholder, Mvelaphanda Resources (Mvela Resources) and the growing unlikelihood of a successful rights offer to fund Booyssendal. We have made good progress in exploring funding alternatives that match our risk-averse nature on the one hand but which, on the other hand, also give us sufficient flexibility in a fairly uncertain economic environment. Taking into account our current cash position of R1.1 billion, expected future operating cash flow from Zondereinde, and the timing of the capital expenditure requirements to fund the development of the Booyssendal mine, with peak funding only required in the 2012 financial year, we anticipate a combination of flexible bank debt and a convertible bond to fund the shortfall. By 2011 when we need to start raising this funding, we would expect some improvements in the debt and equity markets.

Integrated reporting

In F2010, we took a number of significant steps towards the integration of sustainability management and reporting into the core operation of our business. An important part of this has been a consideration of what sustainability means to the business, and how we reflect this in our reporting.

Sustainability for Northam implies the sustainability of the business as a whole, with environmental, social and governance (ESG) issues forming an integral part of the way we conduct our business. For us this means:

- the *responsible* and *profitable* operation of the Zondereinde mine;
- the *responsible* and *economic* development and growth in our assets, primarily through the delivery into production of the Booyssendal project;

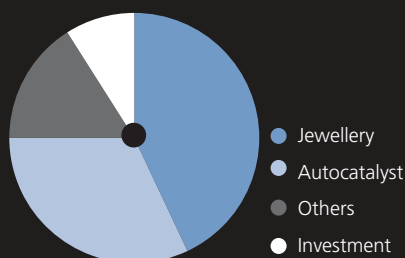
- and *compliance* with listing and other requirements so that the company is able to maintain its licence to operate and to attract and retain capital.

In line with this increased air of attention and focus we felt the need to develop an over-arching sustainable development policy, pulling together our vision for the company and the various underlying policies relating to safety and health, environment and community development in place at an operational level. This policy was approved by the board in August 2010.

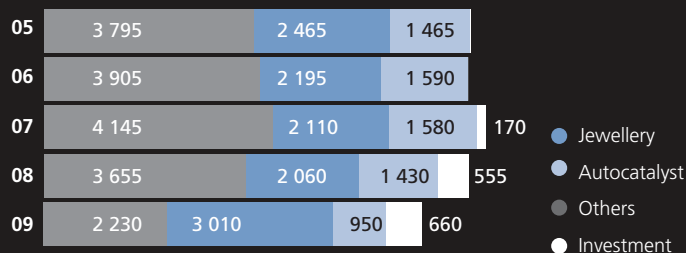
So, this is our first annual report which seeks to integrate the environmental, social and governance (ESG) performance with the operational and financial results of the group. As we progress towards a fully integrated report, and in pursuit of improving the governance within the company, we have included these ESG indicators in our internal reporting processes, ensuring that there is oversight through the various management reporting structures up to the board sub-committees and board level. Through this process, we are now in a position to start formally reporting on these indicators which are a critical component of the way we do business, and are no longer the 'poor relation' in the reporting process. As part of this process we have taken a step further this year in identifying our most significant sustainability issues. These have been included on page 32 of this report. Reporting on these issues will be found throughout this report, while much greater detail is presented in our ancillary sustainable development report, which is separately published along with the annual report. In this we have provided further detail on the systems and reporting processes we have been implementing steadily over two years in order to identify and report on the material impacts of our business in the medium to longer term.

As our financial reporting has been reviewed by external auditors, so have certain key performance indicators in our sustainability report. This report

Platinum demand by sector 2009 (%)



Platinum demand by sector 2005 – 2009 (Moz)



Source: Johnson Matthey

has been produced in alignment with the GRI's G3 guidelines and for the first time this year we have declared a B+ level of reporting.

Our inclusion in the Socially Responsible Index (SRI) of the JSE since 2006 is obviously something which we would like to perpetuate also, as it helps to maintain a profile for Northam amongst an ever more discerning shareholder community.

Governance and King III

With the advent of the King Code of Corporate Governance Principles (King III), and the more stringent governance requirements, we commissioned an independent review of our compliance with these new recommendations. Specifically, this review examined current practices, and identified and analysed the gaps that exist between current practice and King III. We are currently considering the actions recommended by the independent review, and remain committed to implementing King III in the near to medium term.

Climate change and environmental management

It is an honour for us to be recognised by the Carbon Disclosure Project (CDP) as a leading reporter on the risks and opportunities presented by climate change. This follows on the second year of our participation in the process and is something we manage rather intensively through the various established energy conservation initiatives at the Zondereinde operation. As a primary producer of PGMs, known for their green qualities in reducing noxious gases in emissions, and as a component metal in the manufacture of fuel cells, the threat of climate change presents for us an opportunity in sustaining demand for our products. We also participated, on a voluntary basis, in the newly-established CDP water project.

Water management is obviously a critical environmental issue for us and we are committed to continuous improvement in the management and reporting strategies in the future. At Zondereinde we are at an advanced stage of adopting the ISO14001 environmental management system, having already completed the first auditing phase. Sadly, the wage strike has interrupted our second phase audit, which was planned for September.

Transformation

An important consideration for any mining company in South Africa is of its black economic empowerment (BEE) status. The interconditional Booyssendal transaction, concluded in 2008 with Anglo Platinum Limited (Anglo Platinum) and Mvelaphanda Resources Limited (Mvela Resources) secured for Mvela Resources a BEE holding of 62.7% in Northam. Mvela Resources' disposal in April this year, of 12.2% of its Northam holding to Eurasian Natural Resources Corporation plc (ENRC), ahead of its unbundling process could possibly result in a slight decline in our empowerment status. We are conscious of this and remain committed to ensuring that our credentials will be intact by the target year of 2014.

Our transformation initiatives at the operational level, in terms of the Mining Charter targets, have yielded mixed successes. Most challenging have been the targets related to the employment of skilled women and historically disadvantaged South Africans (HDSAs). On the other hand some modest success has been achieved in the area of procurement, where the systems and supply chain management policies we have implemented have helped to grow our procurement spend from these vendors over time.

During the year we embarked on a process of reviewing and auditing the quality and accuracy of the data we generate in terms of Charter compliance. This process has been helpful in determining our levels of compliance and also assists in developing processes and practices to ensure the achievement of the targets in our Social and Labour Plans (SLPs).

Markets

Our markets have shown some encouraging signs of recovery after the doldrums of late 2008 and 2009. This has translated into renewed stability and growth in PGM applications, stimulating a price recovery. In the final quarter of the financial year in fact, the dollar price for Northam's basket of metals (3PGM+Au) reached levels of just below US\$1 400/oz.

This was after the dramatic impact on the autocatalyst sector as vehicle sales slumped and demand for platinum, palladium and rhodium fell dramatically during the course of 2009. Platinum offtake in particular fell to levels not seen since 2000. A range of government-backed incentive schemes met with some success in stimulating renewed demand for vehicles in some countries. In China, passenger vehicle production surpassed 8.5 million units during

Chief executive's review (continued)

the course of 2009 - 45% up on the previous year. This growth trend appears to have continued throughout 2010 albeit it at a more modest rate.

In the jewellery sector demand was remarkably resilient, particularly in China, where sales exceeded a sobering 2 million ounces during 2009. Since then however the upward trend in the platinum price has had a softening effect on sales: year-to-date platinum volumes through the Shanghai Gold Exchange appear to have diminished by some 10% compared to 2009 and the estimated jewellery share of platinum has dropped to 65% from the nearly 80% returned across 2009. The more mature platinum jewellery markets reflect continued recovery as spending power amongst retail consumers in these regions has gradually improved.

PGM demand in the industrial sector was diminished by lower product sales and consequent reductions of metal inventories, leases and new metal purchases. More recently there has been some pick-up in activity as new projects and expansion programmes, most notably in the Middle East and again in China, come on stream. In the electrical sector 2010 has seen a marked recovery in demand for computer and electronic goods, TVs, and cell phones. In the glass sector there has been renewed robust demand for LCD products.

Exchange traded funds (ETFs), a recent feature of the investment sector in platinum and palladium have shown impressive growth recently, enhanced by the authorisation and launch of the first US based ETF in January of this year. Current ETF holdings total approximately 990 000oz in platinum and close to 1.7Moz in palladium.

Looking ahead to F2011, the rate of global recovery is likely to be slower than initially anticipated. Already European car sales in July are reported to be some 15% down year-on-year and Japanese manufacturers are cautioning of a likely slow-down in sales as the government motor scrappage incentive scheme expires in September.

Overall however growth in this sector should continue upwards as production and sales in China, Russia, India, South America and South East Asia compensate for slowdowns in Europe, Japan and North America. This is likely to be supplemented by the strengthening of emissions regulations for motorcycles, a popular and affordable transport alternative in China, India and Indonesia.

PGMs remain well positioned to benefit from on-going tightening of emissions legislation and

the ever-widening acceptance of the pressures to further enhance environmental management legislation. We also expect the more mature markets for platinum jewellery to perform in line with improving consumer conditions in these regions.

So the future, at least in the short to medium term seems to be underpinned by real support for PGM prices, with a gradual recovery in the US, Europe and Japan and continuing growth in China, albeit at a slowing rate.

Looking to the future

Booyssendal brings to Northam an immense growth opportunity, the development of which has put pressure on our resources and, in time, without the appropriate checks and balances in place, potentially also on our balance sheet. In the year ahead we will look at increasing our expertise and management depth for the optimal development of this promising project which, with shallower, quality PGM ounces, will gradually lower the group's risk profile.

We anticipate that the unbundling of Mvelaphanda Resources Limited (Mvela Resources) will gain momentum in the coming year, the resolution of which will signal a transformed shareholder profile for Northam, along with the strategic stake now owned by Eurasian Natural Resources Corporation (ENRC), which has created some shareholder diversification ahead of the unbundling.

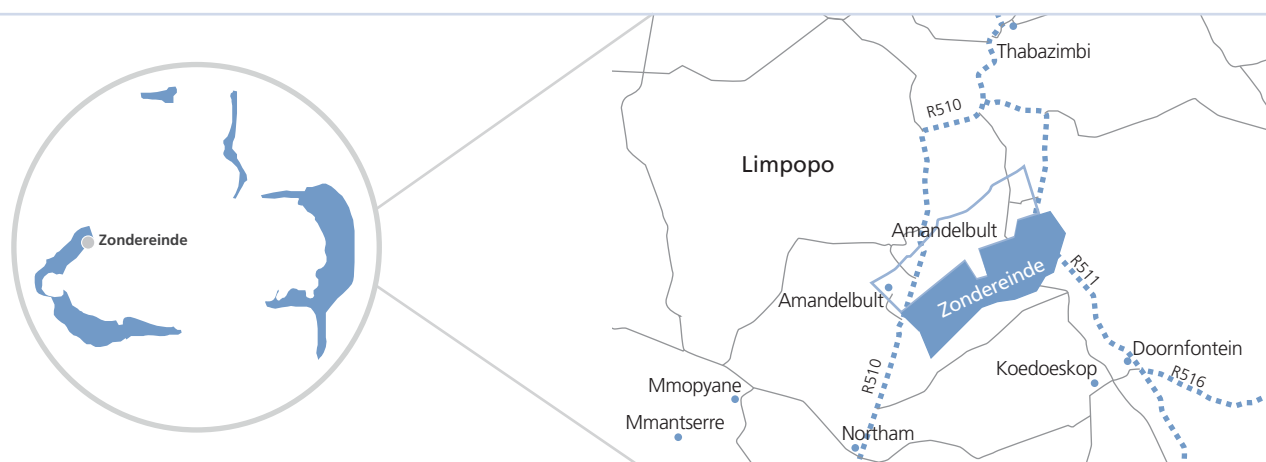
Once we have secured funding, it would not be unreasonable to look at growth beyond Booyssendal, while also jealously guarding our BEE ownership levels and thereby securing our continued licence to operate.

With the granting of the EMP for Booyssendal, we are now in a position to step up the development of this new mine on the eastern limb.

At Zondereinde it will take 18 months to two years before we are out of the woods and we get to re-establish some mining flexibility. Following the effects of the ongoing acrimonious strike at Zondereinde, now as we go to print already in its third week, it will take a monumental effort from management and employees alike to get close to our 300 000oz production target in the next year.

Glyn Lewis
Chief executive
16 September 2010

Operations review

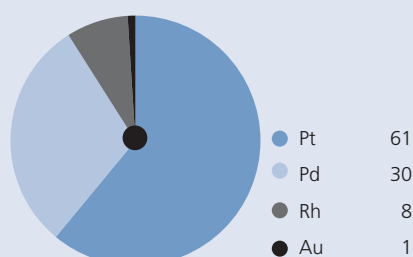


Zondereinde mine

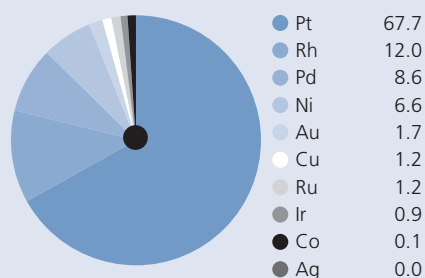
Zondereinde mine – key facts and statistics

Ownership	Wholly-owned by Northam Platinum Limited
Location	Northern part of the western limb of the Bushveld Complex in Limpopo Province; adjacent to the Anglo Platinum's Amandelbult operation
Access and infrastructure	Well-established infrastructure: tarred roads, railway, water and power
Project extent	7 625 hectares; strike length of 8km
Reserves	7.5Moz (3PGE+Au)
Resources	25.8Moz (3PGE+Au)
Life of mine	18 years
Operations	Underground mining operations on the Merensky and UG2 reefs between 1 200 and 2 200 metres in depth Underground equipment driven by hydropower. Surface operations include a Merensky and UG2 concentrator plant, a smelter and base metals removal plant (BMR).
Production profile	Steady state output of approx 300 000oz (3PGE+Au) annually
Precious metals refining	Performed by WC Heraeus GmbH (Heraeus) in terms of toll-treating agreement
Marketing	In-house, independent marketing to established global customer base
F2010 capex	R231.5 million
F2011 capex (estimate)	R340 million
F2010 cash costs	R215 900/kg (3PGE+Au)

Zondereinde prill splits (combined Merensky and UG2) (%)



Contribution to revenue by metal (%)



Operations review (continued)



Zondereinde concentrator plants

People, health and safety

At the end of June F2010, a total of 8 678 people were employed at the Zondereinde mine (6 529 permanent employees and 2 149 contractors). In spite of the depressed global economic environment, no employees lost their positions owing to any associated restructuring or retrenchment during the period.

Maintaining the company's BEE credentials in the year was marked by progress in employing and developing historically disadvantaged South Africans (HDSAs). At the end of F2010, 32% of management positions were filled by HDSAs (F2009:25%) with women making up 6% of the workforce compared with 4% during F2009.

Ensuring the safety of employees and contractors is a primary area of focus for the company and takes precedence over any production objectives. A critical objective has been to develop and instill a shared duty of care between employees at all levels in the company.

Key indicators

Safety

- One fatal accident in F2010
- LTIR¹ – 0.82 per 200 000 hours (F2009: 1.02)
- RIIR² – 0.52 per 200 000 hours (F2009: 0.63)
- FIIR³ – 0.01 per 200 000 hours (F2009: 0.05)
- 2 million fatality free shift milestone reached in February 2010
- 1 881 shifts lost owing to occupational injury
- 17 days lost owing to safety in stoppages

Health

- 10 764 medical surveillance examinations in F2010
- two compensable cases of noise induced hearing loss (NIHL)
- 127 new cases of tuberculosis
- 1 840 voluntary counselling and testing (VCT) encounters – increase of 79% year on year
- 434 employees on anti-retroviral therapy (ART)

Zondereinde operating statistics

Merensky reef	F2010	F2009
Development metres	8 864	8 071
Square metres mined	201 569	201 014
Tonnes milled	1 002 208	1 050 404
Head grade (g/t 3PGE+Au)	5.9	5.8
PGMs in concentrate produced (kg)	5 094	5 164
Ore reserve availability (months)	20	20

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

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

³ FIIR – fatal injury incidence rate

UG2 reef	F2010	F2009
Development metres	2 694	3 770
Square metres mined	166 129	160 555
Tonnes milled	1 036 017	1 054 687
Head grade (g/t 3PGE+Au)	4.5	4.4
PGMs in concentrate produced (kg)	3 917	3 835
Ore reserve availability (months)	24	19
Combined reefs	F2010	F2009
Development metres	11 558	11 841
Square metres mined	367 698	361 569
Tonnes milled	2 038 225	2 105 091
Head grade (g/t 3PGE+Au)	5.2	5.1
PGMs in concentrate produced from u/g mining (kg)	9 011	8 999
PGMs in concentrate from other sources (kg)	988	409
Total (kg)	9 999	9 408
PGMs in concentrate purchased	2 106	487

The year in review – mining and production

The improved combined average head grade of 5.2g/t (3PGE+Au) compensated for the 3.2% drop in tonnages milled to 2 038 225 tonnes, contributing to a 6.3% increase in total production of metals in concentrate to 9 999kg (321 475oz). Both the Merensky and UG2 head grades improved over the year – the Merensky grade was higher at 5.9g/t owing to minor variations in the relative proportions of Merensky pothole facies mined, while the slightly higher UG2 grade resulted from improved stoping width control, along with mining also focusing on the marginally higher grade western portion of the mine.

The operational performance at Zondereinde remains inextricably defined by development, maintaining a healthy Merensky ore reserve position, the ratio of Merensky and UG2 concentrate fed into the smelter, and control of the mill head grade.

Development issues

The sterilisation of the Merensky reef in the eastern part of the mine, a legacy from 2007 and 2008, has continued to put some pressure on ore reserve development in the north western parts of the mine. The structural geological features in this quadrant have presented some difficulties for development, with delays on 3 and 4 levels west occasioned by the 14 line thrust fault which has affected advance rates in the footwall drives and crosscuts.

The advance of 6 and 7 levels west, which have finally traversed the 20 line fissure, will facilitate the connectivity between the northwest and southwest quadrants of the mine. This will ultimately result in more efficient ventilation flow, more available face length and improved mining flexibility.

Raises have been established on the west side of the Big John Dyke structure, and development has progressed through the structure on 9 and 10 levels.

Overall development was 10% up on the previous year, but some difficulties remain, which will affect Merensky mining in the short term.

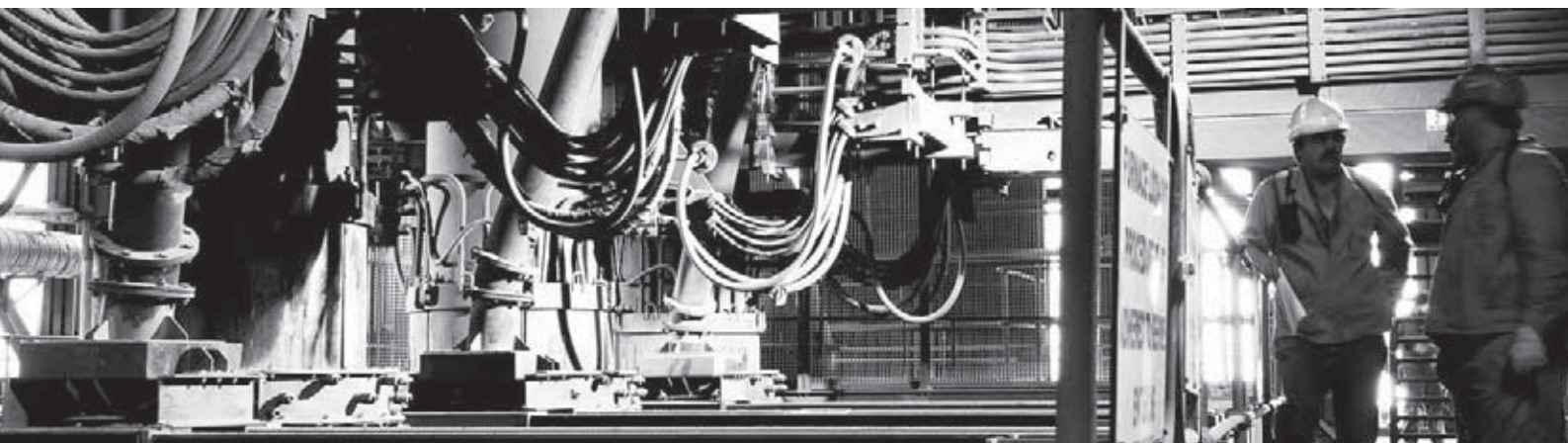
Available Merensky reserves

Given the complex nature of the Merensky reef at Zondereinde a 24 month available reserve position is desirable to mitigate risk. The reserve position is affected by the rate of depletion and the rate of replenishment from development. By the end of the financial year the reserve was pegged at 20 months' availability, up from 19 in the first half of the year, with 10 new raise lines brought on line. The challenge now lies in maintaining this trend and restoring the ore reserve availability to the optimal 24 months.

Merensky/UG2 tonnage ratio

The Merensky mining difficulties on the upper levels of the mine impacted the balance of the feed to the smelter. At the end of the first half of the year the ratio was at 0.87:1; more focus on Merensky mining, in the second half helped to improve this to 0.96:1.

Operations review (continued)



Smelter plant at Zondereinde

Mill head grade

The average mill head grade was 2% up on the previous year owing to UG2 mining in the marginally higher grade western part of the mine, the balance of Merensky mining swinging to higher grade reefs, and improved mining control. Going forward this is likely to be maintained owing to the augmentation of the UG2 data set on the east side of the mine, which indicates grades higher than initially estimated, allowing an increase in the UG2 reserve grade to 4.5g/t.

Expansion project

Progress on the development of the service decline and associated infrastructure for the 18 level expansion project has been somewhat slower than anticipated owing mainly to delays in introducing larger trackless vehicles which required some work to accommodate them. However, development to reef on 14 and 15 levels has continued as planned with stoping currently taking place on 14 level.

Metallurgical operations

The concentrators, smelter and base metals removal plant have operated satisfactorily within their design parameters.

Smelting operations, which were temporarily suspended on 17 May 2010 following an incident in which the electrostatic precipitator was damaged, were restarted on 9 June 2010 following the installation of a temporary bypass around the precipitator. The permanent repair is expected to be completed by the end of October 2010.

The purchase of 2 106kg of concentrate for toll-smelting during the year contributed to the 18.8% increase in metal sales for the year to a record 12 313kg or 395 879oz.

Costs

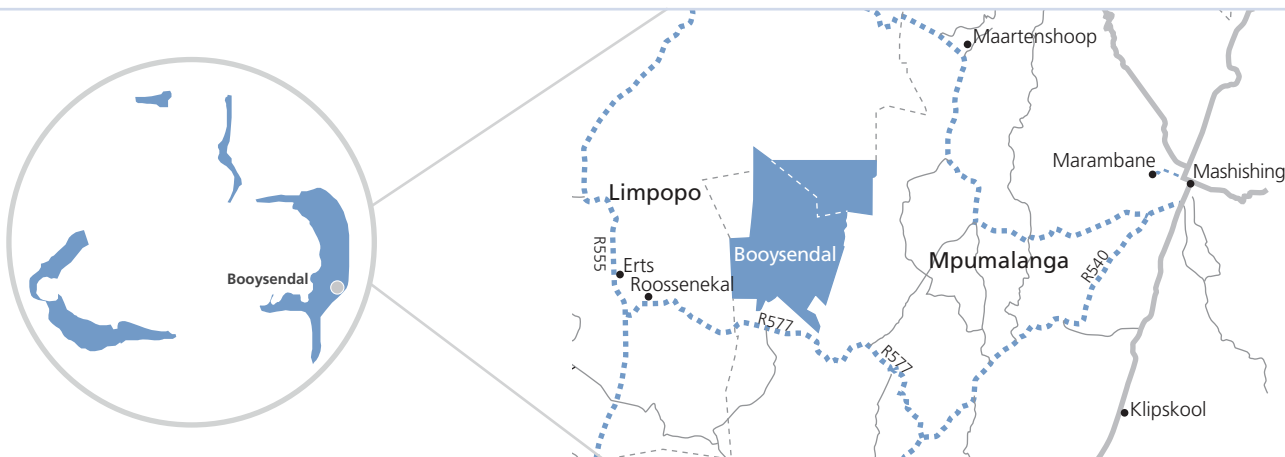
Cash operating costs per tonne milled increased by 18.7% as a result of the 17.0% increase in total operating costs and a 3.2% decrease in tonnes milled. Cash operating costs per kilogram produced however increased by a slightly more modest 8.1% owing to the marginally higher grades achieved, improved recoveries in the UG2 concentrator and the previously reported 480kg gain from the treatment of secondary material.

Capital expenditure

Capital expenditure at Zondereinde absorbed R231.5 million, with main capex items comprising the deepening project amounting to R91 million. Capital expenditure for F2011 is likely to be R340 million with the deepening project and accelerated development accounting for about R175 million.

Into F2011

Production will continue to be affected by the difficulties associated with Merensky mining, although the focus will remain on control of the mill head grade and improving the availability of the ore reserve. Key to this is the connectivity between levels on the west side of the mine and the advancement of the deepening project in the medium and longer term.

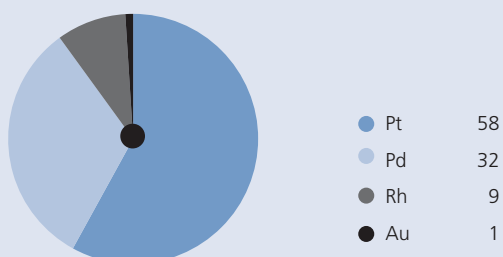


Booyesendal project

Booyesendal platinum project – key statistics

Ownership	Wholly-owned by Northam Platinum Limited
Location	Eastern limb of the Bushveld Complex in Mpumalanga Province; adjacent to the Everest and Mototolo operations. Closest town is Lydenburg
Access and infrastructure	Tarred road access from Lydenburg; new private road being constructed across the Der Brochen property 16MW power secured from Anglo Platinum for construction; Eskom approved 20MVA 5MVA self generation 7Ml of water secured for start-up
Project extent	15 170 hectares; strike length of 14.5km
Reserves	3.0Moz (3PGE+Au)
Resources	103.3Moz (3PGE+Au)
Life of mine	50 years and beyond
Project status	Board approval granted for project. Feasibility study and optimisation exercise completed; early infrastructural work and boxcut construction in progress on site

Booyesendal prill splits (UG2) (%)



Operations review (continued)



Booyssendal mine site

The year in review

Northam's feasibility study on the Booyssendal project was completed on schedule at the end of September 2009 and confirmed the modular approach to developing the project, with initial work to focus on the UG2 reef. This was followed, immediately thereafter by an optimisation exercise which has pointed to a larger project than initially envisaged, yielding an enhanced return, and:

- Accelerating the start-up of production, with the concentrator commissioning planned for January 2013, three months ahead of the initial schedule
- steady state mining envisaged for February 2014
- improved design capacity producing 187 500 ROM tonnes/month
- Anticipated production of 162 000oz (3PGM+Au)
- Cash costs of R455/t milled, compared with R505/t indicated in the base case

The more detailed optimisation study has resulted in a review also of the capital expenditure, with peak expenditure required in 2012. The initial capex number of R3.1 billion has been adjusted in line with a scaled up operation, and also reflects the effects of inflation.

At full capacity the revised mine design and higher rate of production are anticipated to result in electricity consumption at peak demand times exceeding the ESKOM approved 20 MVA. These peaktime shortfalls will be filled in by self-generated power of 5MVA on

site. This arrangement is anticipated to persist until ESKOM is able to supply additional power, currently estimated to be by 2015.

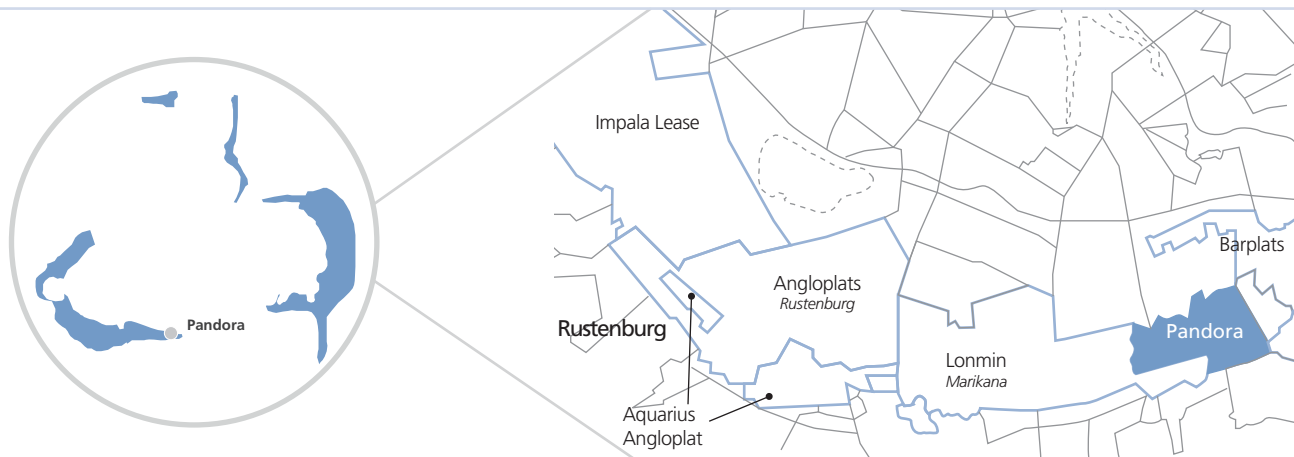
The revised design also makes provision for an energy management system and the introduction of energy recovery strategies. Orepass capacity has been improved in the mine design which will minimise the requirement for decline conveyors to run during peak shift times. In addition, cycle efficiencies and optimised equipment selection will maximise output in each section, and at the same time reduce the number of sections required to operate.

Capital expenditure

A total of R145.5 million was spent on the Booyssendal project over the year. The main capex items were the early works programme, establishment of infrastructure such as access routes and temporary water supply. As the project gains momentum the capex spend will increase substantially and peak during the 2012 financial year.

Into F2011

With the granting of the EMP approval shortly before going to print, the construction and development work will gain momentum, with the on-reef boxcut and preparatory earthworks for the reverse decline continuing. Decline development is expected to start in January 2011.



Pandora joint venture – key statistics

Ownership	Lonmin: 42.5%
	Anglo Platinum: 42.5%
	Northam: 7.5%
	Bapo Ba Mogale Mining Company: 7.5%
Location	Western limb of the Bushveld Complex on certain portions of the farms Hartebeespoort, Roodekopjes and Uitvalgrond near Brits in the North West Province adjacent to Eastern Platinum Mine (EPM).
Access and infrastructure	Existing infrastructure at EPM has been utilised to gain quick access to the Pandora Mine.
Reserves (total)	1.3Moz (3PGE+Au)
Resources (total)	21.3Moz (3PGE+Au)
Resources*	1.6Moz (3PGE+Au)
Reserves*	0.1Moz (3PGE+Au)
Life of mine	30 years and beyond
Project status	Pre-feasibility completed; stand-alone mine of 240 000tpm being considered.

*attributable to Northam

The year in review

The Pandora Joint Venture (Pandora) continues to produce on a relatively small scale from Lonmin's Eastern Platinum infrastructure. Lonmin purchases 100% of the ore produced from Pandora.

For the nine month period ended 30 June 2010, Pandora underground production produced 33 658 saleable oz of total PGMs, some 52% lower than the prior year due to the closure of the Pandora

opencast operations during 2009. Pandora contributed R12.4 million in revenue to Northam in the year ended 30 June 2010.

Into F2011

A feasibility study for a 240 000 tonne per month underground mining operation has been completed and is in the process of being reviewed by the joint venture partners.

Financial performance review

Consolidated statement of comprehensive income

Revenue

Economic recovery following the global financial crisis of 2008 and 2009 has been slow, which has had a dampening effect on demand for resources, and consequently on metal prices, which have yet to recover to pre-financial crisis levels.

Total revenue from the sales of all metals was 23.8% higher year on year mainly as a result of an 18.8% increase in volumes sold. Although the average US dollar basket price increased by 18.4% during the

year to US\$1 185/oz, this was largely negated by an average rand exchange rate decrease of 13.2% to R7.57/US\$, resulting in an average rand basket price of R288 255/kg (3PGE+Au), which is 2.7% higher than the previous year's average rand basket price.

The growth in sales volumes was achieved on the back of higher production, metal gains and the increase in purchases of metals in concentrate from the treatment of secondary material (480kg). Production of metals in concentrate during the year increased by 6.3% to 9 999kg (321 475oz), with the volume of concentrate purchased amounting to 2 106kg (67 709oz) compared to 487kg for the 2009 year.

	Units sold kg	F2010 Average price received R/kg	Revenue R000	Units sold kg	F2009 Average price received R/kg	Revenue R000
Platinum	7 546	353 507	2 667 420	6 288	325 730	2 047 965
Palladium	3 617	93 417	337 929	3 046	66 509	202 606
Rhodium	891	532 925	474 980	848	721 775	612 217
Gold	259	266 528	69 015	180	249 094	44 894
Sub-total – 3PGE + Au	12 313	288 255	3 549 344	10 362	280 609	2 907 682
Iridium	293	114 364	33 544	249	122 682	30 521
Ruthenium	1 352	34 875	47 132	1 227	31 108	38 167
Other precious metals	337	n/a	1 385	200	n/a	736
Sub-total – precious metals	14 295	–	3 631 405	12 038	–	2 977 106
Nickel (tonnes)	1 752	148 373*	259 966	1 529	113 715	173 905
Copper (tonnes)	957	47 594*	45 549	800	40 987	32 806
Other by-product revenue			8 163			2 225
Total sales revenue			3 945 083			3 186 042

*Rand per tonne

Cost of sales

	F2010 R000	F2009 R000
Labour	974 701	824 278
Stores	649 992	599 636
Utilities	208 478	140 577
Sundries	386 088	344 234
Decommissioning and restoration	1 111	(2 836)
Total operating costs	2 230 369	1 905 889
Concentrates purchased	735 090	140 192
Refining and other costs	92 972	120 917
Depreciation and impairments	167 346	160 907
Change in metal inventories	(65 669)	40 224
Cost of sales	3 160 108	2 368 129

The cost of sales increased by 33.4% to R3 160 million compared to the previous year, reflecting not only the increased mining input costs, but also the higher cost and volumes of concentrates purchased.

Operating costs

Operating costs increased by 17.0% driven by higher mining input costs, particularly labour, power, steel and explosives.

Employee and related costs increased by 18.3% owing to increases in wages, contributions to the employee empowerment trust, and an increase in staff members eligible to participate in the company's share option scheme. Increases in the stores reflect primarily the costs of steel which rose by between 10% and 15%, chemicals which rose by between 13% and 25% and petroleum-related products by 9%. The utilities bill increased mainly due to Eskom's two price increases in the year – one of 31% in July 2009, and a further 25% in April 2010.

In addition, the new royalty, payable by mining companies from March 2010 in terms of the Mineral and Petroleum Resources Royalty Act, which amounted to some R21 million, has been included in operating costs.

A further breakdown of costs associated with the company's operations are reflected in note 23 of these annual financial statements.

Concentrate purchases

During the year, metal concentrate to the value of R735.1 million (F2009:R140.2 million) was purchased. Although the margins for the purchased material are low, the increased purchases reflect progress in the

company's stated strategy of building up capacity for enhanced downstream beneficiation. The concentrate is also purchased for its high sulphur and low chrome content which is important for the optimisation of the smelting process. The higher value of purchased concentrate compared to the previous year is due to both increased volumes purchased and higher prices paid.

Refining and other costs

As anticipated, following the rebuild of the smelter during the previous year, refining and other costs were 23.1% lower at R93.0 million in the current year.

Depreciation and impairments

The depreciation charge increased marginally to R167.3 million, reflecting the steady state nature of mining at the Zondereinde mine.

Change in inventories

Metal inventories increased by R65.7 million as a result of the temporary closure of the precipitator towards the end of the year and the growth in purchases of concentrate.

Operating profit

The effect of higher inflation on production costs and on purchased metal concentrate is a lower operating margin for the company, down from 25.7% in the previous year to 19.9% in the current financial year.

Income from associate

The share of profits from associates of R12.4 million represents Northam's 7.5% share in the Pandora project's profits. In the prior year, the associate's share

Analysis of concentrate purchases

	Purchased concentrate	Own production	Total
Kilograms sold (3PGE+Au)	2 106	9 999	12 105
Sales revenue (R000)	716 307	3 228 776	3 945 083
Cost of sales (R000)	746 803	2 413 305	3 160 108
Working costs (R000)	19 866	2 377 849	2 397 715
Change in metal stocks (R000)	(22 704)	(42 965)	(65 669)
Refining costs and other costs (R000)	14 551	78 421	92 972
Purchase custom material (R000)	735 090	–	735 090
	(30 496)	815 471	784 975
Treatment charges recovered (R000)	45 775*		
Contribution to operating profit (R000)	15 279		

*Of this amount R11.4 million is included in net sundry income in the statement of comprehensive income.

Financial performance review (continued)

of profits amounting to R72.6 million represented several years' worth of profits which Northam became entitled to as a result of its updated empowerment status. The comparative figure for the 2009 year was R4.8 million.

Investment income and net sundry income

Investment revenue increased by 28.6% as a result of the interest earned on the investment in escrow. The investment in escrow is payable to Anglo Platinum Limited upon the transfer of certain new order mining rights in respect of the Booyssendal extension to Northam.

Hedging

There was no hedging activity during the year, consequently there were no outstanding contracts at the end of the period.

Tax charge

The tax liability for the current year is R333.6 million compared to R384.0 million in the previous year. This equates to an effective rate of 34.2% (2009: 37.9%), some 6.2% higher than the statutory rate of 28.0%. The additional 6.2% is mainly due to the state's share of profits tax effect of 3.1% and secondary tax on companies (STC) effect of 2.2%. A more detailed analysis of the tax paid, including the effect of permanent and minor differences is set out in note 28 to the annual financial statements on page 106.

Net profit attributable to shareholders

The combined result of the above factors, plus higher sundry revenue is that the group profit attributable to

shareholders is 1.7% above the previous year's at R641.3 million. Headline earnings have increased from 172.2 cents per share to 177.8 cents.

Consolidated statement of cash flows

Operating cash flow

Operating cash flows of R862.4 million are higher by R144.6 million compared to the previous year. Working capital requirements increased by R90.7 million mainly as a result of higher trade receivable and inventory levels, whilst tax payments amounted to R281.8 million. The lower tax payments are as a result of the lower tax charge for the year as well as the lower tax liability at the end of 2009, which was paid in 2010 compared to the 2008 tax liability paid in 2009.

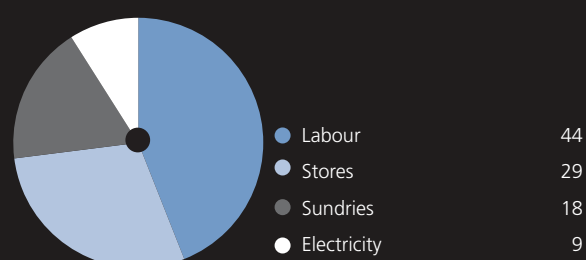
Investing cash flow

Investing cash flows are lower than the previous year and they consist of capital expenditure for the Zondereinde mine of R231.5 million, R132.4 million for the Booyssendal mine and R4.0 million for the employee housing project. Although there was new capital expenditure of R132.4 million at Booyssendal this year, the previous year's investments in the Pandora project, township development and the Toro Employee Empowerment Fund led to higher investment cash flows in that year.

Financing cash flows

Financing cash flows are lower than the previous year as a result of dividends absorbing R216.2 million in the year under review compared to R802.1 million in the previous financial year.

Cost profile (%)



Share performance compound return over 5 years



Net increase in cash resources

The combination of the above mentioned cash flow factors resulted in a net cash inflow of R265.8 million for the year, increasing the group's cash balance at year end to R1 186 million.

Booyssendal mine

In February the board approved capital expenditure of R340 million to fund the early works programme, in order to establish initial infrastructural facilities, which is currently in progress.

The board has also given its approval for the development of the mine to proceed at an estimated capital expenditure of R3.6 billion (in March 2010 money terms) for phase 1 of the Booyssendal mine. This follows the conclusion of the optimisation study on the project which concluded that the project could support a run of mine production rate of 187 500 tonnes per month (162 000oz p.a (3PGM+Au.).

Capital expenditure incurred on the project to date is R132.4 million. The primary construction activities will start as soon as certain outstanding regulatory approvals are obtained.

Consolidated statement of financial position

The financial position of the group is robust with cash resources of R1 186 million at 30 June 2010 (2009: R921 million) and other current assets of R931 million (2008: R695 million).

The environmental decommissioning and restoration liability is R65 million (2009: R54 million). Apart from this liability and the deferred tax provision of R447 million (2008: R429 million) the group has no long-term debt.

Commitments have been made for minor capital expenditure and cash backed guarantees offered to the Department of Mineral Resources in terms of South African mining legislation to make provision for rehabilitation.

Dividend

A total dividend of 40 cents per share was declared in respect of the 2010 financial year, raising the dividend cover to 4.5. The higher dividend cover was considered prudent in view of forthcoming funding requirements for the development of the Booyssendal project.

Mineral reserve and resource statement

Scope of reporting

Resources and reserves reflected in this statement include those of the Zondereinde and Booyssendal properties which are wholly owned by Northam or its wholly owned subsidiaries. For the first time, Northam's attributable portion of the resource and reserve estimate of the Pandora joint venture (Pandora – in which Northam holds a 7.5% stake) is included in the company's resource and reserve statement. Pandora is managed by Lonmin PLC, (Lonmin) through its subsidiary, Eastern Platinum Limited.

Significant variations year on year

- the completion of a feasible mining plan for the UG2 North module at Booyssendal has permitted the inclusion of a reserve estimate for this mine
- continued prospect drilling in the deeper portions of the Zondereinde property has led to the interpretation of a higher proportion of Normal Merensky reef, which combines a thicker channel with a higher extraction percentage. This has led to an increase in the Merensky resource estimate
- the same drilling indicates a wider UG2 channel in the deeper portions of the concession, leading to a higher inferred UG2 resource tonnage
- a significant discount of ground on the east of the Zondereinde property has led to a drop in the indicated and total UG2 resource

Regulatory compliance

The mineral resource and mineral reserve estimate for the Northam group has been prepared under the guidance of the company's competent persons who are duly registered with the South African Council for Professional and Technical Surveyors (PLATO) and with the South African Council for Natural Scientific Professions (SACNASP). This ensures that the mineral resource and mineral reserve statements comply with the provisions of the South African Code for Reporting of Mineral Resources and Mineral Reserves (SAMREC 2007). The company's competent persons have taken cognisance of definitions included in the code, and the mineral resource and mineral reserve quantities

reported here are considered to be fully compliant in all material respects with the requirements of the code.

Definitions of the various mineral resource and mineral reserve categories as well as the requirements for reporting of exploration results may be found at www.saimm.co.za/codes/samrec.asp.

Competent persons

The Zondereinde mine resource and reserve statement has been compiled by:

JC Roberts, MSc (Mining Engineering), Professional Mine Surveyor (PLATO 0187), Chief Surveyor with 20 years experience in platinum valuation.

Resource and reserve estimates for the Zondereinde mine have been reviewed by Damian Smith.

The Booyssendal resource statement has been compiled by:

Damian Smith, BSc (Hons), MSc, Pr.Sci.Nat. (400323/04) 20 years' experience of mining and exploration geology, 14 of these in Bushveld-related geology.

Willem van der Schyff, BSc (Hons) geology, Pr.Sci.Nat. (400176/05). Five years' experience of mining and exploration geology, 17 years' experience in resource modelling and estimation, three of these in Bushveld-related geology.

Resource estimates for the Booyssendal project have been reviewed by The Mineral Corporation as part of the Independent Competent Persons Report for the Booyssendal prospect.

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

Status of mineral rights

Northam currently holds old order mining rights over the Zondereinde mine. An application to convert these old order rights to new order rights in terms of the Mineral and Petroleum Resources Development Act, 2002 [Act No. 28 of 2002] (MPRDA) was

submitted in April 2006 but had not been granted by 30 June 2010.

The Booyseendal prospect comprises three sub-areas; a portion comprising nine farms over which Northam holds new order mining rights, granted on 10 September 2009; two farms over which Northam

holds new order prospecting rights, for which an application for new order mining rights has been submitted and is being processed; and a portion in the north of the Booyseendal prospect, the Booyseendal extension, which is in the process of transfer from the previous owners of this concession.

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

Property	Type of right	Status
Zondereinde mine	Old order mining right	In process of conversion to new order right
Booyseendal mine	New order mining right	Converted mining right
Booyseendal exploration prospect	New order prospecting right	Application for new order mining right in process
Booyseendal extension	New order mining right	In process of transfer from previous holder

Prospecting and mining rights are held in good order, and Northam perceives no risk to its rights to continue prospecting for and mining of minerals over any of its properties. In all cases applications cover platinum group metals and associated base metals. The five year tenure of the new order prospecting rights over farms within the Booyseendal prospect expired on 2 June 2010, and thus an application for a three year extension to these rights was submitted *in lieu* of finalisation of the application for conversion to new order mining rights.

Group resources and reserves

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

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

Mineral resource estimate (combined measured, indicated and inferred)

Reef	Mine	as at 30 June 2010 3PGE+Au			as at 30 June 2009 3PGE+Au		
		Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Booyseendal	255.48	4.69	38.53	255.48	4.69	38.53
	Pandora ¹	—	—	—	—	—	—
	Zondereinde	68.43	7.09	15.59	66.00	6.83	14.49
	Total	323.91	5.20	54.13	321.48	5.13	53.03
UG2	Booyseendal	580.53	3.47	64.76	580.53	3.47	64.76
	Pandora ¹	11.84	4.29	1.63	11.94	4.30	1.65
	Zondereinde	62.62	5.06	10.19	66.88	5.19	11.16
	Total	654.99	3.64	76.59	659.36	3.66	77.57
Combined	Booyseendal	836.01	3.84	103.30	836.01	3.84	103.30
	Pandora ¹	11.84	4.29	1.63	11.94	4.30	1.65
	Zondereinde	131.05	6.12	25.79	132.88	6.01	25.65
	Total	978.90	4.15	130.72	980.83	4.14	130.60

Mineral reserve and resource statement (continued)

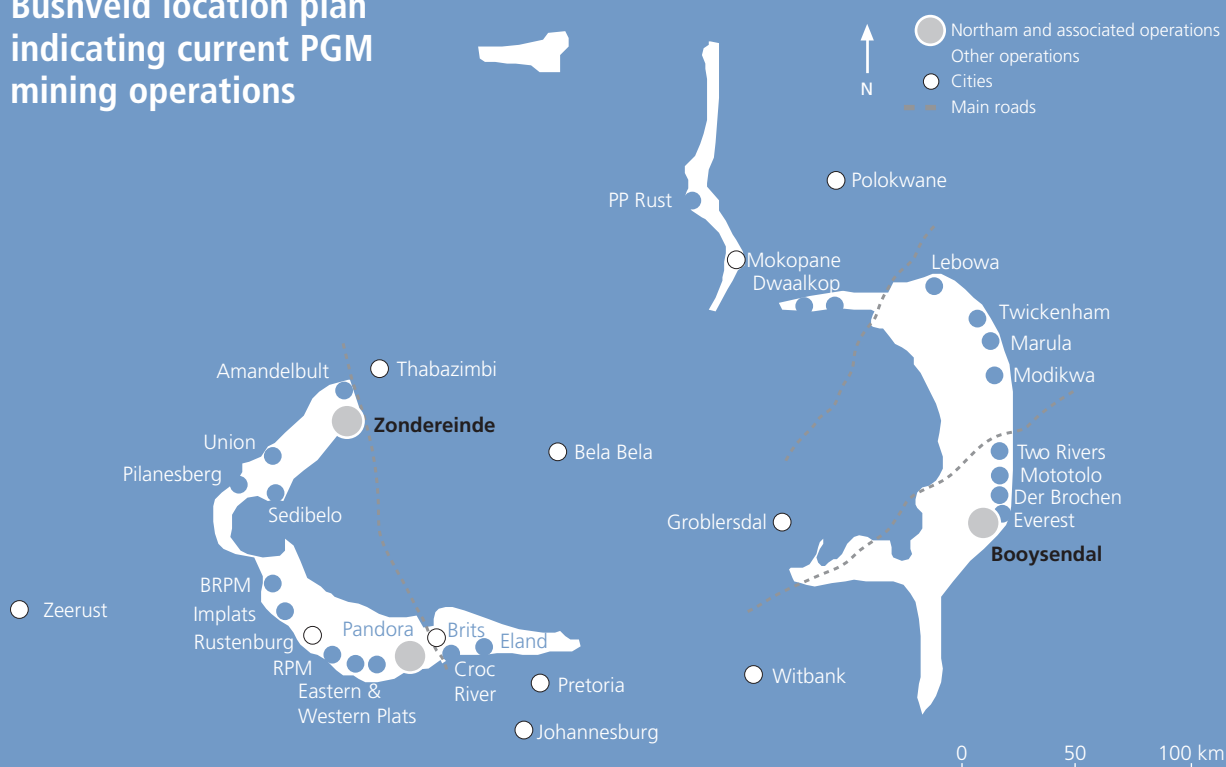
Mineral reserve estimate (combined proven and probable)

Reef	Mine	as at 30 June 2010			as at 30 June 2009		
		3PGE+Au			3PGE+Au		
		Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Booyssendal	–	–	–	–	–	–
	Pandora ¹	–	–	–	–	–	–
	Zondereinde	19.15	5.83	3.59	19.33	5.57	3.46
	Total	19.15	5.83	3.59	19.33	5.57	3.46
UG2	Booyssendal	31.05	2.99	2.99	–	–	–
	Pandora ¹	0.67	4.25	0.09	0.10	4.28	0.01
	Zondereinde	27.81	4.41	3.95	33.44	4.35	4.68
	Total	59.53	3.67	7.02	33.54	4.35	4.69
Combined	Booyssendal	31.05	2.99	2.99	–	–	–
	Pandora ¹	0.67	4.25	0.09	0.10	4.28	0.01
	Zondereinde	46.96	4.99	7.53	52.77	4.80	8.14
	Total	78.68	4.19	10.61	52.87	4.80	8.15

Notes:

1. current resources and reserves of Pandora are quoted as at 30 September 2009, whilst the previous year's are at 30 September 2008

Bushveld location plan indicating current PGM mining operations



Geological setting – the Bushveld Complex

The 2 billion year old Bushveld Complex is the largest layered igneous complex in the world, and is the repository for around 85% of known global PGM resources. Extending over an area of some 67 000km² within the north-eastern portion of the Republic of South Africa, it contains the intrusive, mafic-ultramafic Rustenburg Layered Suite (RLS), which outcrops as three main acicular limbs, namely the western, eastern and northern limbs (see figure on page 24), and ranges in thickness from 7km to 12km.

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

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

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

The two wholly-owned Northam properties, Zondereinde mine and the Booyendal exploration prospect contain resources of both the UG2 and Merensky reefs.

Zondereinde mine

Zondereinde mine is situated on the northern portion of the western limb of the Bushveld Complex, approximately 30km south of the town of Thabazimbi in the Limpopo province of the Republic of South Africa.

The mining lease area covers some 7 625 hectares underlain by both the Merensky and UG2 ore bodies, which dip at approximately 20° and extend from a depth of 1 200 metres below surface (mbc) to 2 900 mbc.

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

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

Combined geological and extraction losses were discounted from the resources for both reefs. These comprised pothole and structural losses as well as other pillar losses.

Merensky reef

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

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

The measured resource is an estimate of the *in situ* tonnage, grade and PGM ounces that have been exposed through development, and is immediately available for mining. The Merensky measured resource has marginally increased from 2.04Mt (547 000oz) in June 2009 to 2.21Mt (581 000oz) in June 2010. This is the result of an increase to the exposed Merensky resource, combined with the application of a lower resource grade in the western portions of the resource block.

Mineral reserve and resource statement (continued)

The Merensky indicated and inferred resources have increased as a result of a higher normal Merensky reef contribution, which has increased resource tonnage and extraction ratios, together with higher metal content, notably in the inferred resource area. This is due to the interpretation of a higher proportion of normal Merensky reef following prospect drilling in the deeper portions of the mining lease area.

UG2 reef

The UG2 reef at Zondereinde mine is remarkably conformable when compared with the Merensky reef. Reef disruption, in the form of potholes and reef rolls is extremely limited and localised. The reef consists of three chromitite seams separated by narrow pyroxenite partings. The lower seam, termed the main member, is generally in the order of 75cm thick, and is overlain by two leader seams, each in the order of 15cm thick. Total reef thickness, inclusive of a portion of mineralised reef footwall, is in the order of 140cm to 150cm. There is no basis for subdividing the UG2 reef into facies types.

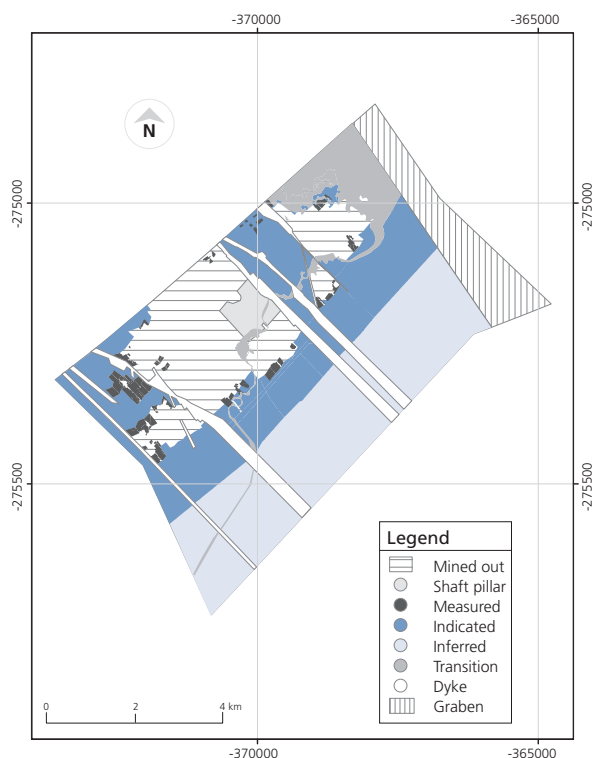
Historically, UG2 mining has been limited to de-stressed areas underlying previously mined Merensky reef. Furthermore, a full reef cut is mined, which enhances metal output, hanging wall stability and safe working practices.

The measured resource is an estimate of the *in situ* tonnage, grade and PGM ounces that have been exposed through development and which is immediately available for mining. The UG2 measured resource has decreased from 3.37Mt (562 000oz) in June 2009 to 3.08Mt (507 000oz) in June 2010. This is in line with mining depletion and planned development of the UG2 reef, together with a reduced resource grade owing to the application of a wider channel.

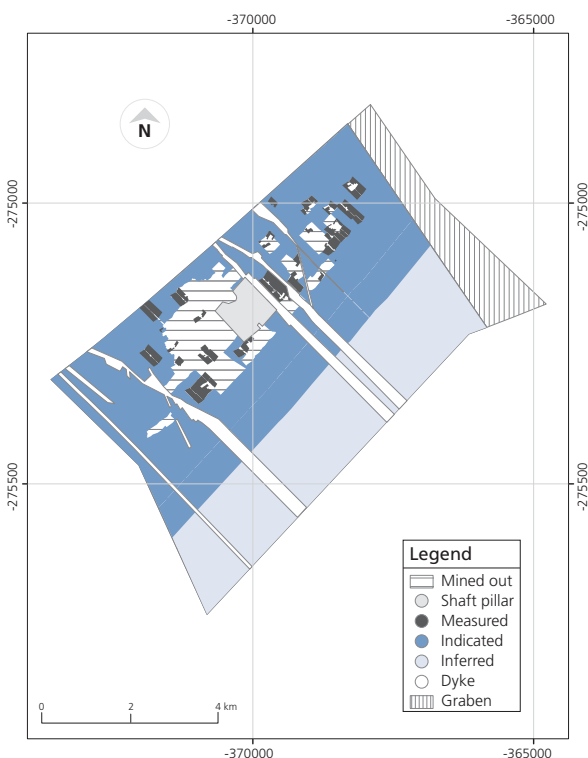
The UG2 indicated resource has significantly decreased following the removal of a portion of the eastern side of the resource block, ahead of a feasible plan to mine this area. The UG2 inferred resource has marginally increased as a result of the application of higher channel widths to the resource estimates for the deeper portions of the mining lease area.

Zondereinde resources and reserves

Merensky resource classes



UG2 resource classes



Zondereinde resource statement

	as at 30 June 2010 3PGE+Au			as at 30 June 2009 3PGE+Au		
	Mt	g/t	Moz	Mt	g/t	Moz
Merensky reef						
Measured	2.21	8.19	0.58	2.04	8.33	0.55
Indicated	25.65	7.36	6.07	25.28	7.14	5.80
Inferred	40.58	6.86	8.95	38.68	6.55	8.15
Total	68.44	7.09	15.60	66.00	6.83	14.50
UG2 reef						
Measured	3.08	5.12	0.51	3.37	5.19	0.56
Indicated	34.13	5.06	5.55	38.86	5.19	6.49
Inferred	25.41	5.06	4.13	24.65	5.19	4.11
Total	62.62	5.06	10.19	66.88	5.19	11.16
Combined reef						
Measured	5.29	6.40	1.09	5.41	6.38	1.11
Indicated	59.78	6.05	11.62	64.14	5.96	12.29
Inferred	65.99	6.17	13.08	63.33	6.02	12.26
Total	131.06	6.12	25.79	132.88	6.01	25.65

Zondereinde reserve estimate

	as at 30 June 2010 3PGE+Au			as at 30 June 2009 3PGE+Au		
	Mt	g/t	Moz	Mt	g/t	Moz
Merensky reef						
Proven	2.60	5.94	0.50	2.43	5.92	0.46
Probable	16.56	5.81	3.09	16.90	5.52	3.00
Total	19.16	5.83	3.59	19.33	5.57	3.46
UG2 reef						
Proven	3.08	4.46	0.44	3.40	4.35	0.48
Probable	24.73	4.41	3.50	30.04	4.35	4.20
Total	27.81	4.41	3.94	33.44	4.35	4.68
Combined reef						
Proven	5.68	5.14	0.94	5.83	5.00	0.94
Probable	41.29	4.97	6.59	46.94	4.77	7.20
Total	46.97	4.99	7.53	52.77	4.80	8.14

Mineral reserve and resource statement (continued)

Booyensdal prospect

Description

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

The mining lease area hosts both the UG2 and Merensky ore bodies, which outcrop over a strike length of 14.5km and dip at approximately 10° within the area.

A study to determine the feasibility of mining UG2 and Merensky reefs within the northernmost 8km of Booyensdal strike, over a dip extent from outcrop of approximately 2km, was completed in September 2009. Early earthworks for infrastructural development to support a UG2 mine in the northernmost 4km of strike commenced in May 2010. A mineral reserve estimate is presented for this mining module only.

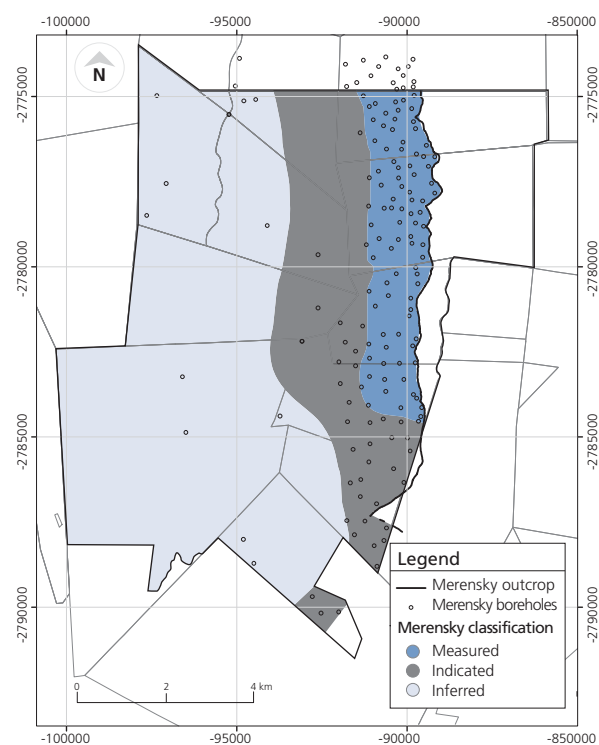
The Bushveld sequence at Booyensdal is similar to that found across the eastern limb. The critical zone stratigraphy is fully developed and middling between the UG2 and Merensky reefs is in the order of 175m in the northern portion of Booyensdal. The sequence is, however subject to thinning in the southern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

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

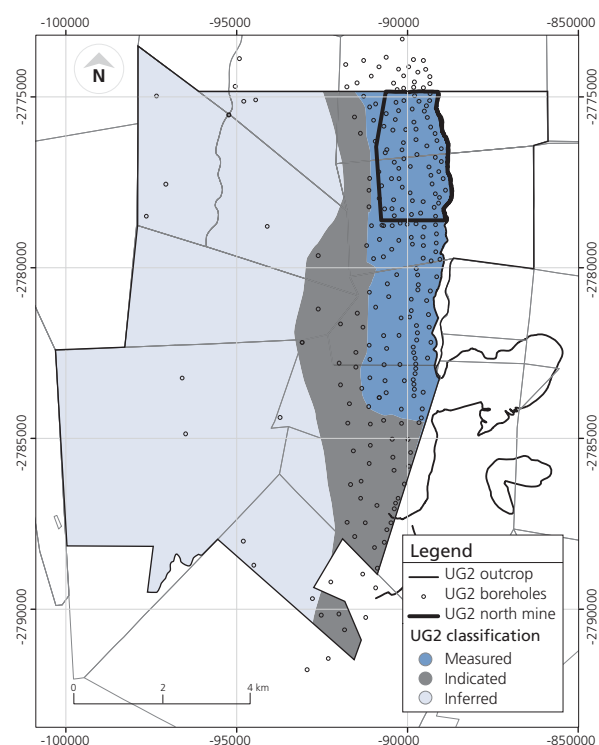
The Merensky reef is the upper mineralised portion of the Merensky pyroxenite, generally extending over 110cm. The Merensky reef is immediately overlain by a sequence of competent norites.

Booyensdal resources and reserves

Merensky resource classes



UG2 resource classes



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

Exploration data that has informed this estimate included over 35 000 assay samples derived from 248 boreholes. 90% of drilling was conducted within 2.5km down-dip of outcrop, and drill hole spacing in this near outcrop area ranges from 150m to 400m.

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

Geological losses were discounted from the resources for both reefs. These comprised pothole and structural losses, which amounted to 24% and 23% respectively, as well as losses related to a 30m thick surface oxidized zone. A channel cut-off 3PGE+Au grade of 2.5g/t was applied to estimated blocks, whilst a pay limit percentage loss, set at the same cut-off grade value, was applied to non-estimated areas.

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

Booyesendal resource estimate

	as at 30 June 2010			as at 30 June 2009		
	3PGE+Au			3PGE+Au		
	Mt	g/t	Moz	Mt	g/t	Moz
Merensky reef						
Measured	37.15	5.08	6.06	37.15	5.08	6.06
Indicated	62.26	4.84	9.70	62.26	4.84	9.70
Inferred	156.07	4.54	22.78	156.07	4.54	22.78
Total	255.48	4.69	38.53	255.48	4.69	38.53
UG2 reef						
Measured	109.96	3.92	13.84	109.96	3.92	13.84
Indicated	99.11	4.01	12.78	99.11	4.01	12.78
Inferred	371.46	3.19	38.14	371.46	3.19	38.14
Total	580.53	3.47	64.76	580.53	3.47	64.76
Combined reef						
Measured	147.12	4.21	19.91	147.12	4.21	19.91
Indicated	161.37	4.33	22.47	161.37	4.33	22.47
Inferred	527.52	3.59	60.92	527.52	3.59	60.92
Total	836.01	3.84	103.30	836.01	3.84	103.30

Mineral reserve and resource statement (continued)

Booyssendal reserve estimate

	as at 30 June 2010			as at 30 June 2009		
	Mt	3PGE+Au g/t	Moz	Mt	3PGE+Au g/t	Moz
Merensky reef						
Proven	–	–	–	–	–	–
Probable	–	–	–	–	–	–
Total	–	–	–	–	–	–
UG2 reef						
Proven	31.05	2.99	2.99	–	–	–
Probable	–	–	–	–	–	–
Total	31.05	2.99	2.99	–	–	–
Combined reef						
Proven	31.05	2.99	2.99	–	–	–
Probable	–	–	–	–	–	–
Total	31.05	2.99	2.99	–	–	–

Pandora resource estimate

	as at 30 September 2009			as at 30 September 2008		
	Mt	3PGE+Au g/t	Moz	Mt	3PGE+Au g/t	Moz
Merensky reef						
Measured	–	–	–	–	–	–
Indicated	–	–	–	–	–	–
Inferred	–	–	–	–	–	–
Total	–	–	–	–	–	–
UG2 reef						
Measured	0.99	4.85	0.15	1.05	4.84	0.16
Indicated	3.42	4.51	0.50	3.44	4.51	0.50
Inferred	7.42	4.12	0.98	7.45	4.12	0.99
Total	11.84	4.29	1.63	11.94	4.30	1.65
Combined reef						
Measured	0.99	4.85	0.15	1.05	4.84	0.16
Indicated	3.42	4.51	0.50	3.44	4.51	0.50
Inferred	7.42	4.12	0.98	7.45	4.12	0.99
Total	11.84	4.29	1.63	11.94	4.30	1.65

Pandora reserve estimate

	as at 30 June 2009			as at 30 June 2008		
	3PGE+Au			3PGE+Au		
	Mt	g/t	Moz	Mt	g/t	Moz
Merensky reef						
Proven	–	–	–	–	–	–
Probable	–	–	–	–	–	–
Total	–	–	–	–	–	–
UG2 reef						
Proven	0.06	4.48	0.01	0.10	4.28	0.01
Probable	0.60	4.23	0.08	–	–	–
Total	0.66	4.25	0.09	0.10	4.28	0.01
Combined reef						
Proven	0.06	4.48	0.01	0.10	4.28	0.01
Probable	0.60	4.23	0.08	–	–	–
Total	0.66	4.25	0.09	0.10	4.28	0.01

Notes on reporting criteria

- Mineral resource tonnages and grades are *in situ* estimates reported inclusive of internal waste dilution, but exclusive of external waste dilution
- PGE grade is expressed as corrected 3PGE+Au (combined platinum, palladium, rhodium and gold) grade
- Structural losses, due to faults, dykes and joints, include the volumes of expected bracket pillars required to be placed on such features
- Kriging parameters are applied to discrete mining areas in order to estimate tonnage and metal content
- Kriging parameters are derived from the interrogation of an extensive sampling database
- Rounding off of numbers in the tables may result in minor computational discrepancies; where this occurs it is deemed to be insignificant
- The most reasonable mining width is assumed based on practical mining conditions. PGE grade, as well as specific gravity are calculated for these widths
- Total mineral resources and reserves attributable to Northam Platinum Limited are listed in the summary tables
- Mineral resources for Pandora reflect Northam Platinum Limited's 7.5% attributable interest, are quoted as at the end of September 2009 and 2008 and are provided by Lonmin
- Measured and indicated mineral resources are reported separately and include those mineral resources modified to produce proven and probable mineral reserves
- Whilst mineral resources are quoted as *in situ* resources, all reserves provided by Northam are quoted at run-of-mine (ROM) grades and tonnages as delivered to the concentrator plants on site and are therefore fully diluted
- Mineral reserves for Zondereinde mine are quoted to 15 level
- Mineral reserves for Booyssendal relate to the first planned mining module, the UG2 North mine
- Mineral reserves for Pandora are provided by Lonmin and reflect Lonmin's reserve modifying factors
- All references to tonnage are to the metric unit
- All references to ounces are troy with a conversion factor of 31.10348 used to convert from metric grams to ounces

Sustainable development in brief

9

key sustainability performance indicators

Move towards integrated reporting

**R641.0
million**

Economic performance

- 321 475oz of PGMs produced
- Sales revenue of R3.9 billion
- Profit of R641.0 million
- Taxes paid of R333.6 million
- HDSA procurement R881 million

**7%
women**

Social performance

- 9 042 people employed
- 8% employee turnover rate
- 7% women in mining
- 33% HDSAs in management
- R50 million spent on training and development
- One fatality in F2010
- LTIIR – 0.83 per 200 000 hours
- 434 employees on ART
- R12.1 million spent on corporate social investment

**86%
recycled**

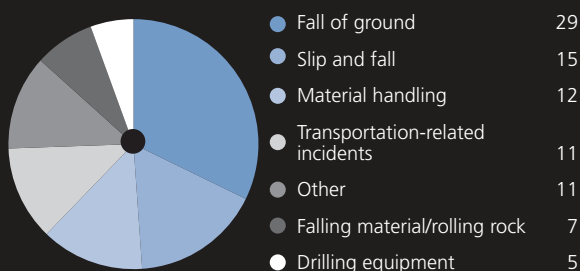
Environmental performance

- Energy used – 690 198MWh
- Fresh water used – 3.98 million m³
- 86% of water recycled

Number of employees



Causes of lost time injuries (%)



Material sustainability issues

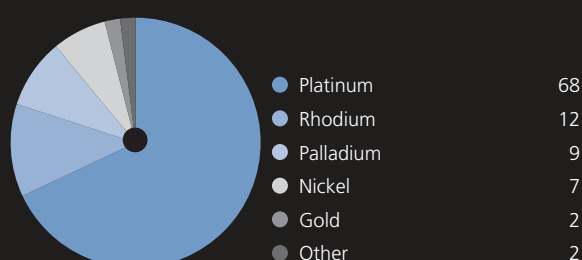
Six key material sustainability issues were identified for F2009 and F2010.

These issues remain important, but along with the company's development and management's growing understanding of sustainability and its integration into the business, a further three material issues have been added. The material issues are outlined below. They are dealt with in greater detail within this document, and also in the more comprehensive sustainable development report, available on the company's website at www.northam.co.za.

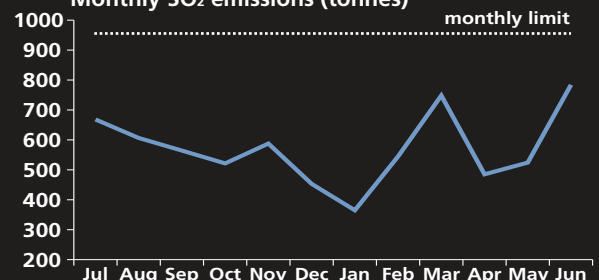
1. Operating the Zondereinde mine, its concentrating and smelting operations efficiently and cost-effectively, and to maximise its life of mine (currently estimated at 18 years) to the fullest extent possible (see pages 11 to 14 of this report)*
2. Ensuring the safety of employees and contractors (see pages 24 to 29 of the sustainable development report)
3. Maintaining our credentials as a leading BEE company and meeting the requirements of the MPRDA and Mining Charter (see pages 30 to 33 of the sustainable development report)
4. To deliver the Booyssendal project at an acceptable capital cost and turn to account its extensive resources to a broad range of stakeholders (see pages 15 to 16 of this report)
5. To implement the ISO14001 environmental management system and to achieve certification against this standard (see pages 36 to 43 of the sustainable development report)
6. To optimise water usage both at Zondereinde and at Booyssendal – to use less water, increase recycling, and maintain water quality. This is particularly important at Zondereinde where extensive use is made of water for hydropowered underground equipment and for cooling underground working areas (see pages 36 to 43 of the sustainable development report)
7. To optimise energy consumption and to investigate potential and cost-effective alternative sources of energy (see pages 34 to 41 of the sustainable development report)
8. To debate, monitor and manage the group's climate change strategy and to reduce CO₂ emissions (see pages 36 to 43 of the sustainable development report)
9. To attract and retain investors in the company and to be able to raise capital cost-effectively to fund long-term sustainable growth for all the group's stakeholders (see pages 8 to 10 of the sustainable development report)

1,8,9: Newly identified material issues

Contributions to revenues F2010 (%)



Monthly SO₂ emissions (tonnes)



Corporate governance

Introduction

The board of directors (the board) of the company seeks to ensure that all deliberations, decisions and actions of the company's business and operational structures are based on good corporate governance and fundamentally sound values including but not limited to integrity, responsibility, accountability, fairness and transparency. The pursuit of good corporate governance is guided by the company's articles of association, the board charter, the listings requirements of the JSE Limited, the South African Companies Act of 1973 (as amended) (the 1973 Companies Act), the second King Report on Corporate Governance in South Africa (King II) and the third King Report on Corporate Governance in South Africa (the King III Report) and the Global Reporting Initiative (GRI) and any other applicable laws and regulations.

King III

The King III report became effective on 1 March 2010 and takes into account the new Companies Act and changes in international governance trends.

King III adopts an "apply or explain" approach to corporate governance, a change from the "comply or explain" approach that was adopted by King II. The "apply or explain" approach implies that the board of directors, in its collective decision making, may conclude that to follow a practice recommended in King III would not, in the particular circumstances, be in the best interests of the company. In the circumstances the board could decide to apply the recommendation differently or apply another practice and still achieve the objective of the overarching corporate governance principles of fairness, accountability, responsibility and transparency. In essence the explanation or rationale of the application, or otherwise of the King III principles and recommendations constitutes compliance with King III.

The key principles underlying the King III recommendations are reflected in the group's corporate governance structures, which are reviewed from time to time to take into account organisational changes and local and international corporate governance developments. Through this process of review, the directors seek to ensure that the company promotes, enhances and protects the sustainability of the economic, social and natural environment and that

the interests of relevant stakeholders coincide over the long term. Furthermore, the directors seek to actively cultivate a culture where the company's business is managed on an ethical basis whilst recognising that strategy, risk, performance and sustainability are inseparable and that they must endeavour to continue to conform with internationally accepted standards and practices.

All directors and employees are required to maintain high standards of integrity and ethical behaviour to ensure that the company's business practices are conducted in an ethical manner, in good faith and in the best interests of the company and all its stakeholders. To this end the board has recently approved a revised code of ethics that incorporates the latest corporate governance trends in conducting business ethically and with integrity.

In order to ensure that the company fully understands the implications of King III on the company's business and operations and in order to be properly guided on how best to implement the corporate governance recommendations contained in King III, the board commissioned its external auditors, Ernst and Young Inc to conduct a King III Gap Analysis and provide the board with a detailed report on the areas where the company's governance and operational structures, systems, processes and procedures do not comply with the recommendations in King III, and to provide expert guidance on how the gaps could be addressed.

The King III Gap Analysis report and recommendations have recently been completed and both the board and management are studying the report and recommendations. A detailed report on this will be provided in the next annual report.

The new Companies Act

The board is aware of the provisions of the new Companies Act (Act No 71 of 2008) which was signed into law on 8 April 2008 but is yet to become effective. It is anticipated that this act will become effective before the end of 2010.

The board is cognisant of the fact that good governance and law are intricately linked and that good governance is not something that exists separate from the law. In this regard, the board seeks to ensure that the group operates within the legislative and regulatory environment of the country and has established structures and processes with appropriate

checks and balances that enable directors to discharge their legal duties and responsibilities.

Together with its internal and external legal support structures, the board has begun studying the new act in order to ensure compliance with it.

JSE listing requirements

The company operates within the listing requirements of the JSE and, with the assistance and guidance of its sponsor, continues to operate within the framework of existing and evolving listing obligations of the JSE.

Stakeholders

The board is also cognisant of the fact that it derives its social licence to operate the company's business from both its internal and external stakeholders and adopts an inclusive approach towards issues pertaining to the company's stakeholders. The legitimate interests and expectations of relevant stakeholders are considered when making decisions in the best interests of the company. From time to time the board may afford the interests of shareholders and other relevant stakeholders precedence based on what the board believes serves the best interests of the company at any given point. The board seeks to determine the best interests of the company as a sustainable enterprise and as a good corporate citizen. The board therefore strives to ensure that there is dynamic and meaningful co-operation and interaction between the company and the relevant stakeholders. The stakeholder relationships are governed by clear principles of business ethics and integrity with the board ultimately striving to ensure that the company operates ethically and acts as a good corporate citizen.

A more detailed discussion of Northam's stakeholder engagement may be found on page 14 of the 2010 sustainable development report.

Board composition

The board operates as a unitary structure comprising 11 members and two alternates. Two of the 11 board members are executive directors viz the chief executive officer and the finance director. Nine members are non-executive and four of them are considered to be independent. The articles of association of the company require that at least 50% of board members

should be historically disadvantaged persons.

The chairman of the board is a non-executive director and provides the direction necessary to ensure that the board operates effectively. Based on King III recommendations, a lead independent non-executive director has been appointed in view of the fact that the chairman is not independent.

The chairman of the board

The chairman of the board is Mr Lazarus Zim who is a non-executive director. Mr Zim represents Mvelaphanda Resources Limited (Mvela Resources) the major black empowerment shareholder of the company and, as such, is not independent. The imperatives of black economic empowerment in South Africa dictate that Mr Zim continue as chairman. His continued chairmanship is also critical particularly at this stage as Mvela Resources considers unbundling its interest in Northam Platinum. As recommended by King III the board has appointed Mr Alwyn Martin as lead independent director.

The chairman was appointed in 2007, and is subject to retirement and rotation in terms of the company's articles of association. In terms of the 1973 Companies Act the chairman has declared his directorships and interests and, at each meeting of the board all directors including the chairman are required to declare whether or not they have a conflict of interest regarding matters pending before the board. In line with King III, the chairman will now be appointed every year.

The chairman performs his role and carries out his duties and responsibilities in terms of the provisions of King III. Amongst other things, the chairman is responsible for setting the ethical tone of the board, for monitoring how the directors function collectively and individually, and building and maintaining stakeholders' trust and confidence in the company.

The board has not evaluated the performance of the chairman in the past but will do so during the course of the next financial year.

Lead independent director

Mr Alwyn Martin was appointed as lead independent director on 28 June 2010. Mr Martin's main function is to provide leadership and advice to the board in the event that the chairman is conflicted in any matter.

Corporate governance (continued)

His role is to support the chairman and the board without in any way undermining the authority of the chairman. Mr Martin will also chair those board meetings which deal with the succession of the chairman and the chairman's performance appraisal.

Financial director

In terms of the requirements of the JSE Mr Derek Roy Wolstenholme was appointed as financial director in an interim capacity on 4 November 2009. He held this position until 1 July 2010 when Mr Ayanda Zemini Khumalo was appointed financial director in his place. In terms of paragraph 3 184(h) of the JSE Listings Requirements, the audit committee was satisfied that Mr Wolstenholme possessed the requisite knowledge, skill and experience to be appointed as financial director. The audit committee is also satisfied that Mr Khumalo possesses the requisite knowledge, skill and experience to be appointed financial director.

Company secretary

All directors have access to the advice and services of the group company secretary, Mr Bethuel Ngwenya, who has been serving the company as such since December 2008. The board is aware that the company secretary is the gatekeeper of corporate governance and is responsible for developing and maintaining the procedures and processes required for the proper administration of board proceedings. Mr Ngwenya supports the board as a whole and directors individually with guidance on fulfilling their fiduciary duties and responsibilities in the best interests of the company. The company secretary also guides and advises the board on matters such as ethics, changes in legislation and corporate governance and plays an administrative supporting role to the group as a whole. To achieve these objectives, independent advisory services can be

sought by the company secretary at the request of the board or its committees. The company secretary oversees the induction, orientation and development of new directors and senior management and is responsible for the provision of training of directors and senior management.

Board functions

The board acts as the focal point for, and is the custodian of, corporate governance in the company. The board controls and governs the company and operates in accordance with a board charter that lays down the mandate, role and responsibilities of the board. The board appreciates that strategy, risk, performance and sustainability are inseparable and it provides effective leadership based on an ethical foundation supported by a strong code of ethics that binds the board, management, employees and stakeholders.

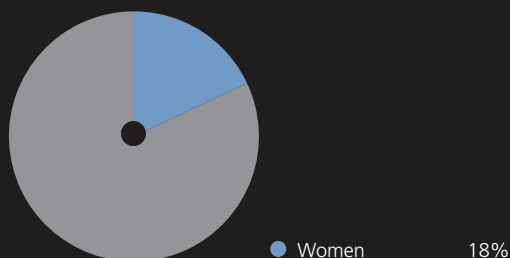
Board accountability

The board assumes overall responsibility for the company and its activities, including risk management and governance. The board is responsible for ensuring an effective risk-based internal audit function and that financial reporting carries the company's seal of integrity and compliance with regulatory requirements. The detailed responsibilities of the board are set out in the board charter.

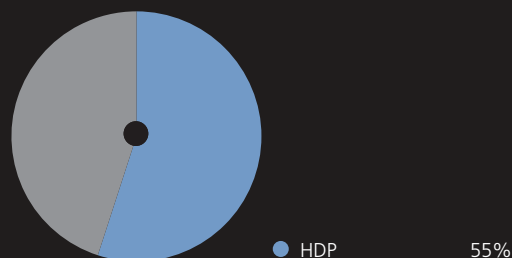
Transparency

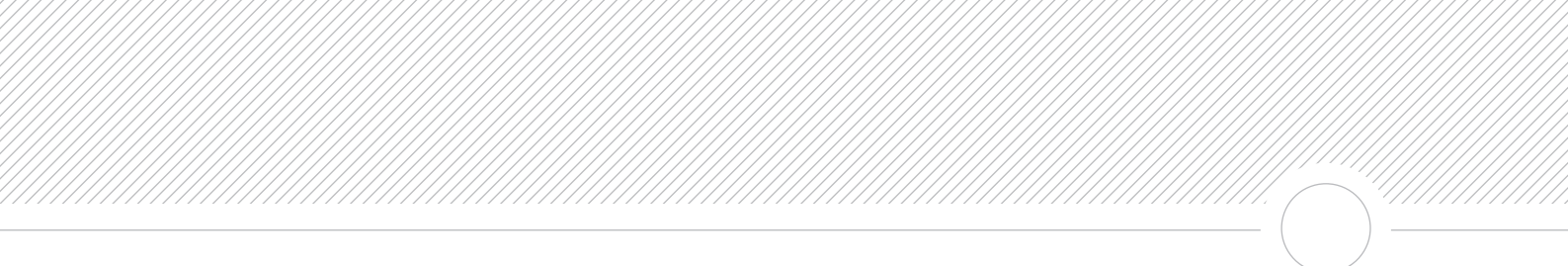
The board is committed to providing full, accurate, relevant and timeous disclosure of information as prescribed by various policies and guidelines governing communication and conduct with stakeholders.

Board representation: women (%)



Board representation: HDPs (%)





With the prior approval of the chairman, the board (collectively or on an individual basis), is entitled to seek independent professional advice concerning the affairs of the group at the company's expense.

Sustainability

The board actively seeks to ensure that an ethical corporate culture is created and maintained. The board members constantly apply their minds in the best interests of the company regarding matters that come before them. The board acknowledges that business sustainability is a business challenge and opportunity and constantly strives to operate in an economically viable manner with due regard to long-term sustainability issues.

Board charter

The board charter regulates how business is to be conducted by the board in accordance with the principles of good corporate governance. The charter sets out the responsibilities of the board members collectively and individually. More specifically, the charter confirms the board's responsibility for the adoption of strategic plans, monitoring of operational performance and management, determination of policies and processes to ensure the integrity of the group's risk management and internal controls, as well as director selection, induction and evaluation.

Responsibility for annual financial statements

The directors are responsible for the preparation of the annual financial statements and related financial information that fairly present the financial position of the group and the results of its operations and cash flows. The annual financial statements set out in this report have been prepared in accordance with International Financial Reporting Standards. These financial statements incorporate full and responsible disclosure, are based on appropriate accounting policies that have been consistently applied, except where otherwise reported, and are supported by reasonable and prudent estimates and judgments. The external auditors, whose report appears on

page 49 are responsible for reporting on these financial statements in conformity with International Standards on Auditing, the King III report and in the manner required by the Companies Act in South Africa.

Conflicts of interest

The company requires its directors, on an annual basis, to disclose details regarding their external shareholdings and directorships which could potentially create conflicts of interest while they serve as directors on the board. The declarations received by the directors in this regard are closely scrutinised by both the chairman and the group company secretary and are tabled at the beginning of each quarterly board meeting.

At each board meeting all directors are also required to declare any material conflicts of interest regarding matters pending before the board. In cases of material conflicts of interest, the director is requested not only to abstain from the relevant discussions but also to leave the meeting.

Where necessary, the company may also seek independent legal opinion regarding potential conflicts of interest in so far as these may affect specific directors, to determine whether or not a conflict of interest exists and to provide appropriate recommendations to the company to follow in dealing with these matters, which may or may not include, without limitation, directors extricating themselves from contractual relationships and/or resigning their directorships or disposing of their shareholdings.

Rotation and retirement of directors

The articles of association of the company stipulate that one third of the non-executive directors, being those longest in office, retire from office at each annual general meeting. A retiring director who is eligible and available may offer himself or herself for re-election and appointment.

Accordingly, Mr Havenstein, Mrs Kgosi and Dr Dlamini retire from office and being eligible and available, have offered themselves for re-election and appointment. Their biographical details appear on pages 46 and 47.

Corporate governance (continued)

The company's articles of association also provide that any person appointed as an addition to the board shall retain office only until the next following annual general meeting of the company and shall then retire and be eligible for re-election. Mr AZ Khumalo was appointed financial director on 1 July 2010 and, in accordance with the provisions of article 50 of the company's articles of association, retires as a director and, being eligible and available, has offered himself for re-election and appointment. His biographical details appear on page 46.

In terms of article 60 of the company's articles of association any person appointed to the board as an executive director shall hold office for a period of five years.

Mr GT Lewis was appointed to the board as chief executive officer on 1 March 2005, and in accordance

with the provisions of article 60, retires from the board and, being eligible and available, has offered himself for re-election and appointment. His biographical details appear on page 46.

Board evaluation

The board recognises that improved performance and effectiveness may only be achieved through regular and timely appraisals both of the board as a collective and of its individual members and will evaluate itself and individual members during the course of the next financial year.

Board meetings

Five meetings were held during the year. The attendance by directors is shown in the table below.

Board meetings: directors' attendance

	12 Aug 2009	4 Nov 2009	19 Feb 2010	23 Apr 2010	28 Jun 2010
PL Zim	✓	✓	✓	✓	✓
ME Beckett	✓	✓	✓	Apology	✓
GT Lewis	✓	✓	✓	✓	✓
DR Wolstenholme	N/A	N/A	✓	✓	Apology
NJ Dlamini	✓	✓	Apology	✓	✓
ET Kgosi	✓	✓	✓	✓	✓
R Havenstein	✓	✓	✓	✓	✓
BR van Rooyen	✓	✓	✓	✓	✓
MSM Xayiya	✓	Apology	Apology	Apology	✓
KC Chabedi	✓	✓	✓	✓	✓
AR Martin	✓	✓	✓	✓	✓
A Gupta	✓	N/A	✓	N/A	✓
MJ Willcox	Apology	✓	Apology	Apology	Apology

Notes:

1. Mr Wolstenholme was appointed financial director on 4 November 2009 and resigned on 1 July 2010.
2. Mr Gupta attended some meetings although he is an alternate director and is only required to attend meetings in the absence of Mr Zim.
3. Mr Willcox attended some meetings although, as an alternative director he is only required to attend meetings in the absence of Mr Xayiya.

Board committees

The board has established three standing committees namely, the audit committee, the health, safety and environmental committee and the remuneration, nomination and employment equity committee, all of

which operate within defined terms of reference laid down in writing by the board. These committees are chaired by and comprise non-executive directors. Members of management, including the chief executive, are invited to attend the committee meetings as appropriate.

Audit committee

The audit committee is chaired by an independent non-executive director and comprises four suitably skilled and experienced non-executive directors, three of whom are independent. In terms of the 1973 Companies Act, the audit committee is appointed annually and also acts as the audit committee for the company's subsidiaries.

Members of the Committee are:

- Committee chair: Mr AR Martin (independent non-executive)
- Mr R Havenstein (independent non-executive)
- Ms ET Kgosi (independent non-executive)
- Mr M Beckett (non-executive)

Although Mr Beckett cannot be considered to be independent owing to his association with Mvelaphanda Resources, his skills and previous experience on the committee are considered to be invaluable.

The board considers that the members of the audit committee are suitably qualified and experienced and possess the necessary levels of financial literacy and the requisite knowledge of financial risks, financial and sustainability reporting, internal controls and corporate law based on practical experience that has a bearing on, and is relevant to, the matters that the committee has to deal with. The board is satisfied that the audit committee has the necessary understanding of International Financial Reporting Standards, South African Statements of Generally Accepted Accounting Practice, Global Reporting Initiative standards or any other financial reporting and control framework that may be applicable to the company.

The audit committee operates according to established terms of reference approved by the board. The committee meets at least four times a year with management and the internal and external auditors in order to:

- review the interim and preliminary announcement of annual results;
- review the annual financial statements and accounting policies;
- review the sustainable development report and systems;
- review the risks areas of the company's operations to be covered in the scope of internal and external audits;

- monitor the integrity and completeness of the company's financial reporting;
- discuss the auditors' findings and recommendations;
- discuss and implement the company's policy regarding whistleblowing and fraud procedures;
- nominate the internal external auditor for appointment;
- consider the effectiveness of internal audit and report to the board on the assessment of the internal audit on the adequacy of the internal controls; and
- approve the fees to be paid to the group's internal and external auditors.

The audit committee also determines and carefully monitors the use of the external auditors for non-audit-related services, and is guided by a formal policy that precludes the external auditor from providing services which would impair audit independence. Prohibited services include:

- performing any internal audit or internal audit outsourcing services for the company or any of its subsidiaries;
- performing any valuations on any business assets of the company, or any of its subsidiaries, for which the external auditors will be required to subsequently issue an audit opinion;
- dispensing corporate finance advice, assistance or services to the company or any of its subsidiaries;
- providing any legal or information technology (design or implementation) consulting services to the company or any of its relevant subsidiaries; and
- conducting any due diligence exercises for and on behalf of the company or any of the company's subsidiaries which utilises the company's external auditor for audit-related services.

The permitted and/or qualified non-audit-related services which the external auditor is permitted to render to the company include:

- tax compliance services in relation to, for and on behalf of the company and/or its subsidiaries;
- assurance related work excluding implementation consulting work which may result in the impairment of the external auditors independence; and
- opinion work not relating to or associated with any of the prohibited services referred to above.

Corporate governance (continued)

During the year the audit committee also considered and confirmed the independence of the internal audit function. The committee is satisfied that the company's finance division has the required expertise, resources and experience to handle the financial affairs of the company. The audit committee is also satisfied that management regularly monitors compliance with the company's code of ethics and approved amendments to align it with current corporate governance principles.

The audit committee recognises the need to consider information technology (IT) risk as a crucial element of the oversight of risk management of the company. As such, the committee plays an oversight role regarding IT risks and controls, business continuity, integrity and availability of the functioning of the IT systems, authentication of system information, data recovery related to IT and information security and privacy.

During the year five meetings were held.

Audit committee: directors' attendance

	12 Aug 2009	18 Sept 2009	2 Nov 2009	15 Feb 2010	20 Apr 2010
AR Martin	✓	Apology	✓	✓	✓
ET Kgosi	✓	✓	✓	✓	✓
ME Beckett	✓	✓	✓	Apology	Apology
R Havenstein	✓	✓	✓	✓	✓

Notes:

1. Mr Martin was appointed to the board on 22 June 2009 and was appointed the chairman of the audit committee on 16 November 2009.
2. Mr Havenstein was appointed a member of the audit committee on 22 June 2009.

External audit

The external auditors have unrestricted access to the Audit Committee. The Audit Committee is satisfied that the external auditors are sufficiently independent and objective in the performance of their duties and responsibilities. The Audit Committee is required to approve the provision of non-audit services by the group's external auditors.

Internal audit function

The company's internal audit function is undertaken on an outsourced basis by KPMG Services (Proprietary) Limited.

The internal auditors provide an independent appraisal function with specific responsibility for examining and evaluating the group's systems of internal control in mitigation of identified business risks. The objective is to assist members of management to effectively discharge their responsibilities.

The scope of the internal audit function includes:

- reviews of the reliability and integrity of financial and operating information;
- the systems of internal control; and

- the means of safeguarding assets.

The internal auditors report to the audit committee and have unrestricted access to its chairman.

Internal financial controls

The directors are responsible for maintaining adequate accounting records and have general responsibility for taking reasonable steps to safeguard the assets of the group and instal systems to prevent fraud and other irregularities. To enable the directors to meet these responsibilities, management has been delegated with the responsibility of setting standards and implementing systems of internal control aimed at providing reasonable assurance for the preparation of reliable annual financial statements, that assets are safeguarded and that the risk of error, fraud or loss is reduced in a cost-effective manner.

Financial statements

The audit committee has reviewed the financial statements, the accounting policies adopted and

applied by the group and the internal controls of the company and is satisfied that the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Policies (GAAP).

Health, safety and environmental (HSE) committee

The HSE committee comprises four non-executive directors.

Members of the Committee are:

- Committee chair: Mr BR van Rooyen (non-executive)
- Mr ME Beckett (non-executive)
- Dr NJ Dlamini (independent non-executive)
- Mr CK Chabedi (non-executive director)

The committee is tasked with overseeing the company's compliance with the various health, safety and environmental laws and regulations that affect the group, and advising the board on associated issues such as sustainable development matters.

Four meetings were held during the year.

HSE committee: directors' attendance

	11 Aug 2009	2 Nov 2009	16 Feb 2010	20 Apr 2010
BR van Rooyen	Apology	✓	✓	✓
ME Beckett	Apology	✓	Apology	Apology
NJ Dlamini	✓	✓	✓	✓
CK Chabedi	✓	✓	✓	✓

Remuneration, nomination and employment equity committee

The remuneration, nomination and employee equity committee (Remcom) is made up of four directors.

Members of the committee are:

- Committee chair: Ms ET Kgosi (independent non-executive)
- Mr R Havenstein (independent non-executive)
- Dr NJ Dlamini (independent non-executive)
- Mr BR van Rooyen (non-executive)

The committee functions in accordance with established terms of reference approved by the board.

The committee's objectives are to assist the board in determining conditions of employment and to review and approve remuneration policies and practices for executive directors and senior management. The committee is also responsible for establishing the policy for, and operation of, the group's share incentive scheme. The committee is satisfied that executive directors are remunerated based on their responsibilities and performances, and in line with the market.

The company operates a bonus scheme for its senior executive directors and managers which is based on certain safety, production and financial targets being met. The committee approves the parameters for this scheme and any bonuses payable are limited to 40% of an individual's basic remuneration package. No bonuses are paid to non-executive directors and they are not entitled to receive any share options.

The company also operates a number of short-term incentive schemes for other employees. In addition, the committee approves the mandate with regard to negotiations with trade unions and oversees compliance with the requirements of the Employment Equity Act, No 55 of 1998, the King III Report and the administration of the company's share incentive scheme.

The committee is also tasked with advising the board regarding the size, composition and effectiveness of the board and board-appointed committees, as well as advising the board regarding the appointment of proposed candidates to serve on the board.

Corporate governance (continued)

Remcom: directors' attendance

	12 Aug 2009	5 Nov 2009	16 Feb 2010	8 Mar 2010	29 Mar 2010	19 Apr 2010	26 May 2010	24 Jun 2010
ET Kgosi	✓	✓	✓	✓	✓	✓	✓	✓
R Havenstein	✓	✓	✓	✓	✓	✓	Apology	✓
NJ Dlamini	✓	✓	✓	✓	✓	✓	✓	✓
BR van Rooyen	✓	✓	✓	✓	✓	✓	✓	✓
AR Martin	N/A	N/A	N/A	✓	✓	N/A	N/A	N/A

Notes:

Mr Martin is not a member of the committee but attended those meetings of the committee relating to the selection and appointment of a financial director.

Code of ethics

The group is committed to the highest ethical standards in its dealings with all its stakeholders, and to this end has adopted a code of ethics (the Code) which governs the relationship between the group and its employees, the group and the environment, the group and its suppliers and customers, as well as the group and the community. In promoting the code, the group is committed to:

- defending the right of employees to a safe and healthy working environment;
- conducting its business in such a way that promotes the sustainability of the environment;
- applying the highest ethical standards in its dealings with customers and suppliers and protecting whistle blowers when dealing with fraud and corruption;
- improving the quality of community life;
- creating a climate free of conflict, discrimination and harassment of whatever nature;
- engaging constructively and creatively with government bodies, labour organisations and non-governmental organisations (NGOs); and
- providing a channel through which grievances or breaches of the code can be dealt with without fear of victimisation.

The board recently approved a revised code of ethics that has been updated to align it with current corporate governance trends and approaches to ethical business behaviour. The code of ethics applies to all directors, management, contractors and employees who deal with the company's stakeholders.

The revised code of ethics is available on the group's website (www.northam.co.za).

Communication

The company is committed to transparent, comprehensive and impartial communications with its stakeholders. The company maintains a website, which provides timeous, relevant and accurate information regarding the company's operational and sustainability performance and its financial results. Communications with shareowners exceed the statutory requirements and include press releases, briefings and a website. Briefings, newsletters, posters and other appropriate media are used to communicate with employees. The group encourages proactive two-way engagement with stakeholders by way of hosting visits, open days, conducting surveys and through other communication channels.

Dealings in the group's shares and closed periods

The group maintains a closed period prior to the publication of its interim and final results. During this time, and other such periods as determined by the company, directors and employees are precluded from dealing in the company's shares. Outside of any closed periods, directors and employees are required to obtain approval prior to dealing in the company's shares.

Risk management

The company's risk management function is based on an inclusive, team-based approach to effective application across the company. Management is accountable to the board for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the company. Through management the board has established various systems of internal control to manage significant risks. These systems support the board in discharging its responsibility for ensuring that the range of risks associated with the group's operations are mitigated and managed effectively and the interests of stakeholders safeguarded. Through the audit committee the board oversees the process of risk management and regularly reviews the adequacy and effectiveness of the company's risk management processes and internal controls. The internal audit function, which is outsourced, tests the group's internal controls in accordance with an agreed annual audit plan and reports quarterly to the audit committee on the adequacy and effectiveness of the controls, systems, processes and procedures.

The group has developed an integrated risk management framework which identifies the significant risks facing the group, as well as factors in mitigation thereof, in order to further assist the board in the discharge of its responsibilities. While the operating risks cannot be fully eliminated, the group endeavours to minimise them by ensuring that appropriate infrastructure, controls and systems are applied throughout the group to manage such risks.

The development of the risk management framework entailed the identification of all the activities carried out in the various processes of the company, the assessment of the impact of the inherent risks within those activities and/or processes and measures taken or to be taken to mitigate such risks. The risk matrix is subject to annual review by management in conjunction with the group's internal auditors.

The board continuously reviews its risk management structures, systems, processes and procedures to ensure that these are aligned to the principles contained in King III. The board appreciates the important role played by internal audit in the process of risk management and endorses the need for

internal auditing to be risk-based in addition to being compliance-based.

The major risks and steps taken to mitigate and/or manage these risks are listed below:

Country regulatory risk

The mining sector in South Africa is subject to changes in regulatory requirements, potentially resulting in financial demands being made on the group. These changes could include but are not limited to beneficiation provisions, royalties, health levies and other taxes and licences. The group is conscious of these dynamics and ensures that there is ongoing dialogue and relationship building with both governmental and non-governmental stakeholders. Sectoral lobbying and stakeholder expectation management is further handled via industry bodies. In addition, South African operations are subject to the requirements of the Mining Charter which seeks, *inter alia*, to:

- promote equitable access to South Africa's mineral resources for all people in South Africa;
- substantially and meaningfully expand opportunities for historically disadvantaged South Africans (HDSAs), including women, to enter the mining and minerals industry and to benefit from the exploration of South Africa's mineral resources;
- utilise the existing skills base for the empowerment of HDSAs;
- expand the skills base of HDSAs in order to serve the community;
- promote employment and advance the social and economic welfare of mining communities and areas supplying mining labour;
- promote beneficiation of South Africa's mineral commodities beyond mining and processing, including the production of consumer products.

Whilst the group believes that it has made significant progress towards meeting the charter requirements, any regulatory changes to these, or failure to meet existing requirements, could adversely affect its ability to convert its old mining rights to new order mining rights in South Africa.

Financial and market risk

As a producer of platinum group metals, the group is subject to market fluctuations in both commodity

Corporate governance (continued)

prices and exchange rates. These fluctuations may have an adverse impact on the group's earnings and cash flows. Rising prices for raw materials, driven by strong global demand for fuel, steel and certain chemicals, have also impacted on production costs. The group's response to production cost pressures is to ensure that price increases granted to suppliers remain within the consumer price index (CPI), whilst working towards achieving greater production efficiencies in order to contain the increase on unit costs.

Through its association with the Platinum Guild International the group promotes the use of PGMs primarily in the jewellery sector, thus helping to sustain a strong demand for PGMs.

Infrastructural services supply risk

The group is dependent on the reliable supply of power in order to conduct its operations. South Africa's national electricity utility, Eskom, currently has very little surplus generating capacity and requires the mining industry in South Africa to achieve a 10% reduction in the overall power consumption.

The group has engaged with Eskom so that it is given advance warning of any possible outages in order to secure employees' safety and protect its assets. It is not always possible to determine the cost of power disruptions, which are likely to persist until at least 2013. Northam has put a number of measures in place to reduce power consumption. The most significant of these are:

- the reduction of underground water consumption and the consequential reduction in power consumption for pumping and refrigeration;
- the intermittent use of diesel-powered fans to replace electrical powered surface fans as required;
- various initiatives to reduce domestic power consumption in the mine offices, hostels and the village.

Ore reserve

The ore body within the group's mining lease area at Zondereinde is characterised by potholing which, when encountered, could result in a loss of available reserves. The nature of these potholes is such that they cannot be reliably predicted.

The highly competent geological staff constantly monitors the geological conditions to attempt to predict potholes ahead of the face.

Environmental and social

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

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

Health

The occupational illnesses associated with mining operations are those caused by, *inter alia*, excessive exposure to heat, dust, noise, radiation and gases. Consequently, the mining industry is subject to stringent health and safety laws and regulations that are subject to change from time to time. In the event of changes to health and safety legislation the group may incur additional costs in order to comply with any new laws and regulation. In addition, the industry as a whole is experiencing the effects of medical pandemics such as HIV/AIDS and TB. These medical conditions adversely affect productivity and costs.

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

Human resources

On a global basis the mining industry continues to face a contraction in the availability of required skills. This

may have a negative impact on both productivity and employment costs.

The group pursues a broad-based strategy with regard to attracting and retaining appropriate skills, encompassing highly competitive compensation models, attractive career development opportunities and skills development programmes.

Risk financing

Risk financing forms an integral part of the group's risk management philosophy. In this regard the group ensures that it has adequate insurance cover to safeguard it against major losses. The cover is arranged in respect of both material damage and business interruption, and is split between the South African and international insurance markets.

Should the group suffer a major loss, future earnings could be affected.

Integrated reporting and disclosure

The board appreciates that sustainability is both an ethical and economic imperative for business in the 21st century, both in terms of risk and the opportunities it presents. The relationship between

good governance, good leadership and excellent financial performance are evident, and entails defining strategy, providing direction and establishing the ethics and values that will influence and guide practices and conduct with regard to sustainability performance.

Policies, practices and performance relating to sustainable development form an integral part of the management of the company. Responsibility for these matters lies with the board. The audit committee assists the board in approving the disclosure of sustainability issues in the sustainability report and the annual report. The latter document provides extensive discussion on the operational and financial performance of the company and the material environmental, social and governance (ESG) issues that underpin the company's business performance, so enabling stakeholders to make an informed assessment of the economic viability of the company.

The separate sustainability report which is published alongside this document deals with specific ESG issues in sufficient detail to satisfy the needs of a broader group of stakeholders.

Directors

PL Zim (50)

B Comm (Hons), M Comm D Comm

Non-executive chairman

Joined the board in 2007

Mr Zim is the chairman of Afripalm Holdings (Proprietary) Limited, Kumba Iron Ore Limited and Mvela Resources and a director of Sanlam Limited and Sanlam Life Insurance Limited. He is also the previous past president of the Chamber of Mines of South Africa. Prior to establishing Afripalm, he held senior executive positions at Anglo American South Africa Limited and MTN Group Limited.

GT Lewis (53) (British)

B Sc (Mining Engineering), MBA

Chief executive officer

Mr Lewis joined Northam in 2001 as mine manager, was appointed general manager in 2002 and chief executive officer in 2005. Prior to joining Northam, he was the manager of the Tarkwa gold mine in Ghana. He has extensive experience in the mining industry in both precious and base metal mines.

ME Beckett (74) (British)

B Sc, FIMM

Non-executive director

Joined the board in 1999

Mr Beckett is chairman of Thomas Cook Group plc and Endeavour Financial Corporation. He is a director of International Hotels Investments Limited, Orica Limited, Mvelaphanda Resources Limited, (Mvela Resources) Petroamerica Oil Corporation, Banro Corporation and Crew Gold Corporation. A geologist by training, Mr Beckett was formerly managing director of Consolidated Gold Fields plc.

CK Chabedi (42)

BSc Mining Engineering, MDP

Non-executive director

Joined the board in 2009

Mr Chabedi has many years' experience in the mining industry,

having worked in various capacities for Anglo Coal. He currently consults to the industry while lecturing in both opencast and underground mining at the University of the Witwatersrand. Mr Chabedi is a director of Mvela Resources.

NJ Dlamini (Dr) (51)

MBChB, DOH, MBA

Independent non-executive director

Joined the board in 2004

Dr Dlamini is the chairperson of Mbekani Group. Before moving into the business sector she worked as a medical practitioner. Until 2003 she was a senior manager at HSBC, in the transport and energy corporate finance team. She was closely involved in advising and structuring BEE transactions. She is a trustee of Mkhiwa Trust and chairs the board of Aspen Pharmacare Holdings Limited. Her other directorships include GijimaAst Group Limited, Eyomhlaba Holdings Limited and Imithi Investments (Proprietary) Limited

AK Gupta (42)

Alternate director

Appointed as alternate director to Mr P L Zim in 2009

Mr Gupta is chairman and managing director of Sahara Holdings (Proprietary) Limited and is a member of the Afripalm Resources (Proprietary) Limited board of directors.

R Havenstein (54)

MSc (Chemical Engineering), B Comm

Independent non-executive director

Joined the board in 2003

Mr Havenstein is a former executive director of Sasol Limited responsible for Sasol Chemical Industries. In June 2003 he was appointed chief executive officer of Anglo Platinum Limited, a position he held until August 2007.

ET Kgosi (Ms) (55)

B Comm (Hons)

Independent non-executive director

Joined the board in 2004

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

AZ Khumalo (45)

B Comm, B Compt (Hons), CA (SA)

Financial director

Joined the board in 2010

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

AR Martin (72)

B Comm, CA (SA)

Independent non-executive director

Joined the board in 2009

Mr Martin is a chartered accountant, and a founding partner of the country's first black-owned accounting firm Christian, Martin and Abrahamse. Over a period of time he has served as a partner at Ernst and Young, chairman of Vodacom Group and chief executive officer of Siemens Telecommunications (Proprietary) Ltd. His board positions currently include Barnard Jacobs Mellet Holdings Limited, Mediclinic Holdings Limited, Petmin Limited and Trans Hex Group Limited (Trans Hex).

BR van Rooyen (76)

BA LLB

Non-executive director

Joined the board in 1999

Mr van Rooyen is the deputy chairman of Mvela Resources, chairman of Trans Hex and a director of Banro Corporation and Ndowana Exploration (Proprietary) Limited. Previously, he was an executive director at Gold Fields of South Africa Limited with responsibilities at various times for corporate finance, new business and technical services.

M Willcox (40)

BA LLB, PGrad Dip Tax

Alternate director

Appointed an alternate

director to Mr MSM Xayiya in 2009

Mr Willcox is a founding member of Mvelaphanda Holdings (Proprietary) Limited (Mvela Holdings). He currently serves on the boards of Avusa Limited and Mvela Resources. Mr Willcox is the current chief executive officer of African Management Limited/African Global Capital UK.

MSM Xayiya (49)

BA

Non-executive director

Joined the board in 2009

Mr Xayiya is the executive chairman of Mvela Holdings and Mvelaphanda Group Limited and serves on the board of Mvela Resources and Avusa Limited. He has served as managing director of Mawenzi Asset Managers (Proprietary) Limited and as a policy advisor in the Office of the Premier in the Gauteng province.

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Approval of annual financial statements

Upon the recommendation by the Audit Committee the annual financial statements for the year ended 30 June 2010, which appear on pages 48 to 113 were approved by the Board of directors on 16 September 2010. The directors are responsible for the fair presentation to shareholders of the affairs of the company and of the group as at the end of the financial year, and of the results for the period, as set out in the annual financial statements. The directors are responsible for the overall co-ordination of the preparation and presentation, and approval of the financial statements. Responsibility for the initial preparation of these statements has been delegated to the officers of the company and the group.

The independent auditors are responsible for auditing and reporting on the financial statements in the course of executing their statutory duties. The financial statements have been prepared on a going concern basis, conform with applicable accounting standards and are presented applying consistent accounting policies supported by reasonable and prudent judgements and estimates. To discharge this responsibility, the group maintains accounting and administrative control systems designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with sound and ethical business practices and procedures. The accounting policies of the group are set out on pages 59 to 84 of this report.

GT Lewis
Chief executive

AR Martin
Chairman: Audit Committee

Company secretary's confirmation

In terms of Section 268G (d) of the Companies Act, I confirm that, to the best of my knowledge, the company has lodged with the Registrar of Companies all such returns as are required by a public company in terms of the Companies Act and that all such returns are true, correct and up to date in respect of the financial year reported upon.

B Ngwenya
Company secretary
Johannesburg

16 September 2010

Independent auditors' report



To the members of Northam Platinum Limited

Report on the consolidated financial statements

We have audited the group annual financial statements and annual financial statements of Northam Platinum Limited, which comprise the consolidated and separate statements of financial position as at 30 June 2010, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 113.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Northam Platinum Limited as at 30 June 2010 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Ernst & Young Inc.
Registered auditor
Johannesburg

16 September 2010

Directors' report

The directors have pleasure in submitting their report for the year ended 30 June 2010. The review of the group's operational performance is set out in the operational review on pages 11 to 17, whilst the nature of business is described in the corporate profile which appears on the inside front cover.

Booyssendal mine

The board has given its approval for the development of the mine to proceed. This follows from the results of an optimisation study on the project which concluded that the project could support a run of mine production rate of 187 500 tonnes per month and that the capital requirement for the mining complex including a concentrator plant would be approximately R3.6 billion in March 2010 money terms.

In February 2010 the board approved initial capital expenditure (pending the outcome of the optimisation exercise) of R340 million to fund an early works programme to establish infrastructural facilities. This work is in progress and an amount of R181.7 million has been spent on the project to date. The primary construction activities will start as soon as certain outstanding environmental regulatory approvals have been received.

The board has agreed in principle that the project will be funded from a combination of internal resources in the short term, with convertible bonds and senior bank debt in the longer term. Further details are contained on page 52 in the paragraph dealing with borrowing powers.

Pandora joint venture

The group's share of earnings from the Pandora joint venture amounted to R12.4 million. The figure reported for the previous year of R72.6 million included profits in respect of that year of R4.8 million and R67.8 million for the prior years. The investment of R130.1 million at 30 June 2009 was increased by profit of R12.4 million and offset by an amount of R10.2 million distributed by Pandora and a depreciation charge of R2.6 million in respect of the cost of the group's investment. Further details of the group's interest in Pandora are set out in Annexure 2 on page 116.

Corporate governance

The board of directors of the company seeks to ensure that all deliberations, decisions and actions of the company's business and operational structures are based on good corporate governance and fundamentally sound values including but not limited to integrity, responsibility, accountability, fairness and transparency. The pursuit of good corporate governance is guided by the Company's Articles of Association, the Board Charter, the Listings Requirements of the JSE Limited, the South African Companies Act of 1973, the second King Report on Corporate Governance in South Africa (King II) and the third King Report on Corporate Governance in South Africa (the King III Report) and the Global Reporting Initiative (GRI) and any other applicable laws and regulations.

Further details on the group's corporate governance practices are set out in the corporate governance report on page 34 to 45.

Mining licences

Zondereinde

The Zondereinde mine's mining licences (8/98 and 1/2000) cover an area of approximately 7 625 hectares on the farms Aapieskraal 377 KQ, Amandelbult 383 KQ, Elandsfontein 386 KQ, Grootkuil 376 KQ, Kopje Alleen 422 KQ, Middeldrift 379 KQ, Vrugbaar 381 KQ and 387 KQ, Witvley 423 KQ and Zondereinde 384 KQ.

The company submitted its application for the conversion of the two old order mining rights to the Department of Mineral Resources (DMR) in April 2006. The application was accepted by the DMR and in May 2010 we received notification that the conversion of one of the two licences had been granted. Clarification of the status of the second application has been sought so that the execution of both converted mining rights can take place simultaneously.

Booyssendal

The Booyssendal mine's mining licence, which is held through Micawber 278 (Proprietary) Limited, covers an area of approximately 11 902 hectares on the farms Booyssendal 43 JT, Buttonshope 51 JT, Der Brochen 7 JT, Draaikraal 48 JT, Hebron 5 JT, Kliprivier 73 JT, Pietersburg 44 JT and Uysedoorns 47 JT. In addition

Micawber holds new order prospecting rights of approximately 2 068 hectares on the farms Johannesburg 45 JT and Sheeprun 50 JT.

The conversion of Booyssendal mine's old order mining right was executed in September 2009. Registration of the new order mining right in the Mining Titles Registration Office (MTRO) is in process.

The application for mining rights over the remaining two farms presently held under new order prospecting rights is being processed.

Additional mining rights over an area of approximately 1 264 hectares on the farms Der Brochen 7 JT, Hebron 5 JT and Hermansdal 3 JT known as the Booyssendal extension farms were to be ceded to Micawber pending the conversion of Rustenburg Platinum Mines Limited's Der Brochen Project old order mining right to a new order mining right.

The conversion of the Der Brochen mining right has been granted and executed and the applications to transfer the mining rights area known as the Booyssendal extension farms have been lodged in terms of the relevant legislation.

Property

A register of land and buildings containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company during normal business hours.

Financial results

The accounting policies, statement of financial position, statement of comprehensive income, statements of cash flows, statements of changes in equity, and notes to the financial statements, on pages 59 to 113, reflect the financial results and position of the company and the group.

Dividends

Dividends totalling – 40 cents per share (2009: 78 cents per share) absorbing R144 211 100 (2009: R280 775 240) were declared. Details are as follows:

Interim dividend (No 22) – 20 cents per share

Declaration date:	19 February 2010
Last day to trade <i>cum div</i> :	18 March 2010
Commencement of trading ex div:	19 March 2010
Record date:	26 March 2010
Payment date:	29 March 2010

Final dividend (No 23) – 20 cents per share

Declaration date:	20 August 2010
Last day to trade <i>cum div</i> :	10 September 2010
Commencement of trading ex div:	13 September 2010
Record date:	17 September 2010
Payment date:	20 September 2010

Shareholders who have dematerialised their shares receive payment electronically. Shareholders who have not yet dematerialised their shares, or who have not yet given a dividend payment mandate to the company's transfer secretaries and are therefore still receiving their dividends by cheque, need to note that the incidence of cheque fraud is increasing, and there have been several attempts to fraudulently cash dividend cheques issued by the company.

Accordingly shareholders will be asked, at the forthcoming annual general meeting, to consider and approve an amendment to article 84 of the company's articles of association to provide that dividend and other payments to shareholders be paid by means of electronic funds transfer into a bank account designated for such purposes by members, with payments by cheque no longer being permissible.

Share capital

At the annual general meeting of shareholders which was held on 5 November 2009 the necessary approval was given to increase the authorised share capital of the company from R4 750 000 divided into 475 000 000 shares of one cent each to R5 450 000 divided into 545 000 000 shares of one cent each.

During the year 732 500 shares that were allotted and issued to participants of the Northam Share Option Scheme, resulting in the issued share capital at 30 June 2010 being 360 642 000 (2009: 359 909 500) shares of one cent each and the share premium increasing from R7 619 369 000 to R7 634 880 000.

Directors' report (continued)

At the forthcoming annual general meeting members will be asked to place the authorised but unissued shares in the capital of the company, other than those shares that are reserved for purposes of the Northam Share Option Scheme, under the control of the directors in terms of Section 221(2) of the Companies Act, 1973 (Act 61 of 1973) ("the Act"), as amended, and the Listings Requirements of the JSE Limited (JSE). The text of the necessary resolution appears in the accompanying notice of annual general meeting.

Repayments of share premium

At the annual general meeting held on 5 November 2009 shareholders passed a resolution granting the directors of the company a general authority to distribute up to a maximum of 20% of the company's share premium in terms of the Listings Requirements of the JSE and subject to the requirements of Section 90 of the Companies Act, 1973. The company has a substantial share premium account, equivalent to R21.17 per share that has arisen from a combination of previous rights issues and the acquisition of the Booyssendal Platinum Project. Should the company under prevailing market conditions generate cash funds that are surplus to its operational requirements, this general authority enables the directors to return some or all of these surplus funds to shareholders should they deem it to be in the best interests of the company. This general authority is valid until the company's next annual general meeting or for 15 months from the date of the aforementioned resolution (being 5 November 2009) whichever period is the shorter. The directors have proposed that this general authority be renewed for a further period once again and accordingly the details of the necessary resolution appears in the accompanying notice of annual general meeting.

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

Acquisition of company's own shares

The Companies Act permits a company and its subsidiaries to acquire its own shares and for such subsidiaries to acquire shares of their holding company. Accordingly, at the annual general meeting held on 5 November 2009 shareholders passed a special resolution granting the company a general authority

to repurchase its own shares. This general authority provides the directors, subject to certain terms and conditions as set out in the said special resolution, with the necessary flexibility to procure the repurchase of the company's shares from time to time should such repurchase, in view of prevailing market conditions, be opportune and be deemed to be in the best interests of the company. This general authority is valid until the company's next annual general meeting or for 15 months from the date of the aforementioned resolution (being 5 November 2009) whichever period is the shorter. The directors have proposed that this general authority be renewed for a further period once again and accordingly the details of the necessary special resolution, as well as the reasons therefor and the effects thereof, appears in the notice of annual general meeting.

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

Borrowing powers

In terms of the articles of association, the directors may borrow for purposes of the company, such sums as they deem fit. The board is considering various funding options for the group for purposes of developing the Booyssendal mine. The group estimates that it will require facilities of up to R2.5 billion over the next 4 years, with the bulk of the funding being required from June 2011 onwards. In view of this, the board has resolved in principle that it would be in the best interests of the company and shareholders to issue convertible bonds as part of the funding requirements of the company. A convertible bond combines a standard corporate bond with a call option on the equity of the company. The convertibility feature allows the holder of the bond to convert the bond into a pre-determined number of underlying shares in the future. The option component subsidises the cost of the bond, reducing the coupon cost. The conversion price is the price at which the underlying shares are indirectly purchased assuming conversion takes place. The conversion premium refers to the difference between the conversion price and the price of the shares at the time the convertible bond is placed. A convertible bond allows the issuer to subsidise its debt cost using the value of the embedded call option. Potential equity issuance is deferred over the life of the bond typically five years. A convertible bond may be issued by the company itself or through a wholly owned

subsidiary. A general authority to issue a convertible bond is therefore required in order to allow the company to issue such a bond. This would necessitate the amendment of the company's articles of association to expand the Board's borrowing powers accordingly. The text of the resolution is contained in the notice of meeting.

STRATE (Share Transactions Totally Electronic)

Shareholders are once again reminded that the company transferred to the STRATE environment during September 2001. Shareholders who have not already dematerialised their shares (certificated shareholders) are strongly urged to do so as soon as possible (unless it is their explicit intention not to do so) in order to enable them to trade in such shares. It is most important for certificated shareholders to note that

their shares may not be traded on the JSE unless the shares have been dematerialised.

Northam Share Option Scheme (the Scheme)

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

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

A summary of the shares held under option is as follows:

	Price per share R	Total number of options
Earliest and latest exercise date		
14 October 2006 and 13 October 2011	8.30	92 500
24 October 2007 and 23 October 2012	17.00	636 000
23 October 2008 and 21 October 2013	38.45	1 597 500
22 October 2009 and 21 October 2014	48.00	1 737 500
27 November 2010 and 26 November 2015	32.38	3 212 500
Number of options held at 30 June 2009		7 276 000
New options granted during the year at R36.95 per share		3 662 500
Number of options forfeited during the year		(185 000)
Number of options exercised during the year – refer Annexure 5 on page 120		(732 500)
Number of options held at 30 June 2010		10 021 000

At 30 June 2010 the outstanding options were exercisable as follows:

	Price per share R	Total number of options	Options exercisable 30 June 2010	Options exercisable in F2011	Options exercisable thereafter
14 October 2006 and 13 October 2011	8.30	–	–	–	–
24 October 2007 and 23 October 2012	17.00	183 500	183 500	–	–
23 October 2008 and 22 October 2013	38.45	1 435 000	1 435 000	–	–
22 October 2009 and 21 October 2014	48.00	1 737 500	868 750	868 750	–
27 November 2010 and 26 November 2015	32.38	3 047 500	–	1 523 750	1 523 750
5 November 2011 and 4 November 2016	36.95	3 617 500	–	–	3 617 500
		10 021 000	2 487 250	2 392 500	5 141 250

Directors' report (continued)

Full details of the options exercised during the year are set out in Annexure 5 on page 120, and are summarised as follows:

Grant date	Number of options exercised	Exercise price R	Consideration R000
14 October 2004	92 500	8.30	768
24 October 2005	452 500	17.00	7 692
23 October 2006	162 500	38.45	6 248
27 November 2008	25 000	32.38	810
Total	732 500		15 518

Directorate

The following change occurred since the date of the last annual report:

- Mr DR Wolstenholme was appointed an executive director on 4 November 2009 and resigned from the board with effect from 1 July 2010;
- Mr AZ Khumalo was appointed an executive director on 1 July 2010;

The composition of the board of directors, as well as of board appointed committees, at the date of this report, is reflected on pages 46 to 47.

In terms of article 50 of the company's articles of association any person appointed to the board during the year shall hold office only until the next following annual general meeting of the company and shall then retire and be eligible for re-election. Mr AZ Khumalo was appointed financial director on the 1st July 2010 and, in accordance with the provisions of article 50, retires from office and, being eligible and available, has offered himself for re-election and appointment. Accordingly at the forthcoming annual general meeting members will be requested to consider a resolution providing for the election and re-appointment of Mr AZ Khumalo as an executive director of the company.

A brief summary of his *curriculum vitae* appears on page 46.

Further, in terms of article 57 of the company's articles of association directors one third of the non-executive directors, being those longest in office, must retire from office at each annual general meeting. A retiring director who is eligible and available may offer himself or herself for re-election and appointment.

Mr R Havenstein, Mrs ET Kgosi and Dr NJ Dlamini retire by rotation and, being eligible and available, offer themselves for re-election. Accordingly at the forthcoming annual general meeting members will be requested to consider resolutions providing for the election and re-appointment of Mr R Havenstein, Mrs ET Kgosi and Dr NJ Dlamini as non-executive directors of the company

Brief summaries of their *curricula vitae* appear on pages 46 and 47.

In addition, in terms of article 60 of the company's articles of association any person appointed to the board as an executive director shall hold office for a period of five years. Mr GT Lewis was appointed to the board as chief executive officer on 1 March 2005 and in accordance with the provisions of article 60, retires from office and, being eligible and available, has offered himself for re-election and appointment.

His *curriculum vitae* details appear on page 46.

Directors' fees

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

Board fees

- Board chairman – R86 000 per annum.
- Board members – R43 000 per annum.
- Board meeting attendance fees – R28 000 per meeting.

Board appointed committees

- Committee chairmen – R32 400 per annum.
- Committee members – R16 200 per annum.
- Committee meeting attendance fees – R10 800 per meeting.

The above fees were set in 2009, and with the ever increasing responsibilities imposed on directors by the more stringent regulatory environment, it is considered appropriate that they be further revised to bring them more into line with market norms. Accordingly it is proposed that the fees be increased as follows:

Board fees

- Board chairman – R93 000 per annum.
- Board members – R46 500 per annum.
- Board meeting attendance fees – R30 000 per meeting.

Board appointed committees fees

- Committee chairmen – R34 800 per annum.
- Committee members – R17 400 per annum.
- Committee meeting attendance fees – R11 600 per meeting.

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

Directors' remuneration

The directors' remuneration for the year ended 30 June 2010 was as follows:

	Fees R000	Remune- ration package R000	Perfor- mance bonus R000	Benefits R000	Gain on exercise of options R000	Total R000
Executive						
G T Lewis	–	2 354	782	309	6 559	10 004
D R Wolstenholme (note 1)	–	1 084	286	136	–	1 506
Non-executive						
M E Beckett	248	–	–	–	–	248
C K Chabedi	242	–	–	–	–	242
N J Dlamini	345	–	–	–	–	345
R Havenstein	345	–	–	–	–	345
E T Kgosi	372	–	–	–	–	372
A R Martin	285	–	–	–	–	285
B R van Rooyen	350	–	–	–	–	350
M S Xayiya	127	–	–	–	–	127
P L Zim	226	–	–	–	–	226
	2 540	3 438	1 068	445	6 559	14 050

Note 1 – Mr D R Wolstenholme was appointed a director on 4 November 2009 and resigned with effect from 1 July 2010.

Directors' report (continued)

The directors' remuneration for the year ended 30 June 2009 was as follows:

	Fees R000	package R000	bonus R000	Benefits R000	of options R000	Total R000
Executive						
GT Lewis	–	2 141	6 284*	284	–	8 709
Non-executive						
ME Beckett	223	–	–	–	–	223
CK Chabedi (note 2)	27	–	–	–	–	27
NJ Dlamini (note 1)	280	–	–	–	–	280
RHavenstein (note 1)	225	–	–	–	–	225
ET Kgosi (note 1)	305	–	–	–	–	305
AR Martin (note 2)	1	–	–	–	–	1
NM Mbazima (note 3)	7	–	–	–	–	7
PC Pienaar (note 4)	115	–	–	–	–	115
BR van Rooyen	275	–	–	–	–	275
MS Xayiya (note 2)	1	–	–	–	–	1
PL Zim	184	–	–	–	–	184
	1 643	2 141	6 284	284	–	10 352

* Includes a special bonus of R5 750 000 in respect of the successful conclusion of the Booyseendal transaction in August 2008.

Note 1. Dr Dlamini, Ms Kgosi and Mr Havenstein were paid a special fee of R20 000 each in their capacity as members independent board committee to advise shareholders on the expression of interest made by Impala Platinum Holdings Limited to acquire the entire issued capital of Northam.

Note 2. Messrs Chabedi, Martin and Xayiya were appointed on 22 June 2009.

Note 3. Mr Mbazima resigned as a director with effect from 20 August 2008.

Note 4. Mr Pienaar resigned from the board with effect from 4 June 2009.

Details of gains made by directors on the exercise of options are disclosed in Annexure 5 on page 120.

Service contracts

The executive directors have service contracts with the company which is subject to a notice period of one year. None of the other directors have a service contract with the company.

Directors' interests

According to information available to the company after reasonable enquiry, the interests of the directors and their families in the shares of the company at 30 June 2010 were as follows:

	Direct beneficial holding	Indirect beneficial holding	Indirect non- beneficial holding	Total R000
M E Beckett	30 000	–	–	30 000
B R van Rooyen	–	37 462	211 881	249 343
M J Willcox	–	–	7 133 185	7 133 185
D R Wolstenholme	–	82 500	–	82 500
M S M M Xayiya	–	–	2 723 776	2 723 776
P L Zim	–	–	7 302 881	7 302 881
	30 000	119 962	17 371 723	17 521 685

According to information available to the company after reasonable enquiry, the interests of the directors and their families in the shares of the company at 30 June 2009 were as follows:

	Direct beneficial holding	Indirect beneficial holding	Indirect non- beneficial holding	Total R000
ME Beckett	30 000	–	–	30 000
BR van Rooyen	–	37 462	263 864	301 326
MJ Willcox	–	–	8 934 949	8 934 949
MS M M Xayiya	–	–	2 977 611	2 977 611
PL Zim	–	–	9 094 563	9 094 563
	30 000	37 462	21 270 987	21 338 449

Analysis of shareholders at 30 June 2010

	Number of holders	Total shareholding	Percentage holding
Shareholding range			
1 – 5 000	6 437	5 845 703	1.6
5 001 – 10 000	289	2 206 397	0.6
10 001 – 50 000	305	6 797 488	1.9
50 001 – 100 000	47	3 309 648	0.9
100 001 – 1 000 000	101	30 624 853	8.5
1 000 001 and over	24	311 857 911	86.5
Total	7 203	360 642 000	100.0
Category of shareholders			
Individuals	6 937	10 671 495	3.0
Companies	2	233 574 012	64.7
Managed funds and other bodies	264	116 396 493	32.3
Total	7 203	360 642 000	100.0

Major shareholders at 30 June 2010

	Number of shares	Percentage holding
Owner		
Mvelaphanda Resources Limited	181 841 230	50.4
ENRC NV	51 732 782	14.3
Fund manager		
Public Investment Commission	16 859 363	4.7
M & G Investment Management Limited	11 200 000	3.1

Shareholder spread at 30 June 2010

The company's shareholder spread is set out below.

	Number of shareholders	Percentage holding
Public	7 198	35.3
Non-public		
– Directors	3	–
– Other (any who fall outside the scope of the above)	2	64.7
Total	7 203	100.0

Directors' report (continued)

Northam Platinum Restoration Trust Fund (the Fund)

The Northam Platinum Restoration Trust Fund was established in 1996 to assist the company in making financial provision for the environmental rehabilitation of the mine, in terms of the Minerals and Petroleum Resources Development Act (No 28, of 2002), upon cessation of its mining operations. Details of the contributions made and provisions raised are disclosed in notes 8 and 18 of the notes to the financial statements. In addition, the company has procured the issue of a guarantee for R24.0 million in respect of certain unfunded environmental restoration costs, as more fully disclosed in note 9 of the notes to the financial statements and has registered a bond over certain areas of its property in favour of the Fund in order to secure payment of its obligations.

Toro Employee Empowerment Trust Fund

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

The participation in the scheme of employees at the future Booyssendal mine will be addressed in due course.

Subsidiaries

Details of Northam's subsidiaries at 30 June 2010 are set out in Annexure 3 on page 117.

Special resolutions

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

Going concern and impairment testing

Mining entities have a finite life that depends on geological and technical factors as well as commodity prices and other economic factors. Taking account of the outlook for these factors as contained in the chairman and chief executive's message, as well as the group's present financial resources, the directors believe that the group is a going concern. Details of the key assumptions made are set out in note 1 of the notes to the financial statements. The group annual financial statements have accordingly been prepared on this basis. In addition management has assessed whether there are any indicators of impairment in the market and believes that the increase in the average price realised, the firmer outlook of the platinum price, as well as the recovery in the automotive industry indicates that no impairment testing is required for the operating mine.

Management has assessed the valuation of the Booyssendal mine as required in terms of IAS 36 – Impairments of Assets, and has concluded that the project is not impaired. The assessment was based on previous independent valuations taking into account the current available future outlook of commodity prices and exchange rates.

Company secretary

Mr B Ngwenya continues in office as company secretary. Relevant details appear on page 47.

Listing

The company's shares are listed in the Basic Resources – Mining [Platinum and Precious Metals] sector of the JSE.

Events after the reporting date

No material changes, other than those highlighted in this report, have taken place in the affairs of the group between the end of the financial year and the date of this report.

Accounting policies

1. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are fairly valued, in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and the South African Companies Act, 1973.

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

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

1.1 New accounting policies adopted

The accounting policies adopted are consistent with those of the previous financial year except as follows. The group has adopted the following new or amended International Financial Reporting Standards and IFRIC interpretations during the year.

- IFRS 1 First time adoption of International Financial Reporting Standards (amendment).
- IFRS 1 First time adoption of International Financial Reporting Standards – Additional exemptions for first time adoption (amendment)
- IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27: Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (amendment)
- IFRS 2 Share based payments – Vesting Conditions and Cancellation (amendments)
- IFRS 2 Share based payments – Scope of IFRS 2 and IFRS 3(R) (amendment)
- IFRS 3 Business Combinations (revised) and IAS 27 Consolidated and Separate Financial statements (revised)
- IFRS 5 Non-current Assets (or Disposal Groups) Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary (amendment)
- IFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments (amendment)
- IFRS 8 Operating Segments
- IAS 1 Presentation of Financial Statements (revision)
- IAS 1 Presentation of Financial Statements – Current/non-current classification of derivatives (amendment)
- IAS 16 Property, Plant and Equipment – Recoverable amount (amendment)
- IAS 16 Property, Plant and Equipment – Sale of assets held for rental (amendment)
- IAS 18 Revenue – Determining whether an entity is acting as a principal or as an agent (amendment)
- IAS 19 Employee Benefits – Curtailment and negative past service costs (amendment)
- IAS 19 Employee Benefits – Plan administration costs (amendment)
- IAS 19 Employee Benefits – Replacement of term "fall due" (amendment)
- IAS 19 – Employee Benefits – Guidance on contingent liability (amendment)
- IAS 20 Accounting for Government Grants and Disclosure of Government assistance – Government loans with a below-market rate of interest (amendment)
- IAS 23 Borrowing Costs (revised)
- IAS 23 Borrowing Costs – Components of Borrowing Costs (amendment)
- IAS 27 Consolidated and Separate Financial Statements – Measurement of subsidiary held for sale in separate financial statements (amendment)
- IAS 28 Investments in Associates – Required disclosures when investments in associates are accounted for at fair value through profit or loss (amendment)

Accounting policies (continued)

- IAS 28 Investments in Associates – Impairment of investment in associate (amendment)
- IAS 29 Reporting in Hyperinflationary Economies – Description of measurement basis in financial statements (amendment)
- IAS 31 Interests in Joint Ventures – Required disclosures when investments in jointly controlled entities are accounted for at fair value through profit or loss (amendment)
- IAS 32 Financial Instruments: Presentation and IAS 1: Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (amendment)
- IAS 36 Impairment of Assets – Disclosure of estimates used to determine recoverable amount (amendment)
- IAS 38 Intangible Assets – Advertising and promotional activities (amendment)
- IAS 38 Intangible Assets – Unit of production method of amortisation (amendment)
- IAS 38 Intangible Assets – Additional consequential amendment arising from IFRS 3(R) (amendment)
- IAS 38 Intangible Assets – Measuring the fair value of an intangible asset acquired in a business combination (amendment)
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (amendment)
- IAS 39 Financial Instruments: Recognition and Measurement – Reclassification of derivatives into or out of the classification of at fair value through profit or loss (amendment)
- IAS 39 Financial Instruments: Recognition and Measurement – Designation and documentation of hedges at the segment level (amendment)
- IAS 39 Financial Instruments: Recognition and Measurement – Applicable effective interest rate on cessation of fair value hedge accounting (amendment)
- IAS 40 Investment Properties – Property under construction or development for future use as investment property (amendment)
- IAS 41 Agriculture – Discount rate for fair value calculations (amendment)
- IAS 41 Agriculture – Additional biological transformations (amendment)
- IFRIC 9 Reassessment of embedded derivatives – Scope of IFRIC 9 and IFRS 3(R) (amendment)
- IFRIC 15 Agreements for the construction of real estate
- IFRIC 16 Hedges of a net investment in a foreign operation – Amendment to the restriction on an entity that can hold hedging instruments (amendment)
- IFRIC 17 Distribution of Non-cash Assets to Owners
- IFRIC 18 Transfer of Assets from Customers
- AC 504 IAS 19 – The Limit on a defined benefit, minimum funding requirements and their interaction in a South African pension fund environment

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

IFRS 1 First time adoption of International Financial Reporting Standards (amendment)

This amendment restructured the layout of IFRS 1.

The adoption of this standard has had no effect on the group's financial statements, as the group already reports in terms of IFRS.

IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27: Consolidated and Separate Financial Statement – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (amendment)

This amendment provides guidance on the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRS for the first time and removes the obligation to distinguish between pre- and post-acquisition dividends. In Northam's separate financial statements, dividends received from subsidiaries are now recognised in profit or loss. The payment of such dividends requires the entity to consider whether this indicates an impairment. If such an indicator is present, an impairment test will be required.

The adoption of this amendment had no material effect on the group's financial statements, as the dividends received from subsidiaries are minimal.

IFRS 2 Share based payments-Vesting Conditions and Cancellation (Amendment)

The amendment clarifies that cancellation of an equity-settled share-based payment award results in accelerated vesting regardless of which party cancels the award. The only exception to this rule is when the award is cancelled by forfeiture. Northam's policy is to regard such transactions as forfeitures unless circumstances clearly indicate otherwise. The amendment also clarifies the accounting for non-vesting conditions. As Northam has not granted any share-based payment awards that are subject to non-vesting conditions, Northam will not be impacted by this aspect of the Amendment.

IFRS 2 Share based payments – Scope of IFRS 2 and IFRS 3(R) (Amendment)

The amendment clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of IFRS 2, even though they are out of scope of IFRS 3(R).

This amendment had no impact on the group, as the standards were already applied accordingly.

IFRS 3 Business Combinations (revised) and IAS 27 Consolidated and Separate Financial Statements (revised)

Due to the transition rules of IFRS 3(R) and IAS 27(R), there will be limited effects of the revisions to business combinations that occurred prior to the adoption of the revised standards. The main changes apply to the accounting for loss-making subsidiaries, acquisitions/disposals of non-controlling interests and deferred tax assets linked to unrecognised tax benefits.

As Northam does not have any non-controlling interests, there will be no revisions to prior business combinations as a result of the adoption of the revised standards. The revisions will mainly impact future business combinations and should therefore be considered in negotiating and structuring those transactions. The main changes include the expensing of transaction costs, accounting for contingent

consideration and step acquisitions, the reassessment of assets and liabilities and additional extensive disclosure requirements.

IFRS 5 Non-current Assets (or Disposal Groups) Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary (amendment)

This amendment requires that when a subsidiary is held for sale, all its assets and liabilities shall be classified as held for sale, even when the entity will retain a non-controlling interest in the subsidiary held for sale.

The adoption of this amendment had no effect on the group's financial statements, as Northam does not intend selling a subsidiary in the near future.

IFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments (amendment)

This amendment deals with improving disclosures about financial instruments as well as enhancing the disclosures about fair value measurement and liquidity risk. The enhanced disclosures require financial instruments measured at fair value to be disclosed according to a three-level hierarchy. It also revises the minimum liquidity risk disclosures such as the maturity analysis of financial liabilities – in particular relating to issued financial guarantee contracts and derivative assets and liabilities.

These revised disclosures are incorporated into the financial statements.

IFRS 8 Operating Segments

IFRS 8 introduces a management reporting approach to identifying and measuring the results of reportable operating segments. The characteristics of the reportable segments are no longer strictly linked to geography or product lines. Furthermore, the measurement of the results is no longer prescribed by the measurement and recognition criteria of IFRS. Although IFRS 8 requires entities to separately assess vertically integrated segments, the availability of discrete financial information resulted in the assessment of the Northam Mine and Booyseveld Project being classified as the only two operating and reportable segments under IFRS 8.

Accounting policies (continued)

Certain disclosures, including new “Entity-wide disclosures” are required by IFRS 8. Overall IFRS 8 therefore impacted disclosures provided in the financial statements and did not impact the financial position, performance or cash flows of the entity.

IAS 1 Presentation of Financial Statements (revision)

This revision requires owner and non-owner changes in equity to be reported separately and introduces a statement of comprehensive income which presents all items of income and expense together with all other items of recognised income and expense, either in one single statement or in two linked statements. Northam only discloses a single statement. The revision also amended the titles of the components of a complete set of financial statements to the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows. These amended titles are used in the financial statements. Dividends recognised as distributions to owners and related amounts per share are presented either in the Statement of Changes in Equity or in the notes. An additional comparative period will in future have to be presented for the Statement of Financial Performance if Northam encounters a retrospective application of a new accounting policy, the correction of an error or a reclassification.

IAS 1 Presentation of Financial Statements – Current/non-current classification of derivatives (amendment)

This amendment stipulates that assets and liabilities classified as held for trading in accordance with IAS 39 are not automatically classified as current assets or liabilities.

The adoption of this amendment had no effect on the group’s financial statements, as Northam did not have any derivatives with maturity dates beyond 12 months at year end.

IAS 16 Property, Plant and Equipment – Recoverable amount (amendment)

This amendment replaces the term “net selling price” with “fair value less costs to sell”, to be consistent with IFRS 5 and IAS 36.

The accounting policies were updated accordingly. Otherwise the adoption of this amendment had no effect on the group’s financial statements.

IAS 16 Property, Plant and Equipment – Sale of assets held for rental (amendment)

Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. Proceeds on sale are subsequently shown as revenue. IAS 7 is also revised, to require cash payments to manufacture or acquire such items to be classified as cash flows from operating activities. The cash receipts from rents and subsequent sales of such assets are also shown as cash flows from operating activities.

The adoption of this amendment had no impact on Northam, as the entity does not enter into such transactions.

IAS 18 Revenue – Determining whether an entity is acting as a principal or as an agent (amendment)

This amendment provides guidance in determining whether an entity is acting as a principal or as an agent.

The adoption of this amendment had no material effect on the group’s financial statements, as similar guidance was used in the past in order to assess such relationships.

IAS 19 Employee Benefits – Curtailments and negative past service costs (amendment)

Northam operates an other long term employee benefit in the form of the Toro Employee Trust. Therefore, the improvement to IAS 19 on curtailments and negative past service costs has an impact on all amendments to the plan that change benefits and occur in annual periods beginning on or after the effective date.

Amendments to the plan are however not anticipated and, given the nature of the plan, are unlikely to occur.

IAS 19 Employee Benefits – Plan administration costs (amendment)

The previous version of IAS 19 required that plan administration costs be considered when calculating the return on plan assets. At the same time, it did not

rule out that they are (partly) reflected in the measurement of the defined benefit obligation.

As plan administration costs are insignificant, this amendment should not have an impact on Northam.

IAS 19 Employee Benefits – Replacement of term “fall due” (amendment)

The amendment revises the definition of short-term and other long-term employee benefits to focus on the point in time at which the liability is due to be settled.

As employees are entitled to claim vested compensated absences at any point in time, leave pay was correctly accounted for as a short-term employee benefit.

IAS 19 Employee Benefits – Guidance on contingent liability (amendment)

The amendment deleted the reference to the recognition of contingent liabilities to ensure consistency with IAS 37.

As Northam already interpreted this paragraph correctly, the Amendment had no impact on the entity.

IAS 20 Accounting for Government Grants and Disclosure of Government assistance – Government loans with below-market rate of interest (amendment)

The Amendment states that loans granted with no or low interest rates will not be exempt from the requirement to impute interest. Interest is to be imputed on loans granted with below-market interest rates. The difference between the amount received and the discounted amount is accounted for as a government grant.

The adoption of this amendment had no material effect on the group's financial statements, as the entity does not receive any government assistance.

IAS 23 Borrowing Costs (revised)

The revised IAS 23 now requires that all borrowing costs are capitalised if they are directly attributable to the acquisition, capitalisation or production of a qualifying asset. In addition, qualifying assets measured at fair value are exempt from the application of IAS 23.

Northam previously adopted an accounting policy requiring the capitalisation of borrowing costs, and the standard therefore had no impact on the entity.

IAS 23 Borrowing Costs – Components of borrowing costs (amendment)

This amendment revises the definition of borrowing costs to consolidate the types of items that can be considered components of “borrowing costs” into one, with the interest expense being calculated using the effective interest rate method.

The adoption of this amendment had no effect on the group's financial statements, as Northam is not incurring any borrowing costs on qualifying assets at present.

IAS 27 Consolidated and Separate Financial Statements – Measurement of subsidiary held for sale in separate financial statements (amendment)

This amendment requires that when a parent accounts for a subsidiary at fair value as per IAS 39 in its separate financial statements, the treatment continues when the subsidiary is subsequently classified as held for sale.

The adoption of this amendment had no effect on the group's financial statements, as Northam accounts for such investments at cost.

IAS 28 Investments in Associates – Required disclosures when investments in associates are accounted for at fair value through profit or loss (amendment)

This amendment deals with the disclosures when investments in associates are accounted for at fair value through profit and loss.

The adoption of this amendment had no effect on the group's financial statements, as associates are measured at cost in the separate financial statements.

IAS 28 Investments in Associates – Impairment of investment in associate (amendment)

The amendment clarifies that an investment in an associate is a single asset for the purpose of calculating impairments – including any reversals.

Accounting policies (continued)

The adoption of this amendment had no effect on the group's financial statements, as no impairment losses were recognised on associates.

IAS 29 Reporting in Hyperinflationary Economies – Description of measurement basis in financial statements (amendment)

The amendment revises the reference to the exception to measure assets and liabilities at historical cost, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list.

The amendment had no material effect on the group's financial statements, as the group does not have any interests in entities reporting in hyperinflationary economies.

IAS 31 Interests in Joint Ventures – Required disclosures when investments in jointly controlled entities are accounted for at fair value through profit or loss (amendment)

The amendment clarifies that if a joint venture is accounted for at fair value, in accordance with IAS 39 (as it is exempt from the requirements of IAS 31), only the requirements of IAS 31 to disclose the commitments of the venture and the joint venture, as well as summary financial information about the assets, liabilities, income and expenses will apply.

This amendment had no effect on the group's financial statements, as the group does not have any joint ventures.

IAS 32 Financial Instruments: Presentation and IAS 1: Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (amendment)

The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. IAS 1 now also requires disclosure of certain information relating to puttable instruments classified as equity.

The adoption of this amendment had no effect on the group's financial statements, as Northam did not issue any puttable instruments.

IAS 36 Impairment of Assets – Disclosure of estimates used to determine recoverable amount (amendment)

This amendment stipulates that when discounted cash flows are used to determine "fair value less costs to sell", the same disclosure is required as when discounted cash flows are used to estimate "value in use".

The adoption of this amendment had no effect on the group's financial statements, as the entity measures recoverable amount using "value in use".

IAS 38 Intangible Assets – Advertising and promotional activities (amendment)

In terms of this amendment expenditure on advertising and promotional activities is recognised as an expense when the entity either has the right to access the goods or received the services.

The adoption of this amendment had no effect on the group's financial statements, as Northam previously applied the principles stipulated in this amendment.

IAS 38 Intangible Assets – Unit of production method of amortisation (amendment)

This amendment clarifies that the unit of production method may be used in amortising intangible assets.

The adoption of this amendment had no effect on the group's financial statements, as the entity already applied these principles in amortising intangible assets.

IAS 38 Intangible Assets – Additional consequential amendment arising from IFRS 3(R) (amendment)

This amendment, which is a consequence of amendment to IFRS 3, clarifies that if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognise the group of intangible asset as a single asset provided the individual assets have similar useful lives.

The adoption of this amendment had no effect on the group's financial statements, as Northam previously applied the principles stipulated in this amendment.

IAS 38 Intangible Assets – Measuring the fair value of an intangible asset acquired in a business combination (amendment)

This amendment clarifies the valuation techniques presented for determining the fair value of intangible assets acquired during a business combination that are not traded in an active market are examples and are not restrictive on the methods that can be used.

The adoption of this amendment had no effect on the group's financial statements, as Northam previously applied the principles stipulated in this amendment.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged items (amendment)

The amendment clarifies the designation of a one-sided risk in a hedged item and the designation of inflation as a hedged risk or portion in particular situations.

The adoption of this amendment had no effect on the group's financial statements, as the group does not apply hedge accounting.

IAS 39 Financial Instruments: Recognition and Measurement – Reclassification of derivatives into or out of the classification of at fair value through profit or loss (amendment)

The amendment clarifies that changes in circumstances relating to derivatives – specifically derivatives designated or de-designated as hedging instruments after initial recognition – are not reclassifications. Thus, a derivative may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition.

The amendment had no effect on the group's financial statements, as the group does not apply hedge accounting.

IAS 39 Financial Instruments: Recognition and Measurement – Designation and documentation of hedges at the segment level (amendment)

The amendment removes the reference in IAS 39 to a "segment" when determining whether an instrument qualifies as a hedge.

The amendment had no effect on the group's financial statements, as the group does not apply hedge accounting.

IAS 39 Financial Instruments: Recognition and Measurement – Applicable effective interest rate on cessation of fair value hedge accounting (amendment)

The amendment requires use of the revised effective interest rate (rather than the original effective interest rate) when remeasuring a debt instrument on the cessation of fair value hedge accounting.

The amendment had no effect on the group's financial statements, as the group does not apply hedge accounting.

IAS 40 Investment Properties – Property under construction or development for future use as investment property (amendment)

This amendment revises the scope of IAS 40 and IAS 16 such that a property that is being constructed or developed for future use as an investment property is classified as an investment property. If an entity is unable to determine the fair value of an investment property under construction but expects to be able to determine its fair value upon completion, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete.

The adoption of this amendment had no effect on the group's financial statements, as the group does not have any investment properties.

IAS 41 Agriculture – Discount rate for fair value calculations and Additional biological transformations (amendment)

This amendment provides clarification on the discount rate for fair value calculations and cash flows resulting from additional transformations when estimating fair value.

The adoption of this amendment had no material effect on the group's financial statements, as the group does not own any biological assets.

Accounting policies (continued)

IFRIC 9 Reassessment of embedded derivatives – Scope of IFRIC 9 and IFRS 3(R) (amendment)

The amendment to this interpretation clarifies that it does not apply to possible reassessment, at the date of acquisition, of embedded derivatives in contracts acquired in a business combination between entities or businesses under common control or the formation of a joint venture.

The adoption of this standard has had no material effect on the group's financial statements, as the amendment is applied prospectively and the group did not have any business combinations during the year.

IFRIC 15 Agreements for the construction of real estate

Determining whether an agreement for construction is within scope of IAS 11 or IAS 18 depends on the terms of the agreement and all the surrounding facts and circumstances. Such a determination requires judgment with respect to each agreement and IAS 11 is applied when the definition of a construction contract is met. IFRIC 15 impacts Norplats Properties (Pty) Ltd whereby Northam constructs houses in the town of Northam as part of an initiative to assist Northam employees in acquiring their own affordable houses. These agreements are within the scope of IAS 18 as Northam transfers to the buyer control and significant risks and rewards of ownership of the real estate in its entirety at a single point in time.

The adoption of this interpretation had no effect on the group's financial statements, as these principles were previously applied also.

IFRIC 16 Hedges of a net investment in a foreign operation – Amendment to the restriction on an entity that can hold hedging instruments (amendment)

The amendment to this interpretation states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied.

The adoption of this amendment had no effect on the group's financial statements, as the group does not apply hedge accounting.

IFRIC 17 Distribution of Non-cash Assets to Owners

This interpretation provides guidance on distributions of non-cash assets to owners at fair value. IFRIC 17 provides guidance on when to recognise a dividend payable, how to measure the dividend payable and how to account for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable upon settlement.

As Northam has not distributed non-cash assets to owners (or provides owners a choice of receiving cash or non-cash assets) in the past and does not intend to do so in future, Northam is not impacted by the adoption of IFRIC 17.

IFRIC 18 Transfer of Assets from Customers

This interpretation details the accounting for receipts of items of Property, Plant and Equipment from their customers or cash to acquire or construct specific assets that are then used to connect customers to a network and/or provide them with ongoing access to a supply of goods or services.

As Northam has not received such items in the past and does not anticipate to do so in future, Northam was not impacted by the adoption of IFRIC 18.

AC 504 IAS 19 – The Limit on a defined benefit, minimum funding requirements and their interaction in a South African pension fund environment

This South African interpretation clarifies the application of IFRIC 14 specifically in the South African environment.

The adoption of this interpretation had no material impact on the group's financial statements, as there are no defined benefit plan assets.

1.2 Statements and Interpretations issued and not yet effective:

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

Standard or interpretation	Description	Impact	Effective date
IFRS 1	First-time Adoption of International Financial Reporting Standards – Additional exemptions for first time adoption (amendment)	This amendment provides relief from full retrospective application of IFRS for the measurement of oil and gas assets and leases. The adoption of this amendment will have no effect on the group's financial statements as the group adopted IFRS in 2006.	1 January 2010
IFRS 1	First-time Adoption of International Financial Reporting Standards – Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment)	IFRS 1 has been amended to allow first-time adopters to utilise the transitional provisions in IFRS 7 as they relate to the March 2009 amendments. The adoption of this amendment will have no effect on the group's financial statements as the group adopted IFRS in 2006.	1 July 2010
IFRS 1	First-time Adoption of International Financial Reporting Standards – Accounting policy changes in the year of adoption (amendment)	The amendment clarifies that, if a first-time adopter changes its accounting policies or its use of the exemptions in IFRS 1 after it has published interim financial statements, it needs to explain those changes and update the reconciliations between previous GAAP and IFRS. The adoption of this amendment will have no effect on the group's financial statements as the group adopted IFRS in 2006.	1 January 2011
IFRS 1	First-time Adoption of International Financial Reporting Standards – Revaluation basis as deemed cost (amendment)	The amendment allows first-time adopters to use an event-driven fair value as deemed cost, even if the event occurs after the date of transition, but before the first IFRS financial statements are issued. The adoption of this amendment will have no effect on the group's financial statements as the group adopted IFRS in 2006.	1 January 2011
IFRS 1	First-time Adoption of International Financial Reporting Standards – Use of deemed cost for operations subject to rate regulation (amendment)	The amendment expands the scope of 'deemed cost' for property, plant and equipment or intangible assets to include items used subject to rate regulated activities. The exemption will be applied on an item-by-item basis. All such assets will also need to be tested for impairment at the date of transition. The adoption of this amendment will have no effect on the group's financial statements as the group adopted IFRS in 2006.	1 January 2011

Accounting policies (continued)

Standard or interpretation	Description	Impact	Effective date
IFRS 2	Share-based payments – Group Cash Settled Share-based Payment Arrangements (amendment)	This amendment provides guidance on how to account for cash-settled share-based payment transactions in the separate financial statements of an entity. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have any cash settled share-based payment plans.	1 January 2010
IFRS 3	Business Combinations – Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS (amendment)	The amendment clarifies that the amendments to IFRS 7, IAS 32 and IAS 39, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). The amendment will have no impact on the entity, as these principles were already considered appropriately.	1 July 2010
IFRS 3	Business Combinations – Measurement of non-controlling interests (amendment)	The amendment limits the scope of the measurement choices that only the components of NCI that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, shall be measured either: • At fair value or • At the present ownership instruments' proportionate share of the acquiree's identifiable net assets. Other components of NCI are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS, e.g., IFRS 2. As the amendment will be applied prospectively, it will only impact future business combinations.	1 July 2010

Standard or interpretation	Description	Impact	Effective date
IFRS 3	Business Combinations – Un-replaced and voluntarily replaced share-based payment awards (amendment)	The amendment requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses. However, if the entity replaces the acquiree's awards that expire as a consequence of the business combination, these are recognised as post-combination expenses. As the amendment will be applied prospectively, it will only impact future business combinations.	1 July 2010
IFRS 5	Non-current Assets (or Disposal Groups) Held for Sale and Discontinued Operations – Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations (amendment)	This amendment clarifies that the disclosure requirements in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations. The adoption of this amendment, which will be applied prospectively, may require additional disclosures regarding non-current assets or disposal groups held for sale.	1 January 2010
IFRS 7	Financial Instruments: Disclosures – Clarifications of disclosures (amendment)	The amendment emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendment will impact the extent of IFRS 7 disclosures provided in the financial statements.	1 January 2011
IFRS 8	Operating Segments – Disclosure of information about segment assets (amendment)	This amendment clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. The adoption of this amendment will have no material effect on the group's financial statements as the group already considered potential impacts of this amendment upon adopting IFRS 8 in 2010.	1 January 2010

Accounting policies (continued)

Standard or interpretation	Description	Impact	Effective date
IFRS 9	Financial Instruments- Classification and Measurement	The revised standard comprises the first stage of a project to replace IAS 39. This phase applies to financial assets and simplifies the classification of financial assets whilst retaining the measurement principles, being at fair value or amortised cost. The IAS 39 exemption which allows equity instruments to be measured at cost will be limited further and reclassifications between categories will only be allowed in exceptional circumstances. IFRS 9 could impact the classification and measurement of Northam's financial assets – the impact has not yet been determined.	1 January 2013
IAS 1	Presentation of Financial Statements – Current/ non-current classification of convertible instruments (amendment)	This amendment deals with the classification of convertible instruments between current and non-current. The adoption of this amendment will have no material effect on the group's financial statements as the group has not issued any convertible instruments.	1 January 2010
IAS 1	Presentation of Financial Statements – Clarification of statement of changes in equity	The amendment clarifies that an entity should present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The adoption of this amendment will have no material effect on the group's financial statements, as such an analysis is already provided in the statement of changes in equity.	1 January 2011
IAS 7	Statements of Cash Flows – Classification of expenditures on unrecognised assets (amendment)	This amendment explicitly states that only expenditure that results in a recognised asset can be recognised as a cash flow from investing activities. The adoption of this amendment will have no material effect on the group's financial statements as the group did not classify any non-assets as investing activities.	1 January 2010

Standard or interpretation	Description	Impact	Effective date
IAS 17	Leases – Classification of leases of land and buildings (amendment)	This amendment deals with the classification of leases of land and buildings so that only the general guidance remains. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have any leases of land and buildings classified as finance leases.	1 January 2010
IAS 24	Related Party Disclosure (revised)	This revision simplifies the disclosure requirements for government related entities and clarifies the definition of related parties The adoption of this amendment will have no material effect on the group's financial statements, as it does not amend the principles applicable to Northam.	1 January 2011
IAS 27	Consolidated and Separate Financial Statements – Transition requirements for amendments made as a result of IAS 27 (amendment)	The amendment clarifies that the consequential amendments from IAS 27 made to IAS 21, IAS 28 and IAS 31 apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier. The amendment should not have an impact on Northam, as the consequential amendments noted did not impact the entity.	1 July 2011
IAS 32	Financial Instruments Presentation – Classification of rights issues (amendment)	This amendment states that if rights are issued pro rata to an entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is determined. The adoption of this amendment will have no material effect on the group's financial statements, as the group has not made such rights issues.	1 February 2010
IAS 34	Interim Financial Reporting – Significant events and transactions (amendment)	The amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add certain new disclosure requirements. The amendment may impact disclosures provided in Northam's interim reports and press releases prepared in accordance with IAS 34.	1 January 2011

Accounting policies (continued)

Standard or interpretation	Description	Impact	Effective date
IAS 36	Impairment of Assets – Unit of accounting for goodwill impairment test (amendment)	This amendment clarifies that the largest unit permitted for allocating goodwill acquired in terms of a business combination is the operating segment, as defined in IFRS 8, before aggregation for accounting purposes. The adoption of this amendment will have no material effect on the group's financial statements as the group has already adopted these principles in impairment testing.	1 January 2010
IAS 39	Financial Instruments: Recognition and Measurement – Assessment of loan prepayment penalties as embedded derivatives (amendment)	This amendment clarifies that a repayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest on the remaining term of the host contract. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have such instruments.	1 January 2010
IAS 39	Financial Instruments: Recognition and Measurement – Scope exemption for business combination contract (amendment)	This amendment clarifies that the scope exemption of contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have such instruments.	1 January 2010
IAS 39	Financial Instruments: Recognition and Measurement – Cash flow hedge accounting (amendment)	This amendment clarifies that gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognised financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss. The adoption of this amendment will have no material effect on the group's financial statements as the group does not apply hedge accounting.	1 January 2010



Standard or interpretation	Description	Impact	Effective date
IFRIC 13	Customer Loyalty Programmes – Fair value of award credit (amendment)	The amendment clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account. The amendment should have no impact on Northam, as the group does not have any customer loyalty programmes.	1 January 2011
IFRIC 14	IAS 19-The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interactions – Prepayments of a minimum funding requirement (amendment)	This amendment clarifies the accounting where an entity makes voluntary prepaid contribution and there is a minimum funding requirement. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have any prepayments of minimum funding requirements.	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	This interpretation clarifies the requirements of IFRSs when an entity negotiates the terms of a financial liability with a creditor and the creditor accepts the entity's shares or other equity instruments to settle the financial liability fully or partially. The adoption of this interpretation will have no material effect on the group's financial statements, as the entity has not entered into any such transactions.	1 July 2010

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

Accounting policies (continued)

2. Consolidation

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

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

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

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

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

3. Associates

The group has an interest in a joint venture which is classified as an associate. The group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Profit or loss in the statement of comprehensive income reflects the share of the results of operations of the associate. Where

there has been a change recognised directly in the equity of the associate, the group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and the associate are eliminated to the extent of the interest in the associate.

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

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

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

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

4. Business combinations and goodwill

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

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

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

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

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

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

Goodwill is tested for impairment annually or more frequently if events or circumstances suggest that it

might be impaired and an impairment loss recognised is not reversed in a subsequent period.

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

4.1 Business combinations prior to 30 June 2009

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

5. Property, plant and equipment

5.1 Mining assets

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

5.2 Mine development costs

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

Accounting policies (continued)

on a straight-line basis, over the estimated economic life of the mine (currently estimated at 18 years), based on measured and indicated resources which are revised annually.

5.3 Mining plant and equipment

Mining plant and equipment, including the decommissioning asset, is depreciated on a straight-line basis over the lesser of the estimated economic life of the mine (currently estimated at 18 years), based on measured and indicated resources, which are revised annually, or their expected useful lives.

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

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

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

5.4 Decommissioning asset

The decommissioning asset is depreciated on a straight-line basis over the estimated economic life of the mine (currently estimated at 18 years), based on measured and indicated resources which are revised annually.

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

5.5 Intangible assets comprising mining properties and mineral reserves

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

(currently estimated at 18 years), based on measured and indicated resources which are revised annually.

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

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

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

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

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

5.6 Office equipment and vehicles

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

5.7 Land

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

5.8 Impairment

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

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

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

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

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

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

or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

5.9 Derecognition

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

5.10 Annual review of residual values, depreciation method and useful lives

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

5.11 Subsequent expenditure

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

6. Township land and development

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

7. Financial instruments

Financial instruments recognised on the statement of financial position include investments, cash and cash equivalents, trade accounts receivable and trade accounts payable. These are recognised when the

Accounting policies (continued)

group becomes party to the contractual agreements. All financial instruments are initially recorded at fair value and in the case of financial instruments not at fair value through profit or loss, directly attributable transaction costs.

7.1 Investments

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

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

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

7.2 Trade and other receivables

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

7.3 Cash and cash equivalents

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

Negotiable instruments are recorded initially at the fair value of the consideration given and marked to market at reporting intervals. Any gain or loss arising from the mark to market or a change from book value to fair value is included in the determination of investment income.

7.4 Trade and other payables

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

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

7.5 Borrowings

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

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

7.6 Derivative instruments

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

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

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

7.7 Impairment of financial instruments

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

Assets carried at amortised cost

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

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

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

Available-for-sale investments

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

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

7.8 Derecognition of financial instruments

Financial assets

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

- the rights to receive cash flows from the asset have expired;
- the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either: (a) the group has transferred substantially all the risks and rewards of the asset or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Accounting policies (continued)

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

8. Commodity contracts

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

9. Inventories

9.1 Consumable stores

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

9.2 Metal on hand

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

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

10. Deferred tax

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

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

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

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

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow

all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

11. Provisions

11.1 Environmental rehabilitation provisions

11.1.1 Decommissioning provision

Provision is made for the present value of the estimated future decommissioning costs at the end of the mine's life. When this provision gives rise to future economic benefits, a decommissioning asset is recognised as part of the underlying property, plant and equipment, otherwise the costs are charged to profit or loss.

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

The increase in the decommissioning provision due to the passage of time is recognised as a borrowing cost in profit or loss. Other changes in the carrying value of the provision subsequent to initial recognition are adjusted in the determination of the carrying value of the decommissioning asset as opposed to being recognised in profit or loss.

11.1.2 Environmental restoration provision

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

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

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

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

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

11.1.3 Environmental rehabilitation fund

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

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

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

11.2 Other provisions

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

Accounting policies (continued)

12. Foreign currencies

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

13. Revenue recognition

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

13.1 Metal sales

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

13.2 Revenue from the sale of township land

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

13.3 Interest revenue

Interest revenue is recognised as it accrues, using the effective interest rate method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to

the net carrying amount of the financial asset or liability. Interest income is included in investment revenue in the statement of comprehensive income.

13.4 Dividends

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

13.5 Sundry income

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

14. Leased metal

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

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

15. Borrowing costs

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

16. Employee benefits

16.1 Short-term employee benefits

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

16.2 Equity compensation plans

Options granted to employees in terms of the rules of the Northam Share Option Scheme ("the Scheme") are valued at the grant date using the Binomial Model.

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

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

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

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

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

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

16.3 Retirement benefits

Eligible employees are members of various defined contribution schemes.

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

16.4 Medical benefits

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

16.5 Post-retirement medical costs

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

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

16.6 Toro Employee Empowerment Trust

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

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

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

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

17. Leases

17.1 Group as lessee

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

Assets subject to finance leases are capitalised as property, plant and equipment at the lower of the fair value of the leased asset at inception of the lease or the present value of the minimum lease payments with

Accounting policies (continued)

the related lease obligation recognised at the same amount. Capitalised leased assets are depreciated over the estimated useful lives. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

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

17.2 Group as lessor

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

18. Taxation

18.1 Current tax

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

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

18.2 Deferred tax

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

18.3 Secondary tax on companies

Secondary Tax on Companies, which is levied at enacted or substantially enacted tax rates at reporting date, on net dividends declared, is charged to net income in the period in which the relevant dividend is declared.

18.4 Value added tax

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

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

19. Dividends declared

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

Statements of financial position

as at 30 June 2010

	Note	2010 R000	2009 R000	2010 R000	2009 R000
		Group	Group	Company	Company
Assets					
Non-current assets		7 971 624	7 732 343	7 579 794	7 515 446
Property, plant and equipment	2	1 938 061	1 737 109	1 769 501	1 700 932
Mining properties and mineral resources	3	5 722 659	5 718 387	143 532	152 387
Interest in associate	4	129 741	130 106	52 733	55 333
Investments in subsidiaries	5			5 566 000	5 566 000
Unlisted investment	6	6	6	6	6
Township land and development	7	63 805	59 345	–	–
Investments held by Northam Platinum Restoration Trust Fund	8	27 259	24 893	27 259	24 893
Environmental Guarantee Investment	9	20 763	15 895	20 763	15 895
Toro Employee Empowerment Trust	10	69 330	46 602	–	–
Current assets		2 117 683	1 616 007	2 275 741	1 698 026
Subsidiary loans	11			298 793	264 154
Inventories	12	521 462	468 254	521 462	468 254
Trade and other receivables	13	318 054	226 850	280 861	223 559
Investments in escrow	14	91 458	–	–	–
Cash and cash equivalents	15	1 186 709	920 903	1 174 625	742 059
Total assets		10 089 307	9 348 350	9 855 535	9 213 472
Equity and liabilities					
Share capital and share premium	16	7 638 486	7 622 968	7 638 486	7 622 968
Retained earnings		1 081 862	654 041	927 919	568 481
Equity compensation reserve	17	112 806	55 177	112 806	55 177
Shareholders' equity		8 833 154	8 332 186	8 679 211	8 246 626
Non-current liabilities		581 490	529 261	512 160	482 659
Deferred tax liability	18	447 212	428 821	447 212	428 821
Long term provisions	19	134 278	100 440	64 948	53 838
Current liabilities		674 663	486 903	664 164	484 187
Receiver of revenue		33 886	432	33 091	460
Trade and other payables	20	562 844	417 649	553 140	414 905
Short term provisions	21	77 933	68 822	77 933	68 822
Total equity and liabilities		10 089 307	9 348 350	9 855 535	9 213 472

Statements of comprehensive income

for the year ended 30 June 2010

	Note	2010 R000	2009 R000	2010 R000	2009 R000
		Group	Group	Company	Company
Total revenue	22	4 133 998	3 336 223	4 041 877	3 321 620
Sales revenue	22	3 945 083	3 186 042	3 945 083	3 186 042
Cost of sales		3 160 108	2 368 129	3 160 108	2 368 129
– operating costs	23	2 230 369	1 905 889	2 230 369	1 905 889
– concentrates purchased		735 090	140 192	735 090	140 192
– refining and other costs		92 972	120 917	92 972	120 917
– depreciation and impairments	24	167 346	160 907	167 346	160 907
– change in metal inventories		(65 669)	40 224	(65 669)	40 224
Operating profit		784 975	817 913	784 975	817 913
Share of earnings and distributions from associate	25	12 440	72 606	10 205	–
Investment revenue	26	167 655	130 417	75 534	115 814
Sundry income/(expenditure)	27	9 557	(6 430)	9 782	(9 598)
Profit before tax		974 627	1 014 506	880 496	924 129
Taxation	28	333 601	384 024	307 853	379 621
Profit and comprehensive income for the year attributable to shareholders		641 026	630 482	572 643	544 508
		Cents	Cents	Cents	Cents
Earnings per share	29	177.9	183.7	158.9	158.7
Fully diluted earnings per share	29	177.8	183.5	158.9	158.5
Headlines earnings per share	29	177.8	172.2	158.8	147.1
Fully diluted headline earnings per share	29	177.7	171.9	158.7	146.9

Statements of changes in equity

for the year ended 30 June 2010

	Share capital R000	Share premium R000	Equity compen- sation reserve R000	Retained earnings R000	Total R000
Group					
Balance at 1 July 2008	2 387	2 050 807	27 584	823 093	2 903 871
Shares based payments expense	–	–	30 181	–	30 181
Profit and comprehensive income for the year attributable to shareholders	–	–	–	630 482	630 482
Dividends distributed	–	–	–	(802 122)	(802 122)
Transfer of equity compensation reserve to retained earnings	–	–	(2 588)	2 588	–
Issue of new shares	1 212	5 568 562	–	–	5 569 774
Balance at 30 June 2009	3 599	7 619 369	55 177	654 041	8 332 186
Shares based payments expense	–	–	60 582	–	60 582
Profit and comprehensive income for the year attributable to shareholders	–	–	–	641 026	641 026
Dividends distributed	–	–	–	(216 158)	(216 158)
Transfer of equity compensation reserve to retained earnings	–	–	(2 953)	2 953	–
Issue of new shares	7	15 511	–	–	15 518
Balance at 30 June 2010	3 606	7 634 880	112 806	1 081 862	8 833 154
Note	16	16	17		
Company					
Balance at 1 July 2008	2 387	2 050 807	27 584	823 507	2 904 285
Share based payments expense	–	–	30 181	–	30 181
Profit and comprehensive income for the year attributable to shareholders	–	–	–	544 508	544 508
Transfer of equity compensation reserve to retained earnings	–	–	(2 588)	2 588	–
Dividends distributed	–	–	–	(802 122)	(802 122)
Issue of new shares	1 212	5 568 562	–	–	5 569 774
Balance at 30 June 2009	3 599	7 619 369	55 177	568 481	8 246 626
Share based payments expense	–	–	60 582	–	60 582
Profit and comprehensive income for the year attributable to shareholders	–	–	–	572 643	572 643
Transfer of equity compensation reserve to retained earnings	–	–	(2 953)	2 953	–
Dividends distributed	–	–	–	(216 158)	(216 158)
Issue of new shares	7	15 511	–	–	15 518
Balance at 30 June 2010	3 606	7 634 880	112 806	927 919	8 679 211
Note	16	16	17		

Equity compensation reserve

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

Statements of cash flows

for the year ended 30 June 2010

	Note	2010 R000	2009 R000	2010 R000	2009 R000
		Group	Group	Company	Company
Cash flows from operating activities		862 411	717 838	891 112	660 613
Cash generated from operations	30	970 648	1 049 056	1 039 603	1 001 453
Interest received		163 625	127 739	71 504	113 136
Change in working capital	31	783	357 340	27 725	357 890
Change in short-term provisions	21	9 111	(24 361)	9 111	(24 361)
Taxation paid	32	(281 756)	(791 936)	(256 831)	(787 505)
Cash flows utilised in investing activities		(395 965)	(498 335)	(257 906)	(619 717)
Property, plant, equipment and mining properties and mineral reserves					
– additions to maintain operations		(231 481)	(331 267)	(231 481)	(331 267)
– additions to expand operations		(145 510)	(36 177)	–	–
– disposals proceeds		5 243	1 717	5 243	1 717
Additions to township development		(4 460)	(22 440)	–	–
Investment in associate					
– acquisition of participants interest		–	(65 000)	–	(65 000)
– cash distributed		10 205	7 500	10 205	7 500
Increase in subsidiary loans				(34 639)	(226 601)
Increase in available for sale investment		–	2	–	2
Increase in investments held by Northam Platinum Restoration Trust Fund		(2 366)	(3 073)	(2 366)	(3 073)
Increase in investments held by Environmental Contingency Fund		(4 868)	(2 995)	(4 868)	(2 995)
Increase in investments held by Toro Employee Empowerment Trust		(22 728)	(46 602)	–	–
Cash flows utilised in financing activities		(200 640)	(798 348)	(200 640)	(798 348)
Proceeds from issue of shares		15 518	3 774	15 518	3 774
Dividends paid		(216 158)	(802 122)	(216 158)	(802 122)
Increase/(decrease) in cash and cash equivalents		265 806	(578 845)	432 566	(757 452)
Cash and cash equivalents at beginning of year		920 903	1 499 748	742 059	1 499 511
Cash and cash equivalents at end of year	15	1 186 709	920 903	1 174 625	742 059

Notes to the annual financial statements

for the year ended 30 June 2010



1. Key accounting estimates, assumptions and judgments

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

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

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

1.1 Impairment of assets

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

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

	2010	2009	2010	2009
	Group	Group	Company	Company
The main assumptions include:				
– long term real platinum price – US\$ per ounce	1 545	1 050	1 545	1 050
– long term real exchange rate – US\$ = ZAR	8.00	9.00	8.00	9.00
– long term real discount rate – %	8.07	8.18	8.07	8.18

1.2 Provisions

The net present value of current decommissioning and restoration costs are based on the following assumptions:

– long term inflation rate for South Africa – %	6.00	6.00	6.00	6.00
– long term real discount rate – % (based on long bond yield rates)	8.07	8.18	8.07	8.18

Notes to the annual financial statements (continued)

for the year ended 30 June 2010

1. Key accounting estimates, assumptions and judgments (continued)

1.2 Provisions (continued)

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

1.3 Useful lives and residual values of property, plant and equipment

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

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

1.4 Life of mine and estimation of reserves

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

	Mining, plant and equipment R000	Pre- production mine development costs R000	Decommis- sioning asset R000	Motor vehicles R000	Total R000
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2. Property, plant and equipment

Group – 30 June 2010

Property, plant and equipment

– at cost	3 637 695	165 732	47 918	21 011	3 872 356
– accumulated depreciation	(1 919 219)	–	(11 203)	(3 873)	(1 934 295)
– balance at end of year	1 718 476	165 732	36 715	17 138	1 938 061

Reconciliation of movement in property plant and equipment

– balance at beginning of year	1 654 545	35 868	38 874	7 822	1 737 109
– additions to maintain operations	218 402	–	–	13 079	231 481
– additions to expand operations	–	129 864	–	2 519	132 383
– disposals	(2 316)	–	–	(6 654)	(8 970)
– depreciation charged for the year	(154 471)	–	(2 159)	(2 295)	(158 925)
– depreciation on disposals during the year	2 316	–	–	2 667	4 983
– balance at end of year	1 718 476	165 732	36 715	17 138	1 938 061

Group – 30 June 2009

Property, plant and equipment

– at cost	3 421 608	35 868	47 918	12 068	3 517 462
– accumulated depreciation	(1 767 063)	–	(9 044)	(4 246)	(1 780 353)
– balance at end of year	1 654 545	35 868	38 874	7 822	1 737 109

Reconciliation of movement in property, plant and equipment

– balance at beginning of year	1 475 161	–	40 196	7 736	1 523 093
– additions to maintain operations	328 071	35 868	–	3 505	367 444
– present value of decommissioning asset capitalised (note 19)	–	–	816	–	816
– disposals	(1 370)	–	–	(2 348)	(3 718)
– depreciation charged for the year	(131 976)	–	(2 138)	(1 661)	(135 775)
– impairment of assets	(16 711)	–	–	–	(16 711)
– depreciation on disposals during the year	1 370	–	–	590	1 960
– balance at end of year	1 654 545	35 868	38 874	7 822	1 737 109

A register containing the information required by paragraph 22(3) of Schedule to the Companies Act is available for inspection at the registered address of the company.

Notes to the annual financial statements (continued)

for the year ended 30 June 2010

	Mining, plant and equipment R000	Pre- production mine development costs R000	Decommis- sioning asset R000	Motor vehicles R000	Total R000
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2. Property, plant and equipment (continued)

Company – 30 June 2010

Property, plant and equipment

– at cost	3 637 695	–	47 918	18 183	3 703 796
– accumulated depreciation	(1 919 219)	–	(11 203)	(3 873)	(1 934 295)
– balance at end of year	1 718 476	–	36 715	14 310	1 769 501

Reconciliation of movement in property, plant and equipment

– balance at beginning of year	1 654 545	–	38 874	7 513	1 700 932
– additions to maintain operations	218 402	–	–	13 079	231 481
– present value of decommissioning asset capitalised (note 19)	–	–	–	–	–
– disposals	(2 316)	–	–	(6 654)	(8 970)
– depreciation charged for the year	(154 471)	–	(2 159)	(2 295)	(158 925)
– impairment of assets	–	–	–	–	–
– depreciation on disposals during the year	2 316	–	–	2 667	4 983
– balance at end of year	1 718 476	–	36 715	14 310	1 769 501

Company – 30 June 2009

Property, plant and equipment

– at cost	3 421 608	–	47 918	11 759	3 481 285
– accumulated depreciation	(1 767 063)	–	(9 044)	(4 246)	(1 780 353)
– balance at end of year	1 654 545	–	38 874	7 513	1 700 932

Reconciliation of movement in property, plant and equipment

– balance at beginning of year	1 475 161	–	40 196	7 736	1 523 093
– additions to maintain operations	328 071	–	–	3 196	331 267
– present value of decommissioning asset capitalised (note 19)	–	–	816	–	816
– disposals	(1 370)	–	–	(2 348)	(3 718)
– depreciation charged for the year	(131 976)	–	(2 138)	(1 661)	(135 775)
– impairment of assets	(16 711)	–	–	–	(16 711)
– depreciation on disposals during the year	1 370	–	–	590	1 960
– balance at end of year	1 654 545	–	38 874	7 513	1 700 932

A register containing the information required by paragraph 22(3) of Schedule to the Companies Act is available for inspection at the registered address of the company.



	Mining properties R000	Mineral resources* R000	Total R000
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3. Mining properties and mineral resources

Group – 30 June 2010

– at cost	271 674	5 570 023	5 841 697
– accumulated depreciation	(119 038)	–	(119 038)
– balance at end of year	152 636	5 570 023	5 722 659

Reconciliation of movement in mining properties

– balance at beginning of year	152 387	5 566 000	5 718 387
– additions to expand operations	9 104	4 023	13 127
– disposals	(434)	–	(434)
– depreciation charged for the year	(8 421)	–	(8 421)
– balance at end of year	152 636	5 570 023	5 722 659

Group – 30 June 2009

– at cost	263 004	5 566 000	5 829 004
– accumulated depreciation	(110 617)	–	(110 617)
– balance at end of year	152 387	5 566 000	5 718 387

Reconciliation of movement in mining properties

– balance at beginning of year	160 808	–	160 808
– additions	–	5 566 000	5 566 000
– depreciation charged for the year	(8 421)	–	(8 421)
– balance at end of year	152 387	5 566 000	5 718 387

Certain mining property has been secured by a notarial bond in favour of Northam Platinum Restoration Trust Fund to meet future decommissioning and restoration costs (see note 8).

A register containing the information required by paragraph 22(3) of Schedule to the Companies Act is available for inspection at the registered address of the company.

** The mineral resource relates to the mining titles that were acquired from Mvelaphanda Resources Limited with the Booysendal asset.*

Notes to the annual financial statements (continued)

for the year ended 30 June 2010

	Mining properties R000	Mineral resource R000	Total R000
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3. Mining properties and mineral resource (continued)

Company – 30 June 2010

– at cost	262 570	–	262 570
– accumulated depreciation	(119 038)	–	(119 038)
– balance at end of year	143 532	–	143 532

Reconciliation of movement in mining properties

– balance at beginning of year	152 387	–	152 387
– depreciation charged for the year	(8 421)	–	(8 421)
– disposal during the year	(434)	–	(434)
– balance at end of year	143 532	–	143 532

Company – 30 June 2009

– at cost	263 004	–	263 004
– accumulated depreciation	(110 617)	–	(110 617)
– balance at end of year	152 387	–	152 387

Reconciliation of movement in mining properties

– balance at beginning of year	160 808	–	160 808
– depreciation charged for the year	(8 421)	–	(8 421)
– balance at end of year	152 387	–	152 387

Certain mining property has been secured by a notarial bond in favour of Northam Platinum Restoration Trust Fund to meet future decommissioning and restoration costs (see note 8).

A register containing the information required by paragraph 22(3) of Schedule to the Companies Act is available for inspection at the registered address of the company.

	2010 R000	2009 R000	2010 R000	2009 R000
	Group	Group	Company	Company

4. Interest in associate

Investment in associate comprises a 7.5% (2009: 7.5%) interest in the Pandora joint venture. Details of group's share of the comprehensive income and financial position are set out in Annexure 2, which forms part of these notes.

129 741	130 106	52 733	55 333
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	2010 R000	2009 R000	2010 R000	2009 R000
	Group	Group	Company	Company

5. Investments in subsidiaries

Khumama Platinum (Proprietary) Limited			5 566 000	5 566 000
Norplats Properties (Proprietary) Limited			*	*
Windfall 38 Properties (Proprietary) Limited			*	—
– balance at end of year			5 566 000	5 566 000

* The company holds 100 ordinary shares of par value R1 each at a cost of R100 (2009: R100) representing a 100% equity interest in Norplats Properties (Proprietary) Limited. The company holds 100 ordinary shares of par value R1 each at a cost of R100 representing a 100% equity interest in Windfall 38 Properties (Proprietary) Limited.

Windfall 38 Properties (Proprietary) Limited was acquired during the year.

All companies are wholly-owned and incorporated in the Republic of South Africa.

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

6. Unlisted investment

Available for sale investment	6	6	6	6
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The investment, comprising equity investments in a mining industry service organisation, Rand Mutual Assurance Limited and is valued by the directors at R5 663 (2009: R5 880)

The fair value of the unquoted shares has been estimated as the latest transaction value.

7. Township land and development

– balance at beginning of year	59 345	36 905	—	—
– construction in progress	4 460	6 440	—	—
– acquisitions	—	16 000	—	—
– balance at end of year	63 805	59 345	—	—

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

Notes to the annual financial statements (continued)

for the year ended 30 June 2010

	2010 R000	2009 R000	2010 R000	2009 R000
	Group	Group	Company	Company

8. Investments held by Northam Platinum Restoration Trust Fund

The company contributes to a dedicated environmental restoration trust fund to provide for the estimated decommissioning and environmental restoration costs at the end of the mine's life.

The balance of the fund comprises:

– balance at beginning of year	24 893	21 820	24 893	21 820
– contributions made during the year	354	740	354	740
– income earned during the year (note 26)	2 012	2 333	2 012	2 333
– balance at end of year	27 259	24 893	27 259	24 893

The assets of the Fund are separately administered and the group's right of access to these funds are restricted. In addition, the company has passed a notarial bond for R27.3 million (2009: R27.3 million) over certain of the mine's freehold property in favour of the fund to ensure that the fund will be able to meet future rehabilitation obligations.

9. Environmental Guarantee Investment

The balance of the fund comprises:

– balance at beginning of year	15 895	12 900	15 895	12 900
– contributions made during the year	3 000	3 000	3 000	3 000
– management fees	(150)	(350)	(150)	(350)
– income earned during the year (note 26)	2 018	345	2 018	345
– balance at end of year	20 763	15 895	20 763	15 895

The Environmental Guarantee Investment policy was issued in terms of the insurance guarantee for R24.0 million (2009: R24.0 million).



	2010	2009	2010	2009
	R000	R000	R000	R000
	Group	Group	Company	Company

10. Toro Employee Empowerment Trust

The balance of the fund comprises:

– balance at beginning of year	46 602	–	–	–
– contributions made during the year	21 543	45 044	–	–
– income earned during the year (note 19)	1 691	1 558	–	–
– less payments to beneficiaries (note 19)	(506)	–	–	–
– balance at end of year	69 330	46 602		

11. Subsidiary loans

Norplats Properties (Proprietary) Limited	54 536	58 178
Micawber 278 (Proprietary) Limited	233 825	205 976
Broadbrush Investments 2 (Proprietary) Limited	10 261	–
Windfall 38 Properties (Proprietary) Limited	171	–
	298 793	264 154

The loans are unsecured and interest free, repayable on demand and therefore stated as current. Details of the subsidiaries are set out in Annexure 3, which forms part of these notes.

12. Inventories

Inventory comprises:

Metals on hand and in transit – at cost	479 236	413 567	479 236	413 567
Consumable stores – at cost	42 226	54 687	42 226	54 687
Total inventories at the lower of cost and net realisable value	521 462	468 254	521 462	468 254

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

The amount of write-downs of consumable stores recognised as an expense in cost of sales

	1 111	1 014	1 111	1 014
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Notes to the annual financial statements (continued)

for the year ended 30 June 2010

	2010 R000	2009 R000	2010 R000	2009 R000
	Group	Group	Company	Company

13. Trade and other receivables

Trade and other receivables comprise:

Trade receivables	202 047	161 900	202 047	161 900
Prepayments	1 800	2 183	1 800	2 183
Receiver of revenue – value added tax	86 051	35 189	59 953	35 189
Other	28 156	27 578	17 061	24 287
	318 054	226 850	280 861	223 559

Trade receivables are unsecured, non-interest-bearing and are generally on 30 day terms. As at June 2010 there were no receivables (2009: RNil) which were impaired and fully provided for.

The age analysis of trade receivables as at 30 June 2010 is set out in Annexure 1, which forms part of these notes.

14. Investment in escrow

Capital funds	627 963	–	–	–
Funds payable to Anglo Platinum Limited	(536 505)	–	–	–
	91 458	–	–	–

The capital funds are held in escrow pending the transfer of certain new order mining licences in respect of the Booyssendal extension to Micawber 278 (Proprietary) Limited (Micawber). Upon the transfer the capital funds are payable to Anglo Platinum, while the balance, representing interest earned, is payable to Micawber.

Should the new order mining licence not be transferred to Micawber for any reason, the capital funds are payable to Micawber.

15. Cash and cash equivalents

Cash and cash equivalents comprise:

Cash at banks and on hand	68 024	230 119	55 940	51 275
Short-term deposits	1 118 685	690 784	1 118 685	690 784
	1 186 709	920 903	1 174 625	742 059

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

Short term deposits earned interest during the year at rates varying between 6% and 8% (2009: 8% and 12%), whilst cash at bank earned interest at rates varying between 2% and 4% (2009: 6% and 8%).

	2010 R000	2010 Number of shares	2009 R000	2009 Number of shares
	Group and company	Group and company	Group and company	Group and company

16. Share capital and share premium

Authorised	5 450	545 000 000	4 750	475 000 000
Issued				
At 1 July 2008	2 387	238 687 500	2 387	238 687 500
Shares allotted and issued to Mvelaphanda Resources Limited pursuant to the acquisition of Booyseendal	1 210	121 000 000	1 210	121 000 000
Shares issued during the year for cash on the exercise of share options	2	222 000	2	222 000
At 1 July 2009	3 599	359 909 500	3 599	359 909 500
Shares issued during the year for cash on the exercise of share options	7	732 500	–	–
At 30 June 2010	3 606	360 642 000	3 599	359 909 500
Share premium	7 634 880		7 619 369	
	7 638 486	360 642 000	7 622 968	359 909 500

During the year 732 500 (2009: 222 000) shares were allotted and issued in terms of the rules of Northam Share Option Scheme resulted in issued share capital increasing to 360 642 000 (2009: 359 909 500).

The unissued shares, other than those reserved for the Northam Platinum Share Option Scheme, are under the control of the directors until the date of the next annual general meeting.

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

17. Equity compensation reserve

	2010 R000	2009 R000	2010 R000	2009 R000
	Group	Group	Company	Company
– balance at beginning of year	55 177	27 584	55 177	27 584
– increase in equity compensation reserve	60 582	30 181	60 582	30 181
– transfer to retained earnings	(2 953)	(2 588)	(2 953)	(2 588)
– balance at the end of year	112 806	55 177	112 806	55 177

Options are offered at the volume weighted average price at which Northam shares traded on the JSE up to the trading day immediately preceding the offer date. In terms of the rules of the Northam Share Option Scheme, option holders may exercise 50% of their options two years after the offer date and 100% of their options three years after the offer date. Options not exercised within seven years of the offer date shall lapse. (See annexure 5).

Notes to the annual financial statements (continued)

for the year ended 30 June 2010

	2010 R000	2009 R000	2010 R000	2009 R000
	Group	Group	Company	Company

18. Deferred tax liability

The principal components of the deferred tax are as follows:

Deferred tax liabilities

– property, plant and equipment	475 872	457 389	475 872	457 389
– metal inventory	6 917	2 187	6 917	2 187
	482 789	459 576	482 789	459 576

Deferred tax assets

– employee benefits relating to leave pay provisions	(21 822)	(19 270)	(21 822)	(19 270)
– decommissioning and environmental restoration provisions	(13 755)	(11 485)	(13 755)	(11 485)
	(35 577)	(30 755)	(35 577)	(30 755)

Net deferred tax liability	447 212	428 821	447 212	428 821
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The charge in the deferred tax balance is reconciled as follows:

Deferred tax liability at beginning of year	428 821	388 055	428 821	388 055
– charge for the year (per note 28)	18 391	40 766	18 391	40 766
– temporary differences in respect of property, plant and equipment	18 483	44 211	18 483	44 211
– depreciation component included in metals on hand and in transit	4 730	(11 038)	4 730	(11 038)
– temporary difference in respect of employee benefits	(2 552)	6 821	(2 552)	6 821
– temporary difference in respect of long-term provisions	(2 270)	772	(2 270)	772
Net deferred tax liability at end of year	447 212	428 821	447 212	428 821

19. Long-term provisions

Provision for decommissioning costs

– balance at beginning of year	47 881	49 583	47 881	49 583
– present value of decommissioning asset capitalised (note 2)	–	816	–	816
– additional provision raised (note 23)	6 009	–	6 009	–
– unwinding of discount (note 23)	3 864	(2 518)	3 864	(2 518)
– balance at end of year	57 754	47 881	57 754	47 881

Provision for restoration costs

– balance at beginning of year	5 957	6 275	5 957	6 275
– additional provision raised (note 23)	756	–	756	–
– unwinding of discount (note 23)	481	(318)	481	(318)
– balance at end of year	7 194	5 957	7 194	5 957
Provisions at year end	64 948	53 838	64 948	53 838



	2010 R000	2009 R000	2010 R000	2009 R000
	Group	Group	Company	Company

19. Long-term provisions (continued)

Provision for Toro Employee Empowerment Trust

– balance at beginning of year	46 602	30 000	–	–
– provided for during year	23 234	16 602	–	–
– amount utilised	(506)	–	–	–
– balance at end of year	69 330	46 602	–	–

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

Total long-term provisions	134 278	100 440	64 948	53 838
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In terms of, *inter alia*, the Mineral and Petroleum Resources Development Act no 28, of 2002, the company is required to make financial provision for its decommissioning and restoration costs that will be incurred upon the cessation of mining activities. The future value of environmental obligation will be paid over to Northam Platinum Restoration Trust Fund (note 8) over the remaining life of the mine which is currently estimated at 18 years. Financial provision is not however required to be made for the decommissioning of certain structures, such as housing, which may have alternative use.

Provisions before funding	64 948	53 838	64 948	53 838
Less: Northam Platinum Restoration Trust Fund (note 8)	(27 259)	(24 893)	(27 259)	(24 893)
Less: Environmental Guarantee Investment (note 9)	(20 763)	(15 895)	(20 763)	(15 895)
Net present Value of Unfunded environmental rehabilitation obligations	16 926	13 050	16 926	13 050

The future value of the environmental rehabilitation obligation will be paid over to the Northam Platinum Restoration Trust Fund (note 8) over the remaining life of the mine, which is currently estimated at 18 years.

The present value of the environmental restoration obligation is determined by applying a pre-tax discount rate of 8.07% (2009: 8.18%) over the remaining life of the mine.

Notes to the annual financial statements (continued)

for the year ended 30 June 2010

	2010 R000	2009 R000	2010 R000	2009 R000
	Group	Group	Company	Company

19. Long-term provisions (continued)

The decommissioning and restoration costs are reviewed on an annual basis, and at the balance sheet date the net unfunded future obligations were as follows:

Undiscounted decommissioning obligations	78 699	69 072	78 699	69 072
Undiscounted restoration obligations	9 802	8 593	9 802	8 593
Total decommissioning and restoration obligation	88 501	77 665	88 501	77 665
Less: Obligation not requiring financial provision	(34 237)	(30 066)	(34 237)	(30 066)
	54 264	47 599	54 264	47 599
Less: Funds held by Northam Platinum Restoration Trust Fund (note 8)	(27 259)	(24 893)	(27 259)	(24 893)
Less: Environmental Guarantee Investment (note 9)	(20 763)	(15 895)	(20 763)	(15 895)
Total unfunded future rehabilitation obligations	6 242	6 811	6 242	6 811

The company has procured the issue of an insurance guarantee for R24.0 million (2009: R24.0 million) in respect of the unfunded decommissioning and restoration costs.

20. Trade and other payables

Trade and other payables comprise:

Trade payables	145 442	83 821	145 442	83 821
Accruals	255 278	207 893	255 278	207 893
Accrual for acquisition of participating interest in Pandora joint venture	65 000	65 000	65 000	65 000
Receiver of revenue – value added tax	548	–	–	–
Other	96 576	60 935	87 420	58 191
	562 844	417 649	553 140	414 905

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

21. Short-term provisions

Provision for leave pay

– balance at beginning of year	68 822	63 183	68 822	63 183
– additional amounts raised	88 939	52 941	88 939	52 941
– utilised	(79 828)	(47 302)	(79 828)	(47 302)
– balance at end of year	77 933	68 822	77 933	68 822

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date based on the basic cost of employment and available leave entitlement at that date.

	2010	2009	2010	2009
	R000	R000	R000	R000
	Group	Group	Company	Company

21. Short-term provisions (continued)

The provision for compensated absences is recognised when the employee renders service. The provision is updated on a monthly basis.

Provision for Toro Employee Empowerment Trust

– balance at beginning of year	–	30 000	–	30 000
– utilised	–	(30 000)	–	(30 000)
– balance at end of year	–	–	–	–
Total short-term provisions	77 933	68 822	77 933	68 822

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

22. Total revenue and sales revenue

Total revenue comprises:

– sales revenue	3 945 083	3 186 042	3 945 083	3 186 042
– investment revenue (note 26)	167 655	130 417	75 534	115 814
– sundry income (note 27)	21 260	19 764	21 260	19 764
	4 133 998	3 336 223	4 041 877	3 321 620

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

Notes to the annual financial statements (continued)

for the year ended 30 June 2010

	2010 R000	2009 R000	2010 R000	2009 R000
	Group	Group	Company	Company

23. Operating costs

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

– labour (note 34)	974 701	824 278	974 701	824 278
– stores	649 992	599 636	649 992	599 636
– utilities	208 478	140 577	208 478	140 577
– sundries	386 088	344 234	386 088	344 234
– provision for decommissioning and restoration costs (note 19)	9 873	(2 518)	9 873	(2 518)
– provision for restoration costs (note 19)	1 237	(318)	1 237	(318)
	2 230 369	1 905 889	2 230 369	1 905 889

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

– mining operations	1 662 892	1 517 962	1 662 892	1 517 962
– smelter operations	98 724	75 019	98 724	75 019
– base metal removal plant operations	87 719	70 957	87 719	70 957
– overheads	369 924	244 787	369 924	244 787
– provision for decommissioning and restoration costs (note 19)	9 873	(2 518)	9 873	(2 518)
– provision for restoration costs (note 19)	1 237	(318)	1 237	(318)
	2 230 369	1 905 889	2 230 369	1 905 889

Operating costs include the following:

External auditors remuneration

– current year	1 514	1 570	1 514	1 570
– prior year adjustment	613	212	613	212

Internal audit fees

– current year	2 252	2 001	2 252	2 001
– prior year adjustment	146	–	146	–

Directors' remuneration

– non executive fees (note 34)	2 540	1 643	2 540	1 643
– executive remuneration	4 951	8 709	4 951	8 709

Share based payment expense (note 17)

	60 582	30 181	60 582	30 181
Operating lease payments				
– office equipment	500	244	500	244
– premises	590	597	590	597

Details of directors' remuneration are contained in the directors' report on page 55.

	2010 R000	2009 R000	2010 R000	2009 R000
	Group	Group	Company	Company

24. Depreciation and impairments

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

– mining property	8 421	8 421	8 421	8 421
– plant and equipment	154 471	131 976	154 471	131 976
– decommissioning asset	2 159	2 138	2 159	2 138
– vehicles	2 295	1 661	2 295	1 661
– impairment of assets	–	16 711	–	16 711
	167 346	160 907	167 346	160 907

25. Share of earnings and distributions from associate

Income and distributions received from Pandora joint venture (refer annexure 2)

12 440	72 606	10 205	–
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26. Investment revenue

Investment income consists of the following:

– interest received on cash and cash equivalents	163 625	127 739	71 504	113 136
– growth in Northam Platinum Restoration Trust Fund (note 8)	2 012	2 333	2 012	2 333
– growth in Environmental Contingency Fund (note 9)	2 018	345	2 018	345
	167 655	130 417	75 534	115 814

27. Sundry income/(expenditure)

Net sundry income/(expenditure) is arrived taking into account the following:

– rent received	1 232	1 218	1 232	1 218
– royalties received from chrome recovery plant	5 853	14 836	5 853	14 836
– sale of scrap	2 228	2 656	2 228	2 656
– other income	578	365	578	365
– treatment charges in respect of concentrates purchased	11 369	689	11 369	689
Sundry revenue	21 260	19 764	21 260	19 764

Other sundry income/(expenditure)

– foreign currency hedging profit	–	5 476	–	5 476
– metal hedging loss	–	(9 454)	–	(9 454)
– profit/(loss) on sale of property, plant and equipment	822	(41)	822	(41)
– currency translation (loss)/gain	(7 416)	2 128	(7 416)	2 128
– cost incurred in relation to expression of interest by Impala Platinum Holdings Limited	–	(16 108)	–	(16 108)
– cost incurred in relation to implementation of Booyseendal transaction	–	(7 309)	–	(7 309)
– depreciation of participation interest	(2 600)	(2 167)	(2 600)	(2 167)
– dividends forfeited	131	193	131	193
– other (expenditure)/income	(2 640)	1 088	(2 415)	(2 080)
	9 557	(6 430)	9 782	(9 598)

Notes to the annual financial statements (continued)

for the year ended 30 June 2010

	2010 R000	2009 R000	2010 R000	2009 R000
	Group	Group	Company	Company

28. Taxation

Current taxation	319 991	343 258	294 243	338 855
Deferred (note 18)	18 391	40 766	18 391	40 766
Current year's tax charge	338 382	384 024	312 634	379 621
Adjustment in respect of prior years	(4 781)	–	(4 781)	–
	333 601	384 024	307 853	379 621

Taxation comprises:

– mining tax	237 465	247 750	237 465	243 347
– non mining tax	47 608	31 037	21 860	31 037
– state's share of profits	30 660	7 580	30 660	7 580
– tax on share of earnings from associate – current year	867	1 357	867	1 357
– tax on share of earnings from associate – previous years	–	16 088	–	16 088
– secondary tax on companies	21 616	80 212	21 616	80 212
– capital gains tax	166	–	166	–
Adjustment in respect of prior years	(4 781)	–	(4 781)	–
	333 601	384 024	307 853	379 621

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

	%	%	%	%
– South African normal tax	28.0	28.0	28.0	28.0
– State's share of profits	3.1	0.7	3.5	0.8
– secondary tax on companies	2.2	7.9	2.5	8.7
– expenditure disallowed and other adjustments	0.9	1.3	1.0	3.6
– effective tax rate	34.2	37.9	35.0	41.1

28.1 State's share of profit

The formula for determining the State's share of profit is:

$$Y = 15 - 120/X$$

where Y = the percentage of divisible profit payable to the State, and X = the ratio of mining profit (after deduction of redeemable capital expenditure) to mining revenue expressed as a percentage.

The amount as determined by the above formula is subject to a surcharge of 1.25%.

28.2 Mining tax

The current rate of mining tax applicable to the company is 28% (2009: 28%).

28.3 Non-mining tax

Non-mining income is subject to a rate of 28% (2009: 28%).

28.4 Deferred tax

Deferred tax is provided at the statutory rate of 28% for all temporary differences (2009: 28%).

28.5 Secondary tax on companies

Secondary tax on companies is levied at the rate of 10% of net dividends declared (2009: 10%).

28.6 Capital gains tax

Capital gains tax, at an effective rate of 14% (2009: 14%), is payable on any gains realised on the disposal of investments or mining properties.

28.7 Tax on share of earnings from associate

Mining and non-mining income is subject to a rate of 28% (F2009:28%).

	2010	2009	2010	2009
	R000	R000	R000	R000
	Group	Group	Company	Company

29. Earnings per share

Basic earnings per share amounts are calculated dividing earnings for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares of 360 291 885 (2009: 343 162 299) outstanding during the year. Headline earnings per share are based on headline earnings and are reconciled to profit attributable to shareholders as follows:

Earnings attributable to shareholders	641 026	630 482	572 643	544 508
Loss/(profit) on sale of property, plant and equipment	(822)	41	(822)	41
Tax effect	230	(11)	230	(11)
Pre-acquisition profits relating to Pandora (negative goodwill)	–	(67 847)	–	(67 847)
Tax effect	–	16 060	–	16 060
Impairment effect	–	16 711	–	16 711
Tax effect	–	(4 679)	–	(4 679)
Headline earnings	640 434	590 757	572 051	504 783

Fully diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Fully diluted headline earnings per share are based on the profit attributable to shareholders and the average number of potential diluted shares in issue.

Dividends per share (cents)	40.00	78.00	40.00	78.00
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The number of potential diluted shares are calculated as follows:

Average number of ordinary shares in issue during the year	360 291 885	343 162 299	360 291 885	343 162 299
Average number of Northam Share Option Scheme options outstanding during the year	172 611	416 980	172 611	416 980
Average number of potential diluted ordinary shares in issue	360 464 496	343 579 279	360 464 496	343 579 279

The company's authorised ordinary share capital was increased from 475 000 000 to 545 000 000 during the year.

Notes to the annual financial statements (continued)

for the year ended 30 June 2010

	2010 R000	2009 R000	2010 R000	2009 R000
	Group	Group	Company	Company

30. Cash generated from operations

Profit before taxation	974 627	1 014 506	880 496	924 129
Adjusted for non-cash items				
– (profit)/loss on disposal of property, plant and equipment	(822)	41	(822)	41
– depreciation and impairment	167 346	160 907	167 346	160 907
– increase/(decrease) in long-term provisions	33 838	43 766	11 110	(2 836)
– share based payment expense	60 582	30 181	60 582	30 181
– share of profit from associate	(9 840)	(72 606)	(10 205)	–
– depreciation of participation interest	–	–	2 600	2 167
Interest received	(163 625)	(127 739)	(71 504)	(113 136)
Investment in escrow	(91 458)	–	–	–
	970 648	1 049 056	1 039 603	1 001 453

31. Change in working capital

Inventories	(53 208)	36 726	(53 208)	36 726
Trade and other receivables	(91 204)	132 414	(57 302)	135 634
Trade and other payables	145 195	188 200	138 235	185 530
	783	357 340	27 725	357 890

32. Taxation paid

Balance owing at beginning of year	432	449 110	460	449 110
Charge per statement of comprehensive income excluding deferred tax	315 210	343 258	289 462	338 855
Balance owing at end of year	(33 886)	(432)	(33 091)	(460)
	281 756	791 936	256 831	787 505

	2010 R000	2009 R000	2010 R000	2009 R000
	Group	Group	Company	Company

33. Commitments

Capital expenditure – Booyssendal mine				
Authorised but not contracted	3 597 045	–	–	–
Contracted	46 955	–	–	–
Capital expenditure – Zondereinde mine				
Authorised but not contracted	330 499	191 504	330 499	191 504
Contracted	16 318	45 046	16 318	45 046
Information Technology Outsource Service Providers				
Due within one year	11 241	10 933	11 241	10 933
Due within two to five years	21 418	29 353	21 418	29 353
Operating lease rentals – office equipment				
Due within one year	214	300	214	300
Due within two to five years	8	176	8	176
Operating lease – premises				
Due within one year	459	651	459	651
Due within two to five years	–	459	–	459
Housing development				
Contracted	2 395	–	2 395	–
Unutilised loan facility granted to subsidiary			51 207	270 000
Bank guarantees issued	60 457	33 284	60 457	33 284

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

34. Employee benefits

The aggregate earnings and benefits of employees, including directors, were:

– salaries, wages and other benefits	774 483	680 594	774 483	680 594
– contributions to retirement benefit funds	68 211	61 042	68 211	61 042
– contributions to health-care funds	45 079	37 417	45 079	37 417
– share based payment expense	60 582	30 181	60 582	30 181
– employee empowerment scheme	26 346	15 044	26 346	15 044
	974 701	824 278	974 701	824 278
– fees paid to non-executive directors	2 540	1 643	2 540	1 643
	977 241	825 921	977 241	825 921

Included in salaries, wages and other benefits are the following amounts in respect of retrenchment benefits and termination costs

439	729	439	729
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Notes to the annual financial statements (continued)

for the year ended 30 June 2010

	2010 R000	2009 R000	2010 R000	2009 R000
	Group	Group	Company	Company

35. Related parties

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

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

36. Segmental reporting

As a result of adopting IFRS 8, the identification of the group's reportable segment has changed. In the prior years, the group's primary segment reporting format was by business segment and its secondary reporting format by geographical location of customers. Two business segments were identified, the Zondereinde mine and the Booyensdal mine. The group's management looks at the performance of the Zondereinde and Booyensdal mines when allocating resources and assessing the segment performance.

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

37. Financial risk management objectives and policies

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

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

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

(a) Market risk

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

(b) Foreign currency risk

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

37. Financial risk management objectives and policies (continued)

(b) Foreign currency risk (continued)

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

	2010 R000	2009 R000	2010 R000	2009 R000
	Group	Group	Company	Company
– weakening by 10%	20 064	33 716	20 064	33 716
– strengthening by 10%	(20 064)	(33 716)	(20 064)	(33 716)
At year end the foreign currency value of items under their respective balance sheet classifications were as follows:				
– accounts receivable – US\$	18 574	14 670	18 574	14 670
– cash and cash equivalents – US\$	6 613	29 289	6 613	29 289
– accounts payable – €	819	576	819	576
Exchange rates at year end				
ZAR/US\$	7.66	7.67	7.66	7.67
ZAR/€	9.41	10.77	9.41	10.77

(c) Commodity price risk

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

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

– increase of 10%	20 205	11 252	20 205	11 252
– decrease of 10%	(20 205)	(11 252)	(20 205)	(11 252)

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

(d) Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities with banks and financial institutions. The group trades only with recognised, creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to impairment of receivables is not significant. There are no significant concentrations of credit risk within the group.

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

Notes to the annual financial statements (continued)

for the year ended 30 June 2010

37. Financial risk management objectives and policies (continued)

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market interest rate. The group's exposure to risk of changes in market interest rates relates primarily to the group's cash balances with floating interest rates.

As part of the process of managing the group's interest rate risk, all borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. At the year end there were no borrowings.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the group's profit before tax (through the impact on floating rate borrowings and cash and cash equivalents). There is no impact on the group's equity.

	2010 R000	2009 R000	2010 R000	2009 R000
	Group	Group	Company	Company
– increase of 1%	11 867	9 209	11 746	7 421
– decrease of 1%	(11 867)	(9 209)	(11 746)	(7 421)

(f) Fair value

Management is of the opinion that the book value of financial instruments approximates fair value, except for the loans to subsidiaries which are stated at cost.

(g) Liquidity risk

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

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

(h) Capital management

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

The group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. All equity items are managed as capital. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to share holders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2010 and 30 June 2009.

(i) Categories of financial instruments

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

37. Financial risk management objectives and policies (continued)

(j) Fair value hierarchy

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

As at 30 June 2010 the group held the following financial instruments measured at fair value:

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

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

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

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

Group at 30 June 2010				
Assets measured at fair value	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
Available for sale investments	–	6	–	6
Investments held by Northam Platinum Restoration Trust Fund	–	27 259	–	27 259
Environmental Guarantee Investment	–	20 763	–	20 763

Group at 30 June 2009				
Assets measured at fair value	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
Available for sale investments	–	6	–	6
Investments held by Northam Platinum Restoration Trust Fund	–	24 893	–	24 893
Environmental Guarantee Investment	–	15 895	–	15 895

Company at 30 June 2010				
Assets measured at fair value	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
Available for sale investments	–	6	–	6
Investments held by Northam Platinum Restoration Trust Fund	–	27 259	–	27 259
Environmental Guarantee Investment	–	20 763	–	20 763

Company at 30 June 2009				
Assets measured at fair value	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
Available for sale investments	–	6	–	6
Investments held by Northam Platinum Restoration Trust Fund	–	24 893	–	24 893
Environmental Guarantee Investment	–	15 895	–	15 895

Annexure 1

Analysis of financial instruments

at 30 June 2010

	Available for sale		Loans and receivables	
	Year ended 30 June 2010 R000	Year ended 30 June 2009 R000	Year ended 30 June 2010 R000	Year ended 30 June 2009 R000
a) Categories of financial instruments – group				
Available for sale investments	6	6	–	–
Investments held by Northam Platinum Restoration Trust Fund	–	–	–	–
Environmental Guarantee Investment	–	–	–	–
Trade and other receivables	–	–	257 174	189 478
Investment in escrow	–	–	91 458	–
Cash and cash equivalents	–	–	1 186 709	920 903
Trade and other payables	–	–	–	–
	6	6	1 535 341	1 110 381
Categories of financial instruments – company				
Available for sale investments	6	6	–	–
Investments held by Northam Platinum Restoration Trust Fund	–	–	–	–
Environmental Guarantee Investment	–	–	–	–
Trade and other receivables	–	–	220 908	186 187
Cash and cash equivalents	–	–	1 174 625	742 059
Trade and other payables	–	–	–	–
	6	6	1 395 533	928 246

b) Trade receivables – group and company

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

	Neither past due nor impaired		<30 days	
	Year ended 30 June 2010 R000	Year ended 30 June 2009 R000	Year ended 30 June 2010 R000	Year ended 30 June 2009 R000
Group	232 300	112 521	51 666	69 153
Company	231 539	112 521	46 941	65 862

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

c) Trade payables

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

	Payable on demand		1 to 6 months	
	Year ended 30 June 2010 R000	Year ended 30 June 2009 R000	Year ended 30 June 2010 R000	Year ended 30 June 2009 R000
Group				
– trade payables	145 442	83 821	–	–
– accruals	–	–	255 278	207 893
– accrual for the acquisition of the interest in the Pandora Joint Venture	–	–	–	–
– South African Revenue Services – value added tax	548	–	–	–
– other	–	–	96 576	60 935
	145 990	83 821	351 854	268 828
Company				
– trade payables	145 442	83 821	–	–
– accruals	–	–	255 278	207 893
– accrual for the acquisition of the interest in the Pandora Joint Venture	–	–	–	–
– other	–	–	87 420	58 191
	145 442	83 821	342 698	266 084

Assets designated at fair value through profit or loss		Financial liabilities at amortised cost		Non-financial instruments		Total	
Year ended 30 June 2010	Year ended 30 June 2009	Year ended 30 June 2010	Year ended 30 June 2009	Year ended 30 June 2010	Year ended 30 June 2009	Year ended 30 June 2010	Year ended 30 June 2009
R000	R000	R000	R000	R000	R000	R000	R000
–	–	–	–	–	–	6	6
27 259	24 893	–	–	–	–	27 259	24 893
20 763	15 895	–	–	–	–	20 763	15 895
–	–	–	–	60 880	37 372	318 054	226 850
–	–	–	–	–	–	91 458	–
–	–	–	–	–	–	1 186 709	920 903
–	–	(562 844)	(417 649)	–	–	(562 844)	(417 649)
48 022	40 788	(562 844)	(417 649)	60 880	37 372	1 081 405	770 898

–	–	–	–	–	–	6	6
27 259	24 893	–	–	–	–	27 259	24 893
20 763	15 895	–	–	–	–	20 763	15 895
–	–	–	–	59 953	37 372	280 861	223 559
–	–	–	–	–	–	1 174 625	742 059
–	–	(553 140)	(414 905)	–	–	(553 140)	(414 905)
48 022	40 788	(553 140)	(414 905)	59 953	37 372	950 374	591 507

30 – 60 days		60 – 90 days		>90 days		Total	
Year ended 30 June 2010	Year ended 30 June 2009	Year ended 30 June 2010	Year ended 30 June 2009	Year ended 30 June 2010	Year ended 30 June 2009	Year ended 30 June 2010	Year ended 30 June 2009
R000	R000	R000	R000	R000	R000	R000	R000
22 816	25 822	10 655	19 354	617	–	318 054	226 850
2 370	25 822	11	19 354	–	–	280 861	223 559

More than 6 months		Total	
Year ended 30 June 2010	Year ended 30 June 2009	Year ended 30 June 2010	Year ended 30 June 2009
R000	R000	R000	R000
–	–	145 442	83 821
–	–	255 278	207 893
65 000	65 000	65 000	65 000
–	–	548	–
–	–	96 576	60 935
65 000	65 000	562 844	417 649
–	–	145 442	83 821
–	–	255 278	207 893
65 000	65 000	65 000	65 000
–	–	87 420	58 191
65 000	65 000	553 140	414 905

Annexure 2

Investment in associate

at 30 June 2010

	2010 Interest of Northam 7.50% R000	2010 Interest of Northam 7.50% R000	2009 Interest of Northam 7.50% R000	2009 Interest of Northam 7.50% R000
	Group	Company	Group	Company

Reconciliation of Northam's interest in Pandora joint venture

Cost of investment	65 000	65 000	65 000	65 000
Accumulated depreciation	(4 767)	(4 767)	(2 167)	(2 167)
Investment in associate	60 233	60 233	62 833	62 833
Participants interest	69 508	(7 500)	67 273	(7 500)
Profits to 30 June 2009	74 773	–	67 847	–
Profit for the year	12 440	–	6 926	–
Profit before depreciation	87 213	–	74 773	–
Cash distribution received	(17 705)	(7 500)	(7 500)	(7 500)
Carrying value in investment in associate	129 741	52 733	130 106	55 333
Distributions received from Pandora	–	10 205	–	–

Statement of comprehensive income

Sales	22 885	–	25 195	–
Cost of sales	13 605	–	23 508	–
Operating profit	9 280	–	1 687	–
Investment income	3 160	–	5 363	–
Finance costs	–	–	(124)	–
Post acquisition profits	12 440	–	6 926	–
Pre-acquisition profits/negative goodwill	–	–	67 847	–
Profit before depreciation	12 440	–	74 773	–
Depreciation	(2 600)	–	(2 167)	–
Profit before tax	9 840	–	72 606	–

Statement of financial position

Non-current assets

Property, plant and equipment	31 082	–	17 267	–
Cost	35 176	–	21 153	–
Accumulated depreciation	(4 094)	–	(3 886)	–
Current assets	46 963	–	62 579	–
Trade and other receivables	9 117	–	8 246	–
Cash and cash equivalents	37 846	–	54 333	–
Total assets	78 045	–	79 846	–
Participants interest	69 508	–	67 273	–
Non-current liabilities	–	–	5 264	–
Capital loans from participants	–	–	3 480	–
Provision for environmental and rehabilitation obligations	–	–	1 784	–
Current liabilities	8 537	–	7 309	–
Royalties payable	699	–	450	–
Trade and other payables	7 838	–	6 859	–
Total equity and liabilities	78 045	–	79 846	–

Annexure 3

Subsidiaries

at 30 June 2010

Name of company	Effective holding		Share capital and premium 2010/2009 R000	Interest of holding company Shares		Indebtedness		Nature of business
	2010 %	2009 %		2010 R000	2009 R000	2010 R000	2009 R000	
Broad Brush Investments 2 (Proprietary) Limited	100	100	**	*	*	10 261	–	Broad Brush owns certain property in the town of Northam, and will develop a residential township as a further part in the initiative to assist Northam employees in acquiring their own affordable houses.
Khumama Platinum (Proprietary) Limited	100	100	2 506 126	5 566 000	5 566 000	–	–	Khumama owns 100% of the issued capital of Micawber 278 (Proprietary) Limited.
Micawber 278 (Proprietary) Limited	100	100	**	*	*	233 825	205 976	Micawber owns the mining titles in respect of Booyssendal.
Norplats Properties (Proprietary) Limited	100	100	**	*	*	54 536	58 178	Norplats Properties (Proprietary) Limited owns residential even in the town of Northam, and has erected houses thereon as part of an initiative to assist Northam employees in acquiring their own affordable houses. In addition, Norplats Properties owns 100% of the issued capital of Broad Brush Investments 2 (Proprietary) Limited.
Windfall 38 Properties (Proprietary) Limited	100	–	**	*	*	171	–	Windfall 38 Properties (Proprietary) Limited owns certain freehold in respect of Booyssendal and was acquired during the current year.
Interest in subsidiaries				5 566 000	5 566 000	298 793	264 154	

* investment less than R1 000.

** issued capital less than R1 000.

All companies are incorporated in the Republic of South Africa.

The loans are unsecured, interest free, repayable on demand and therefore stated as current.

Annexure 4

Related party transactions

for the year ended 30 June 2010

Name of entity	Basis of identification as a related party	Related director	Nature of services provided	Where charged/ (credited) in statement of financial position
Barnard Jacobs Mellet Holdings Limited	Common directorship	AR Martin	JSE Limited sponsor services	n/a
GijimaAst Group Limited	Common directorship	NJ Dlamini	Maintenance of computer systems	n/a
Minova SA	Common directorship	ME Beckett	Purchase of consumable stores	n/a
Mvelaphanda Resources Limited	Major shareholder and common directors	ME Beckett, CK Chabedi, BR van Rooyen, MJ Willcox, PL Zim	Reimbursement of expenses	n/a
			Recovery of costs	n/a
			Purchase of motor vehicle	Property, plant and equipment
Northam Platinum Educational Trust	Common directors and trustees	GT Lewis, BR van Rooyen, DR Wolstenholme	Donations for education support	n/a
Protea Aviation Services (Proprietary) Limited	Common directorship	MJ Willcox	Transport of products	n/a
Protea Security Services (2000) (Proprietary) Limited	Common directorship	MJ Willcox	Supply of security services	n/a
Trollope Mining Services (2000) (Proprietary) Limited	Common directorship	MJ Willcox	Transport of waste and hire of plant	n/a
Key management personnel				
Non-executive directors' fees			See Directors' Report page 55	
GT Lewis			Remuneration Performance bonus Contribution to retirement fund Other benefits Gain on exercise of share options	
			See Directors' Report page 55 Equity compensation charge	
DR Wolstenholme (note 1)			Remuneration Performance bonus Contribution to retirement fund	
			See Directors' Report page 55 Equity compensation charge	
Senior management remuneration			Remuneration Performance bonus Contribution to retirement fund Other benefits Equity compensation charge	

Notes

Note 1. Mr DR Wolstenholme was appointed a director on 4 November 2009.

Where charged/ (credited) to statement of comprehensive income	Charged/(credited) to statements of financial position		Charged/(credited) to statements of comprehensive income		Year end balance		Year end balance included in
	2010 R000	2009 R000	2010 R000	2009 R000	2010 R000	2009 R000	
Operating costs – sundries	–	–	150	11	–	–	n/a
Operating costs – sundries	–	–	648	450	38	36	Trade and other payables
Operating costs – stores	–	–	4 526	2 887	478	1 596	Trade and other payables
Operating costs – sundries	–	–	308	54	–	–	n/a
Operating costs – sundries	–	–	(6)	–	(1)	–	Trade and other receivables
n/a	241	–	–	–	–	–	n/a
Operating costs – sundries	–	–	247	223	–	108	Trade and other receivables
Refining and other costs	–	–	1 723	880	–	219	Trade and other payables
Operating costs – sundries	–	–	8 259	9 070	14	–	Trade and other payables
Operating costs – sundries	–	–	32 853	27 523	2 136	4 029	Trade and other payables
Operating costs – sundries	–	–	2 540	1 643			
Operating costs – labour	–	–	2 354	2 140			
Operating costs – labour	–	–	782	6 284			
Operating costs – labour	–	–	294	268			
Operating costs – labour	–	–	15	17			
	–	–	6 559	–			
	–	–	10 004	8 709			
Operating costs – labour	–	–	3 754	2 723			
	–	–	13 758	11 432			
Operating costs – labour	–	–	1 084	–			
Operating costs – labour	–	–	286	–			
Operating costs – labour	–	–	136	–			
	–	–	1 506	–			
Operating costs – labour	–	–	1 201	–			
	–	–	2 707	–			
Operating costs – labour	–	–	13 192	10 214			
Operating costs – labour	–	–	4 799	6 085			
Operating costs – labour	–	–	1 649	1 277			
Operating costs – labour	–	–	863	903			
Operating costs – labour	–	–	17 613	10 918			
	–	–	38 116	29 397			

Annexure 5

Analysis of share options

as at 30 June 2010

Grant date	14 October 2004	24 October 2005
Earliest exercise date	14 October 2006	24 October 2007
Expiry date	13 October 2011	23 October 2012
Exercise price – rands	8.30	17.00
Balance at 30 June 2009	92 500	636 000
New options granted during the year	–	–
Options forfeited during the year	–	–
Options exercised during the year	(92 500)	(452 500)
Month		
July	–	–
August	(75 000)	(202 500)
September	–	–
October	(17 500)	(15 000)
November	–	(7 500)
December	–	(152 000)
January	–	–
February	–	–
March	–	(9 500)
April	–	(46 000)
May	–	(20 000)
June	–	–
Balance at 30 June 2010	–	183 500
Total consideration received R000	768	7 692
Details of options granted to directors		
G T Lewis		
Balance at 30 June 2009	75 000	187 500
New options granted during the year	–	–
Options exercised during the year	(75 000)	(187 500)
Balance at 30 June 2010	–	–
D R Wolstenholme		
Balance at 30 June 2009	–	–
New options granted during the year	–	–
Balance at 30 June 2010	–	–
Gains on exercise of options by directors – G T Lewis		
Market value on date exercised – R000	2 963	7 406
Consideration – R000	(623)	(3 187)
Gain – R000	2 340	4 219

Note: The market value is based on the closing price on the JSE Limited on the day the options are exercised.



				Total
23 October 2006	22 October 2007	27 November 2008	05 November 2009	
23 October 2008	22 October 2009	27 November 2010	05 November 2011	
22 October 2013	21 October 2014	26 November 2015	04 November 2016	
38.45	48.00	32.38	36.95	
1 597 500	1 737 500	3 212 500	–	7 276 000
–	–	–	3 662 500	3 662 500
–	–	(140 000)	(45 000)	(185 000)
(162 500)	–	(25 000)	–	(732 500)
–	–	–	–	–
–	–	–	–	(277 500)
–	–	–	–	–
–	–	–	–	(32 500)
–	–	–	–	(7 500)
(15 000)	–	–	–	(167 000)
–	–	–	–	–
–	–	–	–	–
(10 000)	–	–	–	(19 500)
(7 500)	–	–	–	(53 500)
(40 000)	–	(25 000)	–	(85 000)
(90 000)	–	–	–	(90 000)
1 435 000	1 737 500	3 047 500	3 617 500	10 021 000
6 248	–	810	–	15 518
187 500	187 500	187 500	–	825 000
–	–	–	187 500	187 500
–	–	–	–	(262 500)
187 500	187 500	187 500	187 500	750 000
90 000	90 000	90 000	–	270 000
–	–	–	90 000	90 000
90 000	90 000	90 000	90 000	360 000
–	–	–	–	10 369
–	–	–	–	(3 810)
–	–	–	–	6 559

Annexure 6

Segmental analysis

at 30 June 2010

Segmental statement of financial position

	2010 Booyssendal mine R000	2010 Zondereinde mine R000	2010 Total R000	2009 Booyssendal mine R000	2009 Zondereinde mine R000	2009 Total R000
Non current assets	5 747 687	2 223 937	7 971 624	5 602 177	2 130 166	7 732 343
Property, plant and equipment	168 560	1 769 501	1 938 061	36 177	1 700 932	1 737 109
Mining properties and mineral resources	5 579 127	143 532	5 722 659	5 566 000	152 387	5 718 387
Investment in associate	–	129 741	129 741	–	130 106	130 106
Unlisted investments	–	6	6	–	6	6
Township development	–	63 805	63 805	–	59 345	59 345
Investments held by Northam Platinum	–	–	–	–	–	–
Restoration Trust Fund	–	27 259	27 259	–	24 893	24 893
Environmental Guarantee	–	–	–	–	–	–
Investment	–	20 763	20 763	–	15 895	15 895
Toro Employee Empowerment Trust	–	69 330	69 330	–	46 602	46 602
Current assets	139 569	1 978 114	2 117 683	180 921	1 435 086	1 616 007
Inventories	–	521 462	521 462	–	468 254	468 254
Trade and other receivables	36 077	281 977	318 054	2 368	224 482	226 850
Investments in escrow	91 458	–	91 458	–	–	–
Cash and cash equivalents	12 034	1 174 675	1 186 709	178 553	742 350	920 903
Total assets	5 887 256	4 202 051	10 089 307	5 783 098	3 565 252	9 348 350
Non-current liabilities	–	581 490	581 490	–	529 261	529 261
Deferred tax liability	–	447 212	447 212	–	428 821	428 821
Long term provisions	–	134 278	134 278	–	100 440	100 440
Current liabilities	10 090	664 573	674 663	(134)	487 037	486 903
Receiver of revenue	795	33 091	33 886	(28)	460	432
Trade and other payables	9 295	553 549	562 844	(106)	417 755	417 649
Short term provision	–	77 933	77 933	–	68 822	68 822
Net assets	5 877 166	2 955 988	8 833 154	5 783 232	2 548 954	8 332 186

All segments are managed in South Africa

Segmental statement of comprehensive income

	2010 Booyssendal mine R000	2010 Zondereinde mine R000	2010 Total R000	2009 Booyssendal mine R000	2009 Zondereinde mine R000	2009 Total R000
Sales revenue	–	3 945 083	3 945 083	–	3 186 042	3 186 042
Cost of sales	–	3 160 108	3 160 108	–	2 368 129	2 368 129
– operating costs	–	2 230 369	2 230 369	–	1 905 889	1 905 889
– concentrate purchased	–	735 090	735 090	–	140 192	140 192
– refining and other costs	–	92 972	92 972	–	120 917	120 917
– depreciation and impairments	–	167 346	167 346	–	160 907	160 907
– change in metal inventories	–	(65 669)	(65 669)	–	40 224	40 224
Operating profit	–	784 975	784 975	–	817 913	817 913
Share of earnings from associate	–	12 440	12 440	–	72 606	72 606
Investment revenue	92 121	75 534	167 655	15 812	114 605	130 417
Sundry (expenditure)/income	(95)	9 652	9 557	(154)	(6 276)	(6 430)
Profit before tax	92 026	882 601	974 627	15 658	998 848	1 014 506
Taxation	25 748	307 853	333 601	4 403	379 621	384 024
Profit attributable to shareholders	66 278	574 748	641 026	11 255	619 227	630 482

Analysis of sales revenue by geographic location of customer

	2010 Booyssendal mine R000	2010 Zondereinde mine R000	2010 Total R000	2009 Booyssendal mine R000	2009 Zondereinde mine R000	2009 Total R000
Europe	–	1 496 581	1 496 581	–	1 400 735	1 400 735
Japan	–	868 078	868 078	–	604 789	604 789
North America	–	1 289 318	1 289 318	–	916 996	916 996
South Africa	–	291 106	291 106	–	263 522	263 522
	–	3 945 083	3 945 083	–	3 186 042	3 186 042

Analysis of trade and other receivables by geographic location of customer

	2010 Booyssendal mine R000	2010 Zondereinde mine R000	2010 Total R000	2009 Booyssendal mine R000	2009 Zondereinde mine R000	2009 Total R000
Europe	–	64 535	64 535	–	71 245	71 245
North America	–	77 677	77 677	–	41 276	41 276
South Africa	36 077	139 765	175 842	2 368	111 961	114 329
	36 077	281 977	318 054	2 368	224 482	226 850

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