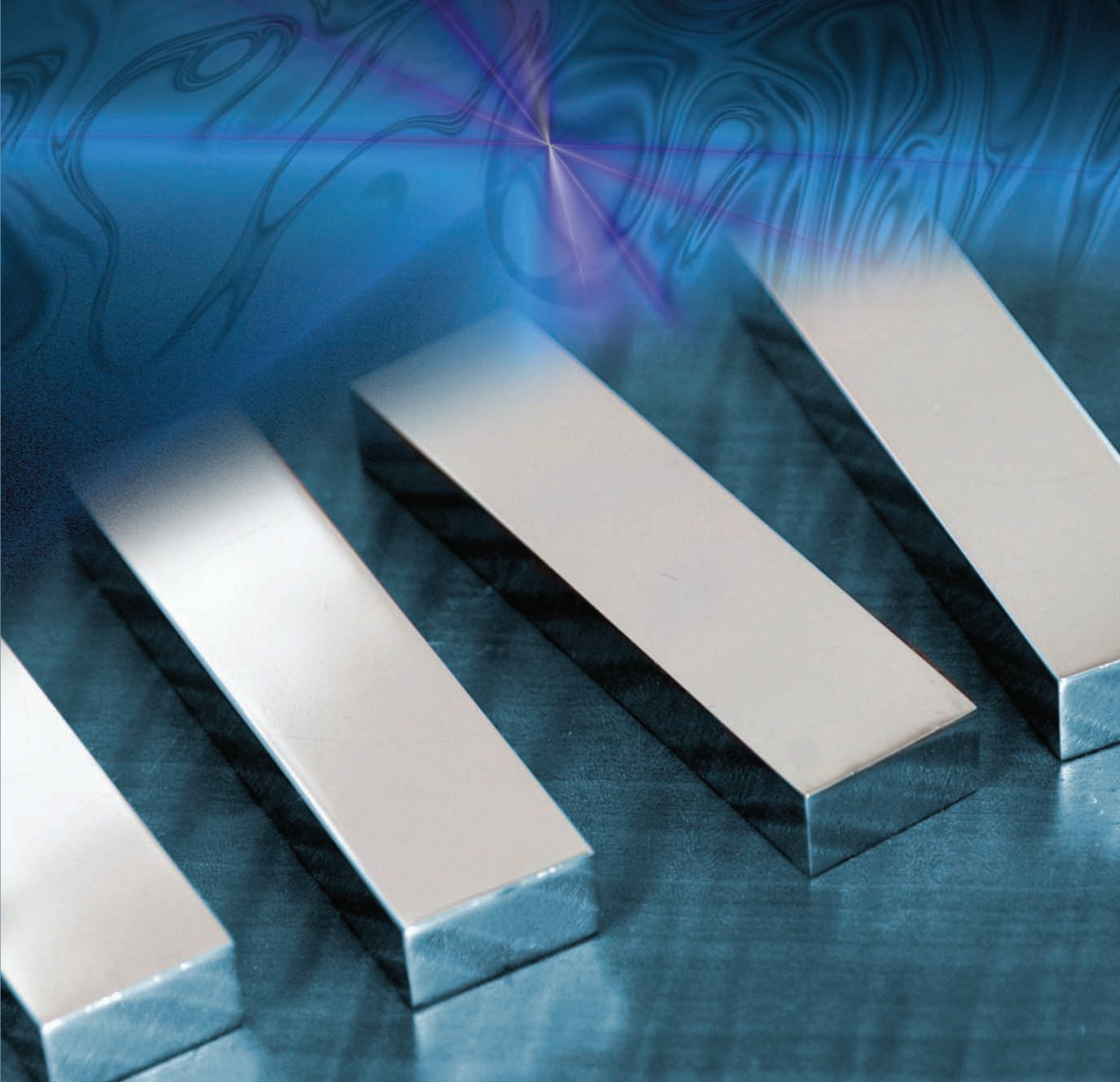
NORTHAM

PLATINUM LIMITED

Annual Report 2008



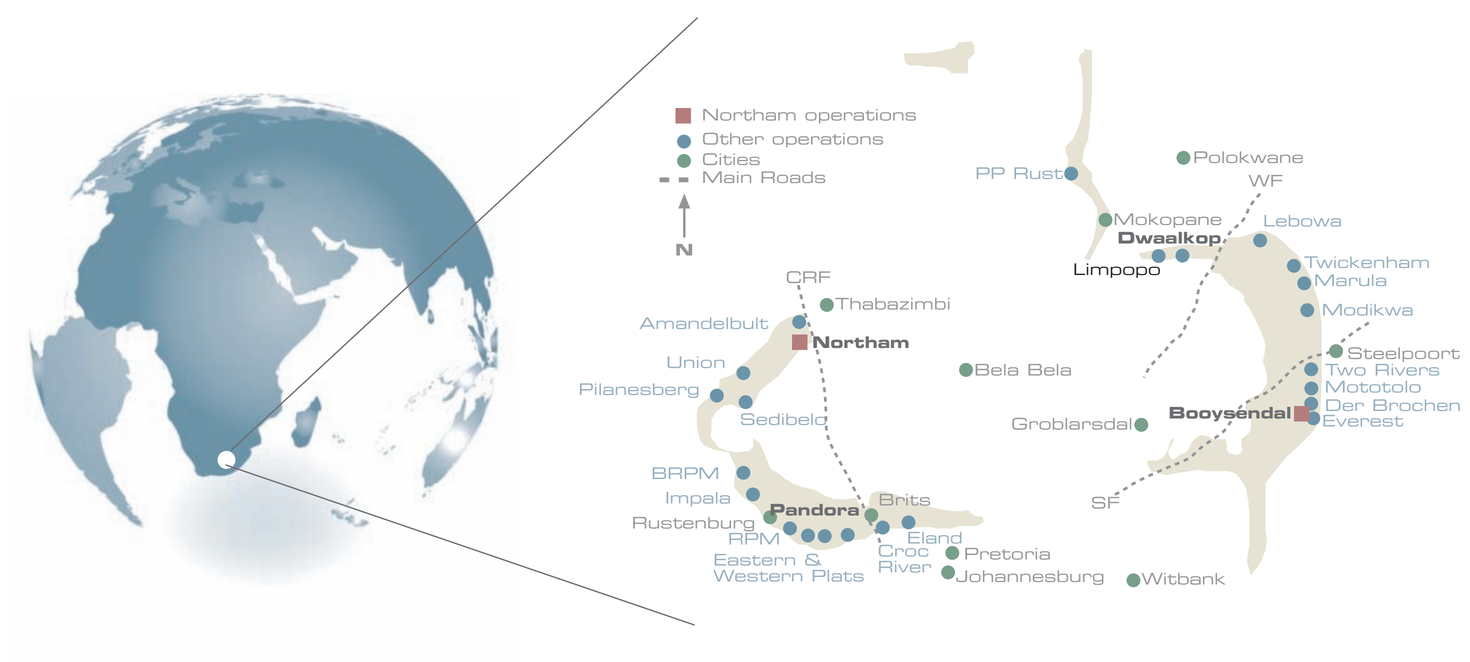
Corporate profile

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 Northam platinum mine and metallurgical complex on the western limb of the South African Bushveld Complex, and the 103Moz-resource world class Booysendal platinum asset. The company has a combined resource base of 133Moz (9.2Moz in the reserve category), with more than 50 years life of mine. Booysendal could potentially add some 350,000oz to the Northam mine'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.

Strategic intent

Northam's vision is to grow from a mid-tier, single asset company into a substantial, long-life, lower cost producer and marketer of platinum group metals by leveraging its competitive advantages:

- by generating high levels of cash from the Northam mine to contribute to funding the development of the shallower Booysendal resource;
- Leveraging the Northam mine's established, reliable metallurgical infrastructure, expertise and capacity to generate an additional revenue stream;
- Exploring opportunities for consolidation in the sector as the only independent, black-owned PGM supplier, with full control of the entire metal beneficiation stream from mine to market;
- Unlocking further value by exploring corporate activity opportunities in the sector.

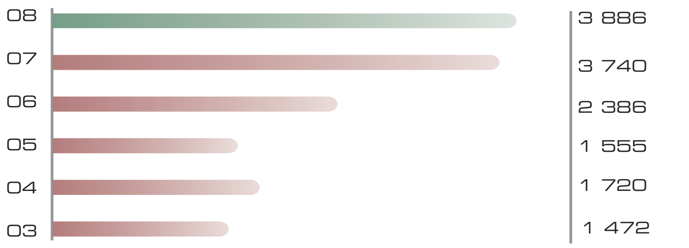


ounces/oz = platinum, palladium, rhodium and gold (3 PGE+Au) unless otherwise defined

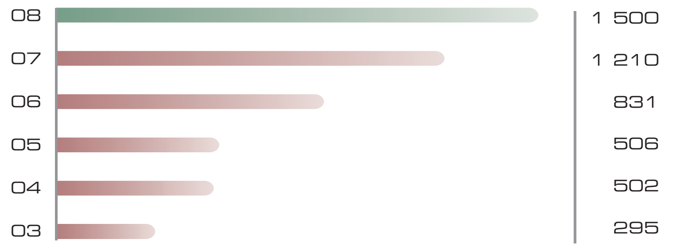
Contents

Shareholder and investor information

Sales revenue (Rm)



Cash and cash equivalents (Rm)

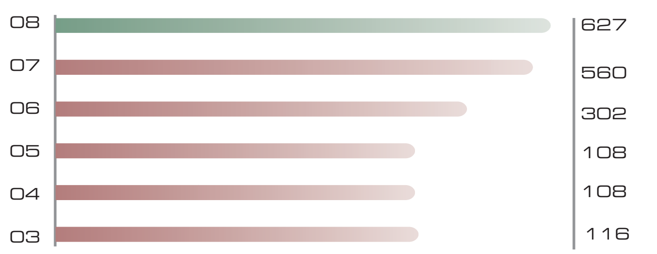


Shareholder and investor data

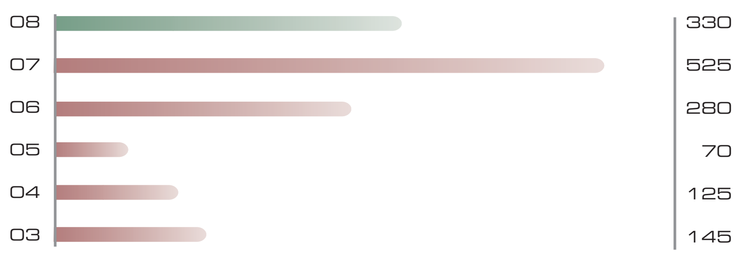
- Share code NHM
- Listing: JSE Limited
- JSE Sector: Platinum
- Shares in issue:* 238 687 500
- Shares in issue:** 359 687 500
- Market capitalisation:** R18.58 billion (US$2.25 billion)
- Share price high: R79.84 (US$10.21)
- Share price low: R38.00 (US$5.44)

* at year end
** at 18 September 2008

Earnings per share (cents)



Cash distribution per share (cents)



Key financial ratios

- Operating margin: 58.6%
- Return on shareholder equity: 56.5%
- Return on total assets: 36.2%
- Compounded return over five years 45.8%

Registration number: 1977/003282/06; incorporated in the Republic of South Africa. Share code: NHM; ISIN ZAE 000030912

Shareholders' diary

Annual general meeting:	6 November 2008
Interim report published:	February 2009
Interim dividend declared:	February 2009*
Interim dividend paid:	March 2009*
Financial year end:	30 June
Preliminary annual results published:	August 2009
Final dividend declared:	August 2009*
Final dividend paid	September 2009*

*indicative

Ten year financial review

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

	2008 R000	2007 R000	2006 R000	2005 R000	2004 R000	2003 R000	2002 R000	2001 R000	2000 R000	1999 R000
Income statement										
Sales revenue	**3 886 137**	3 739 805	2 386 326	1 554 501	1 720 399	1 471 999	1 560 685	1 567 883	1 051 953	719 497
Cost of sales	**1 608 648**	1 727 945	1 372 727	1 280 405	1 335 217	1 093 908	976 905	780 433	691 925	596 285
Operating costs	**1 626 610**	1 360 818	1 240 320	1 118 906	1 061 171	1 011 664	804 870	732 758	586 938	525 797
Concentrates purchased	–	106 447	–	20 075	14 632	–	–	–	–	–
Refining and other costs	**75 540**	91 816	59 520	57 222	60 569	68 549	41 394	29 601	32 068	35 742
Leased metal costs	–	–	–	–	(14 149)	14 149	–	–	–	–
Depreciation and impairments	**149 325**	129 040	114 713	103 646	97 527	89 059	99 451	86 999	59 474	55 302
Change in metal inventories	**(242 827)**	39 824	(41 826)	(19 444)	115 467	(89 513)	31 190	(68 925)	13 445	(20 556)
Operating profit	**2 277 489**	2 011 860	1 013 599	274 096	385 182	378 091	583 780	787 450	360 028	123 212
Investment income	**97 507**	83 643	39 700	29 623	38 174	64 140	52 023	39 714	27 199	17 908
Sundry income/(expenditure)	**(16 145)**	5 303	19 820	75 367	(36 392)	23 946	20 793	4 256	(1 591)	(1 980)
Profit before tax and exceptional items	**2 358 851**	2 100 806	1 073 119	379 086	386 964	466 177	656 596	831 420	385 636	139 140
Exceptional items	–	–	–	–	–	–	–	–	–	15 262
Profit before tax	**2 358 851**	2 100 806	1 073 119	379 086	386 964	466 177	656 596	831 420	385 636	123 878
Tax	**866 040**	774 562	367 555	128 440	136 869	198 601	259 121	308 143	122 817	(15 589)
Profit attributable to shareholders	**1 492 811**	1 326 244	705 564	250 646	250 095	267 576	397 475	523 277	262 819	139 467
Headline earnings	**1 492 827**	1 325 969	705 350	250 661	249 960	267 223	405 071	538 134	262 819	150 150
BALANCE SHEET										
Property, plant and equipment	**1 683 901**	1 536 289	1 481 901	1 390 586	1 355 765	1 334 203	1 249 774	1 261 159	1 184 868	900 920
Deferred tax	–	–	–	–	–	–	–	–	166 485	271 511
Other non current assets	**71 633**	64 435	29 280	17 554	12 744	10 645	8 741	7 310	6 040	4 953
	1 755 534	1 600 724	1 511 181	1 408 140	1 368 509	1 344 848	1 258 515	1 268 469	1 357 393	1 177 384
Current assets	**2 363 992**	1 733 264	1 231 073	835 187	804 015	747 907	1 038 062	882 506	661 781	398 161
Inventories	**504 980**	254 490	280 372	246 302	223 187	339 156	249 252	284 214	212 596	210 414
Trade and other accounts receivable	**359 264**	268 862	119 415	83 003	79 206	113 776	57 497	54 083	70 760	31 805
Cash and cash equivalents	**1 499 748**	1 209 912	831 286	505 882	501 622	294 975	731 313	544 209	378 425	155 942
Total assets	**4 119 526**	3 333 988	2 742 254	2 243 327	2 172 524	2 092 755	2 296 577	2 150 975	2 019 174	1 575 545
Shareholders' equity	**2 903 871**	2 381 446	2 001 632	1 598 886	1 583 642	1 515 508	1 892 908	1 965 439	1 900 201	1 477 862
Deferred tax	**388 055**	376 163	357 632	325 298	332 395	330 323	249 103	69 723	–	–
Non-current liabilities and provisions	**55 858**	21 749	25 149	22 556	15 151	11 442	9 393	8 179	6 835	29 514
Current liabilities	**771 742**	554 630	357 841	296 587	241 336	235 482	145 173	107 634	112 138	68 169
Total equity and liabilities	**4 119 526**	3 333 988	2 742 254	2 243 327	2 172 524	2 092 755	2 296 577	2 150 975	2 019 174	1 575 545
CASH FLOW STATEMENT										
Operating cash flow	**1 546 908**	1 555 025	852 501	381 700	512 808	390 040	747 481	800 873	423 098	169 455
Investing cash flow	**(263 795)**	(211 636)	(212 045)	(133 708)	(118 496)	(172 171)	(87 575)	(167 325)	(343 389)	(11 318)
Financing cash flow	**(993 277)**	(964 763)	(315 052)	(243 732)	(187 665)	(654 207)	(472 802)	(467 764)	142 774	(37 800)
Dividends paid	**(1 010 068)**	(970 332)	(373 880)	(196 822)	(104 194)	(439 449)	(472 942)	(460 682)	(73 638)	(18 403)
Share premium repaid	–	–	–	(46 310)	(81 394)	(219 606)	–	–	–	–
Other financing cash flows	**16 791**	5 569	58 828	(600)	(2 077)	4 848	140	(7 082)	216 412	(19 397)
Net cash flow	**289 836**	378 626	325 404	4 260	206 647	(436 338)	187 104	165 784	222 483	120 337
Cash and cash equivalents at beginning of year	**1 209 912**	831 286	505 882	501 622	294 975	731 313	544 209	378 425	155 942	35 605
Cash and cash equivalents at end of year	**1 499 748**	1 209 912	831 286	505 882	501 622	294 975	731 313	544 209	378 425	155 942

Ten year statistical review

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
OPERATING PERFORMANCE										
Merensky										
Tonnes milled	**1 059 624**	1 341 057	1 424 160	1 434 198	1 541 234	1 582 421	1 288 141	1 576 926	1 660 000	1 800 000
Head grade – g/t (3PGEs + Au)	**5.6**	5.6	6.1	6.2	6.0	5.9	6.1	5.8	6.0	6.1
UG2										
Tonnes milled	**963 033**	928 149	878 924	715 946	691 353	636 717	643 286	371 374	–	–
Head grade – g/t (3PGEs + Au)	**4.4**	4.4	4.5	4.4	4.3	4.0	3.8	3.9	–	–
Combined										
Tonnes milled	**2 022 657**	2 269 206	2 303 084	2 150 144	2 232 587	2 219 138	1 931 427	1 948 300	1 660 000	1 800 000
Head grade – g/t (3PGEs + Au)	**5.0**	5.1	5.5	5.6	5.5	5.3	5.3	5.4	6.0	6.1
Precious metals in concentrates produced – kg *	**9 113**	10 087	11 247	10 115	10 592	10 354	8 458	8 725	8 372	9 197
Precious metals in concentrates purchased – kg *	**–**	404	–	–	–	–	–	–	–	–
Precious metals sold – kg *	**8 586**	10 703	11 285	9 922	11 733	9 174	8 944	8 306	9 331	9 222
Revenue – R/kg *	**409 159**	297 292	189 286	137 517	130 874	145 273	160 367	172 733	100 701	70 502
Operating costs – R/kg *	**193 409**	148 872	120 475	120 862	109 392	106 309	105 587	92 751	70 110	57 170
Cash costs – R/kg *	**175 197**	135 248	109 441	110 005	99 532	96 880	94 861	83 750	67 366	56 431
Precious metals in concentrates produced – oz *	**292 989**	324 296	361 599	325 214	340 547	332 888	271 931	280 516	269 156	295 695
Precious metals in concentrates purchased – oz *	**–**	12 989	–	–	–	–	–	–	–	–
Precious metals sold – oz *	**276 059**	344 101	362 821	318 992	377 239	294 947	287 546	267 042	299 997	296 501
Price realised – US$/oz *	**1 722**	1 288	918	686	597	498	497	705	492	364
Operating costs – US$/oz *	**821**	643	586	607	493	365	325	379	343	295
Cash costs – US$/oz *	**744**	584	532	552	449	333	292	342	329	291
Sales per metal – oz										
Platinum	**169 612**	212 484	221 580	196 056	236 792	179 108	177 580	168 294	188 597	189 404
Palladium	**81 103**	96 888	109 721	94 420	108 648	89 086	86 758	79 558	88 690	85 222
Rhodium	**20 666**	28 180	24 085	22 093	23 849	20 744	17 325	13 295	15 565	14 770
Gold	**4 678**	6 549	7 435	6 423	7 950	6 009	5 883	5 895	7 145	7 105
Total – 3PGE + Au	**276 059**	344 101	362 821	318 992	377 239	294 947	287 546	267 042	299 997	296 501
Prices realised – US$/oz										
Platinum	**1 668**	1 206	1 017	855	782	605	491	590	441	359
Palladium	**400**	342	265	201	216	265	407	773	463	310
Rhodium	**7 553**	5 310	3 107	1 338	573	621	1 076	1 952	1 389	727
Gold	**832**	654	529	424	390	322	292	268	285	285
Basket – 3PGE + Au	**1 722**	1 288	918	686	597	498	497	705	492	364
Prices realised – R/kg										
Platinum	**396 780**	278 054	210 131	171 186	171 534	175 249	159 696	144 493	90 083	70 050
Palladium	**94 894**	79 258	54 653	40 287	47 123	79 415	130 256	189 351	94 605	60 384
Rhodium	**1 792 075**	1 225 945	635 590	269 687	123 701	183 223	339 741	478 194	283 640	141 727
Gold	**196 990**	151 337	109 156	84 487	85 892	97 165	96 450	65 781	58 111	55 677
Basket – 3PGE + Au	**409 159**	297 292	189 286	137 517	130 874	145 273	160 367	172 733	100 701	70 502
FINANCIAL PERFORMANCE										
Operating margin – %	**58.6**	53.8	42.5	17.6	22.4	25.7	37.4	50.2	34.2	17.1
Effective tax rate – %	**36.7**	36.9	34.3	33.9	35.4	42.6	39.5	37.1	31.8	(12.6)
Return on shareholders' equity – %	**56.5**	60.5	39.2	15.8	16.1	15.7	20.6	27.1	15.6	9.8
Return on total assets – %	**36.2**	39.8	25.7	11.2	11.5	12.8	17.3	24.3	13.0	8.9
Current ratio	**3.1**	3.1	3.4	2.8	3.3	3.2	7.2	8.2	5.9	5.8
Acid ratio	**1.9**	2.2	2.3	1.7	2.1	1.3	5.0	5.1	3.4	2.3
US Dollar/Rand exchange rate										
– average	**7.32**	7.20	6.39	6.19	6.90	9.05	10.13	7.60	6.35	6.05
– at year end	**7.83**	7.08	7.14	6.69	6.20	7.57	10.27	8.04	6.77	6.01
SHARE PERFORMANCE										
Weighted average number of shares in issue – 000	**238 007**	236 747	233 704	231 578	231 540	231 313	230 744	230 311	203 283	184 036
Number of shares at year end – 000	**238 688**	237 226	236 003	231 969	231 544	231 539	230 915	230 565	230 147	184 060
Operating cash flow per share – cents	**649.9**	656.8	364.8	164.8	221.5	168.6	323.9	347.7	208.1	92.1
Earnings per share – cents	**627.2**	560.2	301.9	108.2	108.0	115.7	172.3	227.2	129.3	75.8
Headline earnings per share – cents	**627.2**	560.1	301.9	108.2	108.0	115.5	175.5	233.7	129.3	81.6
Dividends per share – cents	**330.0**	525.0	280.0	70.0	105.0	90.0	170.0	235.0	120.0	25.0
Capital repayments per share – cents	**–**	–	–	–	20.0	55.0	75.0	–	–	–
Dividend cover	**1.9**	1.1	1.1	1.5	1.0	1.3	1.0	1.0	1.1	3.3
Net asset value per share – cents	**1 217.0**	1 004.0	848.0	689.0	684.0	655.0	820.0	852.0	826.0	803.0
Share price (cents)										
– high	**7 984**	6 090	3 800	1 280	1 345	2 210	2 000	1 860	950	640
– low	**3 800**	3 490	1 240	775	825	955	1 000	765	455	175
– at year end	**6 760**	5 600	3 784	1 260	890	1 230	1 665	1 525	780	484
Platinum sector index at year end	**128 520.0**	101 130.0	70 346.9	29 043.5	23 373.7	28 545.9	29 252.3	35 070.6	25 528.7	14 195.5
Compound return over 5 years – %	**45.8**	34.6	25.5	21.6	29.2	49.5	58.3	32.0	10.0	(2.7)
Average monthly volume of shares traded – 000	**13 920**	12 339	5 542	5 384	4 916	4 906	8 014	11 054	6 735	1 909
Annual liquidity (%)	**70.2**	62.5	28.5	27.9	25.5	25.5	41.7	57.6	39.8	12.4

Message from the chairman and chief executive

It is a pleasure to report to shareholders after what was a landmark year in the life of Northam. While the group's financial results for 2008 continue to reflect the continued solid performance of the Northam mine, our existing cash-generative PGM operation on the western limb of the Bushveld Complex, the acquisition of the 103Moz Booysendal PGM asset has signified a step change in the fortunes of Northam, setting the company on a path to sustainable growth.

The past year was a bonanza one for the PGM sector, and Northam certainly benefited from the exceptional market conditions which saw platinum prices breaching a series of record highs, trading above the US$2 000/oz level for the major part of the second half of the financial year, and ending the year at US$2 064 on 30 June 2008.

The new Northam

There can be no doubt that the single outstanding feature of the year was the acquisition from Mvelaphanda Resources Limited (Mvela Resources) of the Booysendal prospect, a 103Moz (3PGE+Au) PGM asset on the eastern limb of the Bushveld Complex.

In a number of ways this transaction has transformed the Northam corporate entity by:

- acquiring a world class asset which not only significantly grows the group's attributable resource base, but has the potential of doubling the group's PGM output in the near to medium term with full control of metal from mine to market;
- establishing a strategic foothold in the eastern Bushveld Complex over one of the last remaining large PGM deposits;
- reducing the risk that the market has for many years ascribed to a company with a single operating asset;
- simplifying the Northam corporate structure;
- securing Northam's black economic empowerment credentials;
- adding a range of further value-adding opportunities and potential through corporate activity.

In concluding this complex and protracted transaction, first announced in September 2007, and approved by shareholders on 6 June 2008, we at Northam were meticulous in conducting detailed work on the Booysendal orebody in order to secure optimal value for our shareholders. After an independent review of the Booysendal resource, the parties to the transaction, Mvela Resources, Anglo Platinum Limited (Anglo Platinum) and Northam agreed to increase the extent of the Booysendal project area by 1.3 kilometres along strike into the southern portion of Anglo Platinum's Der Brochen project area (the Booysendal Extension), taking the total strike length of the project to 14.5km. The final purchase consideration of 121 million Northam shares to Mvela Resources for a resource base of 103Moz, or US$6.80 per resource ounce, must rank as one of the most reasonably priced PGM deals in the sector.

A further positive development in the year was the signing of a metal offtake agreement with Platmin Limited's Pilanesberg Platinum Mines (Pty) Limited, in line with our stated strategy of leveraging the group's existing metallurgical infrastructure at the

Transforming Northam

	Northam today	New Northam
Resources	30Moz	133Moz
Production	300,000oz	650,000oz
Life of mine	18 years	50+ years

Lazurus Zim (Chairman)

Glyn Lewis (CEO)

Northam mine to create an additional revenue stream. The Pilanesberg platinum mine, due to come into production in the first half of calendar 2009, ramping up to full production by the end of the year, is expected to produce some 250,000oz (3PGE+Au) per annum. Even in the near term, this is expected to make a significant contribution to Northam's sales volumes.

Safety and health – a cornerstone of sustainable business

Safety in the mining industry came sharply into the spotlight during the year with the industry-wide South African presidential safety audit implemented by the Department of Minerals and Energy (DME).

At the Northam mine the death of four employees in the year was a tragic loss. Our thoughts go to the loved ones of Messrs MA Hoffman, M Mpywe, T Matumane and J Lethiba. Each and every accident and injury at work is taken seriously throughout the company and we will, as appropriate, continue to stop operations in the interests of safety.

Other safety indicators, such as lost time and reportable injury rates, were largely unchanged on the previous year.

As a business in a sector which provides employment for thousands of people in inherently hazardous conditions, we welcome and support any intervention which seeks to eliminate injury and fatalities, and we remain committed to the spirit of tripartism as envisaged in the Mine Health and Safety Act (Act 29 of 1996).

It is of concern to us however, that in certain instances, the imposition of punitive mine closures by the authorities fail to take account of certain fundamental 'making safe' procedures in working areas, which could result in further deterioration of working areas during the downtime. This is something we have taken up with the DME, and we are optimistic that we can reach a level of understanding which should further enhance our collective focus on safety.

We have made some meaningful progress this year in our sustainable development initiatives. A summary of our sustainable development report appears on page 24 of this document. A more comprehensive sustainable development report, which reports in line with the Global Reporting Initiative's (GRI) G3 guidelines and reports on Northam's compliance with the Mining Charter, may be found on the Northam website at www.northam.co.za.

In a bid to broaden our empowerment base, and further incentivise and retain employees in the unskilled and semi-skilled categories, we have established The Toro Employee Empowerment Fund. This was negotiated with the representative labour unions on the Northam mine, in a greatly improved labour relations climate. Through this vehicle, a specially registered trust, we as a company have undertaken to contribute 4% of after-tax profits, providing eligible employees with an opportunity to participate in the profits of the company, without exposing them to potential share price volatility.

Results and operating performance

The Northam mine remained highly cash generative, with a closing cash balance of R1.5 billion for the year under review underpinned by growth in revenue from metal sales, 3.9% higher year on year at R3.9 billion. Exceptionally strong metal prices, particularly in H2, helped to offset the effect of lower production of metals in concentrate at 9 113kg (292 989oz).

The 9.7% drop in output was largely attributable to the effects of safety-related stoppages, operational difficulties arising from intermittent power supply and industrial action. These challenges were a feature of the mining industry in South Africa during the reporting period. However, these impacts were exacerbated at the Northam mine by the ongoing difficulties associated with mining the Merensky regional pothole facies. Year on year, tonnages milled from the Merensky reef horizon were 21.0% lower at 1 059 624 tonnes (F2007: 1 341 057 tonnes).

However, with the continued focus of Northam mine management on improvements to our metallurgical operations, and the success we have achieved in managing chrome levels in our smelter feed, we have once again grown the proportion of UG2 ore treated, which contributed to the 3.8% increase in tonnages from this reef horizon to 963 033 tonnes (F2007: 928 149), indicating once again the shifting

Northam platinum mine: aerial view of the thickener tanks at the concentrator plant

production profile from the Northam mine. Taking account of the lost production shifts during the year, this was a creditable performance and helped to stem the decline in total tonnages milled to 10.9%.

Unsurprisingly, inflationary pressures in South Africa bit sharply into the Northam mine's cost performance. At the operating cost level the increase of 19.5% was in line with our expectations. However, with the lower volumes produced, unit costs at R175 197/kg were 29.5% up year on year. We are optimistic though, that higher production levels in the year ahead should lead to some improvement in the relative cost performance, while the slowdown in global economic growth should also result in some moderation to the increases in the price levels of many of our input costs.

Once again, for five years in succession, earnings per share have continued to show healthy growth, with earnings this year reaching 627 cents per share, 12% higher year on year. At this time it is perhaps appropriate to remind shareholders of our unchanged policy of consistently returning cash in excess of growth requirements to shareholders. Having now embarked on a major expansion programme, it would be imprudent not to withhold some cash for this purpose, both now, and into the future. Our total dividend for the year, of 330 cps, translating into a dividend cover of 1.9:1 (F2007: 1.06:1), reflects this approach and also the effect of the increased 360 million shares in issue at the time of declaration.

Production outlook

Given the challenges that we have faced in Merensky mining over the past few years, it is gratifying now be in a position to anticipate improved prospects for this orebody going forward. This results from a number of initiatives aimed at improving the ore reserve flexibility at the mine, and it is a tribute to the management at the Northam operation that the 18 level deepening project in particular, has progressed as well as it has down to its current position at 16 level. Each additional decline level adds approximately 2.5 years life of mine to the operation and provides access primarily to the Merensky normal reef facies, which is a very stable reef type, with high metal yields. On completion of the project, the Northam operation's life could potentially be extended to 25 years from the current 18 years, adding 5.2Moz to our Merensky resource base.

A new source of Merensky concentrate from the Pilanesberg platinum mine in the Platmin stable (some 60km from the Northam mine) with its lower chrome content, is due to start contributing to smelter feed in the latter half of F2009. This should provide further flexibility for Northam in diluting the chrome-rich UG2 ore. In view of the prevalence of the UG2 reserves, and the relative ease with which we are able to exploit this reef, we are optimistic that this development, in the medium term, will represent value in terms of volumes, reduction of costs, and ultimately increased profitability.

Growth path on track

As we focus now on growing the company and our asset base, work continues apace on the Booysendal PGM project. Against the background of skills shortages, we have been fortunate to have attracted a project team with vast experience in mining and project development, to complement the depth of expertise within the group. The review of the Booysendal prefeasibility study has now progressed seamlessly into the bankable feasibility, due for completion in the latter half of calendar 2009.

An enormous amount of work has already been completed in identifying the most economical and efficacious way of bringing this quality resource to account. A range of production scenarios, 11 in all, ranging in scale from 120 000 to 480 000 tonnes per month have already been considered, with results suggesting a modular production build-up offering flexibility and mitigating potential risks relating to issues such as power and water supply.

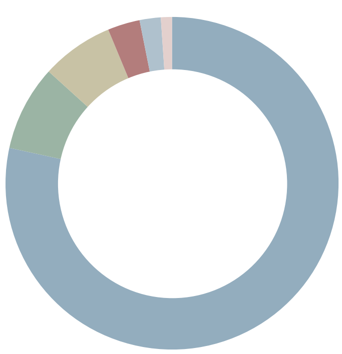
A further positive emanating from the pre-feasibility review process has been the confirmation of the capital expenditure and working cost estimates assumed in the conceptual study.

Constrained power supply

The power supply crisis, which manifested acutely at the beginning of the calendar year with large-scale, and oftentimes unscheduled interruptions to operations, was followed by a process of intensive, industry-wide engagement with the South African power utility, Eskom. With the subsequent imposition of power supply reductions, this situation has since stabilised. We continue to liaise closely and frequently with Eskom both at the regional and national level, and have made some good progress in reducing the risk to our operations by expanding our existing energy conservation initiatives, and managing our operations within these constraints.

These factors have also been a critical feature in the planning of our Booysendal expansion project, and indeed, were a significant part of the finalisation of the transaction agreement. Having secured access to power for the initial stages of mine construction and development, we are looking at the most feasible ways of ramping Booysendal up to full capacity, while taking account of the potential risk of power constraints persisting beyond 2012.

Shareholder spead – geographic



	(%)
South Africa	80.2
USA	8.5
England & Wales	3.2
Luxembourg	2.1
United Arab Emirates	1.1
Other countries	4.9

Message from the Chairman and CEO *cont*

It has been pleasing to note, in many quarters in South Africa and further afield, how the potential risk associated with traditional sources of power has evolved into an opportunity to generate alternative power supply. We at Northam are continuously examining options in terms of self or co-generation of power, both from renewable and non-renewable sources.

Strengthening our shareholder base

The group's totally transformed prospects have given rise to a significant shift in our shareholder profile. We remain committed to timeous and transparent communication with all our shareholders, both those who have supported us over many years, when our prospects were limited, with new investors who have recognised the investment growth opportunity that the new Northam presents into the future. The inclusion of Northam in the MSCI Emerging Market Index in May this year has been a pleasing development, raising our visibility in the international investment arena.

Key issues in the year ahead

As advised to shareholders on 19 August 2008, the final step in the implementation of the Booysendal transaction will be signaled by the granting of new order mining rights over the properties constituting the Booysendal licence area. Our application for conversion of the Booysendal old order rights was submitted before the end of this financial year. We have had constructive interaction with the DME in this regard and we look forward to the conclusion of this process in due course. We are also confident that this progress, combined with our now firmly entrenched black economic empowerment (BEE) credentials, will prompt the resolution of the conversion of the Northam mine's old order mining rights, application for which was submitted in April 2006.

Also arising from our newly established BEE status, is the imminent transfer of our 7.5% stake in the Pandora Joint Venture (Pandora), which has been warehoused by Mvela Resources since 2004. We are currently evaluating a number of alternatives to turn what up to now has been a passive stake in Pandora, into a value-accretive opportunity for shareholders.

Prospects

In many circles the recent softening in metal prices, precipitated by the global economic slowdown, is being reported as a collapse. We have a more sober view and, although the economic slowdown will undeniably affect demand – we would argue the peaks in the prices, particularly in the second half of the year, were never going to be sustainable, and that more realistic price levels should go a long way in underpinning the longer term health of the PGM market.

Looking to market conditions in the year ahead, tightening emissions legislation will continue to underpin support from the auto industry, and industrial sector demand is likely to persist, albeit against the background of the ongoing quest for thrifting and substitution where possible. Furthermore, with the softer platinum price, there are already signs of increased demand from jewellery manufacturers. Demand for electronic goods is likely to persist, lending further support to our long-term positive outlook for our basket of metals.

In view of these market developments, the record earnings levels we have seen in the past year are unlikely to be equalled in the year ahead, but should remain healthy nevertheless. In addition, as we mentioned previously, future dividend declarations will be tempered by a more conservative approach as we will need to retain healthy levels of cash for the development of the Booysendal mine. Shareholders, naturally curious as to what additional funding mechanisms will be used to pay for the new mine's construction and development, will need to exercise some patience yet, as we progress through a bankable feasibility study on the project. Suffice it to say that we are considering a range of funding mechanisms, but, in view of prevailing volatile financial markets conditions, it would not be prudent, at this early stage, to make any firm decisions and pronouncements. In looking to develop a major capital project, we are in the fortunate position to be buoyed by the Northam mine's strong cash-generative ability, which is expected to continue to make robust contributions to our cash reserves.

Thanks

After such an eventful year in the company's life, we must extend our appreciation to the board, senior management and many others who worked tirelessly, frequently dealing with complex corporate and legal issues, in concluding the Booysendal transaction. Special mention must go to Judy Dlamini and Emily Kgosi for their independent review of the transaction. On the operational side, Northam mine management have kept the home fires burning, and have done extraordinarily well in containing production shortfalls in the face of ongoing power constraints and other challenges.

Finally, the conclusion of the Booysendal transaction has seen Anglo Platinum's exit as a major shareholder in the company. We are grateful for their long-standing support. Specifically, in finalising the acquisition of Booysendal, a special word of thanks must go to Norman Mbazima and his team at Anglo Platinum.

We look forward to reporting to shareholders in F2009 as we work towards realising the exciting potential of a transformed Northam.

Lazarus Zim, Chairman
Glyn Lewis, Chief Executive
18 September 2008.

Northam platinum mine: the twin shaft system with refrigeration plant in the background.

Business review

Northam mine – a shifting production profile

The Northam mine's production at 9 113kg (292 989oz) was 9.7% lower year on year. Twenty-six production days were lost owing to safety-related stoppages, while intermittent power supply constraints also contributed to lower output.

Northam mine – key statistics

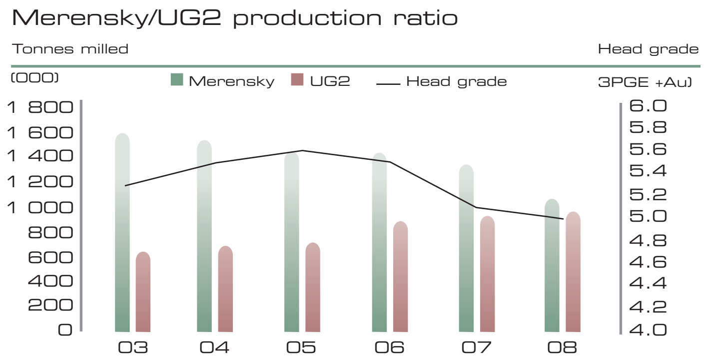
Ownership	Wholly-owned by Northam Platinum Limited
Location	Northern part of the western limb of the Bushveld Complex in Limpopo Province; adjacent to the Anglo Platinum's Amandelbult operation
Access and infrastructure	Well-established infrastructure: tarred roads, railway, water and power
Project extent	7 625 hectares; strike length of 8km
Reserves	9.2Moz*
Resources	30.1Moz*
Life of mine	18 years
Operations	Underground mining operations on the Merensky and UG2 reefs
	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 (3PGM+Au) annually
Precious metals refining	Performed by Heraeus in terms of toll-treating agreement
Marketing	In-house, independent marketing to established global customer base
F2008 capex	R265 million
F2009 capex (estimate)	R340 million
F2008 cash costs	R175 197/kg (3PGE+Au)

* 3PGE + Au

The traditional difficulties associated with mining the Merensky pothole facies at Northam persisted in the year, exacerbating the already lower output levels. Year on year, tonnages milled from the Merensky reef horizon were 21.0% lower at 1 059 624 tonnes (F2007: 1 341 057).

A better performance was recorded from the UG2 reef. Tonnages milled from this reef increased by 3.8% to 963 033 (F2007: 928 149), which helped to stem the decline in total tonnages milled, of 2 022 657 tonnes, to 10.9%.

In an effort to ameliorate the lower underground tonnages, a total of 339 584 tonnes (at a grade of 0.85g/t) of waste rock fines were retreated, yielding 202kg of metal in concentrate, supplemented by 135kg emanating from retreatment of slag. Slight fluctuations in the head grades from both reefs, and the higher proportion of UG2 tonnages milled, resulted in a marginally lower combined head grade of 5.02g/t from 5.07g/t in F2007.



MERENSKY REEF

	F2008	F2007
Development metres	**9 615**	11 555
Square metres mined	**205 251**	249 812
Tonnes milled	**1 059 624**	1 341 057
Head grade (g/t 3PGE+Au)	**5.6**	5.6
PGMs in concentrate produced (kg)	**5 051**	6 362
Ore reserve availability (months)	**18**	15

UG2 REEF

	F2008	F2007
Development metres	**3 117**	3 267
Square metres mined	**158 294**	146 698
Tonnes milled	**963 033**	928 149
Head grade (g/t 3PGE+Au)	**4.4**	4.4
PGMs in concentrate produced (kg)	**3 285**	3 327
Ore reserve availability (months)	**21**	24

COMBINED REEFS

	F2008	F2007
Development metres	**12 732**	14 822
Square metres mined	**363 545**	396 510
Tonnes milled	**2 022 657**	2 269 206
Head grade (g/t 3PGE+Au)	**5.0**	5.1
PGMs in conc, produced from u/g mining (kg)	**8 336**	9 689
PGMs in conc. from other sources (kg)	**777**	398
Total (kg)	**9 113**	10 087
PGMs in conc. purchased	**–**	404

Optimising the ore reserve

Exploration drilling has confirmed that the transiton zone to the east has effectively sterilized that area, resulting in the suspension of development and stoping activities on the Merensky reef. This represents a loss of some 1.72Moz to the total resource in the lease area.

This potential loss has been countered by the progress of the deepening project, on 18 level which, with each additional level adds 2.5 years (or 0.76Moz) to the life of mine (LOM) estimate. Development is currently in progress on the conveyor decline between 15 and 16 levels, intended ultimately to extend down to 18 level.

The shallowing project on the western side of the mine is also progressing well. The first cross-cut to reef on the new No 1 level has holed, while the ore passes from No 1 to 2 levels are due for completion in calendar 2009.

Some residual problems on the 20 line fissure have persisted, affecting the development progress on 6 and 7 levels, which are now expected to be completed within five and 12 months respectively. All other levels have successfully traversed this feature and ore reserve development to the west of the fissure continues satisfactorily.

METAL SALES

	F2008		F2007	
	kg	**oz**	**kg**	**oz**
Platinum	**5 275**	**169 612**	6 609	212 484
Palladium	**2 523**	**81 103**	3 014	96 888
Rhodium	**643**	**20 666**	877	28 180
Gold	**145**	**4 678**	203	6 549
Total (3PGE+Au)	**8 586**	**276 059**	10 703	344 101
Ruthenium	**1 059**	**34 035**	1 046	33 633
Iridium	**208**	**6 700**	270	8 687
Osmium	**4**	**116**	26	849
Silver	**184**	**5 909**	261	8 375
Total	**10 041**	**322 819**	**12 306**	**395 645**
Copper (tonnes)	**573**		733	
Nickel (tonnes)	**1 110**		1 301	

Ongoing metallurgical improvements

Continued improvements to the Northam metallurgical infrastructure have been a feature of the past year, driven primarily by the changing production profile, with UG reef growing into an increasingly important source of tonnages.

Having proved the success in reducing chrome levels in smelter feed, a second external sparger column cell has now been installed in the UG2 concentrator plant. With this technology, the ratio of Merensky:UG2 smelter feed has improved from 1.4:1 in F2007 to 1.1:1 in the current year while maintaining chrome levels in smelter feed to below the 1.6% limit.

Shortly after the end of the financial year in July 2008 a new high pressure roll crusher was installed at the UG2 plant. The new installation has already shown encouraging results by improving throughput and reducing power consumption. A further improvement to the processing facilities has been the conversion of the secondary rod mill to a ball mill, ensuring a better grind. Overall, these upgrades should improve recoveries by some 3%, with a positive effect also on operating costs.

As part of the metallurgical upgrade programme, the smelter will be shut down for a two-month period in October and November 2008, allowing for a scheduled rebuild, at a capital cost of some R50 million. At the same time, with the cooling of the furnace, the matte tap holes will be replaced and repairs to the converter precipitators, originally planned for January 2009, will be effected.

Capital expenditure

Total capital expenditure for the year amounted to R265 million. Major capital items were the deepening project (R69 million) and improvements to the metallurgical facilities (R33 million). The balance comprised routine capital expenditure items.

In the year ahead the deepening project is anticipated to gain momentum, with an allocation of R106 million. The cost of the smelter rebuild represents the major part of the metallurgical capital spend of R66 million in the new financial year, with total capital expenditure anticipated at R340 million.

Offtake agreement with Pilanesberg Platinum Mines

A significant development during the year was the conclusion of a metal offtake agreement with Pilanesberg Platinum Mines (Pty) Limited (Pilanesberg) in May 2008. Pilanesberg, an emerging producer in the Platmin stable, is planned to come into production in calendar 2009, and at full production is expected to add some 250,000oz (3PGE+Au), to Northam's sales volumes.

With this agreement Northam has now gained access to a source of feed to the smelter which complements the Northam mine's blend of ore, which will provide further flexibility to the Northam mining operations.

Significantly this development also signals the first step in our strategy of leveraging the existing metallurgical infrastructure and capacity at the Northam mine, and lowers the barriers to entry of smaller producers by providing competitive access to an independent refining and beneficiation channel.

Importantly, in the event of electricity shortfalls to the smelter in the future, Pilanesberg has agreed to bring in alternative power supply.

Booysendal – the key to growth

Further detail on the conclusion and implementation of the Booysendal transaction is discussed in the directors' report on page 40 of this annual report.

During the year

Previous exploration work on the Booysendal project was conducted by Anglo Platinum, and included the drilling of 282 holes, and a pre-feasibility study. During the year Northam commissioned an independent review of the project area's resource base, and also concluded a review of the previous pre-feasibility study. The Booysendal competent person's report, issued in May this year, is available on the Northam website at www.northam.co.za.

The company has constituted an experienced group of 25 members in a project team, which has now completed a review of the previous pre-feasibility study on the project area. This work includes a review of the geology and resource base; an investigation of mining method and production options; the determination of the principal project elements including metallurgy, bulk infrastructure, engineering and services; human resources and environmental issues and permitting.

Against this background, a total of 11 production scenarios have been investigated, ranging in scale from 120 000 to 480 000 tpm and based on Merensky and UG2 reef standalone mining, and also on a combination of production profiles from both reefs. Initial findings from the pre-feasibiity review process suggests that production from the UG2 reef horizon should possibly be prioritised, while a modular production build-up in units of 120 000 tpm offers flexibility, and mitigates potential risks associated with power and water.

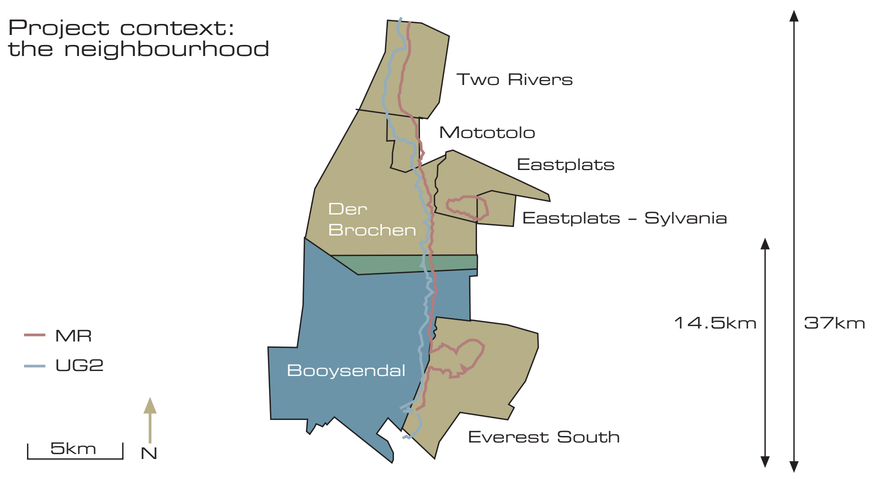
The year ahead

With the completion of the pre-feasibility review, work has moved on seamlessly into the bankable feasibility study, due for completion in the latter part of the 2009 calendar year, at a capital cost of R50 million.

Key project data

Ownership	Northam Platinum Limited
Location	Eastern limb of the Bushveld Complex in Mpumalanga Province; adjacent to the Everest and Mototolo PGM operations. Closest town is Lydenburg.
Access and infrastructure	Tarred road access from Lydenburg and new private road constructed across Der Brochen project area; nearest railway station is at Steelpoort, 43km to the north-east, accessible via tarred road.
	16 MW power available from Mototolo for initial mine construction and development;
	Northam is a member of the Joint Water Forum which will ultimately allocate and distribute water from the De Hoop dam, currently under construction.
Project extent	15 170 hectares; strike length of 14.5km
Resources	103Moz*
Life of mine	50 years and beyond
Project status	Pre-feasibility review process completed in August 2008
	Feasibility study due for completion in second half of calendar 2009; mine construction to start in 2010 with first production in 2011

*3PGE + Au



BOOYSENDAL RESOURCE ESTIMATE

	Tonnes M	Grade (3PGE+Au) g/t	Contained (3PGE+Au) Moz
Merensky reef			
Measured	35.919	4.37	5.046
Indicated	43.385	4.14	5.773
Inferred	214.171	4.39	30.187
Total	**293.475**	**4.35**	**41.007**
UG2 reef			
Measured	18.699	3.82	2.298
Indicated	65.496	4.09	8.627
Inferred	365.900	4.38	51.516
Total	**450.095**	**4.31**	**62.440**
Combined reefs			
Measured	54.618	4.18	7.344
Indicated	108.881	4.11	14.400
Inferred	580.071	4.38	81.703
Total	**743.570**	**4.33**	**103.447**

Financial review

Income statement

Sales revenue

Against the background of continued robust demand for platinum group metals, F2008 was again characterised by buoyant metal prices which more than offset the decrease in production and sales volumes. The combination of a 33.7% increase in the average US Dollar basket price received to US$1 722 per ounce, together with a marginal weakening of the Rand by some 2.9% resulted in the average Rand basket price received increasing by 37.6% to R409 159 per kg. This more than offset a 19.8% decrease in unit sales to 8 586 kg (276 059oz), and resulted in sales revenue increasing by 3.9% to R3 886 million.

Cost of sales

Cost of sales, as set out below, fell by 6.9% to R1 609 million, primarily as a result of an increase in metal inventories. This increase is attributable to the increase in unit operating costs (R70 million) and an increase in reverts (R173 million) which will be treated once the smelter rebuild is complete.

COST OF SALES

	F2008 R000	F2007 R000
Labour	716 717	593 080
Stores	502 569	448 700
Utilities	110 226	103 740
Sundries	297 862	218 698
Decommissioning and restoration	(764)	(3 400)
Total operating costs	1 626 610	1 360 818
Concentrates purchased	-	106 447
Refining and other costs	75 540	91 816
Depreciation	149 325	129 040
Change in metal inventories	(242 827)	39 824
Cost of sales	1 608 648	1 727 945

SALES

	F2008			F2007		
	Units sold Kg	Average price received R/kg	Revenue R000	Units sold Kg	Average price received R/kg	Revenue R000
Platinum	**5 275**	**396 780**	**2 093 212**	6 609	278 045	1 837 603
Palladium	**2 523**	**94 894**	**239 379**	3 014	78 258	238 849
Rhodium	**643**	**1 792 075**	**1 151 946**	877	1 225 945	1 074 565
Gold	**145**	**196 990**	**28 662**	203	151 337	30 826
Sub-total – 3PGE+Au	**8 586**	**409 159**	**3 513 199**	10 703	297 292	3 181 843
Iridium	**208**	**102 822**	**21 427**	270	93 350	25 221
Ruthenium	**1 059**	**99 302**	**105 122**	1 046	83 475	87 308
Other precious metals	**188**	**n/a**	**852**	287	n/a	2 095
Sub-total – precious metals	10 041		**3 640 600**	12 306		3 296 467
Nickel			**211 089**			403 744
Copper			**30 769**			36 851
Other by-product revenue			**3 679**			2 743
Total sales revenue			**3 886 137**			**3 739 805**

Metallurgical processing infrastructure at Northam mine includes a smelter and base metals removal plant.

Financial review *cont*

Operating costs

Total operating costs increased by 19.5% from R1 361 million to R1 627 million, reflecting inflationary cost pressures, particularly in respect of chemicals, steel and timber. This, combined with the lower metal production resulted in unit cash operating costs increasing by 29.5% to R175 197 per kilogram.

Labour costs increased by some 20.8% which comprised the cost of the 2007 wage settlement of 9.6%, interim adjustments to salaries to retain employees with scarce skills (5.3%) as well as an amount of R30 million (5.1%) in respect of an initial contribution to be made to The Toro Employee Empowerment Trust.

The increase of 12% in the cost of consumables is primarily accounted for by significant increases in respect of the costs of chemicals, timber and steel.

Utility costs rose by 6.3%. The increase in power tariffs amounted to 14.7%, which was offset by the lower tonnage mined.

Sundries increased by 36.2%. The major factors contributing to this increase were increases in insurance costs and increased mineral royalties as a result of more ore being mined from the area subject to royalties. In addition, more diamond drilling was performed in negotiating the complex geology of the Northam mine, while increases in underground track and haulage maintenance and costs associated with processing the waste dump accounted for the balance of the sundry expenditure.

Decommissioning and restoration charges reflect a reduction in costs following a change in the discount rate, as more fully set out in note 14 of the notes to the annual financial statements on page 71.

Concentrate purchases

There were no purchases of concentrates during the year.

Refining and other costs

Refining and other costs decreased by 17.7% to R76 million compared to the previous year, as a result of a 62.3% decline in nickel refining costs, which costs are linked to fluctuations in the nickel price.

Depreciation

The depreciation charge increased by 15.7% as a result of the higher capital expenditure.

Change in metal inventories

The change in metal inventories is primarily as a result of an increase in metal inventories which is attributable to the increase in unit operating costs (R70 million) and an increase in reverts (R173 million) which will be treated once the smelter rebuild, discussed in the business review, is complete.

Investment income and net sundry income

Improved cash flows and higher interest rates had a positive impact on investment income which was 16.6% higher at R98 million. Net sundry income reduced by some R3.5 million to R1.8 million compared to the previous year, primarily as a result of an increase in currency translation losses of R4.8 million, offset by an increase in royalties from the chrome recovery plant of R1.2 million and dividends received of R2.3 million.

Expenditure on the Booysendal Platinum Project

Costs associated with the Booysendal Platinum Project, which included transaction costs of R8.3 million, amounted to R18 million.

Hedging

No currency or metal was hedged during the period, and there were no outstanding contracts at the end of the period.

Tax charge

The tax charge of R866 million equates to an effective rate of 36.7%, some 8.7% higher than the statutory rate of 28.0%. This additional 8.7% is accounted for by state's share of profits of 5.3%, secondary tax on companies (STC) of 5.0% and reduced by permanent and other minor differences of 1.6%, as more fully set out in note 23 to the annual financial statements on page 75.

Profit attributable to shareholders

Profit attributable to shareholders increased by 12.6% to R1 493 million, with headline earnings per share increasing from 560.1 cents per share to 627.2 cents per share.

Cash flow

Operating cash flow

The cash flow from operations declined slightly by R8 million to R1 547 million with the increase in cash generated from the operations increasing from R2 157 million to R2 429 million, reflecting the improvement in operating profits. Interest income increased to R95 million from R81 million primarily as a consequence of the higher average cash balance and higher interest rates. Working capital increased by R265 million (F2007 : R106 million) as a result of an increase in inventories (R250 million), increases in accounts receivable (R90 million) and increases in accounts payable (R76 million). The increase in tax payments from R584 million to R748 million reflects the increase in profits and higher dividends for the year.

Investing cash flow

The net investing cash flow was R264 million (F2007: R212 million), comprising capital expenditure of R265 million less proceeds from sundry disposals of R3 million and township development expenditure of R2 million.

The major items contributing to the capital expenditure of R265 million were: development expenditure (R89 million); access infrastructure to 1 and 14 levels (R24 million); upgrading of the backfill reticulation system (R12 million); extensions to the hydropower infrastructure (R6 million); critical spares and an additional crusher in the concentrator plant (R21 million); upgrading of IT systems (R7 million); additional accommodation for employees (R19 million). The balance comprised routine capital expenditure.

Planned capital expenditure for F2009 amounts to a total of R340 million and includes the following major items: access

Final PGM concentrate after the base metal removal process

infrastructure to 1 level and below 14.5 level and development through the 20 line fissure (R130 million), additional backfill facilities and extensions to the ventilation system (R25 million), upgrading of the power management system (R11 million), rebuilding of the smelter (R45 million) improvements to the metallurgical plants (R20 million), additional underground equipment (R14 million) and employee amenities (R36 million).

A further R2 million was spent on an employee housing project. The sale of the houses to employees was delayed by the lack of power reticulation by the local authority, but it is anticipated that the necessary power will be available within the coming months.

Financing cash flows

An amount of R22 million (F2007 – R12 million) was received following the exercise of share options by employees.

The dividends of R1 billion paid reflect the strong performance of the group, and comprise the final dividend for F2007 of 280 cps and the interim dividend for F2008 of 145 cps. A final dividend of 185 cps for F2008 has been declared bringing the total to 330 cps.

Balance sheet

The group's balance sheet remains strong, with cash and cash equivalents at the year end of R1 500 million (F2007: R1 210 million) and net current assets of R1 592 million (F2007: R1 179 million) The environmental decommissioning and restoration liability is R56 million (F2007: R22 million). Apart from this liability and the deferred tax provision of R388 million (F2007: R376 million) the group has no debt.

Mineral resource and mineral reserve estimate

This F2008 resource and reserve estimate for Northam Platinum Limited reflects the resources and reserves held by the group at 30 June 2008. Accordingly, this report contains information on the reserves and resources underlying the group's wholly-owned Northam mine on the western limb of the Bushveld Complex. A further resource and reserve estimate pertaining to the Bushveld Platinum Project on the eastern limb, acquired after the financial year-end, may be found on page 15 of this annual report.

The mineral resource and mineral reserve estimates are quoted as at 30 June 2008. For the period under review, these estimates are based on underground operations only.

The mineral resource and mineral reserve estimates comply with the guidelines of the South African Mineral Resource Committee as contained in the SAMREC Code and have been audited for compliance by MSA Geoservices (Pty) Limited.

The mining title for the Northam mine is held under two old order mining rights over a contiguous area of some 7 625 hectares. An application to convert these old order rights to new order rights in terms of the Mineral and Petroleum Resources Development Act was submitted in April 2006 but had not been granted by 30 June 2008.

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 complemented by reef mapping in development and stoping. In contrast to the Merensky reef, the UG2 displays little variation in reef attributes.

Mineral resource tonnages and grades are in-situ estimates. The most reasonable mining width is assumed based on practical mining conditions. The grade expressed as three platinum group elements (platinum, palladium and rhodium) plus gold (3 PGE+ Au), as well as the specific gravity are calculated for these widths. 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.

The 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 are quoted at run-of-mine (ROM) grades and tonnages as delivered to the concentrator plants on site and are therefore fully diluted.

Merensky reef

The Merensky reef is a zone of mineralisation which straddles the base of the Merensky Cyclic Unit. In the area of Northam mine the Merensky reef consists of two sub-facies of the Zwartklip facies of the Rustenburg Layered Suite, namely the Normal and Regional Pothole sub-facies. The latter may be further subdivided into three reef types, each of which occurs at a specific stratigraphic level below that of the Normal reef sub-facies. These being NP2 and P2, which constitute the main sources of ore, and FWP2 which, whilst not considered a primary mining target due to the undulating nature of this reef type, is successfully exploited in the south western quadrant of the current mining area where it displays lesser disruption.
The stoping cut on the Merensky reef is dependent upon the reef type mined, and the geozone in which it is located. In all stoping cuts the Merensky Chromitite is exposed, with a minimum of 10cm of the overlying, mineralized Merensky Pyroxenite as hanging wall.

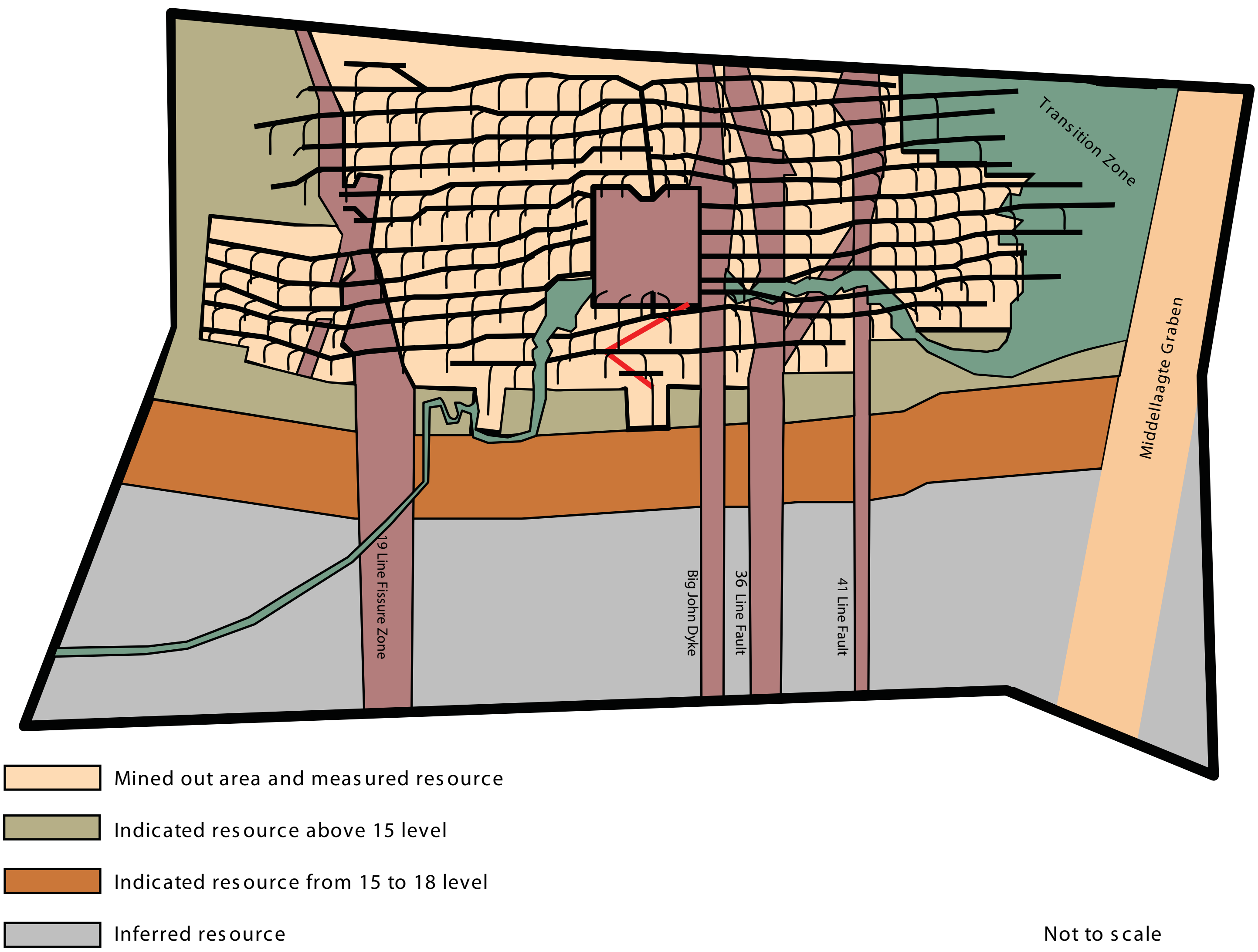
The measured resource is an estimate of the in-situ tonnage and grade (3PGE + Au) that has been exposed through development and is immediately available for mining. The measured resource estimate has declined marginally from 2.23Mt (556koz) in June 2007 to 2.10Mt (526koz) in June 2008.

UG2 reef

At Northam the UG2 reef 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. The total thickness of the reef, inclusive of a portion of mineralized reef footwall, is in the order of 140cm to 160cm. There is no basis for subdividing the UG2 reef into facies types.

UG2 mining has historically 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 on the UG2 reef has increased marginally from 2.02Mt (317koz) in June 2007 to 2.08Mt (329koz) in June 2008. This is in line with the planned development of the UG2 reef.



Mineral resource and mineral reserve estimate
cont

MINERAL RESOURCES

Merensky	at 30 June 2008 Tonnes (millions)	Grade (g/t) 3PGE+Au	Metal (oz) 000s	at 30 June 2007 Tonnes (millions)	Grade (g/t) 3PGE+Au	Metal (oz) 000s
Measured	2.10	7.79	526	2.23	7.75	556
Indicated	28.24	7.28	6 608	33.01	7.49	7 950
Inferred*	41.21	6.71	8 887	–	–	–
Sub total	71.55	6.96	16 021	35.24	7.51	8 506
UG2	**Tonnes (millions)**	**Grade (g/t) 3PGE+Au**	**Metal (oz) 000s**	**Tonnes (millions)**	**Grade (g/t) 3PGE+Au**	**Metal (oz) 000s**
Measured	2.08	4.91	329	2.02	4.89	317
Indicated	48.74	4.91	7 695	51.83	4.89	8 150
Inferred*	38.32	4.90	6 037	–	–	–
Sub total	89.14	4.91	14 059	53.85	4.89	8 467
Total resources	**160.69**	**5.82**	**30 080**	**89.09**	**5.93**	**16 973**

MINERAL RESERVES

Merensky	at 30 June 2008 Tonnes (millions)	Grade (g/t) 3PGE+Au	Metal (oz) 000s	at 30 June 2007 Tonnes (millions)	Grade (g/t) 3PGE+Au	Metal (oz) 000s
Proved	2.50	5.66	455	2.6	5.73	479
Probable	15.93	5.56	2 846	22.0	5.74	4 066
Sub total	18.43	5.57	3 301	24.6	5.74	4 545
UG2	**Tonnes (millions)**	**Grade (g/t) 3PGE+Au**	**Metal (oz) 000s**	**Tonnes (millions)**	**Grade (g/t) 3PGE+Au**	**Metal (oz) 000s**
Proved	2.29	4.19	308	2.2	4.22	300
Probable	41.34	4.19	5 567	44.8	4.22	6 073
Sub total	43.63	4.19	5 875	47.0	4.22	6 373
Total reserves	**62.06**	**4.60**	**9 176**	**71.6**	**4.74**	**10 918**

Notes:

1) Modifying factors used in converting mineral resources into mineral reserves are based on historical performance. An internal ore accounting system is in place, which provides information on all sources of ore in addition to dilution that takes place in the ore flow, from source to mill.

2) Rounding of numbers may result in minor computational differences

3) Northam's resource and reserve statement was compiled by the following competent person: JC Roberts, MSc (Mining Engineering), Professional Mine Surveyor (PLATO 0187) Chief Surveyor with 18 years experience in platinum valuation.

* Inferred resources not previously reported.

PGM-rich material being poured from the furnace at the Northam mine

Sustainable development report

Northam Platinum Limited is currently the fifth largest producer of PGMs in the world.The company's current operation, the Northam platinum mine in Limpopo Province employs more than 9 000 people in this poor region of the country, where little formal, large-scale economic activity exists. The scope of Northam's economic, social and environmental footprint is set to grow in the future as it plans to mine the Booysendal project, which is located in another relatively isolated and impoverished region in Mpumalanga Province. The Booysendal project currently employs 23 people (one employee and 22 contractors) and could employ around a few thousand people at steady-state.

Northam's Sustainable Development Report is available on the company's website at www.northam.co.za. This report has been developed in accordance with the Global Reporting Initiative's G3 guidelines, and certain key parameters have been assured by independent auditors PWC. Northam has, in line with GRI requirements, declared a C+ level of reporting for the current financial year and intends to incrementally improve its reporting next year.

Economic performance

Owing to its location, the labour intensive nature of its operations and the high value of its product, Northam's economic impact is significant in its region of operation.

Value added statement

For the year ended 30 June 2008

	Note	2008 %	2008 R000	2007 %	2007 R000
Sales revenue	17		**3 886 137**		3 739 805
Less: Purchase of goods and services in order to operate mine and produce refined metal	18		**(724 246)**		(995 546)
Value added by operations		**97.5**	3 161 891	**96.9**	2 744 259
Add: Investment income	20	**3.0**	97 507	**2.9**	83 643
Sundry Income	21	**0.1**	1 824	**0.2**	5 303
Less: Booysendal costs	22	**(0.6)**	(17 969)	–	–
Total value added		**100.0**	3 243 253	**100.0**	2 833 205
Value distributed					
Employees	18	**19.6**	630 432	**18.6**	526 950
Salaries and wages		**19.5**	628 183	**17.9**	509 280
Contributions to retirement benefit funds		**1.7**	53 564	**1.7**	47 693
Contributions to health-care funds		**1.1**	34 970	**1.3**	36 107
Pay-as-you-earn deducted		**(2.7)**	(86 285)	**(2.3)**	(66 130)
Government		**29.8**	966 180	**30.1**	851 135
Mining and non-mining tax	23	**18.9**	612 138	**20.4**	579 014
Deferred tax	23	**0.4**	11 892	**0.7**	18 531
State's share of profits	23	**3.8**	124 629	**2.00**	55 726
Secondary tax on companies	23	**3.6**	117 381	**4.3**	121 291
		26.7	866 040	**27.4**	774 562
Royalties		**0.4**	13 855	**0.4**	10 443
Pay-as-you-earn deducted from employees		**2.7**	86 285	**2.3**	66 130
Providers of capital					
Dividends		**31.1**	1 010 068	**34.2**	970 332
Broader community					
Corporate social investment		**0.2**	5 269	**0.1**	3 236
Total value distributed		**80.5**	2 611 949	**83.0**	2 351 653
Retained by company		**19.5**	631 304	**17.0**	481 552
Depreciation	19	**4.6**	149 325	**4.5**	129 040
Decommissioning provision to meet statutory obligations	18	–	(764)	**(0.1)**	(3 400)
Retained income		**14.9**	482 743	**12.6**	355 912
		100.0	3 243 253	**100.0**	2 833 205

Black economic empowerment

The transactions entered into in the 2007 and 2008 financial years between Northam and Mvela Resources and Mvela Resources and Afripalm, have ensured that the company's BEE credentials in terms of equity compliance are more than met. Northam's BEE equity interest is in the region of 62%.

In a significant move to include employees, and to actively take empowerment into the workplace, the group instituted an Employee Empowerment Trust Fund (EETF) in 2008. The fund was established following extensive consultation with all unions and aims to enable lower level employees to benefit from the company's operating performance and financial results. (More senior employees already have access to a share incentive scheme).

Northam has committed that 4% of after-tax profits, less retentions, will be used to fund the trust on an annual basis and the trusts will make disbursements to employees every five years, starting in 2013. The structure of the fund specifically protects employees' earnings from market volatility, while at the same time providing a meaningful way in which company performance can be used as an incentive and reward for operational performance.

Northam has a policy in place to actively support emerging entrepreneurs and to provide preferential access to vendors who are historically disadvantaged South Africans (HDSAs). Systems are in place to identify and nurture HDSA suppliers and to monitor expenditure from them. In F2008, Northam estimates that its expenditure with HDSA suppliers represented 36.10% of the total. This is an increase from the level of 14.1% reported in F2007.

Safety, health and HIV/AIDS

The management of safety and health remains a priority at Northam, with policies and systems in place that are compliant with the Mine Health and Safety Act (MHSA). While specialists have been appointed by the mine to give guidance to, and set targets for the safety and health programme, these issues are the responsibility of mine management and line supervisors. Employees too are encouraged to play an active role in all safety and health related issues.

Regrettably, four employees lost their lives at Northam Platinum during the year: two of these were as a result of fall of ground accidents, one was a result of a mudrush and one mine-related medical condition. The board and management extend their sincere condolences to the families and colleagues of those who died.

While the actual number of safety-related incidents declined year on year, Northam's overall safety performance in terms of key indicators has remained constant, reflecting a continuing trend in the severity of incidents. This may be due in part to the increasing average depth of mining which brings with it additional risk, as well as high employee turnover. Of concern too is the apparent tolerance of some individuals who condone at risk behaviour and at risk conditions.

The mine's Fatal Injury Incidence Rate (FIIR) was 0.05 per 200 00 man hours (F2007:0.04), the Lost Time Injury Incidence Rate (LTIIR) was 2.30 per 200 000 man hours (F2007:2.31), and the RIIR was 1.01 per 200 000 man hours (F2007: 1.02).

Occupational and primary health care, and medical services are available to all employees and are provided by a medical services provider. As part of the occupational health medical surveillance programme, 10 305 examinations of employees and contractors were undertaken (2 100 entry, 1 271 exit and 6 934 annual). In addition to general health screening, the medical surveillance programme identifies (for preventative, treatment and compensation purposes) the incidence of noise induced hearing loss (NIHL), pulmonary tuberculosis (TB) (which is classified as an occupational illness in South Africa) and occupational lung disease (OLD).

The use of hydropower underground provides Northam with an advantage in respect of NIHL and dust conditions. In respect of TB, Northam runs a highly effective Directly Observed Treatment (DOT) regime, a World Health Organization-aligned programme. Even though there is no silica present in the platinum orebodies, OLD is sometimes detected in employees who have previously been employed in the gold mining industry. Owing to the high virgin rock temperature at Northam, heat tolerance testing forms an important part of the overall heat stress management programme. Testing for waterborne diseases (cholera and other bacterial illnesses) is regularly undertaken.

In F2008, there were four new cases of NIHL identified (F2007: 17), 68 new cases of TB (F2007: 144) and no new cases of silicosis (F2007: 2). In total, 9 034 heat tolerance tests were undertaken and no instances of heat stress were reported. There were 10 cases of heat-related cramps reported during the year. Biological monitoring (for lead) did not detect any exceedances on occupational exposure limits.

The HIV/AIDS pandemic continues to present a challenge in South Africa, to communities, business and the state. Actual prevalence levels amongst the workforce are unknown. Based on available information, the company estimates that the prevalence level amongst employees and their communities is around 27%, presenting a not insignificant number of infected and affected people. Northam's HIV/AIDS policy was adopted by the company in F2005 and provides for the care of employees, education programmes and confidentiality of information and non-discrimination.

At the forefront of the company's campaign is the need to inform and persuade those employees who are HIV negative to remain that way. Education and awareness programmes are combined with the mass distribution of condoms, the treatment of sexually transmitted infections and a highly successful peer education programme.

The second thrust in Northam's AIDS programme is to identify those with HIV as early as possible, to change or limit their high-risk behaviour and to get them into a treatment regimen that can prolong their

Spinach being irrigated at the Northam Life Centre community project.

health and productive lives. Northam's treatment programme comprises:

- access to and encouragement of voluntary counseling and testing (VCT); and
- a wellness programme, that includes the provision of anti-retrovirals as indicated.

In F2008, 323 employees participated in the VCT programme. Around 8% of the total workforce (698 people) currently participate in the company's wellness programme) (F2007: 527), with 46% of these (325 people) on ART (F2007: 254). This is a significant improvement on the prior year and a gratifying response to the company's education efforts.

Corporate social investment and socio-economic development

Northam's corporate social investment (CSI) and local economic development (LED) programmes are integrated and are driven by the needs identified by the community in which it operates. In F2008, Northam spent R3.7 million on CSI/LED activities (F2007: R1.7 million).

As in the past, the primary areas of focus are: education (19%); housing (49.5%); health and welfare (0.4%) and local economic development (31%). Attention has been paid to ensure the understanding of, and integration with the plans of the local municipality and in ensuring that Northam's activities in this sphere are aligned with those of the municipality's Integrated Development Plans (IDPs). Projects supported during the year include the Koedoeskop Primary school, Naletsana Combined Schools, Thabazimbi Primary, Amandelbult FET college, Makopa Combined Farms School (five schools), Mahsili Masho Primary School, Chrome Mine Primary School, and the Northam Comprehensive School.

Some R1.63 million was spent on local economic development during the year, as per the mine's commitment of R1.60 million made in its SLP. The primary project is the Northam Life Centre, a vegetable farming project that provides 32 jobs for local community members. Assistance includes the payment of salaries, provision of seeds, storage and freezers, alien tree eradication and an HIV/AIDS counselling programme

Environmental performance

Environmental issues are managed as an integral part of the production processes at Northam and, since so much of the environmental issues and challenges are of a technical nature, this portfolio falls under the auspices of the engineering department.

Northam is committed to operating in compliance with relevant legislation and regulation. An Environmental Management Plan (EMP) that has been submitted to and approved by the DME in conjunction with the Department of Water Affairs (DWAF) is underpinned by an environmental management system (EMS). This EMS has been developed in line with the ISO14001 standard and good progress has been made during the year towards the full implementation of this EMS. The international ISO14001 standard addresses three key components of environmental management: prevention of harm to the environment; compliance with regulations and permits; and the implementation of a process of continual improvement in environmental management. The company will seek external verification of its compliance with ISO14001 and formal accreditation in the coming financial year.

An annual external compliance audit undertaken by external consultants Golder and Associates in late 2007 indicated that the mine was largely compliant with its EMP. Areas of concern that were highlighted are being addressed by the mine.

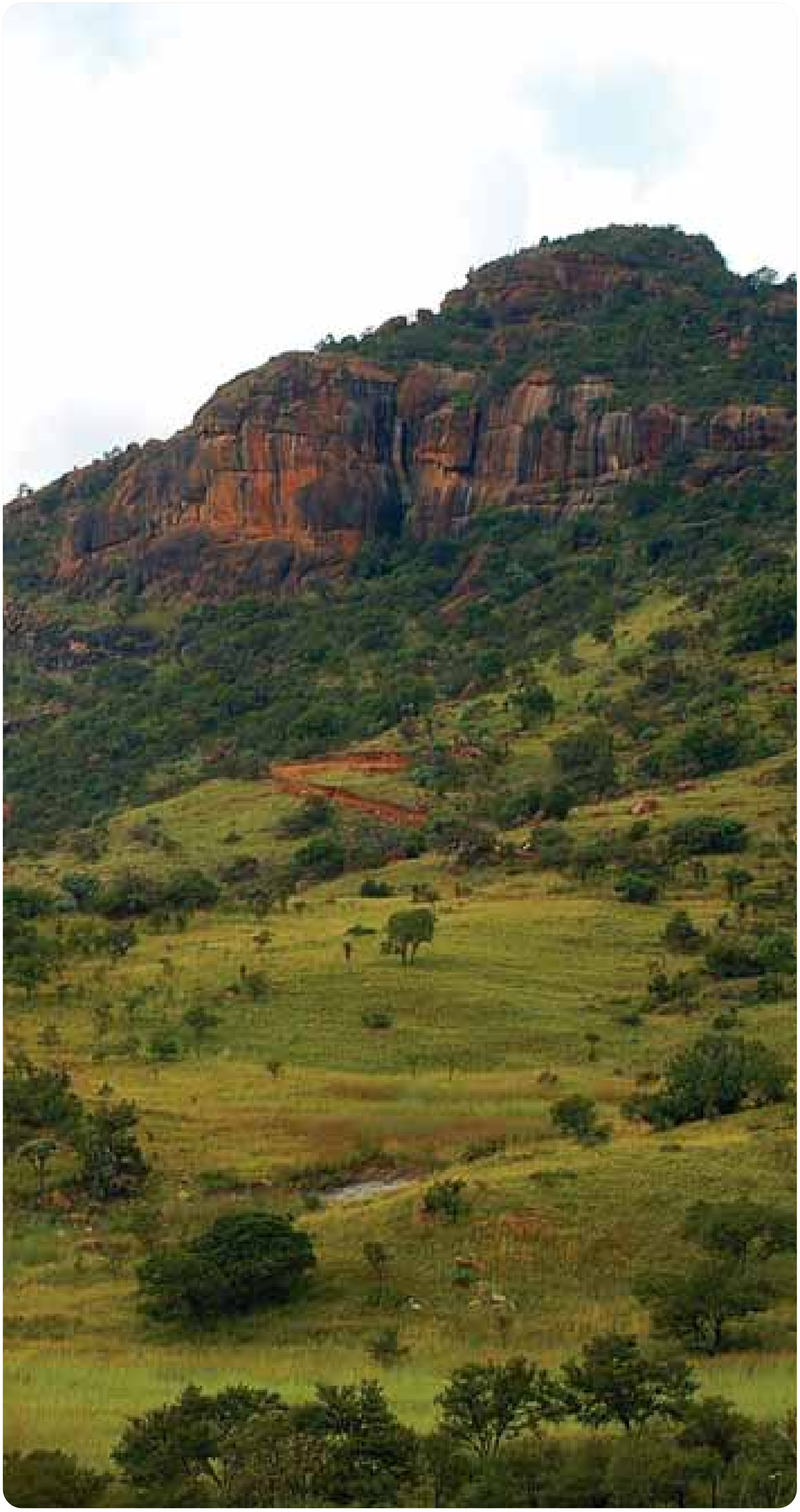
Environmental incidents are reported as part of the overall incident reporting system. No significant environmental incidents were reported in F2008 and no fines or penalties were imposed.

Northam's primary environmental impacts relate to resource utilisation, mainly water and energy materials and, of course, the actual amount of rock mined and ore processed; emissions and discharges to water and air; and land management, rehabilitation and biodiversity. Key features of the year under review are:

- In South Africa, water is a scarce resource which may, in the future, be exacerbated by climate change. In F2008, Northam used 16.7 million cubic metres of water, a decrease on the prior year of 7.4% (F2007: 18.07 million cubic metres). In terms of water usage, this equates to about 7.2 tonnes of water per tonne of rock mined. Northam's water is sourced from the bulk utility, Magalies Water, and from fissure water that occurs naturally within the geological features on site.
- A great deal of emphasis is placed on water recycling at Northam as the mine is registered as a non-discharge entity. In F2008, the percentage of water that was recycled decreased to 86%, down from 87% in F2007, mainly as a result of high rainfall.
- Energy usage and, in particular, energy efficiency is a matter that has received significant attention at Northam, and this emphasis has increased as a result of the energy crisis that faced South African producers in late 2007 and early 2008.
- Total energy consumption from electricity purchased during the year decreased by 15.7% to 537 803MWh. (F2007: 638 324MWh). About 88% of this energy was used in mining operations and 22% in the plant.
- For the first time, in F2008, Northam undertook an exercise to determine its greenhouse gas emissions (GHGs) and the results were included as part of the company's response to the Carbon Disclosure Project. Northam's submission may be found at CProject.net. Northam's total global scope 1 activity in metric tonnes CO_2-e emitted was 14 755 CO_2-e metric tonnes; the total global scope 2 activity in metric tonnes CO_2-e emitted was 65 718 CO_2e.
- Other emissions of concern to Northam are sulphur dioxide (SO_2) and particulates (dust). Both of these parameters are continuously monitored. In total, 3 310 tonnes of SO_2 were released into the atmosphere in F2008 (F2007: 3 372). Emissions were within the limits imposed by legislation

throughout the year. The current permit allows for an average discharge of 32 tonnes per day. The progressive vegetation of the surface tailings dam is progressing, which has resulted in a decrease in dust levels.

- Northam discharges water into the Bierspruit in line with approved permits. Water was discharged to the Bierspruit from the treated sewerage effluent dam and evaporation dam during the year owing to high levels of rainfall. Water quality is regularly monitored and data on any overflows are recorded in line with permit requirements.
- Northam's current mining property covers an area of some 5 000 hectares. Of the land under management, around 40% has been disturbed by mining operations, dwellings and infrastructure.
- The tailings dam, waste rock dump and slag retreatment plant and dump occupy about 162 hectares (around 3% of the land). The tailings facilities are rehabilitated as deposition is concluded to reduce dust levels and for aesthetic reasons.
- Leased farmland covers about 276 hectares (4%) of the total area, while Northam leases some 800 hectares (11%) for conservation purposes in order to conserve the biodiversity of the region. The balance of the land (50%) remains as natural habitat.
- None of the company's activities is situated in areas protected by the World Conservation Union, heritage sites or biosphere reserves. Furthermore, no red data species are found adjacent to the mine property.
- Northam's discounted environmental liability is estimated at R56 million as at the end of F2008 (F2007: R22 million). As prescribed by law, the company has a rehabilitation trust fund in place currently valued at R22 million (F2007: R19 million). The company has also passed a notarial bond for R27.3 million over certain areas of the mine's freehold property for any future rehabilitation obligations.



Directors

M E Beckett (72) *(British)*
B Sc, FIMM
Non-executive director
Joined the board in 1999.
Mr Beckett is deputy chairman of Thomas Cook Group plc and a director of Coalcorp Mining Inc., Energentia Resources Inc. Medoro Resources Limited, Mvelaphanda Resources Limited (Mvela Resources), Northern Orion Limited and Orica Limited. A geologist by training, Mr Beckett was formerly managing director of Consolidated Gold Fields plc.

N J Dlamini (Dr) (49)
MB M.Ch, MBA
Independent non-executive director
Joined the board in 2004.
Dr Dlamini is the chairperson of Mbekani Investment Holdings (Pty) Ltd. Until 2003 she was a senior manager at HSBC, with a main interest in energy, and where she was closely involved in advising and structuring BEE transactions. She is also on the board of Aspen Pharmaceuticals Limited, Discovery Holdings Limited, GijimaAst Group Limited and Woolworths Holdings Limited.

R Havenstein (52)
MSc (Chemical Engineering), B Comm
Independent non-executive director
Joined the board in 2003.
Mr Havenstein was appointed as the chief executive officer of Norilsk International in September 2008. Mr Havenstein was formerly an 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.

E T Kgosi (Ms) (53)
B Comm Hons
Independent non-executive director
Joined the board in 2004.
Ms Kgosi is the manager - procurement 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).

G T Lewis (51) *(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 Mine in Ghana. He has extensive experience in the mining industry in both precious and base metal mines.

P C Pienaar (44)
CA (SA)
Non-executive director
Mr Pienaar has served as alternate director to Mr van Rooyen since 2005 before being appointed a director on 10 September 2007. He is the Chief executive officer of Mvela Resources and a director of Gold Fields South Africa Limited, GFI Mining South Africa (Proprietary) Limited and Trans Hex Group Limited. Prior to joining Mvela Resources in 2004, Mr Pienaar served as operations executive of Harmony's Free State operations and as new business executive.

B R van Rooyen (74)
BA LLB
Non-executive director
Joined the board in 1999.
Mr van Rooyen is the deputy chairman of Mvela Resources and Trans Hex Group Limited 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.

P L Zim (48)
B Comm (Hons) M Comm D Comm
Non-executive chairman
Joined the board in 2007
Mr Zim is the chairman of Afripalm Holdings (Propritary) 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.

Management

Willem Calitz (51)
NHD (Metalliferous mining)
Manager – production, stoping and services
Joined Northam in 2008 and appointed to current position in 2008

Roland Dressels (45)
National Diploma in human resources and Training
Manager – Human Resources
Joined Northam in 2006.

Tinus Fourie (51)
B Comm
Manager - financial services.
Appointed to the company in the current position in 2001.

Danny Gonsalves (44)
NHD (Mining), Pr Eng (Tech)
General manager
Joined the company in 2005 and appointed to current position in 2008.

Rob Kendall (53)
Pr Eng
Manager - engineering services
Joined Northam in 1990 and assumed current position in 2001

Danie Minnaar (52)
Pr Eng, B Eng (Metallurgy), B Comm
Manager - metallurgical operations
Joined Northam in current position in 2001

René Rautenbach (51)
NHD (Metalliferous Mining)
Manager - projects
Joined Northam in 2001 and appointed manager – projects in 2002

Damian Smith (40)
B Sc Geology (Hons), M Sc
Group geologist
Joined Northam in 1995 and appointed to current position in 2008

Andreas van Niekerk (47)
Pr Cert Eng
Manager – best practice, development and technical services
Joined Northam in 1993 and appointed to current position in 2008

Derek Wolstenholme (58)
CA (SA)
Corporate finance manager
Joined the company as corporate finance manager in 1999

Dr. Matthias Griehl at the Heraeus Refinery, South Africa. Heraeus has refined Northam's precious metals since the company's inception

Corporate governance

The board affirms its commitment to the principles of openness, integrity and accountability and is committed to providing timeous, relevant and meaningful reporting to all stakeholders. It attempts to ensure that the group's business is conducted in accordance with high standards of corporate governance and with local and internationally accepted best corporate practice. These standards are entrenched in the group's established systems of internal control by its policies governing corporate conduct, with particular emphasis being placed on the qualitative aspects of corporate governance. The directors endorse the Code of Corporate Practices and Conduct (the "Code") set out in the second report of the King Committee on Corporate Governance ("King 2") that was released in March 2002.

The board considers that the group complies substantially with King 2, with the exception of the composition of the board, which falls short of the requirement that the chairman and the majority of the directors be independent. The key principles underlying the King recommendations as contained in the Code are reflected in the group's corporate governance structures, which are reviewed from time to time to take into account organisational changes and international developments. Through this process of review, the directors seek to ensure that the group's business is managed on an ethical basis in accordance with prudently determined risk parameters and in conformity with internationally accepted standards. The directors specifically report as follows:

Board evaluation

A board evaluation programme is in progress.

Risk management

The board is responsible for the total risk management process within the group. Management is accountable to the board and 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 managed effectively and the interests of stakeholders safeguarded.

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, systems and ethics are applied throughout the group to manage such risks.

The development of the framework entailed the identification of all the activities carried out in the various processes, 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 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, benefication provisions, royalties, health levies and other taxes and licences.

The group is particularly 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, inter alia, seeks 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 benefication 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 prices and exchange rates. These fluctuations can 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.

Through its association with the International Platinum Association and the Platinum Guild International the group promotes the use of PGMs in a wide range of sectors thus helping to sustain a strong demand for PGMs. The group's response to production cost pressures is to ensure that price increases granted to suppliers remain within CPI, whilst working towards achieving greater production efficiencies in order to contain the increase on unit costs.

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 has recently reduced the amount of power to the mine to 90% of its normal levels of consumption.

The group has engaged with Eskom so that it is given advance warning of any possible outages so that it can evacuate the mine timeously, and in addition has stand-by generators which provides sufficient power for the critical processes of the mine can remain in operation. It is not possible to determine an accurate cost of the power disruptions, but they are expected to continue to 2013.

Ore reserve

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

The highly competent geological staff constantly monitors the geological conditions to attempt to predict pot-holes 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 can 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 gasses. Consequently, the mining industry is subject to stringent health and safety laws and regulations that are subject to change from time to time. The group complies fully with these laws and regulations. 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 their employees adhere to their 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.

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 and are based on appropriate accounting policies that have been consistently applied, except where otherwise reported, and which are supported by reasonable and prudent estimates and judgements. The external auditors, whose report appears on page 39 are responsible for reporting on these financial statements in conformity with International Standards on Auditing and in the manner required by the Companies Act in South Africa.

Composition of the board of directors

The board comprises one executive and seven non-executive directors, of whom three are regarded as being independent as they do not represent any major shareholder or other significant stakeholder. In terms of the company's articles of association, not less than 50% of the directors are required to be historically disadvantaged persons, as defined in the Mineral and Petroleum Resources Development Act (Act 28 of 2002). To this end the Remuneration, Nomination and Employee Equity Committee has been tasked with identifying suitable persons to be appointed as additional non-executive directors. Details of the directors appear on page 30. All the directors bring to the board a wide range of professional and commercial experience and independent perspectives and judgement. Although Mr Zim, the non-executive chairman of the board, is not an independent director, the board is of the view that it is appropriate that he

BOARD MEETINGS

Date of meeting	1 Aug 07	15 Aug 07	7 Nov 07	11 Feb 08	23 Apr 08	25 Jun 08
P L Zim	✔	✔	✔	✔	Apologies	✔
G T Lewis	✔	✔	✔	✔	Apologies	✔
M E Beckett	✔	✔	Apologies	✔	✔	✔
N J Dlamini	✔	✔	✔	Apologies	✔	✔
R Havenstein	Apologies	✔	✔	✔	✔	✔
E T Kgosi	✔	✔	✔	✔	✔	✔
N B Mbazima[(1)]	✔	✔	Apologies	Apologies	Apologies	✔
R G Mills[(2)]	✔	✔	n/a	n/a	n/a	n/a
P C Pienaar[(3)]	✔	✔	✔	✔	✔	✔
B R van Rooyen	✔	✔	✔	✔	✔	✔
M J Willcox[(4)]	Apologies	n/a	n/a	n/a	n/a	n/a

Notes:

(1) Mr N B Mbazima resigned as a director on 20 August 2008.

(2) Mr R G Mills resigned as a director on 16 September 2007.

(3) Mr Pienaar, who was previously alternate to Mr B R van Rooyen, was withdrawn as an alternate to Mr van Rooyen and appointed a non-executive director on 10 September 2007.

(4) Mr M J Willcox resigned as a director on 13 August 2007.

continues to chair the board, as he represents the group's major empowerment shareholder. The board is responsible to the shareholders for setting the direction of the group through the establishment of strategic objectives and key policies. The board meets quarterly, or more frequently if circumstances so require, in order to consider issues of strategic direction, approve major capital expenditure projects, review operating performance, and consider other matters having a material effect on the group. All directors are subject to retirement by rotation and re-election by shareholders at least every three years in accordance with the company's articles of association. All directors have access to the advice and services of the company secretary and, with the prior approval of the chairman, are entitled to seek independent professional advice concerning the affairs of the group at its expense.

During the year six board meetings were held, with the attendance by the directors being as indicated on the above table: The board has established three standing committees, namely the Audit Committee, the Health, Safety and Environmental Committee and the Remuneration, Nomination and Employee Equity Committee which operate within defined terms of reference laid down in writing by the board. These committees are chaired by and comprise non-executive directors.

Audit Committee

M E Beckett – Chairman
E T Kgosi (Ms)
N M Mbazima

The Audit Committee comprised three non-executive directors at year end, one of whom is independent.

The external and internal auditors have free access to this committee. The committee is scheduled to meet five times a year with management and the internal and external auditors to review the interim and preliminary reports, the annual financial statements and accounting policies, the effectiveness of the internal audit function, management information and other systems of internal control, and to discuss the auditors' findings and recommendations. In addition, the committee considers the use of the group's external auditors for non-audit services, where appropriate, and also approves the fees to be paid to the group's internal and external auditors.

With the promulgation of the Corporate Law Amendment Act, Mr M E Beckett, who is not regarded as an independent non-executive director (being a director of Mvelaphanda Resources, one of the group's major shareholders), will be required to relinquish his position on this committee. The Remuneration, Nomination and Employee Equity Committee has been tasked with identifying a suitable person to be appointed as an independent non-executive director to replace Mr Beckett as a member of this committee.

Until such time as this appointment is made, the board considers that the experience and knowledge that he brings to the committee is such that it is appropriate that he continue to chair the committee.

During the year six meetings were held, with the attendance by the directors indicated on the following page.

AUDIT COMMITTEE MEETINGS

Date of meeting	27 Jul 07	14 Sept 07	6 Nov 07	26 Nov 07	8 Feb 08	22 Apr 08
M E Beckett	✔	✔	✔	✔	✔	✔
E T Kgosi	✔	✔	✔	✔	✔	✔
N B Mbazima [1]	Apologies	Apologies	Apologies	Apologies	Apologies	Apologies
M J Willcox [2]	Apologies	n/a	n/a	n/a	n/a	n/a

Notes:

[1] Mr M B Mbazima resigned as a director on 20 August 2008.

[2] Mr M J Willcox resigned as a director on 13 August 2007.

Internal audit function

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 in the effective discharge of 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. The internal audit function was undertaken on commercial terms by Anglo American's Business Assurance Services Division until 31 December 2007.With effect from 1 January 2008 this function has been undertaken by KPMG Services (Proprietary) Limited.

Internal control

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 installing 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 as to the reliability of the annual financial statements, that assets are safeguarded and that the risk of error, fraud or loss is reduced in a cost effective manner.

Non-audit services

The Audit Committee is required to approve the provision of non-audit services by the group's external auditors.

Health, Safety and Environmental Committee

B R van Rooyen – Chairman

M E Beckett

N J Dlamini (Dr)

The Health, Safety and Environmental Committee comprises four non-executive directors. The committee, which is scheduled to meet four times a year, is tasked with overseeing compliance by the group with the various health, safety and environmental laws that affect the group, as well as advising the board on issues relating thereto.

Although Mr B R van Rooyen is not an independent non-executive director (being a director of Mvelaphanda Resources, one of the group's major shareholders) the board considers that the experience and knowledge that he brings to the committee is such that it is appropriate that he continue to chair the committee.

During the year four meetings were held, with the attendance by the directors indicated in the table at the end of this page.

Remuneration, Nomination and Employee Equity Committee

E T Kgosi (Ms) - Chairperson

N J Dlamini (Dr)

R Havenstein

B R van Rooyen

The Remuneration, Nomination and Employee Equity Committee comprises four non-executive directors and is scheduled to meet three times a year.

The committee, in consultation where necessary, with management, ensures that the group's employees are fairly rewarded for their contribution to the group's performance. The group's remuneration philosophy is to ensure salaries and related benefits are competitive relative to other mining companies. Specifically, the committee, on behalf of the board, approves the employment contracts and remuneration packages of senior management, ratifies the appointment of senior management other than directors, and approves any short-term incentive schemes and bonuses, including the offer of options in terms of the rules of the Northam Share Option Scheme.

The group operates a bonus scheme, which is subject to certain safety,

HEALTH, SAFETY AND ENVIRONMENTAL COMMITTEE MEETINGS

Date of meeting	31 Jul 07	6 Nov 07	7 Feb 08	22 Apr 08
B R van Rooyen	✔	✔	Apologies	✔
M E Beckett	✔	✔	✔	✔
N J Dlamini (Dr)	✔	✔	✔	✔
R G Mills[1]	Apologies	n/a	n/a	n/a
F A Uys[2]	✔	n/a	n/a	n/a

Notes:
[1] Mr R G Mills resigned as a director on 16 September 2007.
[2] Alternate to Mr R G Mills.

RENUMERATION, NOMINATION AND EMPLOYEE EQUITY MEETINGS

Date of meeting	19 October 2007	9 May 2008	13 June 2007
E T Kgosi	✔	✔	✔
N J Dlamini	✔	✔	✔
R Havenstein	✔	Apologies	✔
B R van Rooyen	✔	✔	✔

production and financial targets being exceeded, for its senior employees, including executive directors. The committee approves the parameters for this scheme and any bonuses payable are limited to 40% of an employee's basic remuneration package. No bonuses are paid to non-executive directors.

In addition the group operates a number of short-term incentive schemes for its other employees.In addition, the committee approves the mandate in regard to negotiations with trade unions and oversees implementation of and compliance with the requirements of the Employment Equity Act and the administration of the group'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.

Ms E T Kgosi, the committee chairperson, is an independent non-executive director.

During the year three meetings were held, with the attendance recorded in the accompanying table.

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 recognition of the environment as a strategic asset;
- applying the highest ethical standards in its dealings with customers and suppliers;
- improving the quality of community life;
- creating a climate free of conflict, discrimination and harassmen 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 unabridged code of ethics appears on the group's website (www.northam.co.za).

Employees who contravene the Code are liable to face disciplinary action and depending on the nature of the contravention may also face civil or criminal action.

Communication

The group has a policy of communicating openly and regularly with its shareowners, employees and other stakeholders. 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 regular 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 periods as determined, directors, the company and employees are precluded from dealing in the group's shares. Outside of any closed periods, directors and employees are required to obtain approval prior to dealing in the group's shares.

P L Zim
Chairman

M E Beckett
Chairman – Audit Committee

Johannesburg
18 September 2008

Contents

Approval of annual financial statements

The financial statements set out on pages 40 to 86 were approved by the board of directors on 18 September 2008, and are signed on its behalf by:

P L Zim
Chairman

G T Lewis
Chief executive officer

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.

S J van der Spuy
Company secretary
Johannesburg

18 September 2008

Report of the independent auditors

To the members of Northam Platinum Limited

Report on the financial statements

We have audited the group and company financial statements of Northam Platinum Limited, which comprise the directors' report, the balance sheets as at 30 June 2008, the income statements, the statements of changes in equity and cash flow statements for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 40 to 86.

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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 financial position of the group and company as of 30 June 2008, and of the financial performance and their 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

18 September 2008

Directors' report

The directors have pleasure in submitting their report for the year ended 30 June 2008. The review of the group's operational performance is set out in the business review on pages 12 to 15, whilst the nature of business is described in the corporate profile which appears in the inside front cover.

Booysendal Platinum Project

At a general meeting of held on 6 June 2008, shareholders approved the necessary resolutions for the acquisition of the Booysendal Platinum Project (Booysendal) with the special resolutions being registered on 13 June 2008. As announced on 19 August 2008, the implementation of the transaction had commenced, and the 121 000 000 ordinary shares were allotted and issued to Mvelaphanda Equity (Proprietary) Limited, a wholly-owned subsidiary of Mvelaphanda Resources Limited on 20 August 2008, and Northam acquired the entire issued share capital of Khumama Platinum (Proprietary) Limited (Khumama). The first 50% of the issued share capital of Micawber 278 (Proprietary) Limited (Micawber), which holds the Booysendal mining titles, has been transferred to Khumama, and the remaining 50% has been pledged and is held in escrow pending conversion of the old order mining title over Booysendal.

Application for the conversion of the old order mining title covering nine of the eleven Booysendal farms, and for the grant of a mining licence over the remaining two farms presently held under new order prospecting rights, has been lodged with the Department of Minerals and Energy (DME) and is currently being processed.

Upon the grant of the new order mining rights the remaining 50% of the issued share capital of Micawber will be transferred to Khumama and the implementation will be complete.

Corporate governance

The directors endorse the Code of Corporate Practices and Conduct set out in the second King Report on Corporate Governance (King 2) that was released in March 2002. Further details on the group's corporate governance practices are set out in the Corporate Governance Report on page 33 to 37.

Mining licences

The Northam mine's mining licences 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 Booysendal mine's mining licence, which is held through Micawber, covers an area of approximately 13 926 hectares on the farms Booysendal 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.

Additional rights over an area of approximately 1 264 hectares on the farms Der Brochen 7 JT, Hebron 5 JT and Hermansdal 3 JT will be ceded to Micawber once Rustenburg Platinum Mines Limited's application to convert its old order rights to new order rights has been granted.

Conversion of mining rights

The company submitted its application to the DME for the conversion of its old order mining rights pertaining to the Northam mine property, to new order mining rights in April 2006. The application was accepted by the DME and is at the date hereof still being processed.

The application to the DME for the conversion of the Booysendal old order mining rights to new order mining rights was submitted in June 2008. The application was accepted by the DME and is at the date hereof still being processed.

Property

A register of land and buildings containing the information required by the Companies Act is available for inspection at the registered office of the company during normal business hours.

Financial results

The accounting policies, balance sheets, income statements, statements of changes in equity, cash flow statements and notes to the financial statements, on pages 49 to 86, reflect the financial results and position of the company and the group.

Dividends

Dividends totaling 330 cents per share (2007: 525 cents per share) absorbing R1 011 223 675 (2007: R1 245 078 800) were declared. Details are as follows:

Interim dividend (No 18) – 145 cents per share

Declaration date:	11 February 2008
Last day to trade cum div:	29 February 2008
Commencement of trading ex div:	3 March 2008
Record date:	7 March 2008
Payment date:	10 March 2008

Final dividend (No 19) – 185 cents per share

Declaration date:	22 August 2008
Last day to trade cum div:	12 September 2008
Commencement of trading ex div:	15 September 2008
Record date:	19 September 2008
Payment date:	22 September 2008

Shareholders who have dematerialised their shares receive payment electronically as provided for by STRATE. For those shareholders who have not yet dematerialised their shares, or who intend not to do so, the company operates an electronic funds transmission service, whereby dividends may be electronically transferred to members' accounts. These shareholders are encouraged to mandate this method of payment for all future dividends.

Share capital

The authorised share capital of the company has increased to R4 750 000 (2007: R3 500 000) divided into 475 000 000 (2007: 350 000 000) shares of one cent each.

During the year 1 461 500 shares were allotted and issued to participants of the Northam Share Option Scheme, for an aggregate consideration of R22 280 000, resulting in the issued share capital at 30 June 2008 being 238 687 500 (2007: 237 226 000) shares of one cent each.

Since the balance sheet date no shares were allotted and issued in terms of the rules of the aforementioned scheme, whilst 121 000 000 shares have been allotted and issued to Mvelaphanda Equity (Proprietary) Limited, a subsidiary of Mvelaphanda Resources Limited, resulting in the issued capital of the company being 359 687 500 at the date of this report.

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 notice of annual general meeting on page 87, which forms part of this report.

Repayments of share capital

At the annual general meeting held on 29 November 2007 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 issued share capital 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 R8.59 per share that has arisen from previous rights issues. 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 29 November 2007) whichever period is the shorter. The directors have proposed that this general authority be renewed for a further period once again and accordingly the text of the necessary resolution appears in the notice of annual general meeting on page 88, which forms part of this report.

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

Directors' report

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 29 November 2007 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 29 November 2007) whichever period is the shorter. The directors have proposed that this general authority be renewed for a further period once again and accordingly the text of the necessary special resolution, as well as the reasons therefor and the effects thereof, appears in the notice of annual general meeting on page 88, which forms part of this report.

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.

Proposed adoption of new articles of association

The company adopted new articles of association in 2001 and has made several changes in the intervening years. In addition there have been amendments to the Listings Requirements of the JSE. Consequently the directors consider it appropriate to adopt new articles of association which incorporate the amendments previously approved by shareholders, the changes necessitated by the amendments to the Listings Requirements of the JSE, as well as the following principal changes:

Definition of HDP

Article 49 requires, inter alia, that no less than 50% of the directors shall be HDPs. The definition of HDPs will be added to the articles for clarification purposes, being a person defined as such in the Minerals and Petroleum Resources Development Act of 2002.

Quorum at a general meeting

The quorum required for a general meeting will be clarified to allow authorised representatives of corporate entities to be included in the number of members present to constitute a quorum. It is also proposed that a quorum may be constituted by proxy attendances.

Electronic notices

In order to keep up with advances in electronic communications methodology and to save postage and printing costs, it is proposed that formal company notices be given by electronic mail, if the recipient of such notice has previously informed the company that he is prepared to receive notices in this form and has provided an e-mail address to the company. An e-mail notification to a member or director shall be deemed to have been received at 09h00 on the day following dispatch of the notice.

Electronic distribution of annual financial statements to shareholders

In the same vein, it is proposed that the annual financial statements of the company could also be sent by e-mail to those persons who have supplied the company with an e-mail address, unless such shareholder has informed the company to the contrary.

Directors' meetings

It is proposed that directors' meetings could also be held via teleconference and videoconference facilities. Resolutions at such meetings are adopted by a majority of the directors participating in the conference.

Directors' interests

The existing article provides in effect that a director may not vote in respect of a resolution concerning a contract in which he is materially interested unless such contract is with a company in which such director is interested ("the company exclusion"), The directors are of the view that the company exclusion is too wide and could lead to manipulation. Accordingly, it is now proposed that the company exclusion be limited to cases where the director in question (a) is a non-executive director of that company and (b) is not directly or indirectly a material shareholder in such company.

Pro rata allotment of securities

Further clarification is provided that a *pro rata* allotment of securities does not have to take place if (a) such securities are issued for an acquisition of assets, and (b) it is authorised by prior approval of the company in general meeting.

Members will accordingly be requested at the forthcoming annual general meeting to consider and, if thought fit, to pass a special resolution to adopt the amended articles of association as the company's new articles of association. The text of this special resolution is contained in the notice of annual general meeting on page 87, which forms part of this report.

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

In terms of the rules of the Scheme, 11 550 000 unissued shares are reserved for participants of the scheme, and the maximum number of options that any one participant may hold is limited to 0.4% of the issued share capital of the company prevailing from time to time. At the date of this report, 0.4% of the issued capital equated to 1 438 750 shares.

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

Earliest and latest exercise date	Price per share (cents)	Total number of options
14 October 2005 and 13 October 2008	1 060	22 000
14 October 2006 and 13 October 2009	830	642 500
24 October 2007 and 23 October 2010	1 700	1 812 500
23 October 2008 and 21 October 2011	4 800	2 177 500
Number of options held at 30 June 2007		4 654 500
New options granted during the year at R48.00 per share		2 202 500
Number of options forfeited during the year		(835 000)
Number of options exercised during the year – refer Annexure 3 on page 86		(1 461 500)
Number of options held at 30 June 2008		4 560 500

Directors' report

At 30 June 2008 the outstanding options were exercisable as follows:

Earliest and latest exercise date	Price per share (cents)	Total number of options	Options vested at 30 June 2008	Options exercisable in 2009	Options exercisable thereafter
14 October 2006 and 13 October 2009	830	92 500	92 500	–	–
24 October 2007 and 23 October 2010	1 700	858 000	116 750	741 250	–
23 October 2008 and 22 October 2011	3 845	1 712 500	–	856 250	856 250
22 October 2009 and 21 October 2012	4 800	1 897 500	–	–	1 897 500
		4 560 500	209 250	1 597 500	2 753 750

Full details of the options exercised during the year are set out in Annexure 2 on page 84, and are summarised as follows:

Grant date	Number of options exercised	Exercise price (cents)	Consideration R000
14 October 2003	22 000	1 060	233
14 October 2004	550 000	830	4 565
24 October 2005	799 500	1 700	13 592
23 October 2006	45 000	3 845	1 730
22 October 2007	45 000	4 800	2 160
Total	1 461 500		22 280

Directorate

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

- Mr N B Mbazima resigned as a non-executive director on 20 August 2008,

The board wishes to place on record its appreciation of the services rendered to the company by Mr Mbazima.

The composition of the board of directors, as well as of board appointed committees, at the date of this report, is reflected on pages 34 to 37.

The directors retiring by rotation in terms of the provisions of the company's articles of association are Dr N J Dlamini, Ms E T Kgosi and Mr R Havenstein who, being eligible and available, offer themselves for election. Accordingly at the forthcoming annual general meeting members will be requested to consider resolutions providing for the election and re-appointment of Dr N J Dlamini, Ms E T Kgosi and Mr R Havenstein as non-executive directors of the company.

Brief summaries of their curricula vitae appear on page 30.

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 – R60 000 per annum.
- Board members – R30 000 per annum.
- Board meeting attendance fees – R20 000 per meeting.

Board appointed committees

- Committee chairmen – R24 000 per annum.
- Committee members – R12 000 per annum.
- Committee meeting attendance fees – R8 000 per meeting.

The above fees were set in 2007, 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 into line with market norms. Accordingly it is proposed that the fees be increased as follows:

Board fees
- Board chairman – R80 000 per annum.
- Board members – R40 000 per annum.
- Board meeting attendance fees – R26 000 per meeting.

Board appointed committees
- Committee chairmen – R30 000 per annum.
- Committee members – R15 000 per annum.
- Committee meeting attendance fees – R10 000 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 2008 was as follows:

	Fees R000	Remuneration package R000	Performance bonus R000	Benefits R000	Gain on exercise of options R000	Total R000
2008						
Executive						
G T Lewis	–	**1 785**	**235**	**236**	–	**2 256**
Non-executive						
M E Beckett	**246**	–	–	–	–	**246**
N J Dlamini (Note 1)	**285**	–	–	–	–	**285**
R Havenstein	**158**	–	–	–	–	**158**
E T Kgosi (Note 1)	**333**	–	–	–	–	**333**
N B Mbazima	**102**	–	–	–	–	**102**
R G Mills	**57**	–	–	–	–	**57**
P C Pienaar	**104**	–	–	–	–	**104**
B R van Rooyen	**234**	–	–	–	–	**234**
M J Willcox	**5**	–	–	–	–	**5**
P L Zim	**160**	–	–	–	–	**160**
	1 684	**1 785**	**235**	**236**	–	**3 940**
2007						
Executive						
G T Lewis	–	1 525	212	210	3 963	5 910
Non-executive						
M E Beckett	161	–	–	–	–	161
N J Dlamini	137	–	–	–	–	137
R Havenstein	86	–	–	–	–	86
E T Kgosi	166	–	–	–	–	166
N B Mbazima	17	–	–	–	–	17
R G Mills	96	–	–	–	–	96
P C Pienaar	23	–	–	–	–	23
T M G Sexwale	102	–	–	–	–	102
R H H van Kerckhoven	78	–	–	–	–	78
B R van Rooyen	209	–	–	–	–	209
M J Willcox	85	–	–	–	–	85
P L Zim	22	–	–	–	–	22
	1 182	1 525	212	210	3 963	7 092

Note 1. Mesdames Dlamini and Kgosi were paid a special fee of R75 000 each in their capacity as independent directors advising shareholders on the Booysendal Platinum Project.

No options were exercised by directors during the year.

Directors' report

Service contracts

The chief executive officer, Mr G T Lewis, has a service contract with the company which is subject to a notice period of one year. None of the other directors has 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 2008 were as follows:

	30 June 2008			
	Direct beneficial holding	Indirect beneficial holding	Indirect non-beneficial holding	Total
M E Beckett	**30 000**	**–**	**–**	**30 000**
B R van Rooyen	**–**	**37 462**	**–**	**37 462**
P L Zim	**–**	**–**	**4 496 442**	**4 496 442**
	30 000	**37 462**	**4 496 442**	**4 563 904**

	30 June 2007			
	Direct beneficial holding	Indirect beneficial holding	Indirect non-beneficial holding	Total
M E Beckett	30 000	–	–	30 000
B R van Rooyen	–	37 462	–	37 462
M J Willcox	–	734	1 637 529	1 638 263
P L Zim	–	–	4 776 631	4 776 631
	30 000	38 196	6 414 160	6 482 356

As a consequence of the allotment and issue of the 121 million Booysendal consideration shares on 20 August 2008, the indirect non-beneficial shareholding of Mr P L Zim has increased to 15 217 200. There have been no changes to the shareholdings of the other directors between 30 June 2008 and the date of this report.

Analysis of shareholders at 30 June 2008

Shareholding range	Number of holders	Total shareholding	Percentage holding
1 – 5 000	5 166	4 158 555	1.8
5 001 – 10 000	249	1 931 883	0.8
10 001 – 50 000	299	6 752 993	2.8
50 001 – 100 000	67	4 719 375	2.0
100 001 – 1 000 000	119	34 925 733	14.6
1 000 001 and over	29	186 198 961	78.0
Total	5 929	238 687 500	100.0

Category of shareholder	Number of holders	Total shareholding	Percentage holding
Individuals	5 700	14 722 700	6.2
Companies	2	104 841 230	43.9
Managed funds and other bodies	227	119 123 570	49.9
Total	5 929	238 687 500	100.0

Major shareholders at 30 June 2008

Owner	Number of shares	Percentage holding
Anglo Platinum Limited	53 102 925	22.2
Mvelaphanda Resources Limited	51 738 305	21.7

Fund manager	Number of shares	Percentage holding
Allan Gray Limited	22 298 464	9.3
Public investment Commission	10 957 122	4.6
Hellier Investments Limited	9 750 400	4.1
M & G Investment Management Limited	9 600 000	4.0
Foord Asset Management Limited	8 985 263	3.8

Shareholder spread at 30 June 2008

The company's shareholder spread is set out below.

	Number of shareholders	Percentage holding
Public	5 924	54.3
Non-public		
– Directors	3	1.9
– Other (any who fall outside the scope of the above)	2	43.8
Total	5 929	100.0

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 Act, 1991, upon cessation of its mining operations. Details of the contributions made and provisions raised are disclosed in notes 6 and 14 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 7 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 has undertaken to contribute 4% of its after-tax profits to a specially 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. This development, a requirement of the Booysendal Transaction agreements, will provide employees with a vested interest in the operating performance of the company, without being exposed to potential volatility in the market price of Northam shares.

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

Directors' report

Subsidiaries

At the 30 June 2008 the company held the following subsidiaries:

Norplats Properties (Proprietary) Limited.

Norplats Properties (Proprietary) Limited (Norplats) owns residential erven in the town of Northam, and has erected houses thereon as part of an initiative to assist Northam employees in acquiring their own affordable houses. As part of an additional phase of this initiative, Norplats entered into an agreement to acquire the entire issued share capital of Broad Brush 2 (Proprietary) Limited ("Broad Brush") for a consideration of R16 million which cost will be financed by means of an interest free loan from Northam. The agreement was subject to a number of conditions precedent, which were fulfilled after the year end. Broad Brush owns certain property in the town of Northam, and will develop a residential township as a further part of this initiative. Northam has entered into an arrangement with a financial institution whereby the financial institution will provide finance to the employees to assist the employees in acquiring these houses. The loan to Norplats will be repaid as funding from the financial institution becomes available.

Subsequent to the year end, as detailed in the paragraph dealing with the Booysendal transaction on page 40, the company acquired the entire issued share capital of Khumama. As detailed in the paragraph in respect of the Booysendal Platinum Project on page 40, the company owns 50% of the issued share capital of Micawber. The remaining 50% has been pledged and is held in escrow by Northam pending conversion of the old order mining title over Booysendal. On the grant of the new order mining rights the remaining 50% of the issued share capital of Micawber will be transferred to Khumama and be a subsidiary of Northam.

Consequently, at the date of this report, the company held the following subsidiaries:
Broad Brush 2 (Proprietary) Limited,
Khumama Platinum (Proprietary) Limited, and
Norplats Properties (Proprietary) Limited.

Special resolutions

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

Going concern

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.

Company secretary

Mr S J van der Spuy continues in office as company secretary. Relevant details appear on the inside back cover of this report.

Listing

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

Post balance sheet events

No material changes, other than the Booysendal and Broad Brush tranactions, have taken place in the affairs of the group between the end of the financial year and the date of this report.

Shareholders are referred to the cautionary announcement dated 12 September 2008 advising that the company has received approaches from interested parties which may result in an offer to acquire the entire issued share capital of Northam.

Accounting policies

1. Basis of preparation

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

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

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

1.1 Changes in Accounting Policy

During the years ended the group adopted the following standards, interpretations and amendments in response to changes in IFRS.

IFRS 4 Insurance Contracts

IFRS 7 Financial Instruments – Disclosure

IAS 1 Presentation of Financial Statements – amendment

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions

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

IFRS 4 Insurance Contracts
The adoption of this standard has had no effect on the group's financial statements.

IFRS 7 Financial Instruments – Disclosure
The standard requires disclosures that enable users of the financial statements to evaluate the significance of the group's financial instruments and the nature of the extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

IAS 1 Presentation of Financial Statements – amendment
This amendment requires the group to make new disclosures to enable users of the financial statements to evaluate the group's objectives, policies and processes for managing capital.

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions
The adoption of this standard has had no effect on the group's financial statements.

Accounting policies

1.2 New accounting policies not yet effective

The group has not yet adopted the new IFRS standards, IFRIC interpretations or revisions to existing IFRS standards as set out below:

Standard	Effective date*	Description	Impact
IFRS 1 Amendment	1 January 2009	IFRS 1 – First-time adoption of IFRS	This amendment allows for the use of a deemed cost for investments in subsidiaries, associates and joint ventures. The adoption of the statement will have no material effect on the group's financial statements.
IFRS 2	1 January 2009	Share-based Payment (amendment)	This amendment restricts the definition of "vesting conditions" to a condition that includes an explicit or implicit requirement to provide service. The adoption of the statement will have no material effect on the group's financial statements.
IFRS 3	1 July 2009	Business Combinations (revised)	This amendment impacts the amount of goodwill recognised in accounting for business combinations, the reporting of results in the period that an acquisition occurs and future reported results. The changes must be applied prospectively and will affect future acquisitions.
IFRS 8	1 January 2009	Operating Segments	This standard provides guidance on the reporting of operating segments. Such reporting should be based on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. The adoption of this standard will impact the manner in which the group reports segmental performance.
IAS 1	1 January 2009	Presentation of Financial Statements (revised)	This amendment 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. The adoption of this standard will impact the manner in which the group reports its income and expenses.

Standard	Effective date*	Description	Impact
IAS 23	1 January 2009	Borrowing Costs (revised)	The amendment to this standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The adoption of the statement will have no material effect on the group's current financial statements as the group's policy currently requires such borrowing costs to be capitalised.
IAS 27	1 July 2009	Consolidated and Separate Financial Statements (revised)	This standard requires that a change of ownership interest in a subsidiary is accounted for as an equity transaction, and changes the accounting for losses incurred by a subsidiary as well as loss of control of a subsidiary. The adoption of this standard will impact the manner in which the group reports losses incurred by a subsidiary as well as the effect of changes in ownership interest in a subsidiary.
IAS 27 Amendment	1 January 2009	IAS 27 – Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The amendment to IAS 27 removed the obligation to distinguish between pre- and post-acquisition dividends. However, the entity must now consider if the receipt of such a dividend is a possible indicator of impairment. The adoption of the statement will have no material affect on the group's financial statements.
IAS 32/IAS 1	1 January 2009	Amendments to IAS 32 – Financial Instruments: Presentation and IAS 1 – Presentation of Financial Statements: Puttable Financial Instruments and Obligation Arising on Liquidation (revised)	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. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The adoption of the statement will have no material effect on the group's financial statements.
IAS 39 Amendment	1 July 2009	IAS 39 -Financial Instruments: Recognition and Measurement: Eligible Hedged Items	The amendment to IAS 39 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 the statement will have no material effect on the group's financial statements.

Accounting policies

Standard	Effective date*	Description	Impact
IFRIC 12	1 January 2008	Service Concession Arrangements	This interpretation statement provides clarification on the accounting by operators for public-to-private service concession arrangements. The adoption of the interpretation will have no material effect on the group's financial statements.
IFRIC 13	1 July 2008	Customer Loyalty Programmes	This interpretation statement provides that an entity that operates customer loyalty programmes shall recognise the consideration allocated to award credits as revenue when the award credits are redeemed and it fulfils its obligation to award credits, with the consideration allocated to award credits being measured by reference to their fair value. The adoption of the interpretation will have no material effect on the group's financial statements.
IFRIC 14	1 January 2008	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.	This interpretation gives guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 – Employee Benefits. The adoption of the interpretation will have no material effect on the group's financial statements.
IFRIC 15	1 October 2009	IFRIC 15 – Agreements for the Construction of Real Estate	Determining whether an agreement for construction is within the 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. The adoption of the interpretation will have no material effect on the group's financial statements.
IFRIC 16	1 October 2008	IFRIC 16 – Hedges of a Net Investment in a Foreign Operation	IAS 39 allows an entity to hedge the foreign currency gains or losses on its net investment in a foreign operation. IAS 39 provides minimal guidance on the accounting for a hedge of a net investment and IFRIC 16 was issued to provide such guidance. The adoption of the interpretation will have no material effect on the group's financial statements.
Annual Improvements Project	1 January 2009	Improvements to IFRS	This is an omnibus of 34 amendments to various standards. These are non-urgent but necessary amendments to standards, primarily with a view to removing inconsistencies and clarifying wording. Management will assess if any of the changes will have an impact on the group.

* The standards are effective for financial years beginning on or after these dates.

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

2. Consolidation

The consolidated financial statements include the results, financial position and cash flows of Northam Platinum Limited and its subsidiary. 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 3.

The subsidiary adopts the same accounting policies and year-end as those used by Northam Platinum Limited, and all intra-group transactions and balances are eliminated on consolidation.

Minority 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 balance sheet, separately from parent shareholders equity.

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

3. Goodwill

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), to which the goodwill relates. 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.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4 Property, plant and equipment

4.1 Mining assets

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

4.2 Mine development costs

Capitalised mine development costs include expenditure incurred to develop new ore bodies, to define further mineralisation in existing ore bodies and to expand the capacity of the mine. Costs include interest capitalised during the construction period until commercial production is reached where development is financed by borrowings, and the net present value of future decommissioning costs. Depreciation is first charged on new mining ventures from the date on which the mining venture reaches commercial production levels. Development costs to maintain production are recognised as an expense when incurred. Mine development costs are depreciated on a straight-line basis, over the estimated economic life of the mine (currently estimated at 16 years), based on measured and indicated resources which are revised annually.

4.3 Mining plant and equipment

Mining plant and equipment is depreciated on a straight-line basis over the lesser of the estimated economic life of the mine (currently estimated at 16 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 useful lives.

4 Property, plant and equipment *(cont)*

4.3 Mining plant and equipment *(cont)*

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.

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 written off.

4.4 Decommissioning asset

The decommissioning asset is depreciated on a straight-line basis over the estimated economic life of the mine (currently estimated at 16 years), based on measured and indicated resources which are revised annually.

The decommissioning asset is recognised as set out in the decommissioning provision accounting policy Note 10.1.1.

4.5 Mining properties

Mineral rights and mineral leases are depreciated on a straight-line basis over the estimated economic life of the mine (currently estimated at 16 years), based on measured and indicated resources which are revised annually.

4.6 Plant and equipment

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

4.7 Land

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

4.8 Impairment

At each reporting date, the company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the group makes a formal estimate of recoverable amount. Where the carrying amount of an asset 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 net realisable value.

The value in use of mining assets is determined by applying a discount rate to the anticipated pre-tax cash flow for the remaining useful life of the assets.

The value of non-mining assets is determined with reference to market values.

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

4.9 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.

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

4.10 Subsequent expenditure

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

5. 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. Cost is determined on the basis of land acquisition, development and housing construction cost.

6. Financial instruments

Financial instruments recognised on the balance sheet include investments, cash and cash equivalents, trade accounts receivable and trade accounts payable. These are recognised when the group becomes party to the contractual agreements. All financial instruments are initially recorded at fair value.

6.1 Investments

Investments are initially recognised at the fair value of the consideration given plus, in the case of investments not at fair value through profit or loss, acquisition charges associated with the investment. Investments acquired for the purpose of selling in the near term are classified as held for trading and is part of 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 a separate component of equity 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.

After initial recognition, investments held by Northam Platinum Restoration Fund and the Environmental Guarantee Investment are designated at fair value through profit or loss. These financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk/investment strategy.

Gains or losses on investments designated as at fair value through profit and loss are recognized in profit or loss

6.2 Trade and other accounts receivable

Trade and other accounts 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.

6.3 Cash and cash equivalents

Cash and cash equivalents are initially recognised at fair value and 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 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.

6.4 Trade and other accounts payable

Accounts payable 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 subsequently carried at amortised cost.

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

6.5 Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing 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.

6. Financial instruments *(cont)*

6.6 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 sundry income/(expenditure).
- Gains and losses on all other contracts not spanning a financial reporting date are recognised and included in sundry income/(expenditure) at the time that the contracts expire.

6.7 Impairment of financial instruments

The group assesses at each balance sheet 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 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). 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 trade 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

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. 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.

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

Financial liabilities

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

7. 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.

8. Inventories

8.1 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.

8.2 Metal on hand

Stocks of the three major platinum group elements and gold (3 PGEs + Au), either in refined or concentrate form, are valued at the lower of cost of production 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 valued.

9. Deferred tax

Deferred tax is provided at enacted or substantially enacted tax rates at the balance sheet date, that are expected to apply to the year when the asset is realised or the liability is settled, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax values of the assets and liabilities and their carrying values 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 if 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 taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 extend 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 extend 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 balance sheet 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 balance sheet 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 rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity 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.

Accounting policies

10. Provisions

10.1 Environmental rehabilitation provisions

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, 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.

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 included in the determination of the carrying value of the decommissioning asset.

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.

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 income statement 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.

10.2 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.

11. 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 balance sheet date. Profits and losses arising on the translation of foreign currencies, whether realised or unrealised, are credited to or charged to profit or loss.

12. 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.

12.1 Metal sales
Revenue from the sale of metal is accounted for when the risks and rewards of ownership have passed. Adjustments arising between the date of recognition of the revenue and the date of settlement are recognised in the period in which the adjustment arises.

12.2 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.

12. Revenue recognition *(cont)*

12.3 Interest income
Interest income is recognised on a time: proportional basis that takes into account the effective yield and an appropriate accrual is made at each accounting date.

12.4 Dividends
Dividend income is recognised when the right to receive payment has been established.

12.5 Rent received
Rental income from mining properties is recognised on a straight-line basis over the term of the lease.

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

13. 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 balance sheet 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.

14. 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.

15. Employee benefits

15.1 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.

15.2 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 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.

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.

The directors procure a listing of these shares on the stock exchange where the company's shares are listed and quoted.

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).

15.3 Retirement benefits
Eligible employees are members of various defined contribution schemes.

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

15. Employee benefits *(cont)*

15.4 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.

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

16. Leases

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

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

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

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

16.2 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 are recognised as revenue in profit or loss on a straight-line basis over the period of the lease.

17. Taxation

17.1 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 balance sheet date.

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

17.2 Deferred tax
Deferred tax is provided at enacted or substantially enacted tax rates, as more fully set out in Note 9 – Deferred tax, of the accounting policies.

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

17.4 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 authority, in which case the value added tax iis recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxable authority is included as part of receivables or payables in the balance sheet.

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

Balance sheets

At 30 June 2008

	Note	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
ASSETS					
Non current assets					
Property, plant and equipment	2	**1 683 901**	1 536 289	**1 683 901**	1 536 289
Township development	3	**36 905**	35 198	**–**	–
Subsidiary – investment and loan	4			**37 553**	37 059
Available-for-sale investment	5	**8**	6	**8**	6
Investments held by Northam Platinum Restoration Trust Fund	6	**21 820**	18 920	**21 820**	18 920
Environmental Guarantee Investment	7	**12 900**	10 311	**12 900**	10 311
		1 755 534	1 600 724	**1 756 182**	1 602 585
Current assets		**2 363 992**	1 733 264	**2 363 684**	1 731 298
Inventories	8	**504 980**	254 490	**504 980**	254 490
Trade and other receivables	9	**359 264**	268 862	**359 193**	268 730
Cash and cash equivalents	10	**1 499 748**	1 209 912	**1 499 511**	1 208 078
Total assets		**4 119 526**	3 333 988	**4 119 866**	3 333 883
EQUITY AND LIABILITIES					
Share capital and share premium	11	**2 053 194**	2 030 914	**2 053 194**	2 030 914
Equity compensation reserve	12	**27 584**	29 777	**27 584**	29 777
Retained earnings		**823 093**	320 755	**823 507**	320 862
Shareholders' equity		**2 903 871**	2 381 446	**2 904 285**	2 381 553
Non-current liabilities		**443 913**	397 912	**443 913**	397 956
Deferred tax liability	13	**388 055**	376 163	**388 055**	376 207
Long term provisions	14	**55 858**	21 749	**55 858**	21 749
Current liabilities		**771 742**	554 630	**771 668**	554 374
Trade and other payables	15	**229 449**	153 561	**229 375**	153 305
Tax		**449 110**	343 191	**449 110**	343 191
Short term provisions	16	**93 183**	57 878	**93 183**	57 878
Total equity and liabilities		**4 119 526**	3 333 988	**4 119 866**	3 333 883

Income statements

For the year ended 30 June 2008

	Note	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Total revenue	17	**3 995 514**	3 831 925	**3 995 514**	3 831 925
Sales revenue	17	**3 886 137**	3 739 805	**3 886 137**	3 739 805
Cost of sales		**1 608 648**	1 727 945	**1 608 648**	1 727 945
– operating costs	18	**1 626 610**	1 360 818	**1 626 610**	1 360 818
– concentrates purchased		–	106 447	–	106 447
– refining and other costs		**75 540**	91 816	**75 540**	91 816
– depreciation	19	**149 325**	129 040	**149 325**	129 040
– change in metal inventories		**(242 827)**	39 824	**(242 827)**	39 824
Operating profit		**2 277 489**	2 011 860	**2 277 489**	2 011 860
Investment income	20	**97 507**	83 643	**97 507**	83 643
Sundry income	21	**1 824**	5 303	**2 088**	5 287
Expenditure incurred on Booysendal Project	22	**(17 969)**	–	**(17 969)**	–
Profit before tax		**2 358 851**	2 100 806	**2 359 115**	2 100 790
Tax	23	**866 040**	774 562	**865 997**	774 558
Profit attributable to shareholders		**1 492 811**	1 326 244	**1 493 118**	1 326 232
		Cents	Cents	**Cents**	Cents
Earnings per share	24	**627.2**	560.2	**627.3**	560.2
Fully diluted earnings per share	24	**620.7**	553.1	**620.8**	553.1
Headline earnings per share	24	**627.2**	560.1	**627.3**	560.1
Fully diluted headline earnings per share	24	**620.7**	553.0	**620.8**	553.0
Dividends per share		**425.0**	410.0	**425.0**	410.0

Statements of changes in equity

For the year ended 30 June 2008

Group	Share capital Group R000	Share premium Group R000	Equity compensation reserve Group R000	Retained earnings/ (accumulated loss) Group R000	**Total Group R000**
Balance at 1 July 2006	2 360	2 016 426	22 788	(39 942)	**2 001 632**
Credit in respect of share based payments			11 774		**11 774**
Profit attributable to shareholders				1 326 244	**1 326 244**
Adjustment in respect of equity compensation reserve			(4 785)	4 785	**–**
Dividends distributed				(970 332)	**(970 332)**
Issue of new shares	12	12 116			**12 128**
Balance at 30 June 2007	2 372	2 028 542	29 777	320 755	**2 381 446**
Credit in respect of share based payments			17 402		**17 402**
Profit attributable to shareholders				1 492 811	**1 492 811**
Dividends distributed				(1 010 068)	**(1 010 068)**
Transfer of reserves			(19 595)	19 595	**–**
Issue of new shares	15	22 265			**22 280**
Balance at 30 June 2008	**2 387**	**2 050 807**	**27 584**	**823 093**	**2 903 871**
Note	11	11	12		

Company	Share capital Company R000	Share premium Company R000	Equity compensation reserve Company R000	Retained earnings/ (accumulated loss) Company R000	**Total Company R000**
Balance at 1 July 2006	2 360	2 016 426	22 788	(39 823)	**2 001 751**
Credit in respect of share based payments			11 774		**11 774**
Profit attributable to shareholders				1 326 232	**1 326 232**
Adjustment in respect of equity compensation reserve			(4 785)	4 785	**–**
Dividends distributed				(970 332)	**(970 332)**
Issue of new shares	12	12 116			**12 128**
Balance at 30 June 2007	2 372	2 028 542	29 777	320 862	**2 381 553**
Credit in respect of share based payments			17 402		**17 402**
Profit attributable to shareholders				1 493 118	**1 493 118**
Dividends distributed				(1 010 068)	**(1 010 068)**
Transfer of reserves			(19 595)	19 595	**–**
Issue of new shares	15	22 265			**22 280**
Balance at 30 June 2008	**2 387**	**2 050 807**	**27 584**	**823 507**	**2 904 285**
Note	11	11	12		

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 12 for further details.

Cash flow statements

For the year ended 30 June 2008

	Note	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Cash flows from operating activities		**1 546 908**	1 555 025	**1 547 292**	1 555 479
Cash generated from operations	25	**2 429 382**	2 156 896	**2 429 646**	2 156 880
Interest income		**95 454**	80 936	**95 454**	80 936
Change in working capital	26	**(265 004)**	(106 316)	**(264 883)**	(105 846)
Change in provisions	16	**35 305**	7 810	**35 305**	7 810
Tax paid	27	**(748 229)**	(584 301)	**(748 230)**	(584 301)
Cash flows utilised in investing activities		**(263 795)**	(211 636)	**(262 582)**	(213 560)
Property, plant and equipment					
– additions to maintain operations		**(264 976)**	(187 562)	**(264 976)**	(187 562)
– disposals proceeds		**2 890**	4 522	**2 890**	4 522
Additions to township development		**(1 707)**	(28 596)	**–**	–
Increase in subsidiary loan				**(494)**	(30 520)
Increase in available-for-sale investment		**(2)**	–	**(2)**	–
Cash flows utilised in financing activities		**(993 277)**	(964 763)	**(993 277)**	(964 763)
Proceeds from issue of shares		**22 280**	12 128	**22 280**	12 128
Dividends paid		**(1 010 068)**	(970 332)	**(1 010 068)**	(970 332)
Increase in investments held by Northam Platinum Restoration Trust Fund		**(2 900)**	(2 527)	**(2 900)**	(2 527)
Increase in investments held by Environmental Contingency Fund		**(2 589)**	(4 032)	**(2 589)**	(4 032)
Net increase in cash and cash equivalents		**289 836**	378 626	**291 433**	377 156
Cash and cash equivalents at beginning of year		**1 209 912**	831 286	**1 208 078**	830 922
Cash and cash equivalents at end of year		**1 499 748**	1 209 912	**1 499 511**	1 208 078

Notes to the annual financial statements

For the year ended 30 June 2008

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

1. Key accounting estimates, assumptions and judgments

The preparation of the 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

The nature of the company's operations is such that it is regarded as a single cash generating unit. The company tests whether the operation has suffered any impairment, in accordance with the accounting policy disclosed in Accounting Policy 4.8. The recoverable amount has been determined based on value in use calculations. These calculations require the use of estimates of future commodity prices and exchange rates. These estimates are based on management's interpretation of market forecasts.
The main assumptions include:

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
– long term real platinum price – US$ per ounce	**1 845**	920	**1 845**	920
– long term real exchange rate – US$ = R	**7.80**	7.25	**7.80**	7.25
– long term real discount rate – %	**11.50**	8.50	**11.50**	8.50

1.2 Provisions

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

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
– long term inflation rate for South Africa – %	**9.50**	8.00	**9.50**	8.00
– long term real discount rate – %	**11.50**	8.50	**11.50**	8.50

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 and assets useful life, a process of estimation is required to determine the residual values at year end.

Notes to the annual financial statements

For the year ended 30 June 2008

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

1.4 Lease classification

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependant on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases

Finance lease, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful live of the asset and the lease term.

Operating leases

Leases where all the risks and benefits of ownership of the asset are not substantially transferred to the Group are classified as operating leases.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

2. Property, plant and equipment – group and company

	Mining properties R000	Plant and equipment R000	Decom-missioning asset R000	Motor vehicles R000	Total R000
30 June 2008					
Property, plant and equipment					
– at cost	**263 004**	**3 094 907**	**47 102**	**10 912**	**3 415 925**
– accumulated depreciation	**(102 196)**	**(1 619 746)**	**(6 906)**	**(3 176)**	**(1 732 024)**
	160 808	**1 475 161**	**40 196**	**7 736**	**1 683 901**
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	**172 237**	**1 347 532**	**8 280**	**8 240**	**1 536 289**
– additions	**–**	**260 960**	**–**	**4 016**	**264 976**
– present value of decommissioning asset capitalised (note 14)	**–**	**–**	**34 873**	**–**	**34 873**
– disposals	**–**	**(250)**	**–**	**(3 828)**	**(4 078)**
– depreciation charged for the year	**(11 429)**	**(133 308)**	**(2 957)**	**(1 631)**	**(149 325)**
– depreciation on disposals during the year	**–**	**227**	**–**	**939**	**1 166**
– balance at end of year	**160 808**	**1 475 161**	**40 196**	**7 736**	**1 683 901**

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 6).

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	Plant and equipment R000	Decom-missioning asset R000	Motor vehicles R000	Total R000
30 June 2007					
Property, plant and equipment					
– at cost	263 004	2 834 199	12 229	10 723	3 120 155
– accumulated depreciation	(90 767)	(1 486 667)	(3 949)	(2 483)	(1 583 866)
	172 237	1 347 532	8 280	8 240	1 536 289
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	183 666	1 281 308	8 832	8 095	1 481 901
– additions	–	181 673	–	5 889	187 562
– transfers	–	(64)	–	64	–
– disposals	–	(988)	–	(6 255)	(7 243)
– depreciation charged for the year	(11 429)	(115 429)	(552)	(1 630)	(129 040)
– depreciation on transfers	–	49	–	(49)	–
– depreciation on disposals during the year	–	983	–	2 126	3 109
– balance at end of year	172 237	1 347 532	8 280	8 240	1 536 289

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	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

3. Township development

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Township development comprising 382 residential erven with houses erected thereon in Mojuteng Township, Northam, District of Thabazimbi, which has been acquired in order to assist the Group's employees to acquire affordable housing.	**36 905**	35 198	**–**	–

These properties are registered in the name of the company's subsidiary, Norplats Properties (Pty) Ltd.

4. Subsidiary – investment and loan

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Shares at cost – R100.00 (2007 – R100.00)			**–**	–
Loan advanced			**37 553**	37 059
			37 553	37 059

The loan is unsecured and interest free, has no fixed terms of repayment, and is repayable out of surplus cash funds.

The holding company has undertaken not to call up the loan within the next twelve months.

5. Available-for-sale investment

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Shares held at fair value	**8**	6	**8**	6

The investments, comprising equity investments in various mining industry service organisations, are valued by the directors at R8 280 (2007 – R6 440).

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

6. 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.

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
The balance of the fund comprised:				
– balance at beginning of year	**18 920**	16 393	**18 920**	16 393
– contributions made during the year	**847**	1 002	**847**	1 002
– income earned during the year (note 20)	**2 053**	1 525	**2 053**	1 525
– balance at end of year	**21 820**	18 920	**21 820**	18 920

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

In addition, the company has passed a notarial bond for R27.3 million over certain of of the mine's freehold property in favour of the fund to ensure that the fund will be able to meet future rehabilitation obligations.

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

7. Environmental Guarantee Investment

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
The balance of the fund comprised:				
– balance at beginning of year	**10 311**	6 279	**10 311**	6 279
– contributions made during the year	**3 000**	3 000	**3 000**	3 000
– management fees	**(411)**	(150)	**(411)**	(150)
– income earned during the year (note 20)	**–**	1 182	**–**	1 182
– balance at end of year	**12 900**	10 311	**12 900**	10 311

The Environmental Guarantee Investment policy was issued in terms of the insurance guarantee for R24.0 million (2007 – R24.0 million) – refer note 14.

8. Inventories

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Metals on hand and in transit – at cost	**453 791**	210 964	**453 791**	210 964
Consumable stores – at cost	**51 189**	43 526	**51 189**	43 526
Total inventories at the lower of cost or net realisable value	**504 980**	254 490	**504 980**	254 490

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

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
The amount of write-downs of consumable stores recognised as an expense in cost of sales:	**935**	774	**935**	774

9. Trade and other receivables

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Trade and other receivables comprise:				
– trade receivables	**303 351**	234 933	**303 351**	234 933
– prepayments	**1 376**	1 031	**1 376**	1 031
– other	**54 537**	32 898	**54 466**	32 766
	359 264	268 862	**359 193**	268 730

Trade receivables are unsecured, non-interest-bearing and are generally on 30 day terms. As at 30 June 2008 there were no receivables (2007: R Nil) which were impaired and fully provided for.

The age analysis of trade receivables as at 30 June 2008 is set out in Annexure 1, which forms part of these notes.

10. Cash and cash equivalents

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Cash and cash equivalents comprise:				
– cash at banks and on hand	**128 409**	56 777	**128 172**	54 943
– short term deposits	**1 371 339**	1 153 135	**1 371 339**	1 153 135
	1 499 748	1 209 912	**1 499 511**	1 208 078

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.

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
11. Share capital and share premium				
Authorised				
475 000 000 (2007: 350 000 000) ordinary shares of 1 cent each	**4 750**	3 500	**4 750**	3 500
Issued				
At 1 July 2006 (236 003 500)	**2 360**	2 360	**2 360**	2 360
1 222 500 shares issued during the year for cash on the exercise of share options	**12**	12	**12**	12
At 1 July 2007 (237 226 000)	**2 372**	2 372	**2 372**	2 372
1 461 500 shares issued during the year for cash on the exercise of share options	**15**	–	**15**	–
At 30 June 2008 (238 687 500)	**2 387**	2 372	**2 387**	2 372
Share premium	**2 050 807**	2 028 542	**2 050 807**	2 028 542
	2 053 194	2 030 914	**2 053 194**	2 030 914

During the year the authorised share capital was increased by the creation of 125 000 000 ordinary shares of 1 cent each.

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.

12. Equity compensation reserve

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Opening balance	**29 777**	22 788	**29 777**	22 788
Increase in equity compensation reserve	**17 402**	6 989	**17 402**	6 989
Transfer to retained earnings	**(19 595)**	–	**(19 595)**	–
Closing balance	**27 584**	29 777	**27 584**	29 777

Options are offered at the 30-day 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 five years of the offer date shall lapse.

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

13. Deferred tax liability

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
The principal components of the deferred tax are as follows:				
Deferred tax liabilities				
– property, plant and equipment	**413 178**	386 643	**413 178**	386 643
– metal inventory	**13 225**	9 398	**13 225**	9 398
	426 403	396 041	**426 403**	396 041
Deferred tax assets				
– estimated tax losses available for set-off against future taxable income	–	(44)	–	–
– employee benefits relating to leave pay provisions	**(26 091)**	(16 785)	**(26 091)**	(16 785)
– decommissioning and environmental restoration provisions	**(12 257)**	(3 049)	**(12 257)**	(3 049)
	(38 348)	(19 878)	**(38 348)**	(19 834)
Deferred tax liability	**388 055**	376 163	**388 055**	376 207
The charge in the deferred tax balance is reconciled as follows:				
Deferred tax liability at beginning of year	**376 163**	357 632	**376 207**	357 680
– charge for the year (per note 23)	**11 892**	18 531	**11 848**	18 527
– temporary differences in respect of property plant and equipment	**26 535**	17 616	**26 535**	17 616
– depreciation component included in metals on hand and in transit	**3 827**	1 884	**3 827**	1 884
– estimated tax losses available for set-off against future income reversed	**44**	4	–	–
– temporary difference in respect of employee benefits	**(9 306)**	(2 250)	**(9 306)**	(2 250)
– temporary difference in respect of long-term provisions	**(9 208)**	1 277	**(9 208)**	1 277
Deferred tax liability at end of year	**388 055**	376 163	**388 055**	376 207

14. Long-term provisions

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Provision for decommissioning costs				
– balance at beginning of year	**19 305**	21 872	**19 305**	21 872
– present value of decommissioning asset capitalised (note 2)	**34 873**	–	**34 873**	–
– charged to operating costs (note 18)	–	1 814	–	1 814
– adjustment arising from change in discount rate (note 18)	**(6 815)**	(9 241)	**(6 815)**	(9 241)
– unwinding of discount (note 18)	**2 220**	1 859	**2 220**	1 859
– revisions (note 18)	–	3 001	–	3 001
– balance at end of year	**49 583**	19 305	**49 583**	19 305
Provision for restoration costs				
– balance at beginning of year	**2 444**	3 277	**2 444**	3 277
– adjustment arising from change in discount rate (note 18)	–	(1 428)	–	(1 428)
– unwinding of discount (note 18)	**281**	279	**281**	279
– charged to operating costs (note 18)	**3 550**	316	**3 550**	316
– balance at end of year	**6 275**	2 444	**6 275**	2 444
Environmental rehabilitation obligations at year end	**55 858**	21 749	**55 858**	21 749
Environmental rehabilitation obligation before funding	**55 858**	21 749	**55 858**	21 749
Less: Northam Platinum Restoration Trust Fund (note 6)	**(21 820)**	(18 920)	**(21 820)**	(18 920)
Net present value of unfunded environmental rehabilitation obligations	**34 038**	2 829	**34 038**	2 829

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

14. Long-term provisions *(cont)*

The future value of the environmental rehabilitation obligation will be paid over to the Northam Platinum Restoration Trust Fund (note 6) over the remaining life of the mine, which is currently estimated at 16 years.

The present value of the environmental restoration obligation is determined by applying a pre-tax discount rate of 11.5% (2007: 8.5%) over the remaining life of the mine.

In terms of, inter alia, the Minerals Act, 1991, the company is required to make financial provision for its decommissioning and restoration costs that will be incurred upon the cessation of mining activities*. Financial provision is not, however, required to be made for the decommissioning of certain structures, such as housing, which may have alternative use.

The decommissioning and restoration costs are reviewed on an annual basis, and at the balance sheet date the estimated obligations were as follows:

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Undiscounted decommissioning obligations	**66 239**	60 492	**66 239**	60 492
Undiscounted restoration obligations	**8 383**	7 656	**8 383**	7 656
Total decommissioning and restoration obligation	**74 622**	68 148	**74 622**	68 148
Less: Obligation not requiring financial provision*	**(28 185)**	(25 740)	**(28 185)**	(25 740)
	46 437	42 408	**46 437**	42 408
Less: Funds held by Northam Platinum Restoration Trust Fund (note 6)	**(21 820)**	(18 920)	**(21 820)**	(18 920)
Environmental Guarantee Investment (note 7)	**(12 900)**	(10 311)	**(12 900)**	(10 311)
Total unfunded future rehabilitation obligations	**11 717**	13 177	**11 717**	13 177

The company has procured the issue of an insurance guarantee for R24 million (2007 – R24.0 million) in respect of the unfunded decommissioning and restoration costs.

15. Trade and other payables

Trade and other payables comprise:	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
– trade payables	**127 366**	79 006	**127 366**	79 006
– accruals	**87 362**	73 061	**87 362**	73 061
– other	**14 721**	1 494	**14 647**	1 238
	229 449	153 561	**229 375**	153 305

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

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

16. Short-term provisions

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Provision for leave pay:				
– balance at beginning of year	**57 878**	50 068	**57 878**	50 068
– arising during the year	**80 770**	72 465	**80 770**	72 465
– utilised during the year	**(75 465)**	(64 655)	**(75 465)**	(64 655)
– balance at end of year	**63 183**	57 878	**63 183**	57 878

A provision for leave pay is recognised for the employer's liability for annual leave and associated costs.

The provision for compensated absences is recognised when the employee renders service. The provision is updated on a monthly basis.

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Provision for The Toro Employee Empowerment Fund:				
– balance at beginning of year	**–**	–	**–**	–
– arising during the year	**30 000**	–	**30 000**	–
– utilised during the year	**–**	–	**–**	–
– balance at end of year	**30 000**	–	**30 000**	–

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.

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Total short-term provisions	**93 183**	57 878	**93 183**	57 878

17. Total revenue

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Total revenue comprises:				
– sales revenue	**3 886 137**	3 739 805	**3 886 137**	3 739 805
– investment income (note 20)	**97 507**	83 643	**97 507**	83 643
– sundry revenue	**11 870**	8 477	**11 870**	8 477
	3 995 514	3 831 925	**3 995 514**	3 831 925

18. Operating costs

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Operating costs comprise mining and concentrating costs, excluding depreciation, and consist of the following principal categories:				
– labour	**716 717**	593 080	**716 717**	593 080
– stores	**502 569**	448 700	**502 569**	448 700
– utilities	**110 226**	103 740	**110 226**	103 740
– sundries	**297 862**	218 698	**297 862**	218 698
– provision for decommissioning and restoration costs (note 14)	**(764)**	(3 400)	**(764)**	(3 400)
	1 626 610	1 360 818	**1 626 610**	1 360 818

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	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
18. Operating costs *(cont)*				
Operating costs include the following:				
External auditors remuneration				
– current year	**1 384**	899	**1 325**	840
– prior year adjustment	**38**	22	**35**	22
Internal audit fees				
– current year	**1 885**	962	**1 885**	962
– prior year adjustment	**(702)**	(41)	**(702)**	(41)
Directors' remuneration				
– non executive fees	**1 684**	1 182	**1 684**	1 182
– executive remuneration	**2 256**	5 910	**2 256**	5 910
Share based payment expense	**17 402**	11 774	**17 402**	11 774
Operating lease payments				
– office equipment	**437**	356	**437**	356
– premises	**465**	366	**465**	366

Details of directors' remuneration are contained in the directors' report on page 45.

19. Depreciation

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

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
– mining property	**11 429**	11 429	**11 429**	11 429
– plant and equipment	**133 308**	115 429	**133 308**	115 429
– decommissioning asset	**2 957**	552	**2 957**	552
– vehicles	**1 631**	1 630	**1 631**	1 630
	149 325	129 040	**149 325**	129 040

20. Investment income

Investment income consists of the following:

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
– interest received on cash and cash equivalents	**95 454**	80 936	**95 454**	80 936
Fair value adjustment on investment designated as at fair value through profit and loss				
– growth in Northam Platinum Restoration Trust Fund (note 6)	**2 053**	1 525	**2 053**	1 525
– growth in Environmental Contingency Fund (note 7)	**–**	1 182	**–**	1 182
	97 507	83 643	**97 507**	83 643

21. Sundry income/(expenditure)

Sundry income/(expenditure) is arrived at as follows:

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
– Profit/(loss) on sale of property, plant and equipment	**(22)**	388	**(22)**	388
– currency translation losses	**(9 527)**	(4 707)	**(9 527)**	(4 707)
– other	**(497)**	1 145	**(233)**	1 129
– sundry revenue	**11 870**	8 477	**11 870**	8 477
– rent received	**804**	863	**804**	863
– royalties received from chrome recovery plant	**6 262**	5 079	**6 262**	5 079
– sale of scrap	**2 438**	2 084	**2 438**	2 084
– toll treatment revenue	**48**	451	**48**	451
– dividends received	**2 318**	–	**2 318**	–
	1 824	5 303	**2 088**	5 287

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

22. Expenditure incurred on Booysendal

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Total expenditure incurred				
– project cost	**9 678**	–	**9 678**	–
– transaction cost	**8 291**	–	**8 291**	–
	17 969	–	**17 969**	–

The majority of the expenditure incurred for the Booysendal Project was on the review of the pre-feasibility study that has been performed over the past year.

23. Tax

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Current	**854 148**	756 031	**854 149**	756 031
Deferred (note 13)	**24 863**	18 531	**24 821**	18 527
Current year's tax charge	**879 011**	774 562	**878 970**	774 558
Adjustment to deferred tax liability arising from the change in tax rate (note 13)	**(12 971)**	–	**(12 973)**	–
	866 040	774 562	**865 997**	774 558
The tax charge comprises:				
– mining tax	**610 115**	575 001	**610 115**	575 001
– non mining tax	**26 843**	23 948	**26 845**	23 944
– state's share of profits	**124 629**	55 726	**124 629**	55 726
– adjustment in respect of previous years	**43**	(1 404)	**–**	(1 404)
– adjustment in respect of change in tax rate	**(12 971)**	–	**(12 973)**	–
– secondary tax on companies	**117 381**	121 291	**117 381**	121 291
	866 040	774 562	**865 997**	774 558

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

	%	%	%	%
– South African normal tax	**28.0**	29.0	**28.0**	29.0
– state's Share of Profits	**5.3**	2.7	**5.3**	2.7
– secondary tax on companies	**5.0**	5.8	**5.0**	5.8
	38.3	37.5	**38.3**	37.5
– expenditure disallowed	**0.4**	0.2	**0.4**	0.2
– other	**(1.4)**	(0.7)	**(1.4)**	(0.7)
– tax rate adjustment	**(0.6)**	–	**(0.6)**	–
– prior year adjustments	**–**	(0.1)	**–**	(0.1)
– effective tax rate	**36.7**	36.9	**36.7**	36.9
Amounts which are available for offset against future taxable income				
– calculated losses for which a deferred tax asset has been raised.	**–**	150	**–**	–

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

23. Tax *(cont)*

23.1 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%.

23.2 Mining tax

The current rate of mining tax applicable to the company is 28% (2007: 29%).

23.3 Non-mining tax

Non-mining income is subject to a rate of 28% (2007: 29%).

23.4 Deferred tax

Deferred tax is provided at the statutory rate of 28% (2007: 29%) for all temporary differences.

23.5 Secondary tax on companies

Secondary tax on companies is levied at the rate of 12.5% of net dividends declared up to 1 October 2007 and at 10.0% of net dividends declared thereafter.

23.6 Capital gains tax

Capital gains tax, at an effective rate of 14% (2007:14.5%), is payable on any gains realised on the disposal of investments or mining properties.

24. Earnings per share

Basic earnings per share amounts are calculated dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares of 238 006 682 (2007: 236 746 919) outstanding during the year. Headline earnings per share are based on headline earnings and are reconciled to profit attributable to shareholders as follows:

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Profit attributable to shareholders	**1 492 811**	1 326 244	**1 493 118**	1 326 232
Loss/(profit) on sale of property, plant and equipment	**22**	(388)	**22**	(388)
Tax effect	**(6)**	113	**(6)**	113
Headline earnings	**1 492 827**	1 325 969	**1 493 134**	1 325 957

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.

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

24. Earnings per share *(cont)*

Fully diluted headline earnings per share are based on the profit attributable to shareholders and the average number of potential diluted shares in issue.

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
The number of potential diluted shares are calculated as follows:				
Average number of ordinary shares in issue during the year	**238 006 682**	236 746 919	**238 006 682**	236 746 919
Average number of Northam Share Option Scheme options outstanding during the year	**2 515 744**	3 024 863	**2 515 744**	3 024 863
Average number of potential diluted ordinary shares in issue	**240 522 426**	239 771 782	**240 522 426**	239 771 782

The company's authorised ordinary share capital was increased during the year to 475 000 000 (2007: 350 000 000) ordinary shares of 1 cents each. This was done to allow for the issuing of 121 000 000 shares to Mvelaphanda Equity (Pty) Ltd, a wholly owned subsidiary of Mvelaphanda Resources Limited on 20 August 2008, as payment for the Booysendal Project.

The issuing of the shares will have a dilutive effect on the basic and headline earnings per share.

25. Cash generated from operations

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Profit before taxation	**2 358 851**	2 100 806	**2 359 115**	2 100 790
Adjusted for non-cash items				
– loss/(profit) on disposal of property, plant and equipment	**22**	(388)	**22**	(388)
– depreciation	**149 325**	129 040	**149 325**	129 040
– decrease in long-term provisions	**(764)**	(3 400)	**(764)**	(3 400)
– share based payment expense	**17 402**	11 774	**17 402**	11 774
Interest received	**(95 454)**	(80 936)	**(95 454)**	(80 936)
	2 429 382	2 156 896	**2 429 646**	2 156 880

26. Change in working capital

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Inventories	**(250 490)**	25 882	**(250 490)**	25 882
Trade and other receivables	**(90 402)**	(149 447)	**(90 463)**	(149 758)
Trade and other payables	**75 888**	17 249	**76 070**	18 030
	(265 004)	(106 316)	**(264 883)**	(105 846)

27. Tax paid

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Balance owing at beginning of year	**343 191**	171 461	**343 191**	171 461
Charge per income statement, excluding deferred tax	**854 148**	756 031	**854 149**	756 031
Balance owing at end of year	**(449 110)**	(343 191)	**(449 110)**	(343 191)
	748 229	584 301	**748 230**	584 301

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	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
28. Commitments and contingencies				
Capital Expenditure – plant and equipment				
Authorised but not contracted	**248 699**	179 380	**248 699**	179 380
Contracted	**91 466**	25 712	**91 466**	25 712
Information Technology Outsource Service Providers				
Due within one year	**1 889**	8 851	**1 889**	8 851
Due within two to five years	**–**	1 868	**–**	1 868
Operating lease rentals – office equipment				
Due within one year	**270**	114	**270**	114
Due within two to five years	**191**	31	**191**	31
Operating lease – premises				
Due within one year	**598**	99	**598**	99
Due within two to five years	**1 110**	–	**1 110**	–
Housing development				
Contracted	**16 000**	1 913	**–**	–
Unutilised loan facility granted to subsidiary	**–**	–	**18 000**	–

These commitments will be financed out of operating cash flows.

29. Employee benefits

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
The aggregate earnings and benefits of employees, including directors, were				
– salaries, wages and other benefits	**610 781**	497 506	**610 781**	497 506
– contributions to retirement benefit funds	**53 564**	47 693	**53 564**	47 693
– contributions to health-care funds	**34 970**	36 107	**34 970**	36 107
– share based payment expense	**17 402**	11 774	**17 402**	11 774
– employee empowerment scheme	**30 000**	–	**30 000**	–
	746 717	593 080	**746 717**	593 080
– fees paid to non-executive directors	**1 684**	1 182	**1 684**	1 182
	748 401	594 262	**748 401**	594 262
– Included in salaries, wages and other benefits are the following amounts in respect of retrenchment benefits and termination costs	**151**	5 473	**151**	5 473

The company is in the process of establishing The Toro Employee Empowerment Trust with the objective of attracting, retaining and incetivising qualifying employees through participation in company profits resulting from increased productivity and adherence to safety standards.

The company participates in a number of retirement plans for its eligible employees.

These defined contribution plans are governed by the Pension Funds Act of 1956.

Details of directors' remuneration are contained in the directors' report on page 45.

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

30. 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 arm's length basis apart from an interest free loan provided by the company to Norplats Properties (Pty) Ltd.

Details of transactions and period end balances with those entities identified as related parties are contained in Annexure 2 on page 84.

31. Segmental reporting

The company's primary segment reporting format is by business segment and it's secondary reporting format by geographical location of customers. This reflects the predominant risks and rates of return that affect the company.

Business segment: The directors consider that there is only one business segment and accordingly the disclosures required by IAS 14, Segment Reporting, are given in the income statement, balance sheet and notes thereto. An analysis of sales revenue per metal is contained in the financial review on page 16.

Geographic segment: By location of customers:

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
Segment revenue				
Europe	**1 464 514**	1 222 261	**1 464 514**	1 222 261
Japan	**1 055 075**	1 093 848	**1 055 075**	1 093 848
North America	**972 583**	939 375	**972 583**	939 375
South Africa	**393 965**	484 321	**393 965**	484 321
	3 886 137	3 739 805	**3 886 137**	3 739 805
Segment accounts receivable				
Europe	**81 593**	25 138	**81 593**	25 138
Japan	**120 980**	85 508	**120 980**	85 508
North America	**44 268**	55 217	**44 268**	55 217
South Africa	**112 423**	102 999	**112 352**	102 867
	359 264	268 862	**359 193**	268 730

Trade receivables are non-interest bearing and no provision has been made for doubtful debts.

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

32. Financial risk management objectives and policies

The group's principal financial liabilities, other than derivatives, comprise trade payables and hire purchase contracts, and loans given. The main purpose of these financial liabilities is to raise finance for the group's operations. The group has various financial assets such as trade receivables and cash and short-term deposits, 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.

It is, and has been throughout 2008 and 2007 the group's policy that no trading in derivatives shall be undertaken. The main risks arising from the group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

(a) Foreign currency risk

The group has transactional currency exposures. Such exposure arises from sales in currencies other than the unit's functional currency. All of the group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst 96% of costs are denominated in the unit's functional currency.

The following table demonstrates the sensitivity to a possible change in the US dollar exchange rate, with all other variables held constant, of the group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the group's equity (due to changes in the fair value of forward exchange contracts and net investment hedges):

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
– weakening by 10%	**35 982**	17 392	**35 982**	17 392
– strengthening by 10%	**(35 982)**	(17 392)	**(35 982)**	(17 392)

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

At year end the foreign currency value of items under their respective balance sheet classifications was as follows:

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
– accounts receivable – US$	**30 940**	23 437	**30 940**	23 437
– cash and cash equivalents – US$	**14 422**	1 139	**14 422**	1 139
– accounts payable – €	**748**	1 034	**748**	1 034
Exchange rates at year end				
Rand/Dollar	**7.83**	7.08	**7.83**	7.08
Rand/Euro	**12.33**	9.52	**12.33**	9.52

(b) Commodity price risk

The company 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:

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
– increase of 10%	**35 982**	17 392	**35 982**	17 392
– decrease of 10%	**(35 982)**	(17 392)	**(35 982)**	(17 392)

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

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company

32. Financial risk management objectives and policies *(cont)*

(c) Credit risk
The group trades only with recognised, creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition., receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the group.

With respect to credit risk arising from the other financial assets of the group, which comprise cash and cash equivalents, available for sale financial 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.

(d) Interest rate
The group's exposure to the 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 borrowing and the refinancing of existing borrowings are positioned according to expected movements in interest rates. At the year end, apart from trade and other payables, there were no borrowings.

The following table demonstrates the sensitivity to a reasonably 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). There is no inpact on the group's equity.

	2008 R000 Group	2007 R000 Group	2008 R000 Company	2007 R000 Company
– increase of 1%	**14 997**	12 099	**14 997**	12 099
– decrease of 1%	**(14 997)**	(12 099)	**(14 997)**	(12 099)

(e) Fair value
Management is of the opinion that the book value of financial instruments approximates fair value, except for the loan to subsidiary which is stated at cost.

(f) 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 apart from trade accounts payable which are due within 30 days.

(g) 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. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2008 and 30 June 2007.

(h) Categories of financial instruments
The various categories of financial instruments are set out in Annexure 1, which form part of these notes.

Annexure 1

Analysis of financial instruments at 30 June 2008

		Available for sale		Loans and receivables	
		Year ended 30 June 2008 R000	Year ended 30 June 2007 R000	**Year ended 30 June 2008 R000**	Year ended 30 June 2007 R000
a)	Categories of financial instruments – group				
	Available-for-sale investments	**8**	6		
	Investments held by Northam Platinum Restoration Trust Fund				
	Environmental Guarantee Investment				
	Trade and other accounts receivable			**324 016**	236 763
	Cash and cash equivalents			**1 499 748**	1 209 912
	Trade and other accounts payable				
		8	6	**1 823 764**	1 446 675
	Categories of financial instruments – company				
	Available for sale investments	**8**	6		
	Investments held by Northam Platinum Restoration Trust Fund				
	Environmental Guarantee Investment				
	Trade and other accounts receivable			**323 945**	236 763
	Cash and cash equivalents			**1 499 511**	1 208 078
	Trade and other accounts payable				
		8	6	**1 823 456**	1 444 841

b) Trade and other receivables – group and company

The table below summarises the maturity profile of the company and group's trade receivable as at 30 June 2008:

	"Neither past due nor impaired"		< 30 days	
	Year ended 30 June 2008 R000	Year ended 30 June 2007 R000	**Year ended 30 June 2008 R000**	Year ended 30 June 2007 R000
Trade receivables	**358 553**	268 282	**655**	423

	Assets fair valued through profit and loss		Financial liabilities at amortised cost		Non-financial instruments		Total	
	Year ended 30 June 2008 R000	Year ended 30 June 2007 R000	**Year ended 30 June 2008 R000**	Year ended 30 June 2007 R000	**Year ended 30 June 2008 R000**	Year ended 30 June 2007 R000	**Year ended 30 June 2008 R000**	Year ended 30 June 2007 R000
							8	6
	21 820	18 920					**21 820**	18 920
	12 900	10 311					**12 900**	10 311
					35 248	32 099	**359 264**	268 862
							1 499 748	1 209 912
			(229 449)	(153 561)			**(229 449)**	(153 561)
	34 720	29 231	**(229 449)**	(153 561)	**35 248**	32 099	**1 664 291**	1 354 450
							7	7
	21 820	18 920					**21 820**	18 920
	12 900	10 311					**12 900**	10 311
					35 248	31 967	**359 193**	268 730
							1 499 511	1 208 078
			(229 375)	(153 305)			**(229 375)**	(153 305)
	34 720	29 231	**(229 375)**	(153 305)	**35 248**	31 967	**1 664 057**	1 352 740

	30 – 60 days		60 – 90 days		> 90 days		Total	
	Year ended 30 June 2008 R000	Year ended 30 June 2007 R000	**Year ended 30 June 2008 R000**	Year ended 30 June 2007 R000	**Year ended 30 June 2008 R000**	Year ended 30 June 2007 R000	**Year ended 30 June 2008 R000**	Year ended 30 June 2007 R000
	53	–	**3**	4	**–**	153	**359 264**	268 862

Annexure 2

For the year ended 30 June 2008

Related party transactions

Name of entity	Basis of identification as a related party	Related director	Nature of services provided
Anglo Platinum Limited	Major shareholder and common directors	R Havenstein, R Mills and N M Mbazima (Notes 1 and 2)	Sales of by-products - nickel and cobalt
			Supply of internal audit services
			Toll treatment of concentrates
ABSA Group Limited	Common directorship	T M G Sexwale (Note 3)	Treasury operations – investment of surplus cash funds
			Treasury operations – sale of export proceeds
GigimaAst Group Limited	Common directorship	N J Dlamini	Maintenance of computer systems
Gold Fields Training Services (Proprietary) Limited	Common directorship	T M G Sexwale, director of holding company (Note 3)	Supply of training services
J I C Mining Services (Proprietary) Limited	Common directorship	T M G Sexwale and M J Willcox directors of holding company (Notes 3 and 4)	Supply of consumable stores
Mvelaphanda Resources Limited	Major shareholder and common directors	M E Beckett, T M G Sexwale, B R van Rooyen, M J Willcox and P L Zim (Notes 3 and 4)	Reimbursement of expenses
Protea Aviation Services (Proprietary) Limited	Common directorship	T M G Sexwale and M J Willcox directors of holding company (Notes 3 and 4)	Transport of products
Protea Security Services (2000) (Proprietary) Limited	Common directorship	T M G Sexwale and M J Willcox directors of holding company (Notes 3 and 4)	Supply of security services
Trollope Mining Services (2000) (Proprietary) Limited	Common diectorship	T M G Sexwale and M J Willcox directors of holding company (Notes 3 and 4)	Transport of waste and hire of plant
Key management personel			
Non-executive directors' fees			See Directors' Report page 45
Executive directors remuneration			
G T Lewis			Remuneration Performance bonus Contribution to retirement fund Other benefits Gain on exercise of share options
			See Directors' Report page 45 Equity compensation charge
Senior management remuneration			Remuneration Performance bonus Contribution to retirement fund Other benefits Equity compensation charge

Notes

Note 1. Mr Havenstein resigned as a director of Anglo Platinum Limited on 31 August 2007.
Note 2. Mr Mills resigned as a director of the company on 16 September 2007.
Note 3. Mr T M G Sexwale resigned as a director of the company on 20 April 2007.
Note 4. Mr M J Willcox resigned as a director of the company on 13 August 2007.

Where charged/ (credited) in income statement:	Charged/(credit) to income statement		Year end balance		Year end balance included in:
	2008 R000	2007 R000	**2008 R000**	2007 R000	
Sales revenue	**(13 254)**	(166 799)	**14 861**	14	Accounts receivable
Operating costs – sundries	**194**	962	**–**	962	Accounts payable
Net sundry revenue	**–**	(451)	**–**	–	Accounts receivable
n/a	**–**	–	**–**	355 000	Cash and cash equivalents
Investment income	**–**	(18 365)	**–**	6 411	Accounts receivable
Sales revenue	**–**	–	**–**	–	n/a
Operating costs – sundries	**425**	2 313	**2 313**	–	Accounts payable
Operating costs – sundries	**3 211**	1 274	**–**	9	Accounts payable
Operating costs – stores	**–**	4	**–**	–	Accounts payable
Operating costs – sundries	**108**	182	**–**	–	n/a
Refining and other costs	**156**	999	**–**	56	Accounts payable
Operating costs – sundries	**1 166**	7 971	**–**	–	Accounts payable
Operating costs – sundries	**2 544**	9 622	**–**	1 214	Accounts payable
Operating costs – sundries	**1 684**	1 182			
Operating costs – labour	**1 785**	1 525			
Operating costs – labour	**235**	212			
Operating costs – labour	**223**	190			
Operating costs – labour	**13**	20			
	–	3 963			
	2 256	5 910			
Operating costs – labour	**1 987**	1 232			
	4 243	7 142			
Operating costs – labour	**7 499**	7 241			
Operating costs – labour	**945**	704			
Operating costs – labour	**937**	905			
Operating costs – labour	**506**	1 189			
Operating costs – labour	**7 504**	4 915			
	17 391	14 954			

Annexure 3

Analysis of options held as at 30 June 2008

Grant date	14 Oct 2003	14 Oct 2004	24 Oct 2005	23 Oct 2006	22 Oct 2007	**Total**
Earliest exercise date	14 Oct 2005	14 Oct 2006	24 Oct 2007	23 Oct 2008	22 Oct 2009	
Expiry date	13 Oct 2008	13 Oct 2009	23 Oct 2010	22 Oct 2011	21 Oct 2012	
Exercise price – cents	1 060	830	1 700	3 845	4 800	
Balance at 30 June 2007	22 000	642 500	1 812 500	2 177 500	–	**4 654 500**
New options granted during the year	–	–	–	–	2 202 500	**2 202 500**
Options forfeited during the year	–	–	(155 000)	(420 000)	(260 000)	**(835 000)**
Options exercised during the year	(22 000)	(550 000)	(799 500)	(45 000)	(45 000)	**(1 461 500)**
Month						
July	–	–	–	–	–	–
August	–	–	–	–	–	–
September	(8 000)	–	–	–	–	**(8 000)**
October	–	(307 500)	(252 500)	–	–	**(560 000)**
November	–	(72 500)	(185 000)	–	–	**(257 500)**
December	–	–	(94 500)	–	–	**(94 500)**
January	–	–		–	–	–
February	(14 000)	(152 500)	(171 500)	–	–	**(338 000)**
March	–	(17 500)	(51 000)	–	–	**(68 500)**
April	–	–	(22 500)	(45 000)	(45 000)	**(112 500)**
May	–	–	–	–	–	–
June	–	–	(22 500)	–	–	**(22 500)**
Balance at 30 June 2008	–	92 500	858 000	1 712 500	1 897 500	**4 560 500**
Total consideration received R000	233	4 565	13 592	1 730	2 160	**22 280**
Details of options granted to directors – G T Lewis						
Balance at 1 July 2007	–	75 000	187 500	187 500	–	**450 000**
New options granted during the year	–	–	–	–	187 500	**187 500**
Options exercised during the year	–	–	–	–	–	–
Balance at 30 June 2008	–	75 000	187 500	187 500	187 500	**637 500**

No options were exercised by directors. The valuation of options was performed by an independent third party.

Notice of annual general meeting

Date: 6 November 2008
Time: 10:00
Venue: The Auditorium, Hackle Brooke, Corner of Jan Smuts Avenue and Conrad Drive, Craighall, Johannesburg

Notice is hereby given that the annual general meeting of members of Northam Platinum Limited will be held in The Auditorium, Hackle Brooke, corner of Jan Smuts Avenue and Conrad Drive, Craighall, Johannesburg on Thursday, 6 November 2008 at 10:00 for the following purposes:

1 Annual financial statements

To receive and consider the annual financial statements for the year ended 30 June 2008.

2 Election of directors

To elect directors in place of Dr N J Dlamini, Ms E T Kgosi and Mr R Havenstein who retire in accordance with the provisions of the company's articles of association and, being eligible and available, have offered themselves for election and re-appointment. Brief curricula vitae appear on page 30 of the annual report of which this notice forms part.

3 Increase in directors' fees

To consider the proposed increase in the fees paid to non-executive directors for their services as such, as set out on page 44 of the annual report of which this notice forms part, and accordingly, if deemed fit, to pass the following resolution as an ordinary resolution:

"RESOLVED that in terms of article 51 of the company's articles of association, the following fees be payable to the non-executive directors of the company with effect from 1 July 2008:

Board

Board chairman – R80 000 per annum.
Board members – R40 000 per annum.
Board meeting attendance fees – R26 000 per meeting.

Board appointed committees

Committee chairmen – R30 000 per annum.
Committee members – R15 000 per annum.
Committee meeting attendance fees – R10 000 per meeting."

4 Adoption of new articles of association

To consider proposed amendments to the company's articles of association and accordingly, if deemed fit, to pass the following resolution as a special resolution:

Special resolution number 1

"RESOLVED, as a special resolution, that the draft amended articles of association of Northam Platinum Limited, as tabled at this meeting and signed by the chairman of the meeting for purposes of identification, be and are hereby adopted as the new articles of association of the company."

The reason for this special resolution is to incorporate into the articles of association the amendments previously approved by shareholders, to effect the necessary amendments pursuant to and in line with the recent amendments to the Listings Requirements of the JSE Limited (JSE), and in addition to make certain amendments of an administrative nature, including:

- The definition of HDP;
- Quorum at a general meeting;
- The electronic distribution of notices and annual financial statements to shareholders.
- Directors' meetings;
- Directors' interests;
- *Pro rata* allotment of securities.

The effect of the special resolution is that the articles will be suitably amended to incorporate into the articles of association the amendments previously approved by shareholders, to effect the necessary amendments pursuant to and in line with the recent amendments to the Listings requirements of the JSE Limited (JSE) and in addition to make certain amendments of an administrative nature, including:

- The definition of HDP;
- Quorum at a general meeting;
- The electronic distribution of notices and annual financial statements to shareholders.
- Directors' meetings;
- Directors' interests;
- *Pro rata* allotment of securities.

A copy of the proposed amended articles of association may be inspected at the company's registered office during normal working hours on any business day between the date of notice of this meeting and the holding of the meeting.

5 Placement of unissued shares under the control of the directors

To place the authorised but unissued shares in the capital of the company, other than those unissued shares reserved for purposes of the Northam Share Option Scheme, under the control of the directors in

Notice of annual general meeting

terms of and subject to the provisions of the Companies Act, as amended, and the Listings Requirements of the JSE and accordingly, if deemed fit, to pass the following resolution as an ordinary resolution:

"RESOLVED, as an ordinary resolution, that the authorised but unissued shares of 1 cent each in the capital of the company, other than the 11 550 000 shares reserved for the purposes of the Northam Share Option Scheme, be and are hereby placed under the control of the directors of the company and, further, that the directors be and are hereby authorised and empowered to allot and issue all or any of these shares upon such terms and conditions as they may determine or deem fit, subject to the provisions of the Companies Act, 1973 (Act 61 of 1973), as amended, and the Listings Requirements of the JSE Limited."

6 Payments to shareholders

To consider a proposal that the general authority granted to the directors to make payments to shareholders be renewed and accordingly, if deemed fit, to pass the following resolution as an ordinary resolution:

"RESOLVED, as an ordinary resolution, that in terms of the Listings Requirements of the JSE Limited (JSE) and subject to the requirements of section 90 of the Companies Act, 1973 (Act 61 of 1973), as amended, the directors of the company be and are hereby given a renewable general authority to make payments to shareholders subject to the following conditions namely:

1. That the directors be and are authorised and empowered to make payments to shareholders from time to time up to a maximum of 20% of the company's issued share capital, including reserves but excluding minority interests, and re-valuations of assets and intangible assets that are not supported by a valuation by an independent professional expert acceptable to the JSE prepared within the last six months, in any one financial year, measured as at the beginning of such financial year; and

2. That this general authority to make payments to shareholders be valid until the company's next annual general meeting or for 15 months from the date of this resolution, whichever period is the shorter."

   The purpose of this general authority is to enable the company's directors to return certain excess cash resources to shareholders on a pro rata basis.

7 Acquisition of company's own shares

To consider a proposal that the company, or a subsidiary of the company, be authorised and empowered to purchase the company's own shares and accordingly, if deemed fit, to pass the following resolution as a special resolution:

Special resolution number 2

"RESOLVED, as a special resolution, that a mandate be and is hereby given to the company (or one of its wholly-owned subsidiaries) providing authorisation, by way of a general approval, to acquire the company's own shares, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the provisions of the Companies Act, 1973 (Act 61 of 1973), as amended, and the Listings Requirements of the JSE Limited (JSE), and subject further to the following terms and conditions:

1. Any acquisition of shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter-party; (reported trades are prohibited).

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

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

4. The acquisition of shares will not take place during a closed period and will not affect compliance with the shareholder spread requirements as laid down by the JSE;

5. An announcement shall be published as soon as the company has cumulatively acquired 3% of the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of

securities and for each 3% in aggregate of the initial number of that class acquired thereafter, containing full details of such acquisitions;

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

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

The reason for the special resolution is, and the effect thereof will be to grant, in terms of the provisions of the Companies Act, 1973 (Act 61 of 1973), as amended, and the Listings Requirements of the JSE, and subject to the terms and conditions embodied in the said special resolution, a general authority to the directors to approve the acquisition by the company of its own shares, or by a subsidiary of the company of the company's shares, which authority shall be used by the directors at their discretion during the course of the period so authorised.

In respect of the general authorities to be granted in terms of the ordinary resolution set out under 6 and the special resolution set out under 7 on page 88, the directors will not undertake either of these activities until such time as they have obtained a confirmation in writing from the company's sponsor that it is satisfied that the company's working capital will be adequate for such purposes. The directors are currently of the opinion that, after considering the effect of the maximum general repayment permitted and the maximum repurchase permitted, and for a period of 12 months after the date of this annual general meeting:

- the company and the group will be able, in the ordinary course of business, to pay their debts;
- the assets of the company and the group will be in excess of the liabilities of the company and the group, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;
- the working capital of the company and the group will be adequate for ordinary business purposes; and
- the share capital and reserves of the company and the group are adequate for ordinary business purposes.

In terms of the Listings Requirements of the JSE, certain disclosures are required with reference to the proposed granting of the general authorities in respect of the payments to shareholders and the acquisition of the company's own shares, as set out in the relevant resolutions under headings 6 and 7 above.

The following disclosures are contained elsewhere in this annual report of which this notice forms part ("this annual report"):

Directors and management – see pages 30 and 31;

Major shareholders of the company – see page 47;

Directors' interests in the company's securities – see page 46;

Share capital – see page 41;

Directors' intention regarding the use of the general authorities to acquire shares and make payments to shareholders – see pages 41 and 42.

In addition, the following disclosures are required:

Litigation statement

The directors of the company, whose names appear on page 30 of this annual report, are not aware of any legal or arbitration proceedings, pending or threatened against the company, which may have or have had, in the 12 months preceding the date of this notice, a material effect on the company's financial position.

Directors' responsibility statement

The directors, whose names appear on page 30 of this annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the resolutions set out under the headings 6 and 7 above and certify that to the best of their knowledge and belief that there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the said resolutions contain all information required by law and the Listing Requirements of the JSE Limited.

Material change

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

All members who are entitled to attend, speak and vote at the meeting may appoint one or more proxies to attend, speak and vote in their stead.

A proxy need not be a member of the company.

Should members, both certificated and dematerialised, be unable to attend the meeting and wish to be represented thereat, they should appoint one or more proxies to attend, speak and vote in their stead.

However, those shareholders who hold their certificated shares in the name of a nominee or shareholders who have already dematerialised their shares and have not selected own name registration and wish to attend the meeting, should timeously arrange with their nominee or their Central Securities Depository Participant (CSDP) or their broker to furnish them with the necessary authorisation to attend and vote at the meeting. Should these shareholders not wish to attend they may, pursuant to the terms of the agreement entered into with their nominee, CSDP or broker, instruct such nominee, CSDP or broker how they wish their votes to be cast in respect of any matter to be considered at the meeting.

Shareholders who are unsure of their status, or the action they should take, are advised to consult their CSDP, broker or financial adviser.

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

By order of the board

S J van der Spuy
Company secretary
Johannesburg

18 September 2008

Form of proxy

To be completed by registered certificated shareholders and dematerialised shareholders with own name registration only

Northam Platinum Limited
(Registration No 1977/003282/06) (Incorporated in the Republic of South Africa)
(JSE code: NHM; ISIN: ZAE 000030912) ("Northam" or "the company")

For use in respect of the annual general meeting to be held in the Auditorium, Hackle Brooke, corner of Jan Smuts Avenue and Conrad Drive, Craighall, Johannesburg on Thursday, 6 November 2008 at 10:00.

Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the annual general meeting or the shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We (Full names in block letters)

Telephone (work) Telephone (home)

being the holder(s) of ordinary shares in the company, appoint (see note 1):

1. or failing him/her,

2. or failing him/her,

3. the chairman of the annual general meeting, as my/our proxy to act on my/our behalf at the annual general meeting which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof and to vote for or against the ordinary resolution and special resolutions or to abstain from voting in respect of the Northam ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 2):

	Number of votes (one vote per Northam ordinary share)		
Resolutions	**For**	**Against**	**Abstain**
Ordinary resolution number 1 – election of Dr N J Dlamini as a director			
Ordinary resolution number 2 – election of Ms E T Kgosi as a director			
Ordinary resolution number 3 – election of Mr R Havenstein as a director			
Ordinary resolution number 4 – increase in directors' fees			
Special resolution number 1 – adoption of new articles of association			
Ordinary resolution number 5 – placement of the authorised but unissued share capital under the control of the directors			
Ordinary resolution number 6 – payments to shareholders			
Special resolution number 2 – acquisition of the company's own shares			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.)

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak, and on a poll, vote in place of that shareholder at the general meeting.

Signed at on 2008

Signature(s) Capacity

Please read the notes on the reverse side hereof.

Notes:

1. A member may insert the name of a proxy or the names of two alternate proxies of the member's choice in the space(s) provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. A member should insert an "X" in the relevant space according to how he/she wishes his/her votes to be cast. However, if a member wishes to cast a vote in respect of a lesser number of Northam ordinary shares than he/she owns in the company, he/she should insert the number of Northam ordinary shares held in respect of which he/she wishes to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of all the member's votes exercisable at the general meeting. A member is not obliged to use all the votes exercisable by the member, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the member.

3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such member wish to so do.

4. The chairman of the annual general meeting may reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.

5. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the general meeting or the shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

6. Any alteration to this form of proxy, other than the deletion of alternatives,must be signed, not initialled, by the signatory/ies.

7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the company or waived by the chairman of the general meeting.

8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her capacity are produced or have been recorded by the company.

9. Where there are joint holders of shares:

   - any one holder may sign the form of proxy; and

   - the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the company's register of members, will be accepted.

10. Forms of proxy should be lodged at or posted to the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) so as to be received by no later than 10:00 on Tuesday, 4 November 2008.