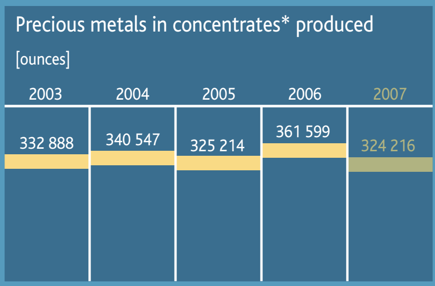
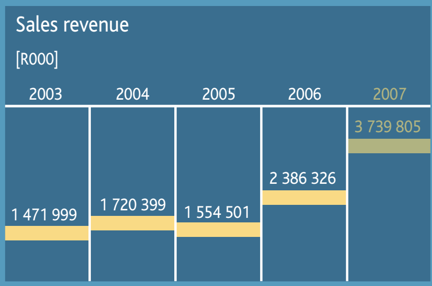
NORTHAM

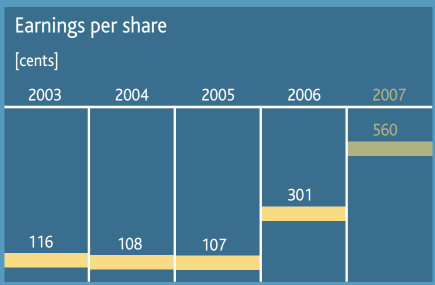
ANNUAL REPORT

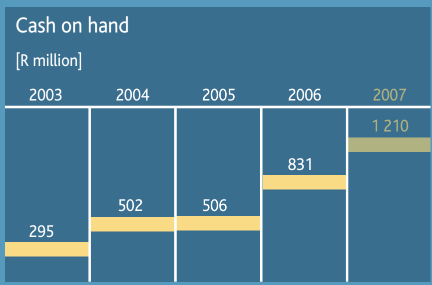
2007

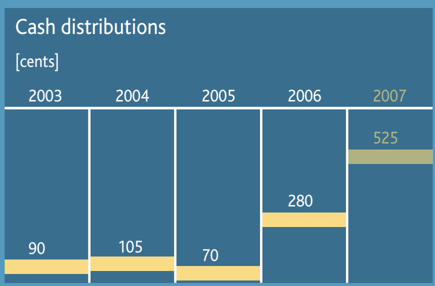
Investor information

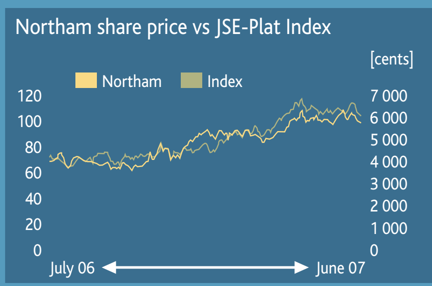




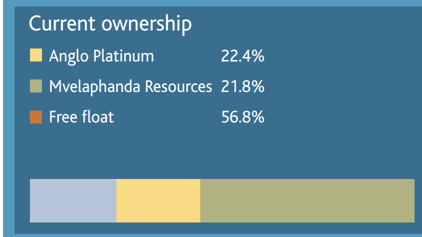


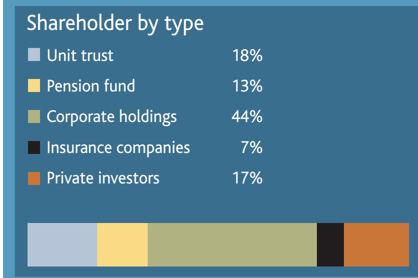


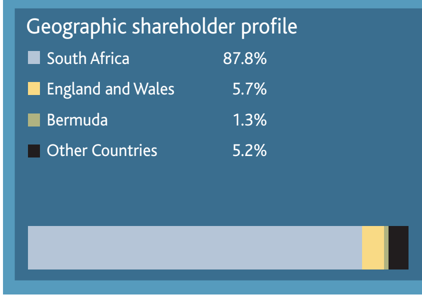




Shareholder analysis







Key features

- Record PGM market conditions sustained
- Year on year rand basket price received increased by 57% to R297 292/kg
- Sales revenues up by 57% at R3.7bn
- 88% rise in attributable earnings to R1.3bn
- 86% increase in headline earning to 560 cps
- Cash reserves of R1.2bn, 45% higher year on year
- Total dividend in respect of the the year at 525 cps (F2006: 280 cps)
- Excellent progress in building up to local refining targets with a growing percentage of Northam's platinum and palladium now being refined at Heraeus SA in Port Elizabeth

Contents

Shareholder diary

Annual general meeting	29 November 2007
Interim report published:	February 2008
Interim dividend declared:	February*
Interim dividend paid:	March*
Financial year end:	30 June
Preliminary annual results published:	August
Final dividend declared	August 2008*
Final dividend paid	September 2008*

**indicative*

Key financial ratios

Operating margin:	53.8%
Return on shareholders' equity:	60.5%
Return on total assets:	39.8%
Compounded return over five years:	32.3%

Listing data

Share code:	NHM
Listing:	JSE Limited
JSE sector:	Platinum
Shares in issue at year end:	237 226 000
Market cap at year end:	R13.3 bn
Share price high:	6 090 cents
Share price low:	3 490 units

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

Ten year financial review

	2007 R000	2006* R000	2005* R000	2004 R000	2003 R000	2002 R000	2001 R000	2000 R000	1999 R000	1998 R000
Income statement										
Sales revenue	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	539 279
Cost of sales	1 727 945	1 372 727	1 280 405	1 335 217	1 093 908	976 905	780 433	691 925	596 285	547 449
Operating costs	1 360 818	1 240 320	1 118 906	1 061 171	1 011 664	804 870	732 758	586 938	525 797	475 168
Concentrates purchased	106 447	–	20 075	14 632	–	–	–	–	–	–
Refining and other costs	91 816	59 520	57 222	60 569	68 549	41 394	29 601	32 068	35 742	32 227
Leased metal costs	–	–	–	(14 149)	14 149	–	–	–	–	–
Depreciation and impairments	129 040	114 713	103 646	97 527	89 059	99 451	86 999	59 474	55 302	65 940
Change in metal inventories	39 824	(41 826)	(19 444)	115 467	(89 513)	31 190	(68 925)	13 445	(20 556)	(25 886)
Operating profit	2 011 860	1 013 599	274 096	385 182	378 091	583 780	787 450	360 028	123 212	(8 170)
Investment income	83 643	39 700	29 623	38 174	64 140	52 023	39 714	27 199	17 908	4 348
Net sundry income/ (expenditure)	5 303	19 820	75 367	(36 392)	23 946	20 793	4 256	(1 591)	(1 980)	2 542
Profit before tax and exceptional items	2 100 806	1 073 119	379 086	386 964	466 177	656 596	831 420	385 636	139 140	(1 280)
Exceptional items	–	–	–	–	–	–	–	–	15 262	–
Profit before tax	2 100 806	1 073 119	379 086	386 964	466 177	656 596	831 420	385 636	123 878	(1 280)
Tax	774 562	367 555	128 440	136 869	198 601	259 121	308 143	122 817	(15 589)	(28 488)
Profit attributable to shareholders	1 326 244	705 564	250 646	250 095	267 576	397 475	523 277	262 819	139 467	27 208
Headline earnings	1 325 969	705 350	250 661	249 960	267 223	405 071	538 134	262 819	150 150	27 208
Balance sheet										
Property, plant and equipment	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	944 586
Deferred tax	–	–	–	–	–	–	–	166 485	271 511	253 904
Other non current assets	64 435	29 280	17 554	12 744	10 645	8 741	7 310	6 040	4 953	6 280
	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	1 204 770
Current assets	1 733 264	1 231 073	835 187	804 015	747 907	1 038 062	882 506	661 781	398 161	254 859
Inventories	254 490	280 372	246 302	223 187	339 156	249 252	284 214	212 596	210 414	190 619
Accounts receivable	268 862	119 415	83 003	79 206	113 776	57 497	54 083	70 760	31 805	28 635
Cash and cash equivalents	1 209 912	831 286	505 882	501 622	294 975	731 313	544 209	378 425	155 942	35 605
Total assets	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	1 459 629
Shareholders' equity	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	1 356 693
Deferred tax	376 163	357 632	325 298	332 395	330 323	249 103	69 723	–	–	–
Non–current liabilities and provisions	21 749	25 149	22 556	15 151	11 442	9 393	8 179	6 835	29 514	49 587
Current liabilities	554 630	357 841	296 587	241 336	235 482	145 173	107 634	112 138	68 169	53 349
Total equity and liabilities	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	1 459 629
Cash flow statement										
Operating cash flow	1 555 025	852 501	381 700	512 808	390 040	747 481	800 873	423 098	169 455	42 629
Investing cash flow	(211 636)	(212 045)	(133 708)	(118 496)	(172 171)	(87 575)	(167 325)	(343 389)	(11 318)	(32 843)
Financing cash flow	(964 763)	(315 052)	(243 732)	(187 665)	(654 207)	(472 802)	(467 764)	142 774	(37 800)	4 254
Dividends paid	(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	5 569	58 828	(600)	(2 077)	4 848	140	(7 082)	216 412	(19 397)	4 254
Net cash flow	378 626	325 404	4 260	206 647	(436 338)	187 104	165 784	222 483	120 337	14 040
Cash and cash equivalents at beginning of year	831 286	505 882	501 622	294 975	731 313	544 209	378 425	155 942	35 605	21 565
Cash and cash equivalents at end of year	1 209 912	831 286	505 882	501 622	294 975	731 313	544 209	378 425	155 942	35 605

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

Ten year statistical review

	2007	2006[+]	2005[+]	2004	2003	2002	2001	2000	1999	1998
Operating performance										
Merensky										
Tonnes milled	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	1 740 000
Head grade – g/tonne (3PGEs + Au)	5,6	6.1	6.2	6.0	5.9	6.1	5.8	6.0	6.1	6.2
UG2										
Tonnes milled	928 149	878 924	715 946	691 353	636 717	643 286	371 374	–	–	–
Head grade – g/tonne (3PGEs + Au)	4.4	4.5	4.4	4.3	4.0	3.8	3.9	–	–	–
Combined										
Tonnes milled	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	1 740 000
Head grade – g/tonne (3PGEs + Au)	5.1	5.5	5.6	5.5	5.3	5.3	5.4	6.0	6.1	6.2
Precious metals in concentrates produced – kg[+]	10 087	11 247	10 115	10 592	10 354	8 458	8 725	8 372	9 197	8 977
Precious metals in concentrates purchased – kg[+]	404	–	–	–	–	–	–	–	–	–
Precious metals sold – kg*	10 703	11 285	9 922	11 733	9 174	8 944	8 306	9 331	9 222	8 764
Revenue – R/kg	297 292	189 286	137 517	130 874	145 273	160 367	172 733	100 701	70 502	54 656
Operating costs – R/kg*	148 872	120 475	120 862	109 392	106 309	105 587	92 751	70 110	57 170	55 081
Cash operating costs – R/kg	135 248	109 441	110 005	99 532	96 880	94 861	83 750	67 366	56 431	53 068
Precious metals in concentrates produced – oz[+]	324 296	361 599	325 214	340 547	332 888	271 931	280 516	269 156	295 695	288 617
Precious metals in concentrates purchased – oz[+]	12 989	–	–	–	–	–	–	–	–	–
Precious metals sold – oz	344 101	362 821	318 992	377 239	294 947	287 546	267 042	299 997	296 501	281 769
Price realised – US$/oz	1 288	918	686	597	498	497	705	492	364	379
Operating costs – US$/oz	643	586	607	493	365	325	379	343	295	382
Cash operating costs – US$/oz	584	532	552	449	333	292	342	329	291	368
Sales per metal – oz										
Platinum	212 484	221 580	196 056	236 792	179 108	177 580	168 294	188 597	189 404	176 324
Palladium	96 888	109 721	94 420	108 648	89 086	86 758	79 558	88 690	85 222	82 739
Rhodium	28 180	24 085	22 093	23 849	20 744	17 325	13 295	15 565	14 770	15 662
Gold	6 549	7 435	6 423	7 950	6 009	5 883	5 895	7 145	7 105	7 044
Total – 3PGE + Au	344 101	362 821	318 992	377 239	294 947	287 546	267 042	299 997	296 501	281 769
Prices realised – US$/oz										
Platinum	1 206	1 017	855	782	605	491	590	441	359	431
Palladium	342	265	201	216	265	407	773	463	310	260
Rhodium	5 310	3 107	1 338	573	621	1 076	1 952	1 389	727	441
Gold	654	529	424	390	322	292	268	285	285	332
Basket – 3PGE + Au	1 288	918	686	597	498	497	705	492	364	379
Prices realised – R/kg										
Platinum	278 054	210 131	171 186	171 534	175 249	159 696	144 493	90 083	70 050	62 175
Palladium	79 258	54 653	40 287	47 123	79 415	130 256	189 351	94 605	60 384	37 491
Rhodium	1 225 945	635 590	269 687	123 701	183 223	339 741	478 194	283 640	141 727	63 649
Gold	151 337	109 156	84 487	85 892	97 165	96 450	65 781	58 111	55 677	47 950
Basket – 3PGE + Au	297 292	189 286	137 517	130 874	145 273	160 367	172 733	100 701	70 502	54 656
Financial performance										
Operating margin – %	53.8	42.5	17.6	22.4	25.7	37.4	50.2	34.2	17.1	(1.5)
Effective tax rate – %	36.9	34.3	33.9	35.4	42.6	39.5	37.1	31.8	–	–
Return on shareholders' equity – %	60.5	39.2	15.8	16.1	15.7	20.6	27.1	15.6	9.8	2.0
Return on total assets – %	39.8	25.7	11.2	11.5	12.8	17.3	24.3	13.0	8.9	1.9
Current ratio	3.1	3.4	2.8	3.3	3.2	7.2	8.2	5.9	5.8	4.8
Acid ratio	2.2	2.3	1.7	2.1	1.3	5.0	5.1	3.4	2.3	0.7
US Dollar/Rand exchange rate										
– average	7.20	6.39	6.19	6.90	9.05	10.13	7.60	6.35	6.05	4.49
– at year end	7.08	7.14	6.69	6.20	7.57	10.27	8.04	6.77	6.01	5.92
Share performance										
Weighted average number of shares in issue – 000	236 747	233 704	231 578	231 540	231 313	230 744	230 311	203 283	184 036	184 032
Number of shares at year end – 000	237 226	236 003	231 969	231 544	231 539	230 915	230 565	230 147	184 060	184 032
Operating cash flow per share – cents	656.8	364.8	164.8	221.5	168.6	323.9	347.7	208.1	92.1	23.2
Earnings per share – cents	560.2	301.9	108.2	108.0	115.7	172.3	227.2	129.3	75.8	14.8
Headline earnings per share – cents	560.1	301.9	108.2	108.0	115.5	175.5	233.7	129.3	81.6	14.8
Dividends per share – cents	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	1.1	1.1	1.5	1.0	1.3	1.0	1.0	1.1	3.3	–
Net assets value per share – cents	1 004.0	848.0	689.0	684.0	655.0	820.0	852.0	826.0	803.0	737.0
Share price (cents)										
– high	6 090	3 800	1 280	1 345	2 210	2 000	1 860	950	640	340
– low	3 490	1 240	775	825	955	1 000	765	455	175	130
– at year end	5 600	3 784	1 260	890	1 230	1 665	1 525	780	484	268
Platinum sector index at year end	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	5 900.0
Compounded return over 5 years – %	34.6	25.5	21.6	29.2	49.5	58.3	32.0	10.0	(2.7)	(29.4)
Average monthly volume of shares traded – 000	12 339	5 542	5 384	4 916	4 906	8 014	11 054	6 735	1 909	901
Annual liquidity (%)	62.5	28.5	27.9	25.5	25.5	41.7	57.6	39.8	12.4	5.9

[+]*Financial figures restated*

Profile

Northam Platinum Limited (Northam) wholly owns and operates the Northam platinum mine located at the upper end of the western limb of the Bushveld Complex and has recently signalled its intent to acquire 100% of the Booysendal platinum project which is underlain by a large and well-defined platinum group minerals-bearing orebody on the eastern limb of the Bushveld Complex.

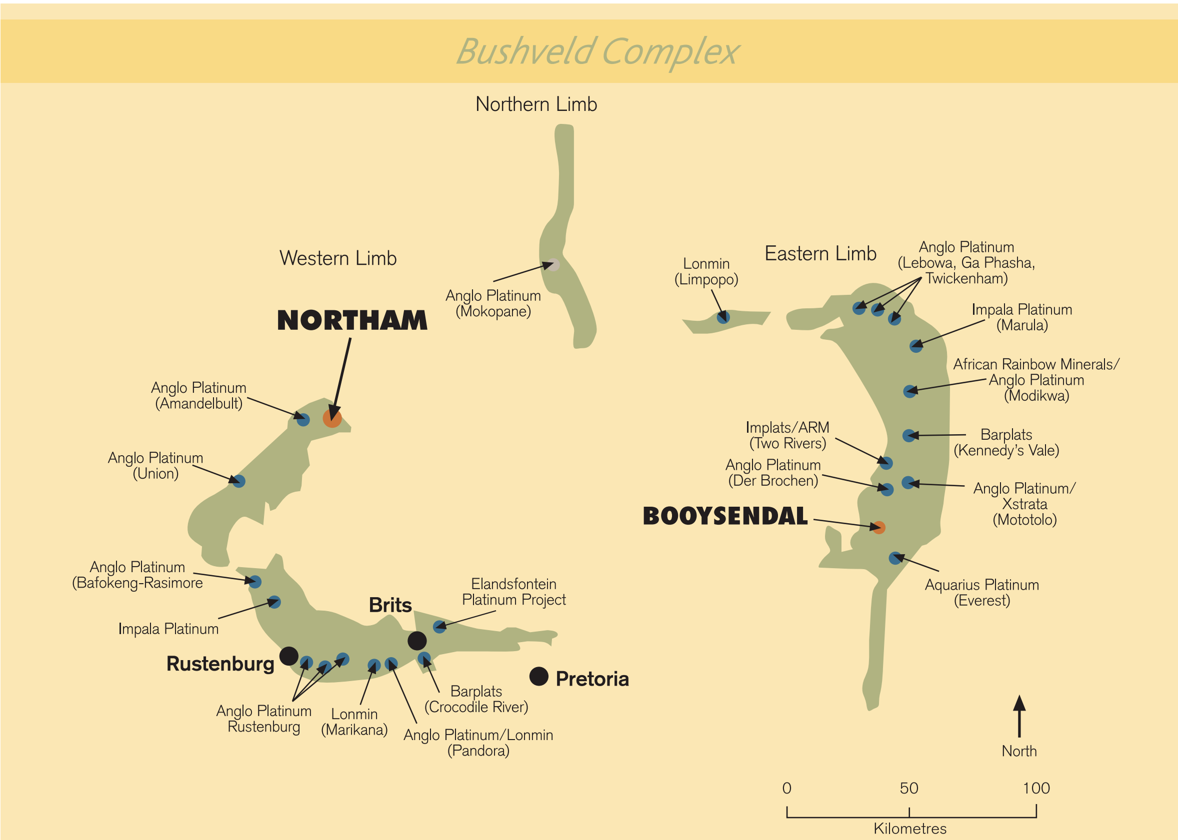
The existing Northam mine comprises underground workings at an average depth of 1 750 metres. On surface the mine operates two concentrators for treating Merensky and UG2 ore respectively, a smelter and base metals removal plant (BMR). The Northam mine, now at a mature state, produces some 325 000oz (3PGEs + Au) annually.

The Northam mine's final concentrate is refined at W.C. Heraeus's new precious metals refinery in Port Elizabeth, South Africa, the Heraeus Refinery South Africa (HRSA) and at its refinery in Hanau, Germany. Northam markets its precious metals to a customer base in South Africa, North America, Europe and Japan.

The independence of Northam's metal beneficiation stream and marketing channels provides a competitive advantage not readily available to junior platinum companies in South Africa.

The proposed Booysendal project, currently at a pre-feasibility stage of development, contains an estimated resource of 112Moz (3PGE+Au), indicating an extended life of mine. First production at Booysendal is anticipated to start in 2010, doubling the company's output to some 650 000oz annually by 2013, after which further expansion is envisaged.

The company's shares are listed on the JSE Limited (JSE).



Scope of the report

This annual report for the financial year ended 30 June 2007 is made available to the company's shareholders and other stakeholders in print and in electronic format on the company's website, www.northam.co.za. Included in this review of the company's operational and financial performance is an abridged report on Northam's sustainable development initiatives.

Northam's audited mineral reserve and mineral resource statement, which conforms to the reporting standards of the South African Resource Committee Code (SAMREC) is included in this annual report.

Operating and financial data provided in this report is compared with that of financial year 2006 (F2006). In providing information with regard to trends this is provided graphically over a five year period, with additional statistical information covering a 10-year period. Further statistical information is provided on the company's website at www.northam.co.za.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, and the South African Companies Act.

Throughout this report references to $ signify United States dollars.

Message from the Chairman and CEO

Financial 2007 has been another bumper year for Northam shareholders. Revenues above the R3.7 bn level, earnings of 560 cents per share, and a total dividend of 525 cents for the year, reflect an excellent performance from Northam.

Lazarus Zim (left), chairman and Glyn Lewis, chief executive

To our shareholders

Financial 2007 has been another bumper year for Northam shareholders. Revenues above the R3.7 bn level, earnings of 560 cents per share, and a total dividend of 525 cents in respect of the year, reflect an excellent performance from Northam. Although it would be disingenuous to ignore the positive effects of the sustained platinum group metal (PGM) price environment, Northam's performance, against the background of its single mine status, has been nothing short of remarkable over the past seven years.

The 'clean metal' epithet enjoyed by PGMs in the industrialised world is clearly a function of the growing consciousness among industry and government leaders globally of our responsibility to the planet and her resources. The unique properties of the metals we mine, which lend themselves to a plethora of industrial and environmental applications, from catalytic converters in the automobile industry to alternative energy generation in fuel cell technology, augur well for sustained fundamental PGM demand into the future.

Specifically, the platinum price spiked during the financial year at US$1 390 in November 2006. Although this was soon followed by a pronounced correction, in January 2007, the metal continued to trade above the US$1 000 level, and has, during the second half of the financial year maintained its buoyant trend. We remain confident that continuing strident platinum demand, combined with the potential for supply-side shortfalls and the absence to date of any significant production from junior producers, will continue to underpin the price at recent levels which now appears to have established a floor above the US$1 000 mark.

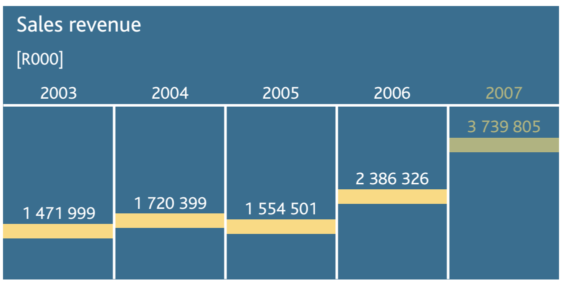
Less spectacular perhaps was the performance of palladium, which during the year traded in a range between US$295 and US$382/oz, but nevertheless continues to attract sound demand as a substitute for platinum in the autocat sector. Going forward further growth should arise from the electronics sector ensuring good support for prices.

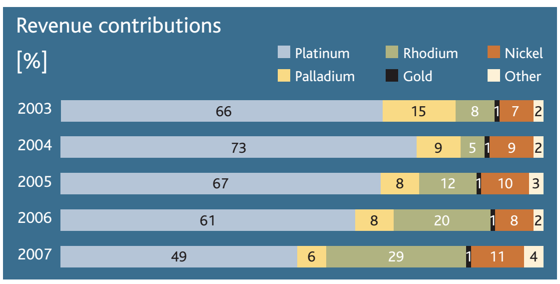
Revenue for Northam of R1.1bn from rhodium during the year, representing 29% of total revenue contributions, was especially significant, seen particularly against the 5% contribution only three years ago. Prices ranged from a low of US$4 300 in July last year to a high of US$6 475 in April earlier this year as demand for physical metal, notably in the vehicle manufacturing sector, trended ahead of supplies.

Solid revenues also accrued from sales of Northam's so-called 'by-product' metals, notably ruthenium, nickel and copper, which benefited from a strong dollar price in combination with a 12.1% weakening of the South African rand against the US dollar. The prices achieved for these metals saw year-on-year increments of 282%, 195% and 33% respectively.

In line with the rapidly growing trend both in South Africa and globally, we are, for the third consecutive year now, reporting on our sustainable development initiatives and impacts. This is not because we feel compelled or pressurised to do so, but because we as management recognise, at a fundamental level, the inextricable link between societal and environmental issues on the one hand, and the financial performance of the business. In parallel with the international investment community's growing scrutiny of issues surrounding safety, health, environment and the sustainability of economic development, we are deeply conscious of our responsibility to enhance these aspects of our business. Our inclusion, therefore, in the JSE Limited's (JSE) Socially Responsible Index (SRI) is something we strive to maintain and consolidate. In line with the increasing reporting requirements in the area of sustainable development, Northam is working towards continuous improvement in reporting, as recommended by King II. For us, a deep-level mining company, the health and safety of our employees remains the primary area of concern when looking at our societal impact. Our approach to safety and health has two legs – the first focuses on efforts to develop and refine technologies which improve working conditions encountered underground; the second is people-focused – raising levels of awareness around safety by way of training, discipline and effective supervision. On two occasions over the past 13 months we reached the one million fatality free shifts milestone, a significant and morale-boosting achievement. However, despite what achievements like these do for our health and safety statistics, we cannot ignore the fact that people continue to sustain injuries at work, and some even losing their lives. We are deeply saddened by the loss during the year of Messrs Meque Matsinhe, Sello Ntsinyi and Isaac Selekanyane, and extend our condolences to their loved ones. Our resolve to stop casualties at work has not faltered, and the year ahead will see further focus on this critical aspect of our operation.

Operating as we do in South Africa, our sustainable initiatives have a bearing also on our Mining Charter Scorecard as required by the Minerals and Petroleum Resources Development Act, promulgated in 2002. Management has made excellent progress in many of the components of the Social and Labour Plan, a critical requirement for the conversion of old order mining rights to new order rights. The submission for our licence conversions to the South African Department of Minerals and Energy (DME) during the course of 2006 met with a favourable response at the time, and we now keenly await the resolution of this final legislative hurdle in securing our licence to continue to operate.





The annual wage negotiations were concluded early in August, and were characterised by a refreshing, co-operative approach from the National Union of Mineworkers (NUM). This followed a seven-day strike earlier in the year. We are encouraged that the acrimonies that prevailed during that time have now largely dissipated, and we continue to work at improving labour relations.

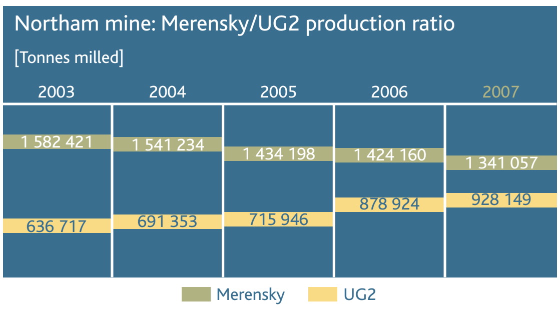
The past year has seen the successful commissioning of the first phase of our refining partner W.C. Heraeus's precious metals refinery in Port Elizabeth. The Heraeus Refinery S.A. (HRSA) is a unique South African facility with the capability to integrate directly with the downstream fabrication of value-added PGM products. The introduction of a new, independent refinery in the South African PGM landscape was forged through excellent collaborative efforts with Mintek, the DME and the Department of Trade and Industry (DTI), and secures for Northam the continued independence of its metal supply and creates an opportunity to make a percentage of our metal available for downstream beneficiation. The unique modular design of this refining plant (see page 16) – which has the capacity for phased expansion in tandem with Northam's growth profile – contributes also to the creation of an enabling competitive environment for other smaller players to enter this exciting sector of the economy.

The reality of an independent refinery in South Africa has further strengthened Northam's submissions to the National Treasury with regard to the proposed Royalty Bill, which, as it stands, proposes a 6% levy on unrefined exported metals. Our interaction with the authorities has been fruitful, and we remain confident that Northam will not be disadvantaged when the final version of the Bill is published in 2009.

Shareholders in Northam have demonstrated remarkable patience in anticipating growth for the company, thereby diversifying its operational asset base, and liberating the company from the potential risk associated with being a single mine operator. The Northam mine is now at a mature stage. The persistently challenging geological conditions, particularly on the Merensky reef, have not abated and, although going deeper should help maintain the life of mine (± 2 years for every level after 15), this remains subject to the complex rock mechanics and geology. Furthermore, The NP2 upper transition zone encountered to the east of the mine has effectively sterilised half the mine on the Merensky reef horizon. This in itself will have a negative impact on mining this reef.

The proposed acquisition (subject to regulatory and shareholder approval) of the Booysendal project on the eastern limb of the Bushveld Complex, as announced to shareholders on 4 September 2007, is therefore both timeous and appropriate. The proposed transaction promises to transform the company into the first independent, black-owned and controlled, fully integrated PGM producer, with a substantial life. Although the delay in concluding this transaction first mooted three years ago in 2004 has been frustrating, the proposed revised transaction brings additional benefits to Northam shareholders, viz the acquisition of an estimated 112 million (3PGE + Au) ounce resource, (currently the subject of an independent review by the Mineral Corporation) securing for Northam full operational control of Booysendal (previously mooted as a JV) and full control of metal from mine to market. This in itself brings benefits such as rapid decision-making, which will allow us to optimally manage the implementation schedule. Furthermore, as a sole operator of the asset, we plan to bring this mine into production at the lowest possible capital and operating costs. The technical team has already done a significant amount of work in planning what promises to be a flagship PGM mine on the eastern limb. Current projections indicate that Booysendal will require capital of some R4.8bn which we intend to fund through a combination of retentions from the cash generative Northam operation, with debt and/or equity, depending on market conditions at the time. Moreover, Northam's ungeared balance sheet provides a useful platform for funding growth. Shareholders will be kept informed of developments as we progress a bankable feasibility study, with first production planned in 2010.

We have in the past made it clear that shareholders will be returned the cash in excess of our operational and growth



requirements. As our growth initiatives start materialising, we will inevitably need to retain more cash, but we do not foresee another dividend drought for shareholders, merely a possible reduction in distributions.

Looking ahead to F2008, demand for PGMs is likely to remain robust in the year ahead – seen particularly against the background of possible supply-side shortfalls. Overall, a very positive outlook remains for Northam's basket of metals, while the softening of the rand against the US dollar also bodes well for earnings to be at levels very similar to those of the current year. Looking further to the future, Northam's prospects now seem brighter than at any stage in the past, and we look forward to reporting to shareholders in the coming year on further corporate activity to put us on a secure growth path, and to deliver on our continued quest to create sustainable value for all our stakeholders.

Our thanks go to management and all Northam employees for their continued efforts, contributing to these strong results for the company. During the year we bade farewell to Mr Tokyo Sexwale, chairman of the board since 2000. Mr Sexwale's unique leadership style will be missed, and we wish him well for the future. Other changes to the board were the resignation of Mr Roeland van Kerckhoven during the year, and after year-end both Messrs Robin Mills and Mark Willcox tendered their resignations. We thank these gentlemen for their valuable contributions over many years. On the other hand, we welcome Mr Norman Mbazima, who brings to the board a wealth of finance experience in the mining sector.

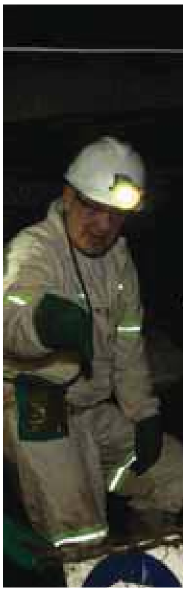
Lazarus Zim
Chairman
12 October 2007

Glyn Lewis
Chief executive officer

The Booysendal project

Announce transaction

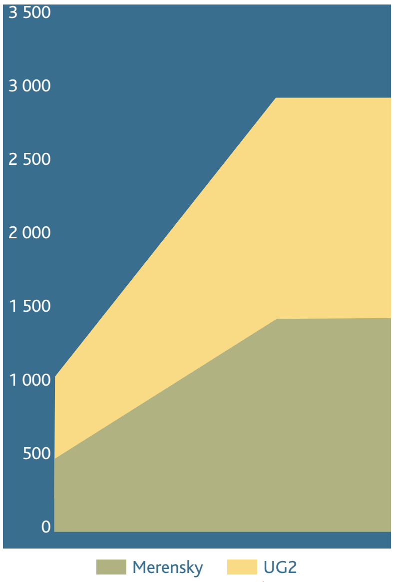
Complete pre-feasibility



Finalise BFS. Start mine construction

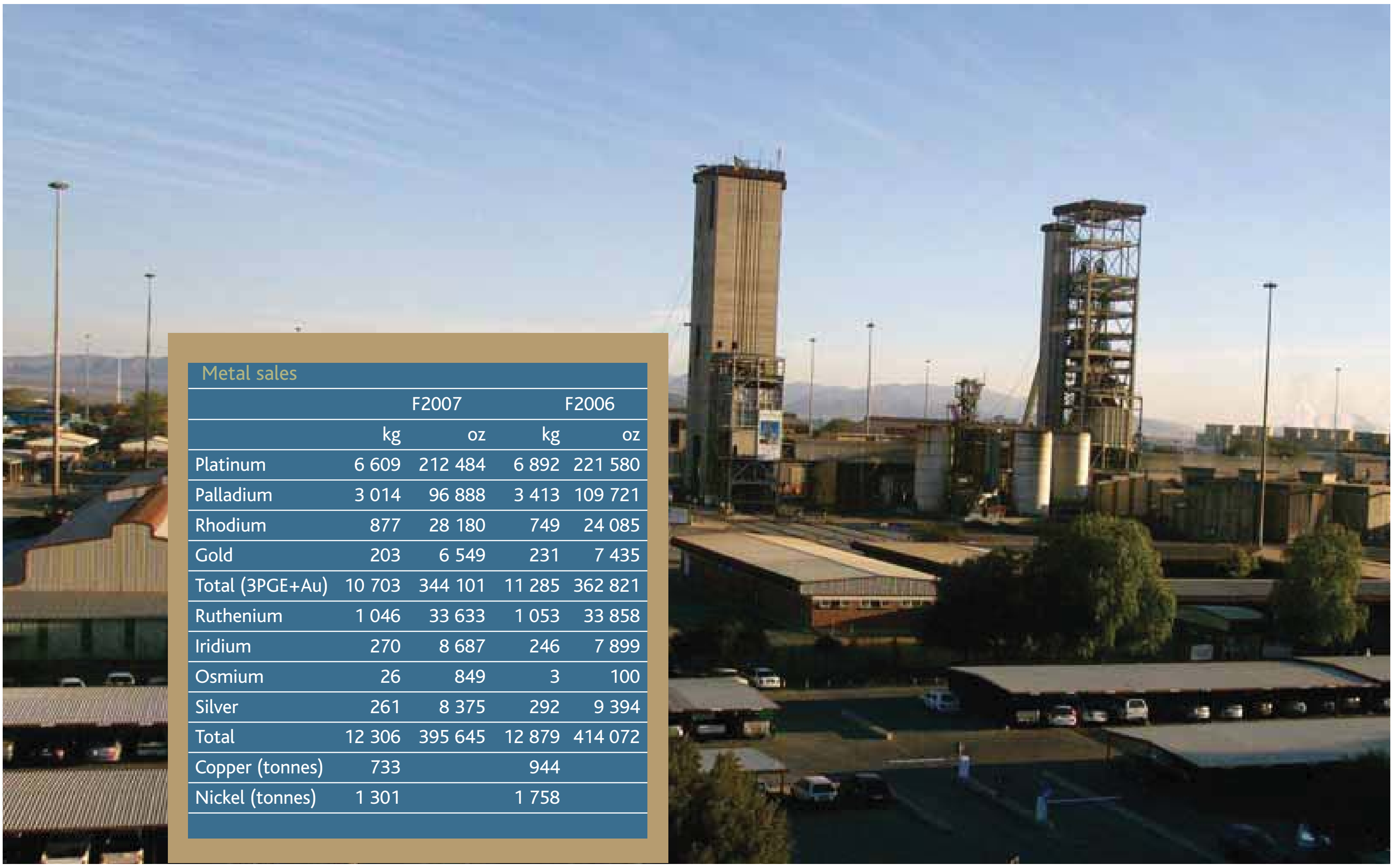
First production

Rapid project development (milled tonnes)



Sept 2007 | Mar 2008 | Dec 2009 | 2010 | 2011 | 2012 | 2013

Operational review



Metal sales				
	F2007		F2006	
	kg	oz	kg	oz
Platinum	6 609	212 484	6 892	221 580
Palladium	3 014	96 888	3 413	109 721
Rhodium	877	28 180	749	24 085
Gold	203	6 549	231	7 435
Total (3PGE+Au)	10 703	344 101	11 285	362 821
Ruthenium	1 046	33 633	1 053	33 858
Iridium	270	8 687	246	7 899
Osmium	26	849	3	100
Silver	261	8 375	292	9 394
Total	12 306	395 645	12 879	414 072
Copper (tonnes)	733		944	
Nickel (tonnes)	1 301		1 758	

Northam mining operations

Results for the year from Northam's current operation were underpinned by sustained strong market fundamentals, with continued record price levels for Northam's basket of metals, contributing to the peak sales revenues of R3.7bn. The basket price, averaging US$1 288/oz, reflected the excellent dollar price performance particularly of platinum, rhodium and ruthenium. In rand terms this translated into a 57% rise in prices received to R297 292/kg, offsetting the effect of lower sales volumes to 10 703kg (344 101oz). In addition, revenues from nickel were underpinned by strong prices, and at R404 million was 118% higher year on year.

A week-long strike coupled with continuing poor mining conditions as well as reduced mining flexibility combined to restrict Merensky square metres mined to 249 812m^2, some 10% lower than the previous year. Consequently, tonnage milled was also lower at 1 341 057 tonnes. The average Merensky head grade declined from 6.1g/t to 5.6g/t primarily as a result of a change in the mining mix with increasing volumes of the lower grade NP2 reef and reducing volumes of the higher grade P2 reef contributing to the total tonnage.

Ore from the more conformable UG2 reef again made an excellent contribution to the overall production results, contributing some 34% of total metals production. Square metres mined increased by 6.2% which in turn led to the tonnage milled increasing by 5.6% to 928 149 tonnes. The average head grade decreased marginally from 4.5g/t to 4.4g/t.

Total operating costs increased by 9.7% year on year. The lower Merensky head grade, combined with lower tonnage throughput, impacted adversely on volumes, resulting in unit cash operating costs being 23.3% higher at R135 248/kg.

On a rand per tonne milled basis unit cash costs increased by 12.6% to R601/tonne milled.

Development

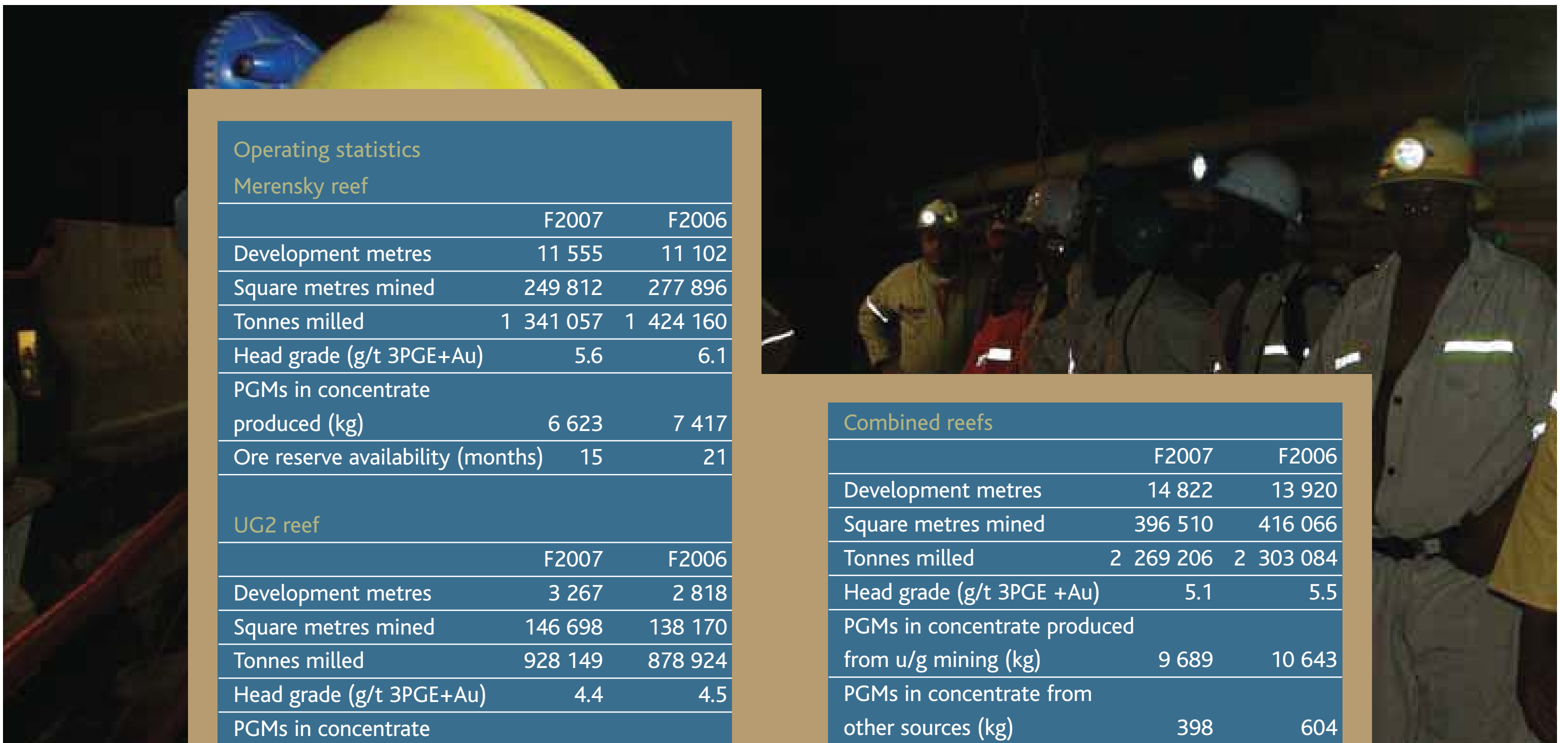
Total metres advanced increased by 6.5% year on year to 14 822 metres, reflecting development of 11 555 metres and 3 267 metres on the Merensky and UG2 horizons respectively. The 16% higher development on the UG2 horizon reflects the development associated with the provision of airways and a second egress from the Merensky stopes. Although the UG2 ore reserve position is slightly down from the 26 months reported last year, it remains at a healthy 24 months availability. In spite of a 4.1% increase in development metres on the Merensky horizon, the available ore reserve generated declined from 21 to 15 months, indicating the persistent challenging geological conditions associated with the Merensky reef.

Water sealing through the 20 line fissure on 2 level west was completed during the year. Development on 3 and 4 levels has been slightly slower than anticipated owing to discrete but challenging zones of poor ground adjacent to the 20 line. However, steady progress towards establishing ore reserves west of the 20 line fissure continues to be made. On 6 level water sealing is nearing completion, and development will resume by the end of the 2007 calendar year once the necessary support to ensure long-term stability has been installed.

Development to the east on 7 to 11 levels has essentially come to a standstill pending the outcome of a drilling programme to determine the extent and impact of the widening of a zone of NP2 upper transition reef which carries little value and is unmineable. The current interpretation of the available information indicates a loss of ore resource availability of 2.9 years.

Deepening project

In the light of the negative developments on the east of the mine with the loss of mining resource to an expanding NP2 upper transition, greater emphasis will be placed on progressing the deepening project. The deepening project is an incremental extension of the mining infrastructure downdip of 12 level via a conveyor decline to access the deeper resources.



Operating statistics

Merensky reef

	F2007	F2006
Development metres	11 555	11 102
Square metres mined	249 812	277 896
Tonnes milled	1 341 057	1 424 160
Head grade (g/t 3PGE+Au)	5.6	6.1
PGMs in concentrate produced (kg)	6 623	7 417
Ore reserve availability (months)	15	21

UG2 reef

	F2007	F2006
Development metres	3 267	2 818
Square metres mined	146 698	138 170
Tonnes milled	928 149	878 924
Head grade (g/t 3PGE+Au)	4.4	4.5
PGMs in concentrate produced (kg)	3 464	3 226
Ore reserve availability (months)	24	26

Combined reefs

	F2007	F2006
Development metres	14 822	13 920
Square metres mined	396 510	416 066
Tonnes milled	2 269 206	2 303 084
Head grade (g/t 3PGE +Au)	5.1	5.5
PGMs in concentrate produced from u/g mining (kg)	9 689	10 643
PGMs in concentrate from other sources (kg)	398	604
Total	10 087	11 247
PGMs in concentrate purchased	404	–

Operational review *(continued)*

To date the decline has reached 15 level and mining operations have been established on 14 level. The intention is, in time, to extend the conveyor decline to 18 level to access more of the conformable Merensky reef. Each additional level opened up could add approximately 2.5 years of resources to the mine's life.

Metallurgical performance

The metallurgical plants operated satisfactorily during the year. The Merensky concentrator achieved an overall recovery of 88.0% (F2006: 88.0%). The UG2 concentrator continued to perform very well with the overall recovery improving to 84.3% from 83.2% in the previous year. The success of the external sparger column cell in achieving higher concentrate upgrade ratios and reducing total chrome (Cr_2O_3) in final concentrate has continued, enabling the higher proportion of UG2 production to be accommodated in the concentrate blend dispatched to the smelter.

Total smelter feed during the year was 78 560 tonnes, some 17% less than the previous year. This included 2 181 tonnes of toll material and 3 844 tonnes of custom material.

The base metal removal plant (BMR) performed in line with expectations, producing 827 tonnes (F2006: 944 tonnes) of copper cathode and 1 476 tonnes (F2006: 1 815 tonnes) of nickel metal in the form of nickel sulphate

The slag re-treatment plant, commissioned during the last financial year treated 236 033 tonnes of slag at an average grade of 0.778 g/t and an average recovery of 61.92% to produce 112.3 kg of PGMs. In addition 15.0 tonnes of copper and 25.8 tonnes of nickel were recovered.

The further optimisation of the external sparger column cell technology in the UG2 concentrator circuit resulted in a 3.5% increase in the concentrate grade to head grade ratio and a 8.4% reduction of Cr_2O_3 content in final concentrate, even though there was a 5.6% increase in throughput of UG2 ore to the mill.

A second column (with a diameter of 2.1m) has been designed and will be installed during the first quarter of the new financial year, to further enhance the reduction of Cr_2O_3 in UG2 concentrate. This should enable us to process a higher tonnage ratio of UG2 ore, without the associated negative effect of the chrome in the smelting process.

Growth

After the year end, on 4 September 2007, Northam and Mvela Resources announced that agreement in principle had been reached on Northam's proposed acquisition of the Booysendal platinum project on the eastern limb of the Bushveld Complex. In terms of the proposed transaction, Northam will acquire 100% of Booysendal, and secure full operational control of the project for a consideration of 125 million new ordinary shares to be issued to Mvela Resources. This translates to a consideration of R6.3 billion based on a share price of R50.50 which was the 30-day volume weighted average purchase price (VWAP) prior to the transaction announcement.

Booysendal covers a large, well-explored area, underlain by conformable reef, with an estimated combined measured, indicated and inferred resource of 112Moz. The Mineral Corporation, an independent adviser to the international minerals business, has been retained by Northam to verify the 112Moz resource base. This work is currently in progress.

A technical committee has already completed a significant amount of work on the project, and a pre-feasibility study is likely to be completed by the end of the first quarter of the 2008 calendar year. Following the completion of a bankable feasibility study, mine construction and development is anticipated to start by the end of calendar 2009. First phase production is expected in 2010, ramping up to 240ktpm (approximately 2.9Mtpa) in 2013 with the expectation of further increasing production. Booysendal, once developed, will add some 50 years to Northam's life, and provides Northam with the opportunity of more than doubling its production.

The addition of another operation to the company's asset portfolio will immediately lower Northam's risk profile. Booysendal is likely to be a much shallower operation than the current Northam mine, bringing lower-cost ounces to the production profile, and thereby reducing average unit costs.

The Booysendal project

Reserves and resources	Geo loss %	Tonnes	Width cm	3PGE+Au g/t	PGE content (oz)
Merensky					
Measured	23	25 028 372	87	4.74	3 814 180
Indicated	23	29 655 092	78	3.94	3 756 520
Inferred	23	216 527 730	85	3.70	25 757 608
Total	23	271 211 194	84	3.82	33 328 308
UG2					
Measured	28	51 394 257	125	4.87	8 046 997
Indicated	28	44 047 166	135	4.72	6 684 212
Inferred	28	410 700 905	140	4.88	64 437 069
Total	28	506 142 328	138	4.87	79 168 278

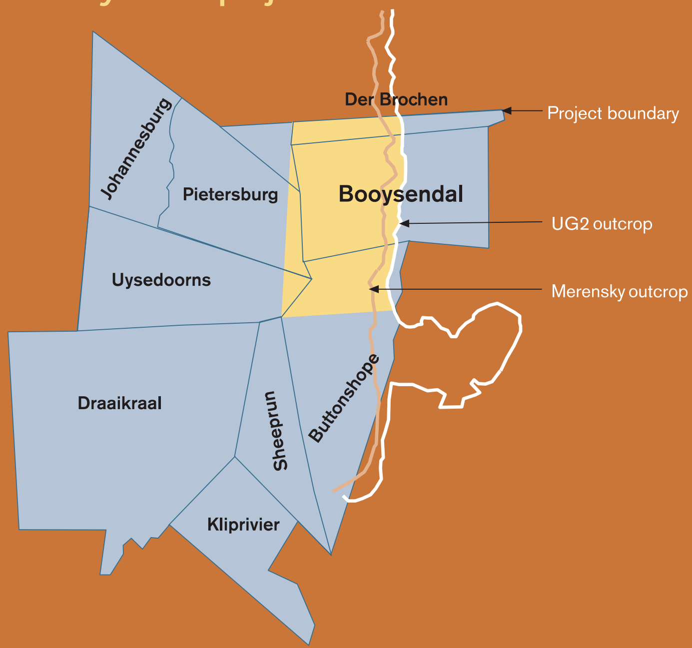
Merensky prill splits

Platinum	58.40%	Copper	0.13%
Palladium	30.9%	Nickel	0.27%
Rhodium	2.50%		
Gold	8.20%		
	100%		

UG2 prill splits

Platinum	55.30%	Copper	0.02%
Palladium	35.10%	Nickel	0.08%
Rhodium	8.40%		
Gold	1.20%		
	100%		

Booysendal project area



Preliminary project statistics (under review)					
UG2 mine plan (120ktpm)	F2010	F2011	F2012	F2013	
Production (000t)	500	1 000	1 440	1 440	
Head grade (3PGE+Au)	3.38	3.38	3.38	3.38	
*Cash cost (R/t milled) July 2007 terms	272.00	272.00	272.00	272.00	
Merensky mine plan (120ktpm)	F2010	F2011	F2012	F2013	
Production (000t)	500	1 000	1 440	1 440	
Head grade (3PGE+Au)	4.05	4.05	4.05	4.05	
*Cash cost (R/t milled) July 2007 terms	331.00	331.00	331.00	331.00	
**Initial capex profile (R000s)	F2009	F2010	F2011	F2012	F2013
R4 880 million July 2007 terms	1 655 000	1 883 000	574 000	385 000	383 000

**Excludes royalties, decommissioning, refining and realisation*

***Excludes contingency. Prefeasibility accuracy ±25%*

Focus on metallurgical processing

Merensky and UG2 ore emanating from the Northam mining operations is processed separately in two concentrator plants which are designed to treat sulphide ores. The concentrate from both plants is blended in slurry form in the feed tank prior to filtration and drying at the smelter from which granulated converter matte is fed to the base metals removal plant (BMR).

In the BMR, nickel (Ni) and copper metals (Cu) are removed as crystalline nickel sulphate and copper cathode which are transported directly to local consumers for further beneficiation.

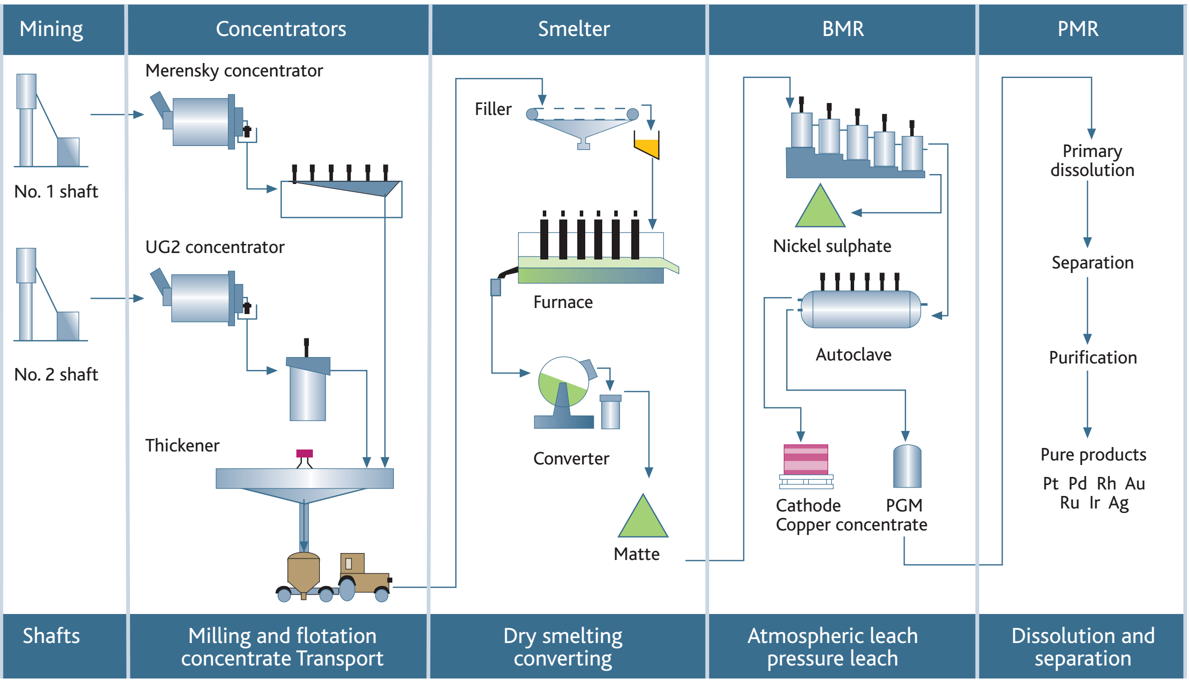
The remaining PGM solutions are filtered and dried to produce a final concentrate ready for shipment to the Heraeus refinery in Hanau, Germany. At Hanau the material is toll-refined to final metal purity of 99.95%. Heraeus produces high purity refined metals (Pt, Pd, Rh, Au, Ag, Ru and Ir) which are credited to Northam for sales and physical distribution to Northam's contractual metal customers at various global destinations.

More recently, in collaboration with Northam, Mintek, the DME and DTI, Heraeus has initiated a three-phase refinery construction and expansion programme in Port Elizabeth, South Africa, designed to dovetail with Northam's PGM growth profile. The Heraeus Refinery South Africa (HRSA) was opened in February 2007, with the first phase fully operational, and treating a growing percentage of Northam's platinum and palladium production.

Further benefits of this phased approach will accrue to Northam: as new projects are brought into production, Heraeus will expand its refining capability and capacity locally to accommodate the higher levels of production and so enable Northam to retain its independent supplier status.

Moreover, the source of feed to the HRSA is not limited to Northam projects. With the availability of Northam's metallurgical infrastructure and pipeline, smaller, junior operators now have the opportunity of retaining an independent metal supply. The introduction of a fourth independent PGM refining option in South Africa therefore holds significant advantages for smaller operators by introducing competition and lowering the barriers to entry to the industry.

Flowchart – metallurgical processing



Drill, blast, and scrape narrow reef mining systems

Merensky: 150 000tpm
UG2: 75 000tpm

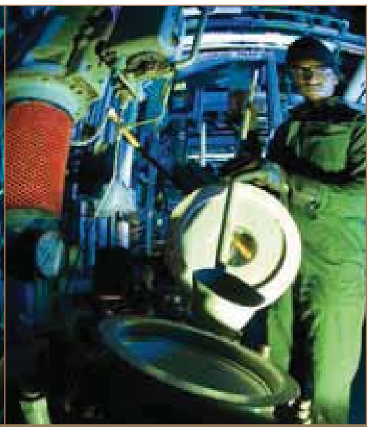
- Davy furnace
- supported roof
- bricklined refractory vessel 24m x 6.5m
- 15MW, 6-in-line-furnace
- 3 pairs of submerged arc electrodes – each supplied by transformer (5 500kva)
- 2 matte tap holes into 18t ladles
- Pierce Smith converters

- 15-compartment autoclave, pressure vessel and agitator
- each segment has its own vent valve and pressure monitor

Products to customers in North America, Asia, Europe

Operational review *(continued)*

The Heraeus Refinery South Africa – a modular approach



Phase I: FMR* 200 000 Pt oz	Phase 2: FPYR** 300 000 Pt oz	Phase 3: Extended Refinery 400 000 Pt oz
Commissioned February 2007 Northam's concentrate shipped to Heraeus in Hanau Pt and Pd separated into intermediate products in first pass yield extraction. Intermediate products (Pt and Pd) returned to HRSA and refined to pure Pt and Pd in FMR Other PGMs continue to be refined in Hanau	Northam's PGM concentrate shipped directly to HRSA in Port Elizabeth Pt and Pd stripped out as intermediate products Final purification of Pt and Pd to take place in FMR Other PGMs shipped to Heraeus, Hanau for further refining. PGMs available to local industry for beneficiation into downstream high value products.	The extended refinery consolidates operations of FMR and FPYR Only refining residues to be shipped to Hanau for final treatment PGMs available to local industry for beneficiation into downstream high value products.

* *Fine Metal Refinery* ** *First Pass Yield Refinery*

Northam and Heraeus

To refine its production of precious metals from underground ores into high-purity sponges and ingots, Northam continues to benefit from the long-standing agreement with globally renowned precious metals refiners W.C Heraeus. Northam's first arisings of PGM concentrate were shipped to the W.C Heraeus refinery in Hanau in October 1992; to date Heraeus has toll-refined some 2.8Moz of Northam's platinum.

The origins of Heraeus's global capability have become almost legendary in modern industry. Born from the entrepreneurial spirit of Wilhelm Carl Heraeus, a pharmacist and chemist working in Hanau, Germany in 1851, the company pioneered the capability to melt raw platinum using an oxyhydrogen flaming technique, and thus the first platinum melting house in Germany was soon established and grew to meet the demands of new industry and jewellery.

At the turn of the 20th century, there appeared to be no end in sight for platinum demand as early industrialists sought large quantities of platinum-rhodium alloys to apply as chemical catalysts in the production of nitric acid.

More than one hundred years on, in July 2004, Northam and Heraeus submitted a joint application to the DME seeking approval to establish a new PGM refinery in South Africa, and the Heraeus refinery in Port Elizabeth was officially opened by Dr Roland Gerner of W.C. Heraeus, on 3 February 2007.

There can be no doubting the significance of this event, which underscores Northam's intention to maintain its positioning in the global marketplace as a reliable, independent and competitive supplier of high quality refined PGMs.

Financial review

Income statement

Sales

F2007 was characterised by robust metal prices which more than offset the lower sales volumes. The combination of a 40.3% increase in the average US dollar basket price received to US$1 288 per ounce, and a weakening of the rand by some 12.0% resulted in the average rand basket price received increasing by 57.1% to R297 292 per kg. This more than offset a 5.2% decrease in unit sales to 10 703 kg (344 101 oz) including custom material, and resulted in sales revenue increasing by 56.7% to R3 740 million.

Sales	F2007			F2006		
	Units sold kg	Average price received R/kg	Revenue R000	Units sold kg	Average price received R/kg	Revenue R000
Platinum	6 609	278 045	1 837 603	6 892	210 131	1 448 160
Palladium	3 014	78 258	238 849	3 413	54 653	186 514
Rhodium	877	1 225 945	1 074 565	749	635 590	476 140
Gold	203	151 337	30 826	231	109 156	25 242
Sub-total – 3PGE + Au	10 703	297 292	3 181 843	11 285	189 286	2 136 056
Iridium	270	93 350	25 221	246	45 780	11 251
Ruthenium	1 046	83 475	87 308	1 053	53 376	22 774
Other precious metals	287	n/a	2 095	295	n/a	730
Sub-total – Precious metals	12 306		3 296 467	12 879		2 170 811
Nickel			403 744			185 480
Copper			36 851			27 818
Other by-product revenue			2 743			2 217
Total sales revenue			3 739 805			2 386 326

Cost of sales

Cost of sales increased by 25.9% as set out below:

	F2007 R000	F2006* R000
Labour	593 080	557 054
Stores	448 700	421 051
Utilities	103 740	99 426
Sundries	218 698	160 405
Decommissioning and restoration	(3 400)	2 384
Total operating costs	1 360 818	1 240 320
Concentrates purchased	106 447	–
Refining and other costs	91 816	59 520
Depreciation	129 040	114 713
Change in metal inventories	39 824	(41 826)
Cost of sales	1 727 945	1 372 727

** Restated*

Operating costs

Although total operating costs increased by 9.7%, the lower production resulted in the unit cash operating costs increasing by 23.6% to R135 248 per kg.

The lower sales volumes combined with higher unit costs and refining costs resulted in the cost of sales for the period increasing by 25.9%.

Labour costs increased by 6.5% compared to the previous year. This increase comprises the cost of the F2006 wage settlement of 9.7%, which was offset by a small reduction in the average number of employees. The labour costs for F2006 included a once-off charge of R13 million (2.6%), in respect of a transfer to the Platinum Health Medical Scheme, following the admission of the Category 2 – 8 employees to the scheme.

Financial review (continued)

The increase of 6.5% in the cost of consumable stores comprises inflationary increases on contracts of 8.3%, particularly in respect of the costs of chemicals, material used for support, and steel, which were partially offset by a decrease in the square metres mined of 4.7%.

Utility costs rose by 4.3%. The increase in power tariffs amounted to 5.9%, which was offset by the lower tonnage mined.

Sundries increased by 36%. The major factors contributing to this increase were increased IT costs, higher mineral royalties owing to the higher tonnages mined in the area subject to royalties, and higher insurance costs. In addition, more diamond drilling was necessitated by the complex geology encountered, and the mine started a project to process the waste dump.

Decommissioning and restoration charges reflect a reduction in costs following a change in the discount rate, as more fully set out in notes 11 and 14 of the notes to the annual financial statements on pages 77 and 79.

Concentrate purchases

Purchases of concentrates amounted to R106 million with 404 kg (3PGE + Au) of precious metals being produced.

Refining and other costs

Refining and other costs rose by 54.3% to R92 million as a result of a 225.3% increase in nickel refining costs, which costs are linked to fluctuations in the nickel price.

Depreciation

The depreciation charge increased by 12.5% as a result of the higher capital expenditure.

Change in inventories

The change in inventories is primarily as a result of a decrease in refined metal inventory.

Investment income and net sundry income

The increased cash flows, attributable to higher metal prices, resulted in investment income rising by 110.7% to R84 million. Net sundry income reduced by some 73.2% to R5 million primarily as a result of currency translation losses of R5 million compared to gains of R7 million in F2006.

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 R775 million equates to an effective rate of 36.9%, some 7.9% higher than the statutory rate of 29.0%. This additional 7.9% is accounted for by State's Share of Profits of 2.7%, secondary tax on companies (STC) of 5.8% and permanent and other minor differences of 0.9%, as more fully set out in note 18 to the annual financial statements on page 81.

The group was not previously liable for State's Share of Profits owing to its unredeemed capital expenditure.

Profit attributable to shareholders

The profit attributable to shareholders increased by 88.0% to R1 326 million compared to that of the previous year.

Cash flow

Operating cash flow

The cash flow from operations increased by R702 million to R1 555 million, reflecting the significant increase in operating profits. Investment income increased to R81 million from R38 million primarily as a consequence of the higher average cash balance and higher interest rates. Working capital increased by R99 million (F2006: R70 million) as a result of decreases in inventories (R26 million), increases in accounts receivable (R150 million) and increases in accounts payable (R27 million). The increase in tax payments from R275 million in F2006 to R584 million in F2007 reflects the higher profits.

Investing cash flow

The net investing cash flow was R212 million compared with R212 million in F2006, comprising capital expenditure of R188 million less sundry disposals of R5 million and township development expenditure of R29 million.

The major items contributing to the capital expenditure of R188 million were: development expenditure (R32 million); access infrastructure to 1 and 14 levels (R50 million); upgrading of the backfill reticulation system (R11 million); extensions to the ventilation and hydropower infrastructure

(R4 million and R5 million respectively); upgrading of IT systems (R10 million); additional housing for employees (R8 million). The balance comprised routine capital expenditure.

Planned capital expenditure for F2008 amounts to a total of R219 million and includes the following major items: access infrastructure to 1 level and 14.5 level and development through the 20 line fault (R81 million); additional backfill facilities (R10 million), an emergency power transformer (R13 million), improvements to the concentrator plants (R28 million) and additional underground equipment (R23 million).

A further R29 million was spent on the 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 R12 million (F2006: R64 million) was received following the exercise of share options by employees.

The dividends paid of R970 million are in line with the company's policy of maximising distributions to shareholders. This amount comprised the interim dividend of 245 cps and the final dividend of 165 cps in respect of F2006. A final dividend of 280 cps was declared, bringing the total dividend for the year to 525 cps.

The increase in the Restoration Trust Fund comprised a contribution made by the company of R1 002 000 (F2006: R800 000) and net income received by the Fund of R1 525 000 (F2006: R1 150 000).

The increase in the Environmental Contingency Fund comprised a contribution made by the company of R3 000 000 (F2006: R3 000 000) and net income received by the Fund of R1 032 000 (F2006: R275 000).

Balance sheet

The group's balance sheet remains strong, with cash and cash equivalents at the year end of R1 210 million (F2006: R831 million) and net current assets of R1 179 million (F2006: R875 million) A total of R35 million has been spent on the housing development discussed above. The net unfunded environmental decommissioning and restoration liability is R3 million (F2006: R9 million). Apart from this liability and the deferred tax provision of R376 million (F2006: R358 million) the group has no debt.

Mineral resources and reserves estimate

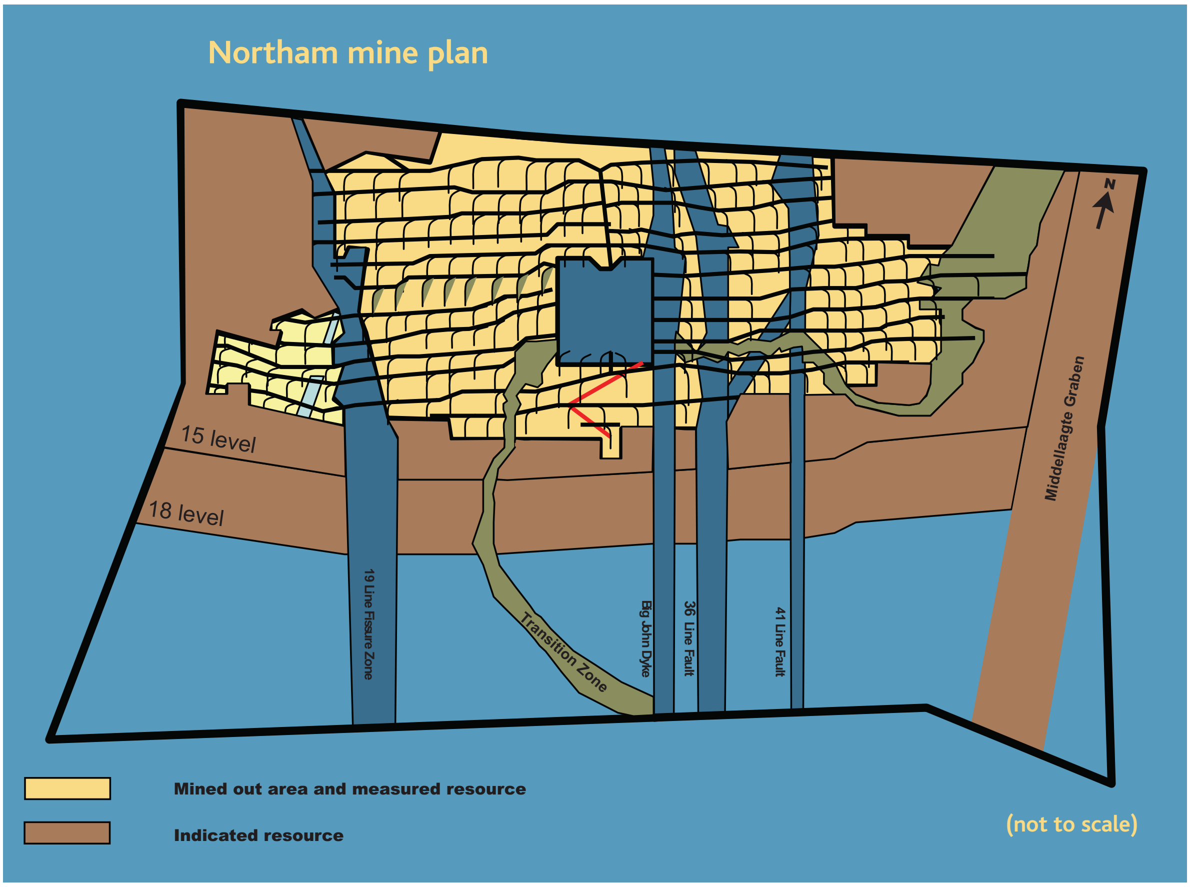
At its existing mining operation in the Limpopo Province, Northam Platinum holds two old order mining rights over a contiguous area of some 7 625 hectares. An application to convert these old order rights to new order rights in terms of the Mineral and Petroleum Resources Development Act was submitted in April 2006.

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. They are therefore fully diluted.

Both mineral resource and mineral reserve estimates are quoted as at 30 June 2007. 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 (SAMREC) as contained in its Code and have been audited for compliance by MSA Geoservices (Pty) Limited.

Merensky reef

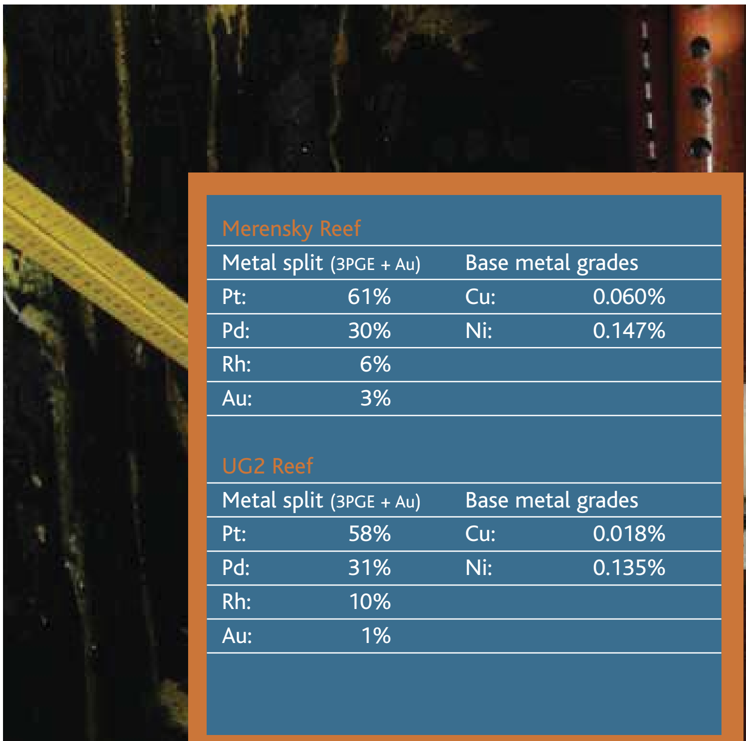
The Merensky reef is a zone of mineralisation which straddles the base of the Merensky Cyclic Unit. In the area of Northam mine the Merensky reef consists of two sub-facies of the Zwartklip facies of the Rustenburg Layered Suite, namely the Normal and Regional Pothole sub-facies. The latter may be further 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; FWP2, whilst not considered a primary mining target due to the undulating nature of this reef type, is successfully exploited in the south western quadrant of the current mining area where it displays lesser disruption.

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

The measured resource is an estimate of the in-situ tonnage and grade (3PGE + Au) that has been exposed through development and is immediately available for mining. Whilst the tonnage has increased marginally to 2.23Mt (2.21Mt), the metal content has decreased slightly to 556koz (562koz) as a consequence of a lower combined Merensky reef grade. This has resulted from a higher proportion of lower grade NP2 reef being exposed during the year in development in the north eastern quadrant of the mine.

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 mineralised reef footwall, is in the order of 140cm to 150cm. There is no basis for subdividing the UG2 reef into facies types.



Merensky Reef

Metal split (3PGE + Au)		Base metal grades	
Pt:	61%	Cu:	0.060%
Pd:	30%	Ni:	0.147%
Rh:	6%		
Au:	3%		

UG2 Reef

Metal split (3PGE + Au)		Base metal grades	
Pt:	58%	Cu:	0.018%
Pd:	31%	Ni:	0.135%
Rh:	10%		
Au:	1%		

Mineral resources and reserves estimate (continued)

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.

During the past year trial mining of UG2 outside of de-stressed areas, making use of backfill support, has proved successful. This should have a positive impact on the overall extraction ratio for UG2.

The measured resource on the UG2 Reef has increased from 1.92Mt (303koz) in June 2006 to 2.02Mt (317koz) in June 2007. This is in line with the planned development of the UG2 reef.

Mineral resources

		at 30 June 2007			at 30 June 2006	
Merensky	Tonnes (millions)	Grade (g/t) 3PGE+Au	Metal (oz) 000s	Tonnes (millions)	Grade (g/t) 3PGE+Au	Metal (oz) 000s
Measured	2.23	7.75	556	2.21	7.91	562
Indicated	33.01	7.49	7 950	35.10	7.54	8 513
Sub total	35.24	7.51	8 506	37.31	7.57	9 075
UG2	Tonnes (millions)	Grade (g/t) 3PGE+Au	Metal (oz) 000s	Tonnes (millions)	Grade (g/t) 3PGE+Au	Metal (oz) 000s
Measured	2.02	4.89	317	1.92	4.89	303
Indicated	51.83	4.89	8 150	55.86	4.89	8 782
Sub total	53.85	4.89	8 467	57.78	4.89	9 087
Total	89.09	5.93	16 973	95.09	5.94	18 162

Mineral reserves

		at 30 June 2007			at 30 June 2006	
Merensky	Tonnes (millions)	Grade (g/t) 3PGE+Au	Metal (oz) 000s	Tonnes (millions)	Grade (g/t) 3PGE+Au	Metal (oz) 000s
Proved	2.6	5.73	479	2.6	6.07	510
Probable	22.0	5.74	4 066	21.9	6.07	4 281
Sub total	24.6	5.74	4 545	24.5	6.07	4 791
UG2	Tonnes (millions)	Grade (g/t) 3PGE+Au	Metal (oz) 000s	Tonnes (millions)	Grade (g/t) 3PGE+Au	Metal (oz) 000s
Proved	2.2	4.22	300	2.1	4.18	278
Probable	44.8	4.22	6 073	36.2	4.18	4 850
Sub total	47.0	4.22	6 373	38.3	4.18	5 128
Total	71.6	4.74	10 918	62.8	4.92	9 919

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 persons:*
JC Roberts, MSc (Mining Engineering), Professional Mine Surveyor (PLATO 0187). Chief Surveyor with 16 years experience in platinum valuation; and
D Smith, BSc (Hons) Geology, MSc Geology, Pr. Sci. Nat 400323/04. Chief Geologist with 12 years experience in the Bushveld Complex.

Sustainable development

The chrome recovery plant at the Northam mine, owned by Northam Chrome Producers (NCP), a local HDSA company, is an example of Northam's local economic development programme. NCP has successfully been operating this plant, which treats and recovers chrome from the tailings emanating from the Northam UG2 concentrator plant, for almost two years. Northam Platinum's drive to promote local business and entrepreneurship is underpinned by the following fundamental principles:

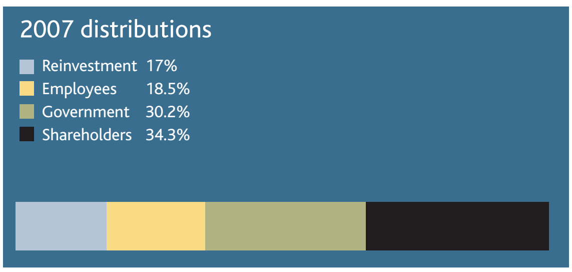
- A minimum 51% shareholding of HDSAs;
- No option to dilute any BEE shareholding;
- Support of employment equity;
- Skills development and community development.

Value added statement

for the year ended 30 June 2007

	Notes	%	2007 R 000	%	2006* R 000
Sales revenue	26		3 739 805		2 386 326
Less: Purchase of goods and services in order to operate mine and produce refined metal	14		(998 782)		(692 395)
Value added by operations		96.9	2 741 023	96.6	1 693 931
Add: Investment income	16	2.9	83 643	2.3	39 700
Net sundry revenue	17	0.2	5 303	1.1	19 820
Total value added		100.0	2 829 969	100.0	1 753 451
Value distributed					
Employees	14	18.5	526 950	28.4	497 931
Salaries and wages		17.8	509 280	26.6	465 889
Contributions to retirement benefit funds		1.7	47 693	2.5	44 610
Contributions to health-care funds		1.3	36 107	2.7	46 555
Pay-as-you-earn deducted		(2.3)	(66 130)	(3.4)	(59 123)
Government		30.2	851 135	24.8	432 859
Mining and non-mining tax		20.5	579 014	16.5	288 486
Deferred tax		0.7	18 531	1.8	32 334
State's share of profits		2.0	55 726	-	-
Secondary tax on companies		4.3	121 291	2.7	46 735
Sub-total	18	27.5	774 562	21.0	367 555
Royalties		0.4	10 443	0.4	6 181
Pay-as-you-earn deducted from employees		2.3	66 130	3.4	59 123
Providers of capital					
Dividends		34.3	970 332	21.3	373 880
Total value distributed		83.0	2 348 417	74.5	1 304 670
Retained by company		17.0	481 552	25.5	448 781
Depreciation	15	4.5	129 040	6.5	114 713
Decommissioning provision to meet statutory obligations	14	(0.1)	(3 400)	0.1	2 384
Retained income		12.6	355 912	18.9	331 684
		100.0	2 829 969	100.0	1 753 451

** Restated*



This abridged sustainable development report reviews the company's activities in the areas of economic, social and environmental performance. Northam is committed to incremental improvement in its sustainable development reporting.

Northam's economic impacts

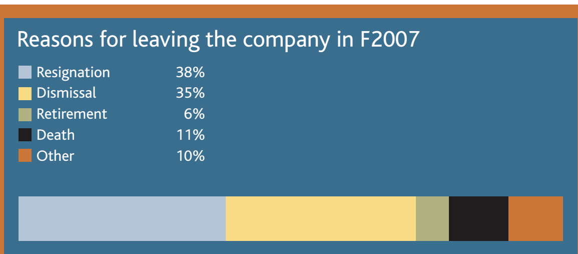
Northam is the fifth largest producer of PGMs in the world and operates a twin shaft system in a relatively isolated and impoverished region in Limpopo Province. Northam's economic impacts are extensive. These include the jobs it has created, directly and indirectly, at and around its operations; its direct and indirect impact on the communities around its operation and in labour-sending areas; the taxation it pays to national and local government; its support for suppliers of services, capital equipment and consumable goods; and those individuals and entities that benefit from its corporate social investment initiatives. Others affected by Northam's activities are, of course, its shareholders and the consumers of the products it produces. Northam's valued-added statement for the period under review appears below.

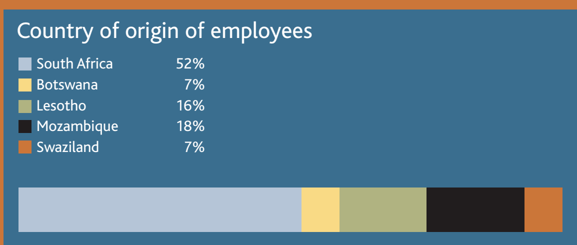
Key features for the year under review include the following:

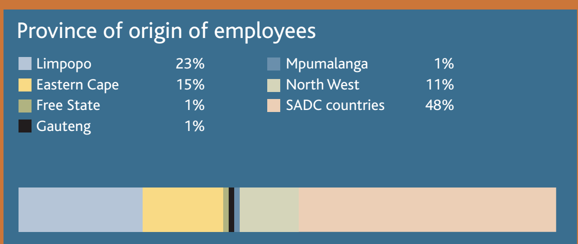
- The transaction announced after the financial year-end in which Northam proposes to acquire a 100% stake in the Booysendal platinum project from Mvela Resources, resulting in Mvela Resources becoming Northam's largest shareholder with a stake of 63.4% in the company. Further details pertaining to the transaction are available on page 12 of this report. From an economic impact perspective, however, it is significant for two reasons, namely:

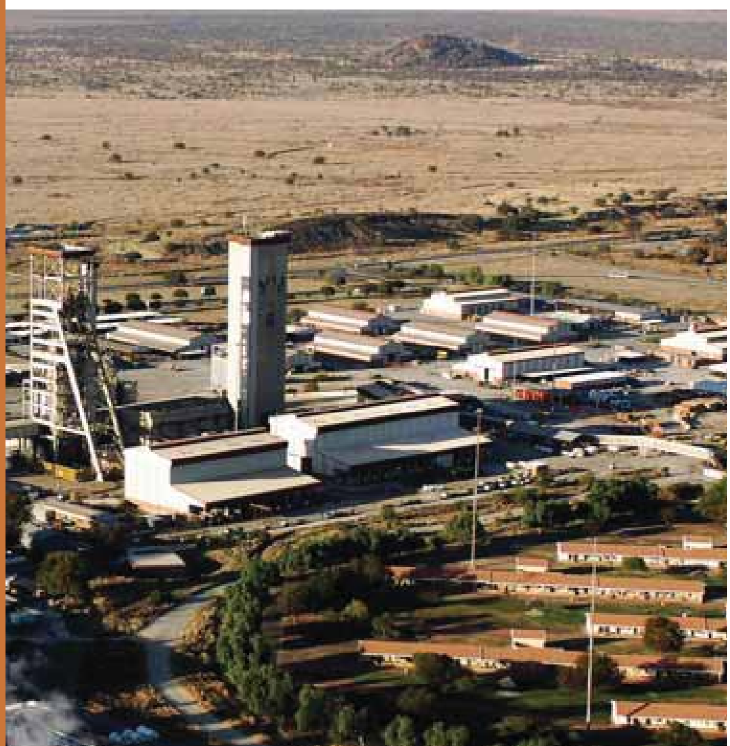
  – it will substantially lengthen the life of Northam, ensuring value creation and employment for at least another 50 years; and

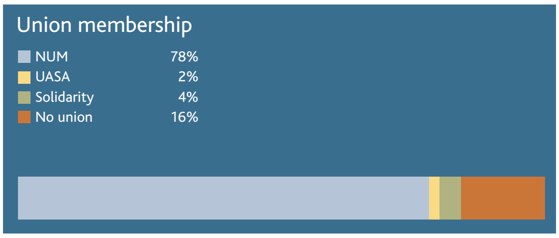
  – it increases the black economic empowerment (BEE) ownership of the company, not only in terms of a percentage, but also in the depth of ownership by broad-based communities.

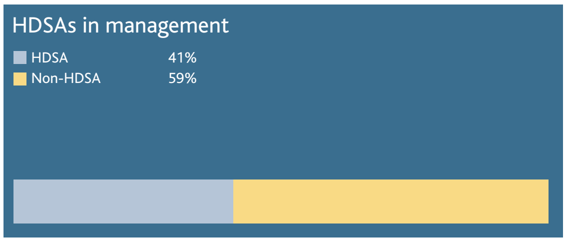












- BEE procurement rose by 14.1% from R267 million in F2006 to R311 million. This has been the result of a deliberate policy by Northam to actively support emerging entrepreneurs and to provide preferential access to HDSA-empowered vendors.
- The opening of the a precious metals refinery by Northam's partner Heraeus in February 2007 in Port Elizabeth, in South Africa's Eastern Cape Province, was a significant step forward in the on-shore beneficiation process for Northam. Precious metals produced here will be available to local chemical and autocatalyst manufacturers for further downstream beneficiation.

Northam's social impacts

Northam as an employer

Employment statistics

At the end of June 2007, Northam employed 8 530 people (6 736 employees and 1 794 contractors), which is an increase of 8% on employee numbers at the end of June 2006. Around 23% of employees are drawn from Limpopo Province; about 29% from other provinces in South Africa, with the balance 48% of from neighbouring countries. Although recruitment initiatives focus on attracting employees from Limpopo Province, Northam does not discriminate against employees from other provinces or countries. In total, 904 employees left the employment of the company in F2007, which is a turnover rate of 13%.

Human rights

Northam acts in accordance with prescribed labour legislation, the constitution of the country and its own recognition agreements with unions. Together these cover the major conventions of the International Labour Organisation (ILO) dealing with non-discrimination, child labour, forced and compulsory labour, security practices and indigenous rights. The company's code of ethics is available on its website.

Collective bargaining

As at the end of F2007, 84.4% of the workforce was represented by a recognised union or through a collective bargaining agreement. The National Union of Mineworkers (NUM) represents the bulk of employees (78%), while the United Association of South Africa (UASA) and Solidarity represent 2% and 4% respectively. Wages and other conditions of service are negotiated on an annual basis with employees. The recognition agreements with unions also regulate aspects such as participation in safety and health structures and disciplinary and grievance procedures.

During the second half of the year employee members of the National Union of Mineworkers (NUM) embarked on unprocedural strike action related to allegations of racism and unfair labour practices. All in all seven days' production was lost. The company's response to the allegations was swift and resolute: an independent mediation process resulted in a number of recommendations which were implemented to break the impasse and to improve relationships between management and organised labour. In contrast to the acrimonious atmosphere at the time of the strike, the annual wage negotiations with the unions, concluded early in August, were characterised by a constructive spirit of co-operation.

Notice periods in respect of major operational changes are provided for in terms of the South African Labour Relations Act.

Benefits

Benefits provided to full-time employees include membership of pension and provident funds, death benefits, access to medical care, housing and living-out allowances, study assistance, and maternity and paternity leave.

Training and development

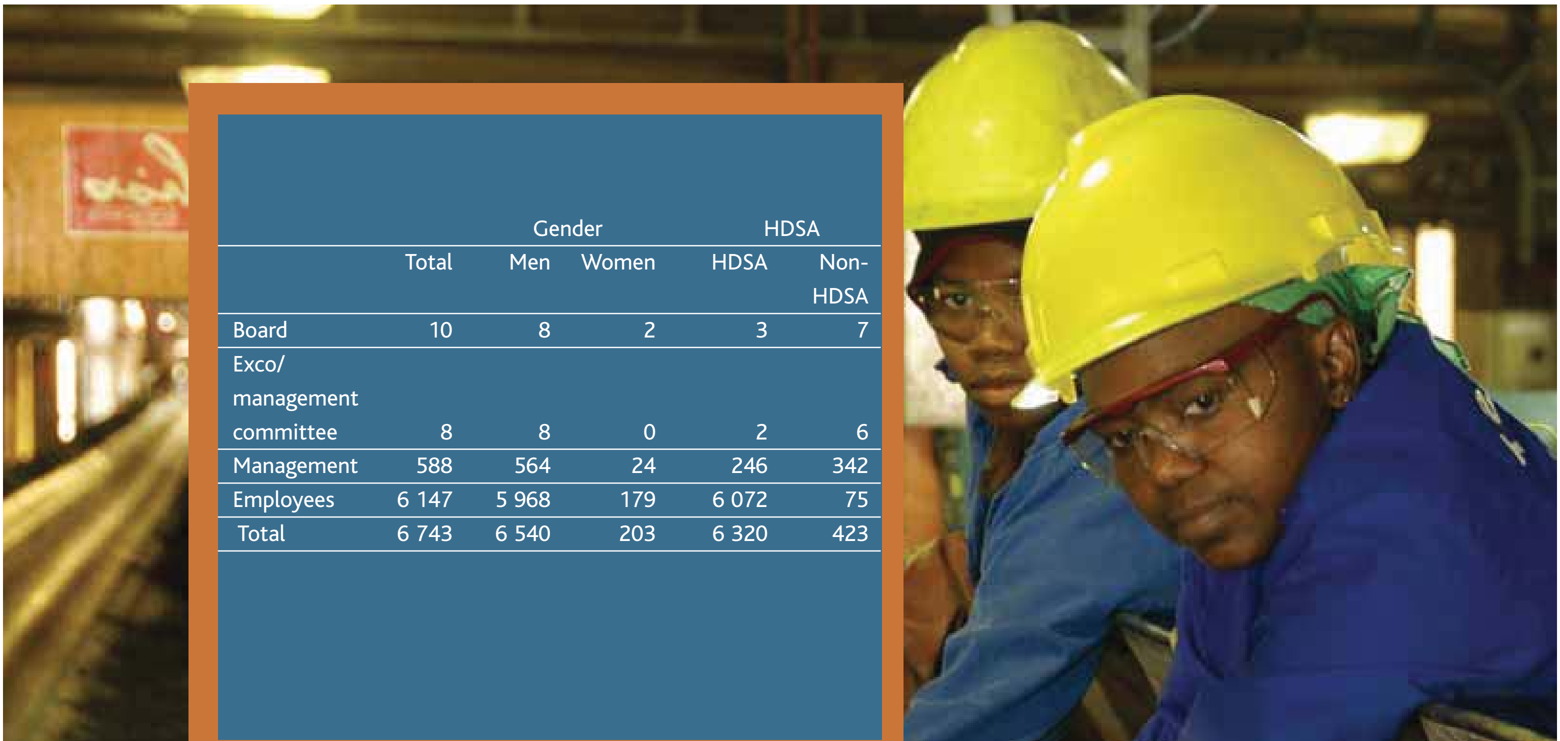
Northam has extensive training and development programmes in place, ranging from Adult Basic Education and Training (ABET) to learnerships, on-the-job and other training, and the provision of bursaries and study assistance. While the company aims to develop every employee to the best of his or her ability, there is an emphasis on the recruitment, development and retention of historically disadvantaged South Africans (HDSAs) and the employment of and promotion of women in mining. Training was undertaken at all levels within the company and, on average, all employees received around 52 hours of training during the year.
Total training expenditure amounted to R34.1 million (R 30.2 million net of skills levy refunds) in F2007.

ABET

ABET is available to all employees on a part-time basis. In F2007, 503 employees were afforded the opportunity to participate in ABET. A total of 808 people participated in ABET in 2006. Northam estimates the current level of literacy at around 40% and, combined with the ABET programme and the recruitment requirement of at least ABET level 4 as a minimum, anticipates that the literacy level of the workforce will rise to around 60% by 2009. With current facilities, the ABET programme, which has six full-time facilitators, can accommodate 1 000 learners a year. From F2008, full-time ABET classes will be offered and it is planned that the number of participants will rise to around 1 500.

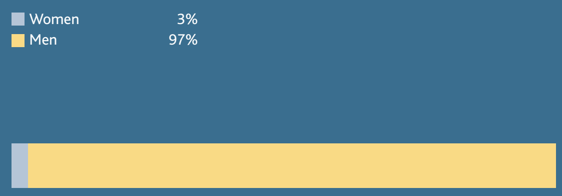
Learnerships and bursaries

Bursaries and study assistance (assistance to employees who are employed by the company, including in-service bursars) provides support to six and 29 people respectively. All of the recipients in F2007 were HDSAs. Interest-free study loans were granted to 32 employees to the value of R119 630.



		Gender		HDSA	
	Total	Men	Women	HDSA	Non-HDSA
Board	10	8	2	3	7
Exco/ management committee	8	8	0	2	6
Management	588	564	24	246	342
Employees	6 147	5 968	179	6 072	75
Total	6 743	6 540	203	6 320	423

Women in workforce



Employment equity report as submitted to the Department of Labour						
	F2007		F2008		F2009	
	Non-designated	Desig-nated	Non-designated	Desig nated	Non-designated	Desig nated
Senior management	75%	25%	73%	27%	64%	36%
Professionally qualified, experiences, specialist and middle management	89%	11%	88%	12%	77%	23%
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	54%	46%	57%	43%	53%	47%
Semi-skilled and discretionary decision-making	1%	99%	3%	97%	3%	97%
Unskilled and defined decision-making	1%	99%	2%	98%	2%	98%

Employment equity

Northam has submitted its employment equity progress reports to the Department of Labour as required by the Employment Equity Act. A joint management/labour employment equity forum plays a major role in monitoring and implementing skills development plans and affirmative action measures. A mentorship programme is being put in place, particularly in order to achieve HDSA and women in mining targets as required by the Mining Charter. At the end of F2007, 41% of management positions were filled by HDSAs and women comprised 3% of the workforce.

Housing and accommodation

Around 80% of Northam's lower level employees stay in hostels provided by the company, while 82% of supervisory and management employees are accommodated in company-provided housing. Although more employees are taking up the living-out allowances provided by the company, the demand for hostel accommodation remains and, over time, the company intends to convert the hostel into lower density and family units. By the end of F2008, 25% of the hostel accommodation will have been converted into single quarters and, by the end of F2008, 50% of the accommodation will comprise rooms shared by two people. The company has allocated significant resources to this – around R11 million in F2008 and R17 million in F2009.

Northam has developed an accommodation and housing strategy which aims to:

- Ensure that eligible employees have the ability to access accommodation that meets certain minimum standards;
- Promote affordable housing and home ownership;

- Reduce employees' dependence on company provided accommodation; and
- Discourage the growth of informal settlements.

In November 2006, in an initiative with the Limpopo provincial government and the local municipality, Northam launched the Mojuteng employee housing project in the town of Northam. To date 382 houses have been built in this initial phase of the project. A subsidy scheme has been made available through the services of a reputable financial services Organisation.

Nutrition

Meals served at company-provided accommodation are prepared according to a meal plan drawn up by a clinical dietician with the energy, macro and micro nutrient content being monitored by software programmes. On average meals are served to around 3 900 people per day. New recruits and employees returning to work from leave are provided with information on healthy living, including the importance of nutritional choices.

Safety and health at Northam

Management approach

Safety and health performance is an integral part of the management approach at Northam and reporting in terms of safety and health is done in accordance with the Mine Health and Safety Act (MHSA) and other relevant legislation. A joint health and safety committee, representing management, employees and unions meets on a regular basis and has oversight over safety and management performance and initiatives. An agreement in respect of safety and health is in place and covers issues such as the provision of personal protective equipment (PPE), joint management of health and safety committees, participation of workers in health and safety inspections, audits and accident investigations, training and education, the right to refuse unsafe work and arrangements for solving problems.

Sustainable development *(continued)*

In F2007, there were 498 elected safety representatives at work at Northam to support the three full-time safety stewards appointed in terms of the Act. A further three alternates provide relief services in cases of absenteeism.

Safety performance in F2007

It is with deep regret that Northam reports that three people lost their lives in three work-related accidents at Northam during the year.

- On 1 October 2006, Mr Sello Ntsinyi, a Lesotho national, died in hospital from injuries sustained after drilling into a gas pocket.
- On 29 November 2006, Mr Meque Matsinhe, a Mozambican team leader was fatally injured in an accident involving a shaft conveyance.
- On 12 February 2007, Mr Isaac Selekanyane, a team leader, died from heat exhaustion in an abandoned, barricaded section of the mine. He was South African.

While it is with great regret that we report any fatalities, Northam is pleased to report an improving trend in safety performance. The fatal injury incidence rate (FIIR) decreased to 0.4 per 200 000 man hours, while the lost time injury incidence rate (LTIIR) decreased marginally to 2.31 per 200 000 man hours. In total, 2 203 days were lost as a result of occupational injury and the total absentee rate was 2.1%. (F2006: 2 355 and 2.5%)

Providing health care

Occupational and primary health care and medical services are available to all employees. The Northam medical team has 38 full-time staff members, including four doctors, 16 nurses and a social worker. Paramedics are available 24 hours a day for any emergency response requirements.

Medical surveillance

Medical surveillance is undertaken in line with legislative requirements, with 10 887 entrance, exit, annual and interim medical examinations having been undertaken during the year (F2006: 10 925). In addition to monitoring and reporting (for compensation purposes) incidences of noise-induced hearing loss (NIHL), pulmonary tuberculosis (TB) and occupational lung diseases, Northam undertakes heat tolerance testing, testing for lead contamination, and testing of water for waterborne diseases (cholera and other bacterial illnesses). Key performance areas for the year include the following:

Noise-induced hearing loss

Seventeen new cases of NIHL were identified during the year, (50 in F2006), which is a substantial reduction on the previous year from 5.86 to 1.99 per 1 000 employees. The use of hydropower has significant benefits in reducing noise levels underground owing to their lower dB(a) levels compared with compressed air percussion rockdrills. Only the diesel locomotives exceed a level of 110dBA and then only at high revolutions. These diesel locomotives will be phased out by the end of 2008.

Pulmonary tuberculosis

In total 141 new cases of TB were identified during F2007, (F2006: 126). The TB incidence rate was well-maintained given the relationship between TB and AIDS and is testimony to the effective World Health Organisation (WHO)-based Directly Observed Treatment (DOT) programme implemented at Northam.

Silicosis

Two new cases of silicosis were identified, during the year (F2006: 2). While silica is not present underground at Northam, a number of employees may have been affected while previously employed in the gold mining industry.

Heat tolerance

In total, 11 190 heat tolerance tests were undertaken during the year (F2006: 11 294). Virgin rock temperatures at Northam may range from 51.4°C on 2 level to 67.8°C on 14 level because of the high heat gradient of the Bushveld Complex. Northam's heat stress management regime is thus an important part of the overall safety and health management programme.

Other tests

Biological monitoring is undertaken for all employees exposed to potential hazards. No employees exceeded the occupational exposure limit (OEL) this year. No traces of salmonella or other life-threatening bacteria were detected in water tests.

Managing HIV/AIDS and malaria at Northam

HIV/AIDS continues to present a challenge both for employees and communities at Northam. Northam estimates an HIV prevalence rate of around 27% among its workforce.

Northam's HIV/AIDS policy was adopted by the company in 2005. The cornerstone of the policy and programme that have been put in place is a commitment to confidentiality of information and non-discrimination.

Northam's HIV/AIDS prevention and management programme includes voluntary counselling and testing (VCT), a wellness programme and the provision of anti-retrovirals (ART). It also includes extensive education and training, the treatment of sexually transmitted infections (STIs) and the distribution of condoms. The roll-out of ART began on 1 July 2006. At the end of F2007, 170 employees were receiving ART through the company programme.

While Northam is not located in an area in which malaria is endemic, the company provides prophylaxis to employees returning home to affected regions and treatment to employees who contract the disease.

Corporate social investment and local economic development

Northam's corporate social investment (CSI) projects are aligned with the integrated development plans (IDPs) of the municipalities in which it operates. In F2007, Northam spent R3.2 million on CSI and local economic development,

The main areas of focus were: education, housing; health and welfare; community projects, food security and infrastructure development.

During the year the company continued to support

The Mojuteng housing project is an example of a successful partnership between government, employers and the financial sector in creating an enabling environment to provide incentives for people who previously would not have been able to enter the sector, to have access to affordable family homes

local primary and secondary education institutions, notably with the provision of infrastructure, computer equipment and facilities. A total of R330 000 was spent on educational support in F2007.

The Northam Life Centre, a community poverty alleviation and skills training project, absorbed R1.5 million during the year. The project provides skills training in vegetable farming, carpentry, sewing, while HIV/AIDS counselling is available to the community.

Customer health and safety

Metal, sponge, ingots and powders refined by Heraeus are packaged in accordance with international standards and each numbered lot of metal delivered to customers is accompanied by a certificate of assay issued by Heraeus. Material safety data sheets are made available to customers.

Environmental impacts

Northam conducts its operations in line with the environmental management plan (EMP) that has been submitted to and approved by the DME, in conjunction with the Department of Water Affairs (DWAF). An annual compliance audit is undertaken by an independent third party and, in F2007, Northam was found to be largely compliant. Three areas of non-compliance were:

- grassing of tailings dam (not fully complied with);
- maintenance of cut-off drains not up to date;
- treated sewage waste water released into Bierspruit.

The company's water use permit expired in December 2005. Although the company submitted a water use licence application in June 2005, this has not yet been approved. Northam has been advised by DWAF to act in compliance with the previous permit until such time as the new permit has been issued.

The company is currently considering the implementation of the ISO 14001 standard as the environmental management system for the mine and a decision will be made on this during the coming year. As part of this process, the company would seek external certification against this standard.

Environmental incidents are reported as part of the overall incident reporting system in place at Northam. No significant environmental incidents were reported in F2007 and no fines or penalties were incurred.

Northam's primary environmental impacts relate to resource utilisation, primarily water and energy; emissions and discharges to water and air; and land management, rehabilitation and biodiversity.

Key features of the year under review are discussed below:

Resource utilisation

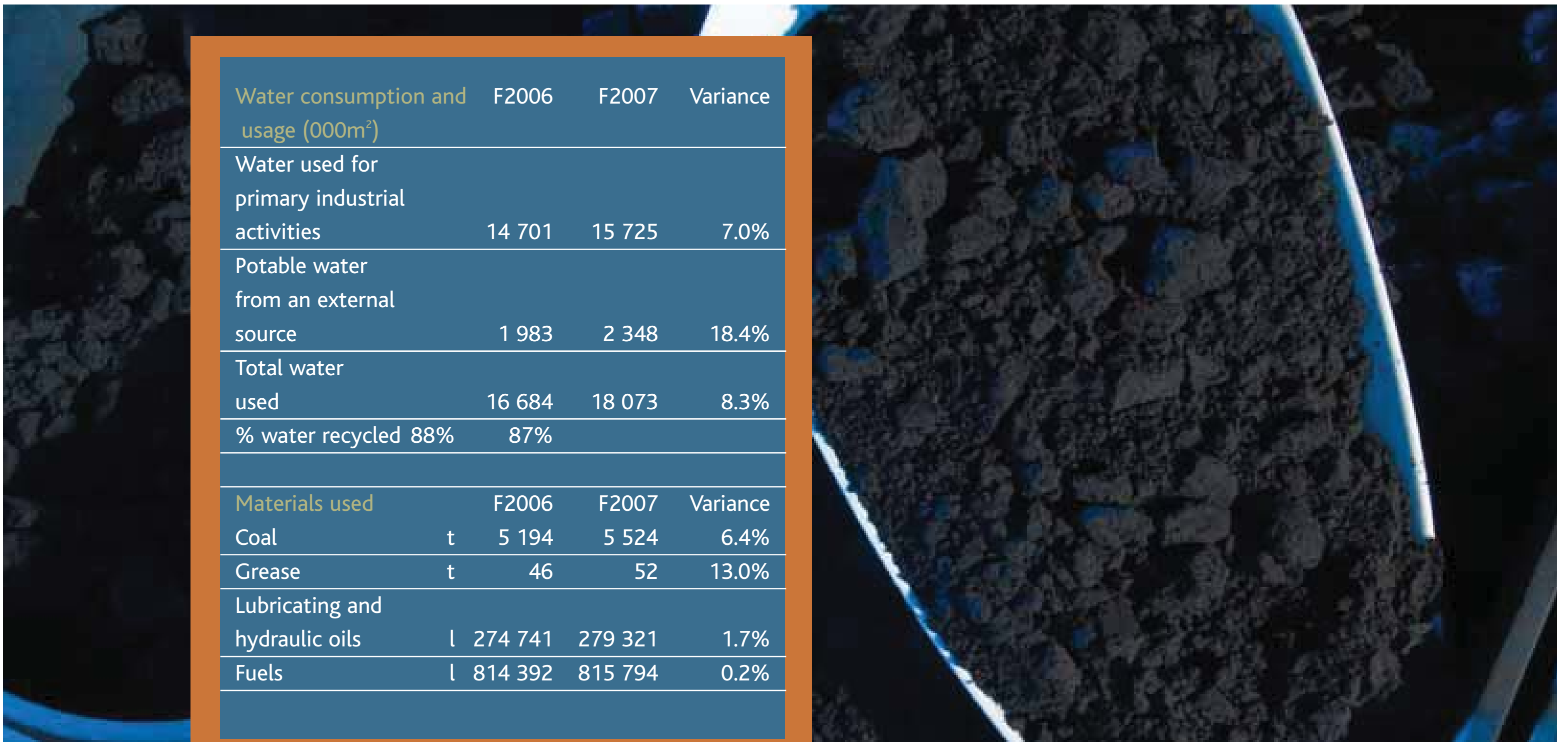
Total water consumption during F2007 rose by 8.3% to 18.1 million m^3. (F2006: 16.7 million m^3).

Total energy consumption from electricity purchased during the year increased by 16.8% to 638.3 gigawatt (GW) hours. (F2006: 546.7 GW hours). About 74% of this energy was used in mining operations and 26% in the plant.

Among the other initiatives in which the company is engaged are demand side management, in conjunction with the power utility Eskom

Emissions

- The primary emissions of concern are sulphur dioxide (SO_2) and particulates (dust).
- In total, 3 372 t of SO_2 were released into the atmosphere in F2007; emissions were within the limits imposed by legislation.
- The progressive vegetation of the surface tailings dam is progressing, therefore dust levels are decreasing.



Water consumption and usage (000m^2)	F2006	F2007	Variance
Water used for primary industrial activities	14 701	15 725	7.0%
Potable water from an external source	1 983	2 348	18.4%
Total water used	16 684	18 073	8.3%
% water recycled	88%	87%	

Materials used		F2006	F2007	Variance
Coal	t	5 194	5 524	6.4%
Grease	t	46	52	13.0%
Lubricating and hydraulic oils	l	274 741	279 321	1.7%
Fuels	l	814 392	815 794	0.2%

Sustainable development *(continued)*

Discharges

- Northam discharges water into the Crocodile River and the Bierspruit in line with approved permits.

Land management and biodiversity

Northam's current mining property covers an area of some 5 000ha.

- Of the land under management, around 40% has been disturbed by mining operations, dwellings, infrastructure and so forth.
- The tailings dam, waste rock dump and slag retreatment plant and dump occupy about 162ha (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 276ha (4%) of the total area, while Northam leases some 800ha (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 have been identified on or adjacent to the mine property.

In F2008 Northam will undertake an in-depth analysis of its greenhouse gas emissions and assess the risks and opportunities posed to the company by global warming. Initial indications are that:

- risks may include the availability of water in an already water-scarce region and the implication that this will have for costs; and
- global concerns relating to greenhouse gas emissions are likely to add impetus to emissions legislation and the sourcing of alternative energy, which will in turn provide support for the PGMs market.

Northam's total environmental liability is estimated at R68 million as at the end of F2007 (F2006: R55 million). As prescribed by law, the company has a rehabilitation trust fund in place currently valued at R19 million (F2006: R16 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. (For further information see notes 6,7 and 11 to the annual financial statements on pages 74, 75, 77 and 78 respectively.)

Directors and management

Directors

M E Beckett (71) (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 Mvelaphanda Resources Limited, Orica Limited (Australia) and Northern Orion Limited. A geologist by training, Michael was formerly managing director of Consolidated Gold Fields plc.

N J Dlamini (Dr) (48)
MBChB, MBA
Independent non-executive director
Joined the board in 2004.
Dr Dlamini is the chairperson of Mbekani Investment Holdings (Pty) Limited. 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 and GijimaAst Group Limited.

R Havenstein (51)
MSc (Chemical Engineering), B Comm
Non-executive director
Joined the board in 2003.
Formerly chief executive officer of Anglo Platinum Limited. Prior to this appointment in June 2003, Mr Havenstein was an executive director of Sasol Limited responsible for Sasol Chemical Industries.

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 (50) (British)
BSc (Mining Engineering), MBA
Chief executive officer
Mr Lewis joined Northam in 2001 as mine manager. He 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.

N B Mbazima (49) (Zambian)
Fellow of the Association of Chartered Certified Accountants and Zambia Institute of Chartered Accountants.
Non-executive director
Joined the board in 2007.
Before his appointment as joint chief executive officer of Anglo Platinum limited in August 2007, Mr Mbazima held various senior positions within the Anglo American group. Prior to that he was employed at Deloitte providing professional services to the mining industry.

P C Pienaar (43)
CA (SA)
Non-executive director
Prior to being appointed a director on 10 September 2007, Mr Pienaar served as alternate to Mr B R van Rooyen. He is the chief executive officer of Mvelaphanda Resources Limited and a director of GFI-SA Limited and Trans Hex Group Limited. Prior to joining Mvelaphanda Resources Limited 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 Mvelaphanda Resources Limited and Trans Hex Group Limited and a director of Banro Corporation and Ndowana Exploration (Proprietary) Limited.

P L Zim (47)
B Comm (Hons), M Comm
Non-executive chairman
Joined the board in 2007
Mr Zim is the chairman of Afripalm Holdings (Proprietary) Limited, Kumba Iron Ore Limited and Mvelaphanda Resources Limited, and is a director of Anglo American South Africa Limited, Anglo Operations Limited and Sanlam Limited. He is also the current President of the Chamber of Mines of South Africa. Prior to establishing Afripalm, Mr Zim held senior executive positions at Anglo American South Africa Limited and the MTN Group.

Directors and management (continued)

Senior management

Matthews Nzimande (37)
NHD (Mining)
General manager
Joined Northam in current position in 2005.

Roland Dressels (44)
National Diploma in Human Resources and Training
Manager – Human resources
Joined Northam in 2006.

Tinus Fourie (50)
B Comm
Manager – financial services.
Appointed to the company in the current position in 2001.

Johnny Gillespie (40)
Mine Manager's Certificate
Manager – Production and Services
Joined Northam in 2000 and appointed to current position in 2006.

Danny Gonsalves (43)
NHD (Mining)
Manager – development and technical services
Joined the company in 2005 and appointed to current position in 2007.

Rob Kendall (52)
Pr Eng
Manager – engineering services
Joined Northam in 1990 and assumed current position in 2001.

Danie Minnaar (51)
Pr Eng, B Eng (Metallurgy), B Comm
Manager – metallurgical operations
Joined Northam in current position in 2001.

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

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

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 strives to continually 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, including the Board Charter, 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

The group intends to implement a board evaluation programme in the next financial year following the conclusion of the proposed Booysendal transaction and the consequent restructuring of the board.

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, beneficiation 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; and

Corporate governance *(continued)*

- promote beneficiation of South Africa's mineral commodities beyond mining and processing, including the production of consumer products.

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

Financial and market risk

As a producer of platinum group metals, the group is subject to market fluctuations in both commodity 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 endeavour to limit price increases to suppliers to CPI, whilst working towards achieving greater production efficiencies in order to contain the increase in unit costs.

Infrastructural services supply risk

The company 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.

The mine has engaged with Eskom to be given advance warning of any possible outages in order to enable it to evacuate the mine timeously, and in addition has stand-by generators which provide sufficient power for the critical processes of the mine to remain in operation.

Ore reserve

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

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

Environmental and social

In keeping with the rest of the mining sector in South Africa, the group has to ensure that it complies with constantly changing environmental laws and regulations as well as increasing community expectations. 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, in order to ensure the sustainability of its operations.

Health

The occupational illnesses associated with mining operations are those caused by inter alia, excessive exposure to heat, dust, noise, radiation and gases. Consequently, the mining industry is subject to stringent health and safety laws and regulations that are subject to change from time to time. 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 regulations. 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 safety, productivity and costs.

The group seeks to comply fully with applicable health and safety legislation and to ensure that all employees adhere to these 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 45 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 eight non-executive directors, of whom two are independent as they do not represent any major shareholder or other significant stake-holder. Details of the directors appear on page 35. 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 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

Board meetings

Date of meeting	2 Aug 2006	8 Nov 2006	31 Jan 2007	18 April 2007	12 June 2007
P L Zim (1)	n/a	n/a	n/a	n/a	✓
T M G Sexwale (2)	✓	✓	✓	✓	n/a
G T Lewis	✓	✓	✓	✓	✓
M E Beckett	✓	Apologies	✓	Apologies	✓
N J Dlamini	✓	✓	Apologies	✓	✓
R Havenstein	Apologies	Apologies	Apologies	✓	✓
E T Kgosi	✓	✓	✓	✓	✓
N M Mbazima (4)	n/a	n/a	n/a	n/a	
R G Mills (5)	✓	Apologies	Apologies	✓	✓
R H H van Kerckhoven (6)	✓	✓	✓	n/a	n/a
B R van Rooyen	✓	✓	✓	✓	✓
M J Willcox (7)	Apologies	✓	Apologies	Apologies	Apologies
P C Pienaar (3)	✓	✓	✓	✓	✓

Notes:

1) Mr P L Zim was appointed a director on 25 April 2007.

2) Mr T M G Sexwale resigned as a director on 20 April 2007.

3) Mr P C Pienaar was alternate to Mr B R van Rooyen during the year.

4) Mr N M Mbazima was appointed a director on 1 May 2007.

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

6) Mr R van Kerckhoven resigned as a director on 23 March 2007.

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

Corporate governance *(continued)*

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 five board meetings were held. Attendance by the directors is indicated in the table on page 39.

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 comprises three non-executive directors 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. Although Mr M E Beckett is not regarded as 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 five meetings were held, with the attendance by the directors indicated in the table below.

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 is undertaken on commercial terms by Anglo American's Business Assurance Services Division.

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.

Audit Committee meetings

Date of meeting	28 July 2006	8 Sept 2006	7 Nov 2006	26 Jan 2007	17 April 2007
M E Beckett	✓	✓	✓	✓	✓
E T Kgosi		✓	Apologies	✓	✓
N M Mbazima [(1)]	n/a	n/a	n/a	n/a	n/a
R H H van Kerckhoven [(2)]	✓	✓	✓	✓	n/a
M J Willcox	Apologies	Apologies	✓	✓	Apologies

Notes
1) Mr N M Mbazima was appointed a director on 1 May 2007.
2) Mr van Kerckhoven resigned as a director on 23 March 2007.
3) Mr M J Willcox relinquished his membership on 13 August 2007.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls has occurred during the year under review. Accordingly the financial records may be relied upon for preparing the financial statements and maintaining accountability for assets and liabilities.

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 three 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 being as shown in the table below.

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, 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 40.0% 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.

Health, Safety and Environmental Committee meetings

Date of meeting	1 Aug 2006	8 Nov 2006	30 Jan 2007	17 April 2007
B R van Rooyen	✓	✓	✓	✓
M E Beckett	✓	Apologies	✓	✓
N J Dlamini (Dr)	✓	✓	✓	✓
R G Mills(1)	✓	Apologies	Apologies	Apologies
F A Uys (2)	✓	Apologies	✓	✓

Notes

1) Mr R G Mills relinquished his membership on 16 September 2007.

2) Alternate to Mr R G Mills.

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 by the directors being as follows:

Remuneration, Nomination and Employment Equity Committee meetings

Date of meeting	20 October 2006	4 May 2007	13 June 2007
E T Kgosi	✓	✓	✓
N J Dlamini	✓	✓	✓
R Havenstein	✓	Apologies	Apologies
T M G Sexwale [1]	Apologies	n/a	n/a
B R van Rooyen [2]	n/a	✓	✓

Notes:

1) Mr T M G Sexwale relinquished his membership on 18 September 2006.

2) Mr B R van Rooyen was appointed a member of the committee on 8 November 2006.

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 harassment;
- Engaging constructively and creatively with government bodies, labour organisations and non-governmental organisations (NGOs);
- 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.

During the year the group took action against 44 employees for violation of the code of ethics. Of the 44 cases, 24 were referred to the South African Police Services. In 11 cases a guilty verdict was returned whilst seven charges were withdrawn.

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 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
Johannesburg
12 October 2007

M E Beckett
Chairman, Audit Committee

Annual financial statements

Approval of annual financial statements

The financial statements set out on pages 45 to 90 were approved by the board of directors on 12 October 2007, and are signed on its behalf by:

P L Zim	G T Lewis
Chairman	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
12 October 2007

Report of the independent auditors

Report on the financial statements

We have audited the group annual financial statements of Northam Platinum Limited, which comprise the directors' report, a summary of the significant accounting policies, the balance sheets as at 30 June 2007, the income statements, the statements of changes in equity and cash flow statements for the year then ended and other explanatory notes, as set out on pages 46 to 90.

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 (IFRS), 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 as of 30 June 2007, and of the financial performance and its 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.

Ernst & Young Inc.
Registered Auditor
Johannesburg
12 October 2007

Directors' report

The directors have pleasure in submitting their report for the year ended 30 June 2007. The review of the group's operational performance is set out in the operational review on pages 10 to 16 whilst the nature of business is described in the corporate profile which appears on page 4.

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 pages 37 to 42.

Mining licences

The company'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.

Conversion of mining rights

The company submitted its application to the Department of Minerals and Energy (DME) for the conversion of its old order mining rights to new order mining rights in April 2006. The application was accepted by the DME and is at the date hereof still being processed.

Property

A register of land and buildings 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 55 to 90 reflect the financial results and position of the company and the group.

Dividends

Dividends totalling 525 cents per share (F2006: 280 cents per share) absorbing R1 245 078 800 (F2006: R658 914 700) were declared. Details are as follows:

Interim dividend (No 16) – 245 cents per share

Declaration date:	31 January 2007
Last day to trade cum div:	16 February 2007
Commencement of trading ex div:	19 February 2007
Record date:	23 February 2007
Payment date:	26 February 2007

Final dividend (No 17) – 280 cents per share

Declaration date:	1 August 2007
Last day to trade cum div:	17 August 2007
Commencement of trading ex div:	20 August 2007
Record date:	24 August 2007
Payment date:	27 August 2007

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 remains unchanged at R3 500 000 (F2006: R3 500 000) divided into 350 000 000 (F2006: 350 000 000) shares of one cent each.

During the year 1 223 000 shares were allotted and issued to participants of the Northam Share Option Scheme, for an aggregate consideration of R12 128 000, resulting in the issued share capital at 30 June 2007 being 237 226 000 (F2006: 236 003 000) shares of one cent each.

Since the balance sheet date a further 8 000 shares have been allotted and issued in terms of the rules of the aforementioned scheme.

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), 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 92, which forms part of this report.

Repayments of share capital

At the annual general meeting held on 9 November 2006 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 R8.74 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 9 November 2006) 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 92, which forms part of this report.

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

Acquisition of company's own shares

The Companies Act permits a company and its subsidiaries to acquire its own shares and for such subsidiaries to acquire shares of their holding company. Accordingly, at the annual general meeting held on 9 November 2006 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 9 November 2006) 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 92, which forms part of this report.

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

Directors' report *(continued)*

Borrowing powers

In terms of the articles of association, the directors may borrow for purposes of the company, such sums as they deem fit.

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 closing price on the JSE on the day that the offer is approved. 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.

At the forthcoming annual general meeting shareholders will be asked to consider and approve a change in the rules of the Scheme. The rules currently provide that the exercise price is based on the closing price on the JSE on the day that the offer is approved. It is proposed to amend this clause to provide that the exercise price will be based on 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, 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 948 936 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
18 November 2004 and 17 November 2007	1 925	71 000
14 October 2005 and 13 October 2008	1 060	561 500
14 October 2006 and 13 October 2009	830	1 345 000
24 October 2007 and 23 October 2010	1 700	2 172 500
Number of options held at 30 June 2006		4 150 000
New options granted during the year at R38.45 per share		2 267 500
Number of options forfeited during the year		540 000
Number of options exercised during the year – refer Annexure 1 on page 88		1 223 000
Number of options held at 30 June 2007		4 654 500

At 30 June 2007 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 2007	Options exercisable in F2008	Options exercisable thereafter
14 October 2005 and 13 October 2008	1 060	22 000	22 000	–	–
14 October 2006 and 13 October 2009	830	642 500	25 000	617 500	–
24 October 2007 and 23 October 2010	1 700	1 812 500	–	906 250	906 250
23 October 2008 and 22 October 2011	3 845	2 177 500	–	–	2 177 500
		4 654 500	47 000	1 523 750	3 083 750

Full details of the options exercised during the year are set out in Annexure 1 on page 88, and are summarised as follows:

Grant date	Number of options exercised	Exercise price R	Consideration R000
18 November 2002	71 000	19.25	1 366
14 October 2003	522 000	10.60	5 533
14 October 2004	630 000	8.30	5 229
Total	1 223 000		12 128

Directorate

The following changes occurred during the year:

- Mr Tokyo Sexwale resigned as non-executive director and chairman of the board of the company on 20 April 2007;
- Mr Lazarus Zim was appointed a non-executive director and chairman on 25 April 2007;
- Mr Roeland van Kerckhoven resigned as a non-executive director on 23 March 2007;
- Mr Norman Mbazima was appointed a non-executive director on 1 May 2007;
- Mr Mark Willcox resigned as a non-executive director on 13 August 2007;
- Mr Pine Pienaar was withdrawn as alternate to Mr Bernard van Rooyen and appointed a non-executive director on 10 September 2007; and
- Mr Robin Mills resigned as a non-executive director on 16 September 2007.

The board wishes to place on record its appreciation of the services rendered to the company by Messrs Mills, Sexwale, van Kerckhoven and Willcox. The board also extends a warm welcome to Messrs Zim and 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 35 to 42.

The directors retiring by rotation in terms of the provisions of the company's articles of association are Messrs M E Beckett and B R van Rooyen who, being eligible and available, offer themselves for election. Furthermore, any director appointed during the course of the year following the last annual general meeting shall retain office until the next annual general meeting. Messrs Mbazima, Pienaar and Zim were appointed during the year. Accordingly at the forthcoming annual general meeting members will be requested to consider resolutions providing for the election and re-appointment of Messrs Beckett, Mbazima, Pienaar, van Rooyen and Zim as non-executive directors of the company.

Brief summaries of their curricula vitae appear on page 35.

Directors' report (continued)

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 – R100 000 per annum.
- Board members – R50 000 per annum.
- Board meeting attendance fees – R4 000 per meeting.

Board appointed committees

- Committee chairman – R50 000 per annum.
- Committee members – R25 000 per annum.
- Committee meeting attendance fees – R3 000 per meeting.

The above fees were set in 2004, and with the ever increasing responsibilities imposed on directors by the more stringent regulatory environment, it is considered appropriate that they be revised. Accordingly it is proposed that the fees be restructured 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 chairman – R24 000 per annum.
- Committee members – R12 000 per annum.
- Committee meeting attendance fees – R8 000 per meeting.

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

Directors' remuneration

The directors' remuneration for the year ended 30 June 2007 was as follows:

	Fees	Remuneration package R000	Performance bonus R000	Benefits R000	Gain on exercise of options R000	Total R000
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 M Mbazima	17	–	–	–	–	17
R G Mills	96	–	–	–	–	96
P C Pienaar (Note 1)	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 – Mr P C Pienaar, who was alternate to Mr B R van Rooyen, was paid a fee as a member of the company's operations committee.

	Fees	Remuneration package R000	Performance bonus R000	Benefits R000	Gain on exercise of options R000	Total R000
2006						
Executive						
G T Lewis	–	1 425	248	198	3 084	4 955
Non-executive						
M E Beckett	172	–	–	–	–	172
N J Dlamini	138	–	–	–	–	138
R Havenstein	104	–	–	–	–	104
E T Kgosi	106	–	–	–	–	106
R G Mills	99	–	–	–	–	99
E Molobi	96	–	–	–	–	96
T M G Sexwale	139	–	–	–	–	139
R H H van Kerckhoven	106	–	–	–	–	106
B R van Rooyen	187	–	–	–	–	187
M J Willcox	90	–	–	–	–	90
	1 237	1 425	248	198	3 084	6 192

Details of gains made by directors on the exercise of options are disclosed in Annexure 1 on page 88.

Directors' report *(continued)*

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 2007 were as follows:

	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	4 814 827	1 637 529	6 482 356

	30 June 2006			
	Direct beneficial holding	Indirect beneficial holding	Indirect non-beneficial holding	Total
M E Beckett	30 000	–	–	30 000
T M G Sexwale	–	80 804	2 004 180	2 084 984
R H H van Kerckhoven	5 145	–	–	5 145
B R van Rooyen	–	37 462	–	37 462
M J Willcox	–	826	479 059	479 885
	35 145	119 092	2 483 239	2 637 476

At 30 June 2007, there were no direct non-beneficial holdings by directors.

Since 30 June 2007 and up to the date of this report, there have been no changes to the directors' shareholdings.

Analysis of shareholders at 30 June 2007

Shareholding range	Number of holders	Total shareholding	Percentage holding
1 – 5 000	5 566	5 319 174	2.2
5 001 –10 000	263	2 010 171	0.9
10 001 – 50 000	346	7 827 435	3.3
50 001 – 100 000	82	6 004 197	2.5
100 001 – 1 000 000	142	41 774 472	17.6
1 000 001 and over	26	174 290 551	73.5
Total	6 425	237 226 000	100.0

Category of shareholder	Number of holders	Total shareholding	Percentage holding
Individuals	6 217	18 988 690	8.0
Companies	2	104 841 230	44.2
Managed funds and other bodies	206	113 396 080	47.8
Total	6 425	237 226 000	100.0

Major shareholders at 30 June 2007

	Number of shares	Percentage holding
Owner		
Anglo Platinum Limited	53 102 925	22.4
Mvelaphanda Resources Limited	51 738 305	21.8
Fund manager		
Allan Gray Limited	25 630 415	10.8
Stanlib Asset Management Limited	9 249 493	3.9
Helier Investments Limited	8 700 000	3.7
Foord Asset Management Limited	7 615 500	3.2
M & G Investment Management Limited	7 402 571	3.1

Shareholder spread at 30 June 2007

The company's shareholder spread is set out below.

	Number of shareholders	Percentage holding
Public	6 419	53.5
Non-public		
– Directors	4	2.3
– Other (any who fall outside the scope of the above)	2	44.2
Total	6 425	100

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 11 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.

Subsidiary

Norplats Properties (Proprietary) Limited (Norplats) remains the company's only subsidiary.

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 message from the chairman and chief executive, 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.

Directors' report *(continued)*

Company secretary

Mr Sybrand 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

Shareholders are referred to the announcement dated 4 September 2007 advising of the proposed acquisition of the Booysendal Platinum Project. A circular will be posted to shareholders in due course. No material changes, other than those highlighted in this report, have taken place in the affairs of the group between the end of the financial year and the date of this report.

Accounting policies

1 Basis of preparation

The 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.

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 exercise 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 New accounting policies adopted

During the year the group adopted the following policies in response to changes in IFRS:

IAS 19: Employee benefits (amendment)

IAS 21: The effect of changes in Foreign Exchange Rates (amendment)

IAS 39: Financial Investments: Recognition and measurement (amendment)

IFRS 6: Exploration for and Evaluation of Mineral Resources

IFRIC 4: Determining whether an arrangement contains a lease.

IFRIC 8: Scope of IFRS 2

IFRIC 9: Requirement of Embedded Derivatives

IFRIC 10: Interim Reporting and Impairment

The adoption of these amendments, standards and interpretations has had no effect on the financial statements of the group.

Accounting policies (continued)

1 Basis of preparation (continued)

1.2 New accounting policies not yet adopted

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 4	1 January 2007	Insurance contracts	The amendment to this standard reflects changes made by IFRS7. The adoption of the statement will have no material effect on the group's current financial statements.
IFRS 7	1 January 2007	Financial instruments – disclosure	This standard provides guidance on the disclosure of the qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The adoption of this standard will impact the manner in which the group reports information about financial instruments.
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 2007	Presentation of financial statements	The amendment to this standard gives guidance on the presentation of financial statements. The adoption of this amendment will require additional disclosures about the group's capital.
IAS 23	1 January 2009	Borrowing costs	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.

1 Basis of preparation (continued)

1.2 New accounting policies not yet adopted (continued)

Standard	Effective date *	Description	Impact
IFRIC 11	1 March 2007	Scope of IFRS 2 – Share based payments	This interpretation statement provides clarification on the treatment required where grants to employees to acquire equity instruments are satisfied by the acquisition of the equity instruments from a third party. The adoption of the statement will have no material effect on the group's financial statements.
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 statement 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 statement will have no material effect on the group's financial statements

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

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 the income statement 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.

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

Accounting policies *(continued)*

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

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

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

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 Property, plant and equipment (continued)

4.4 Decommissioning asset

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

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

4.5 Mineral rights and mineral leases

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

4.6 Office equipment, furniture and vehicles

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

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 income statement. 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 discount rate used is the company's weighted average cost of capital as determined by the capital asset pricing model.

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 the income statement in the year the asset is derecognised.
The assets' residual values, useful lives and methods are 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 is initially recognised at cost, being the fair value of the consideration given and including acquisition charges. Where the fair value less costs to sell 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.

Accounting policies *(continued)*

6 Financial instruments

Financial instruments recognised on the balance sheet include investments, cash and cash equivalents, accounts receivable, accounts payable, borrowings and certain derivative instruments. These are recognised when the group becomes party to the contractual agreements.

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 the income statement.

Gains or losses on investments held for trading are recognised in the income statement.

6.2 Accounts receivable

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 the income statement when the receivables are derecognised or impaired, as well as through the amortisation process.

6.3 Cash and cash equivalents

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

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 the income statement when the liabilities are derecognised as well as through the amortisation process.

6 Financial instruments (continued)

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 the income statement when incurred. Subsequently these instruments are measured as set out below:

- All forward and option contracts outstanding at financial reporting dates are marked to market and any changes in their fair value is included in net sundry income/(expenditure).

- Gains and losses on all other contracts not spanning a financial reporting date are recognised and included in net sundry income 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 (ie 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 the income statement.

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 assets

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 the income statement, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available for sale are not recognised in the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

Accounting policies *(continued)*

6 Financial instruments (continued)

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 the income statement.

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 Stores

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. 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 tax is not recognised on the initial recognition of goodwill or of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit; and, in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the forseeable future.

9 Deferred tax (continued)

Deferred tax assets are recognised when it is probable that future taxable profits will be available, against which the deferred tax assets can be utilised in the foreseeable future.

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 tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

10 Provisions

10.1 Environmental rehabilitation provisions

10.1.1 Decommissioning provision

Provision is made for the present value of the estimated future decommissioning costs at the end of the mine's life. When this provision gives rise to future economic benefits, a decommissioning asset is recognised, otherwise the costs are charged to the income statement.

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 the income statement. 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.

10.1.2 Environmental restoration provision

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

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

The increase in the restoration provision due to the passage of time is recognised as a borrowing cost in the income statement.

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.

10.1.3 Environmental rehabilitation fund

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

Accounting policies (continued)

10 Provisions (continued)

10.1 Environmental rehabilitation provisions (continued)

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 the income statement.

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 on the accrual basis 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.

12.3 Interest income

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

13 Leased metal

When metal is leased to fulfil marketing commitments, the equivalent cost of production is charged to cost of sales in the income statement 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, together with a corresponding increase in the equity compensation reserve, evenly over the period between the grant date and the date on which the relevant employees become fully entitled to the award ('vesting date.')

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

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

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 returned 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.

15.4 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.

Accounting policies *(continued)*

16 Leases

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

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

Financial lease payments are allocated between finance costs and the capital repayment, using the effective interest rate method.

Leases in respect of which the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement 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.

18 Dividends declared

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

Balance sheets

as at 30 June 2007

	Note	2007 R000 Group	2006* R000 Group	2007 R000 Company	2006* R000 Company
Assets					
Non current assets					
Property, plant and equipment	2	1 536 289	1 481 901	1 536 289	1 481 901
Township development	3	35 198	6 602	–	–
Subsidiary	4			37 059	6 539
Available for sale investment	5	6	6	6	6
Investments held by Northam Platinum					
Restoration Trust Fund	6	18 920	16 393	18 920	16 393
Environmental Guarantee Investment	7	10 311	6 279	10 311	6 279
		1 600 724	1 511 181	1 602 585	1 511 118
Current assets		1 733 264	1 231 073	1 731 298	1 230 266
Inventories	8	254 490	280 372	254 490	280 372
Accounts receivable	26	268 862	119 415	268 730	118 972
Cash and cash equivalents		1 209 912	831 286	1 208 078	830 922
Total assets		3 333 988	2 742 254	3 333 883	2 741 384
Equity and liabilities					
Share capital	9	2 030 914	2 018 786	2 030 914	2 018 786
Equity compensation reserve		29 777	22 788	29 777	22 788
Retained earnings/(accumulated loss)		320 755	(39 942)	320 862	(39 823)
Shareholders' equity		2 381 446	2 001 632	2 381 553	2 001 751
Non-current liabilities		397 912	382 781	397 956	382 829
Deferred tax	10	376 163	357 632	376 207	357 680
Long term provisions	11	21 749	25 149	21 749	25 149
Current liabilities		554 630	357 841	554 374	356 804
Accounts payable		211 439	186 380	211 183	185 343
Tax		343 191	171 461	343 191	171 461
Total equity and liabilities		3 333 988	2 742 254	3 333 883	2 741 384

** Restated*

Income statements

for the year ended 30 June 2007

	Note	2007 R000 Group	2006* R000 Group	2007 R000 Company	2006* R000 Company
Total revenue	13	3 831 925	2 437 444	3 831 925	2 437 441
Sales revenue	26	3 739 805	2 386 326	3 739 805	2 386 326
Cost of sales		1 727 945	1 372 727	1 727 945	1 372 727
– operating costs	14	1 360 818	1 240 320	1 360 818	1 240 320
– concentrates purchased		106 447	–	106 447	–
– refining and other costs		91 816	59 520	91 816	59 520
– depreciation	15	129 040	114 713	129 040	114 713
– change in metal inventories		39 824	(41 826)	39 824	(41 826)
Operating profit		2 011 860	1 013 599	2 011 860	1 013 599
Investment income	16	83 643	39 700	83 643	39 697
Net sundry income	17	5 303	19 820	5 287	19 990
Profit before tax		2 100 806	1 073 119	2 100 790	1 073 286
Tax	18	774 562	367 555	774 558	367 603
Profit attributable to shareholders		1 326 244	705 564	1 326 232	705 683
		Cents	Cents	Cents	Cents
Earnings per share	19	560.2	301.9	560.2	302.0
Fully diluted earnings per share	19	547.9	294.5	547.9	294.6
Headline earnings per share	19	560.1	301.9	560.1	301.9
Fully diluted headline earnings per share	19	547.8	294.5	547.8	294.5
Dividends per share		410.0	160.0	410.0	160.0

* *Restated*

Statement of changes in equity – group

for the year ended 30 June 2007

	Share capital R000	Share premium R000	Equity compensation reserve R000	Retained earnings/ (accumulated loss) R000	Total R000
Balance at 30 June 2005 as previously stated	2 320	1 952 413	16 674	(374 654)	1 596 753
Prior year adjustment – note 12				2 133	2 133
Restated balance	2 320	1 952 413	16 674	(372 521)	1 598 886
Credit in respect of share-based payments			7 009		7 009
Profit attributable to shareholders				705 564	705 564
Profit attributable to shareholders as previously stated				703 238	703 238
Prior year adjustment – note 12				2 326	2 326
Adjustment in respect of equity compensation reserve			(895)	895	–
Dividends distributed				(373 880)	(373 880)
Issue of new shares	40	64 013			64 053
Balance at 30 June 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
Note	9	9			

Statement of changes in equity – company

for the year ended 30 June 2007

	Share capital R000	Share premium R000	Equity compensation reserve R000	Retained earnings/ (accumulated loss) R000	Total R000
Balance at 30 June 2005 as previously stated	2 320	1 952 413	16 674	(374 654)	1 596 753
Prior year adjustment – note 12				2 133	2 133
Restated balance	2 320	1 952 413	16 674	(372 521)	1 598 886
Credit in respect of share-based payments			7 009		7 009
Profit attributable to shareholders				705 683	705 683
Profit attributable to shareholders as previously stated				703 357	703 357
Prior year adjustment – note 12				2 326	2 326
Adjustment in respect of equity compensation reserve			(895)	895	–
Dividends distributed				(373 880)	(373 880)
Issue of new shares	40	64 013			64 053
Balance at 30 June 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
Note	9	9			

Cash flow statements

for the year ended 30 June 2007

	Note	2007 R000 Group	2006* R000 Group	2007 R000 Company	2006* R000 Company
Cash flows from operating activities		1 555 025	852 501	1 555 479	852 074
Cash generated from operations	20	2 156 896	1 159 025	2 156 880	1 159 195
Interest income		80 936	37 925	80 936	37 922
Change in working capital	21	(98 506)	(69 755)	(98 036)	(70 349)
Tax paid	22	(584 301)	(274 694)	(584 301)	(274 694)
Cash flows utilised in investing activities		(211 636)	(212 045)	(213 560)	(211 982)
Property, plant and equipment					
– additions to maintain operations		(187 562)	(210 512)	(187 562)	(210 512)
– disposals proceeds		4 522	4 839	4 522	4 839
Township development		(28 596)	(6 602)	–	–
Investments					
– subsidiary				(30 520)	(6 539)
– disposals proceeds		–	230	–	230
Cash flows utilised in financing activities		(964 763)	(315 052)	(964 763)	(315 052)
Proceeds from issue of shares		12 128	64 053	12 128	64 053
Dividends paid		(970 332)	(373 880)	(970 332)	(373 880)
Increase in investments held by Northam Platinum Restoration Trust Fund		(2 527)	(1 950)	(2 527)	(1 950)
Increase in investments held by Environmental Contingency Fund		(4 032)	(3 275)	(4 032)	(3 275)
Net increase in cash and cash equivalents		378 626	325 404	377 156	325 040
Cash and cash equivalents at beginning of year		831 286	505 882	830 922	505 882
Cash and cash equivalents at end of year		1 209 912	831 286	1 208 078	830 922

** Restated*

	2007 Group	2006 Group	2007 Company	2006 Company

1. Key accounting estimates and judgments

In order to determine the carrying value of certain assets and liabilities, discussed below, the company makes certain economic and other assumptions.

These 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 managements interpretation of market forecasts.

The main assumptions include:

	2007 Group	2006 Group	2007 Company	2006 Company
– long term real platinum price – US$ per ounce	920	900	920	900
– long term real exchange rate – US$ = R	7.25	6.50	7.25	6.50
– long term real discount rate – %	8.50	5.30	8.50	5.30

1.2 Provisions

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

	2007 Group	2006 Group	2007 Company	2006 Company
– long term inflation rate for South Africa – %	8.00	4.50	8.00	4.50
– long term real discount rate – %	8.50	5.30	8.50	5.30

	Mining properties R000	Plant and equipment R000	Decommissioning asset R000	Motor vehicles R000	Total R000

2. Property, plant and equipment – group and company

30 June 2007

	Mining properties R000	Plant and equipment R000	Decommissioning asset R000	Motor vehicles R000	Total R000
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

Certain fixed 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 the Companies Act is available for inspection at the registered office of the company

30 June 2006

	Mining properties R000	Plant and equipment R000	Decommissioning asset R000	Motor vehicles R000	Total R000
Property, plant and equipment					
– at cost	263 004	2 653 578	12 229	11 025	2 939 836
– accumulated depreciation	79 338	1 372 270	3 397	2 930	1 457 935
	183 666	1 281 308	8 832	8 095	1 481 901
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	195 098	1 177 559	9 169	8 760	1 390 586
– additions	–	204 634	–	5 878	210 512
– present value of decommissioning asset capitalised (note 11)	–	–	209	–	209
– disposals	–	(640)	–	(6 629)	(7 269)
– depreciation charged for the year	(11 432)	(100 885)	(546)	(1 850)	(114 713)
– depreciation on disposals during the year	–	640	–	1 936	2 576
– balance at end of year	183 666	1 281 308	8 832	8 095	1 481 901

Notes to the financial statements (continued)

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
3. Township development				
Township development comprising 382 residential erven with houses erected thereon in Mojuteng Township, Northam, District of Thabazimbi.	35 198	6 602	–	–
Included therein is the purchase price of certain erven in the course of transfer into the name of the company's subsidiary.				
4. Subsidiary				
Shares at cost – R100.00 (2006: R100.00)			–	–
Loan advanced			37 059	6 539
			37 059	6 539
The loan is interest free and is repayable out of surplus cash funds. The holding company has undertaken not to call up the loan within the next 12 months				
5. Available for sale investments				
Fair value	6	6	6	6
The investments, comprising equity investments in various mining industry service organisations, are valued by the directors at R6 000 (2006: R6 000)				
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.				
The balance in the fund was as follows:				
– balance at beginning of year	16 393	14 443	16 393	14 443
– contributions made during the year	1 002	800	1 002	800
– net income earned during the year (note 16)	1 525	1 150	1 525	1 150
– balance at end of year	18 920	16 393	18 920	16 393
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 the mine's freehold property in favour of the fund to ensure that the fund will be able to meet future rehabilitation obligations.				

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company

7. Environmental Guarantee Investment

The balance in the fund was as follows:				
– balance at beginning of year	6 279	3 004	6 279	3 004
– contributions made during the year	3 000	3 000	3 000	3 000
– management fees	(150)	(350)	(150)	(350)
– net income earned during the year (note 16)	1 182	625	1 182	625
– balance at end of year	10 311	6 279	10 311	6 279

The environmental Guarantee Investment policy was issued in terms of the insurance guarantee for R24.0 million (2006: R18.2 million).

8. Inventories

Metals on hand and in transit – at cost	210 964	250 788	210 964	250 788
Consumable stores – at cost	43 526	29 584	43 526	29 584
	254 490	280 372	254 490	280 372

The cost of sales figure disclosed in the income statements approximates the cost of inventory expensed during the period.

The amount of write-down of consumable shares recognised as an expense in cost of sales:	774	885	774	885

9. Share capital

Authorised				
350 000 000 (2006: 350 000 000) shares of 1 cent each	3 500	3 500	3 500	3 500
Issued				
237 226 000 (2006: 236 003 500) shares of 1 cent each	2 372	2 360	2 372	2 360
Share premium	2 028 542	2 016 426	2 028 542	2 016 426
	2 030 914	2 018 786	2 030 914	2 018 786

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.

Notes to the financial statements *(continued)*

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
10. Deferred tax				
The principal components of the deferred tax are as follows:				
Deferred tax liabilities				
– property, plant and equipment	386 643	369 027	386 643	369 027
– metal inventory	9 398	7 514	9 398	7 514
	396 041	376 541	396 041	376 541
Deferred tax assets				
– estimated tax losses available for set-off against future taxable income	44	48	–	–
– employee benefits	16 785	14 535	16 785	14 535
– decommissioning and environmental restoration provisions	3 049	4 326	3 049	4 326
	19 878	18 909	19 834	18 861
Net deferred tax liability	376 163	357 632	376 207	357 680
The charge / (credit) in the deferred tax balance is reconciled as follows:				
Deferred tax liability at beginning of year	357 632	325 298	357 680	325 298
– charge for the year (per note 18)	18 531	32 334	18 527	32 382
– temporary differences in respect of property, plant and equipment	17 616	29 423	17 616	29 423
– depreciation component included in metals on hand and in transit	1 884	3 874	1 884	3 874
– temporary difference in respect of accounts receivable	–	(37)	–	(37)
– estimated tax losses available for set-off against future income	4	(48)	–	–
– temporary difference in respect of employee benefits	(2 250)	(890)	(2 250)	(890)
– temporary difference in respect of other accounts payable	–	532	–	532
– temporary difference in respect of long-term provisions	1 277	(520)	1 277	(520)
Deferred tax liability at end of year	376 163	357 632	376 207	357 680

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company

11. Long term provisions

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
Provision for decommissioning costs				
– balance at beginning of year	21 872	19 593	21 872	19 593
– present value of decommissioning asset capitalised (note 2)	–	209	–	209
– charged to operating costs (note 14)	1 814	1 032	1 814	1 032
– adjustment arising from change in discount rate (note 14)	(9 241)	–	(9 241)	–
– unwinding of discount (note 14)	1 859	1 038	1 859	1 038
– revisions (note 14)	3 001	–	3 001	–
– balance at end of year	19 305	21 872	19 305	21 872
Provision for restoration costs				
– balance at beginning of year	3 277	2 963	3 277	2 963
– adjustment arising from change in discount rate (note 14)	(1 428)	–	(1 428)	–
– unwinding of discount (note 14)	279	157	279	157
– charged to operating costs (note 14)	316	157	316	157
– balance at end of year	2 444	3 277	2 444	3 277
Environmental rehabilitation obligations at year end	21 749	25 149	21 749	25 149
Environmental rehabilitation obligation before funding	21 749	25 149	21 749	25 149
Less: Northam Platinum Restoration Trust Fund (note 6)	18 920	16 393	18 920	16 393
Net present value of unfunded environmental rehabilitation obligations	2 829	8 756	2 829	8 756

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 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 an alternative use.

Notes to the financial statements *(continued)*

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
11. Long term provisions – cont				
The decommissioning and restoration costs are reviewed on an annual basis, and at the balance sheet date the net unfunded future obligations were as follows:				
Decommissioning obligations	60 492	47 459	60 492	47 459
Restoration obligations	7 656	7 109	7 656	7 109
Total decommissioning and restoration obligation	68 148	54 568	68 148	54 568
Less: Obligation not requiring financial provision	25 740	20 407	25 740	20 407
	42 408	34 161	42 408	34 161
Less: Funds held by Northam Platinum Restoration Trust Fund (note 6)	18 920	16 393	18 920	16 393
Environmental Guarantee Investment (note 7)	10 311	6 279	10 311	6 279
Total unfunded future rehabilitation obligations	13 177	11 489	13 177	11 489

The company has procured the issue of an insurance guarantee for R24.0 million (2006: R18.2 million) in respect of the unfunded decommissioning and restoration costs.

12. Prior year adjustment

Arising out of a review of the group's insurance policies, it has been determined that the environmental contingency policy constitutes a financial asset, and accordingly the group has recognised this as loans and receivables.

The effect of this change is as follows:

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
– reduction in accumulated loss in respect of prior year adjustment		2 133		2 133
– reduction in operating costs		2 650		2 650
– increase in investment income		625		625
– increase in profit before tax		3 275		3 275
– increase in tax charge		949		949
– increase in profit attributable to shareholders		2 326		2 326
– increase in loan and receivables		6 279		6 279
– increase in tax liability		1 820		1 820

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company

13. Total revenue

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
Total revenue comprises:				
– sales revenue	3 739 805	2 386 326	3 739 805	2 386 326
– investment income	83 643	39 700	83 643	39 697
– sundry revenue	8 477	11 418	8 477	11 418
	3 831 925	2 437 444	3 831 925	2 437 441

14. Operating costs

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

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
– labour	593 080	557 054	593 080	557 054
– stores	448 700	421 051	448 700	421 051
– utilities	103 740	99 426	103 740	99 426
– sundries	218 698	160 405	218 698	160 405
– provision for decommissioning and restoration costs (note 11)	(3 400)	2 384	(3 400)	2 384
– unwinding of discount	2 138	1 195	2 138	1 195
– inflation adjustment	2 130	1 189	2 130	1 189
– adjustment arising from change in discount rate	(10 669)	–	(10 669)	–
– revisions	3 001	–	3 001	–
	1 360 818	1 240 320	1 360 818	1 240 320
Operating costs include the following:				
External auditors remuneration				
– current year	899	800	840	780
– prior year adjustment	22	–	22	–
– other services	–	276	–	276
Internal audit fees				
– current year	962	797	962	797
– prior year adjustment	(41)	–	(41)	–
Directors' remuneration				
– non executive fees	1 182	1 237	1 182	1 237
– executive remuneration	5 910	4 955	5 910	4 955
Equity compensation charges	11 774	7 009	11 774	7 009
Operating lease payments				
– office equipment	356	260	356	260
– premises	366	334	366	334

Details of directors' remuneration are contained in the directors' report on page 51

Notes to the financial statements *(continued)*

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
15. Depreciation				
Depreciation of mining properties, plant and equipment consists of the following:				
– mining property	11 429	11 432	11 429	11 432
– plant and equipment	115 429	100 885	115 429	100 885
– decommissioning asset	552	546	552	546
– vehicles	1 630	1 850	1 630	1 850
	129 040	114 713	129 040	114 713
16. Investment income				
Investment income consists of the following:				
– interest received	80 936	37 925	80 936	37 922
– growth in Northam Platinum Restoration Trust Fund (note 6)	1 525	1 150	1 525	1 150
– growth in Environmental Contingency Fund (note 7)	1 182	625	1 182	625
	83 643	39 700	83 643	39 697
17. Net sundry income				
Net sundry income/(expenditure) is arrived at as follows:				
– foreign currency hedging gains/(loss) – realised	–	531	–	531
– foreign currency transaction gains/(loss) – realised	(4 707)	7 634	(4 707)	7 634
– metal hedging gains/(loss) – realised	–	(12)	–	(12)
– profit on sale of unlisted investments	–	129	–	129
– profit on sale of property plant and equipment	388	146	388	146
– other	1 145	(26)	1 129	144
– sundry revenue				
– rent received	863	817	863	817
– royalties received from chrome recovery plant	5 079	2 191	5 079	2 191
– sale of scrap	2 084	843	2 084	843
– toll treatment revenue	451	7 567	451	7 567
	5 303	19 820	5 287	19 990

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
18. Tax				
Current	756 031	335 221	756 031	335 221
Deferred (note 10)	18 531	32 334	18 527	32 382
	774 562	367 555	774 558	367 603
The tax charge comprises:				
– mining tax	575 001	306 291	575 001	306 291
– non-mining tax	23 948	14 373	23 944	14 421
– state's share of profits	55 726	–	55 726	–
– capital gains tax	–	19	–	19
– adjustment in respect of previous years	(1 404)	137	(1 404)	137
– secondary tax on companies	121 291	46 735	121 291	46 735
	774 562	367 555	774 558	367 603
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	29.0	29.0	29.0	29.0
– state's share of profits	2.7	–	2.7	–
– secondary tax on companies	5.8	4.4	5.8	4.4
	37.5	33.4	37.5	33.4
– expenditure disallowed	0.2	0.4	0.2	0.4
– permanent differences	(0.7)	0.5	(0.7)	0.5
– other	(0.1)	–	(0.1)	–
– effective tax rate	36.9	34.3	36.9	34.3
	R000	R000	R000	R000
Amounts which are available for offset against future taxable income	150	167	–	–

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company

18. Tax (continued)

18.1 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%.

No provision was raised for state's share of profits in the previous year as the company had estimated unredeemed capital expenditure of R420 313 000 which was redeemed during the current year.

18.2 Mining tax

The current rate of mining tax applicable to the company is 29%

18.3 Non-mining tax

Non-mining income is subject to a rate of 29%

18.4 Deferred tax

Deferred tax is provided at the statutory rate of 29% for all temporary differences.

18.5 Secondary tax on companies

Secondary tax on companies is levied at the rate of 12.5% of net dividends declared.

18.6 Capital gains tax

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

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company

19. Earnings per share

Earnings per share is based on profit attributable to shareholders and an average of 236 746 919 (2006: 233 704 034) shares in issue during the year.

Headline earnings per share are based on headline earnings and are reconciled to profit attributable to shareholders as follows:

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
Profit attributable to shareholders	1 326 244	705 564	1 326 232	705 683
Profit on sale of property, plant and equipment	(388)	(146)	(388)	(146)
Profit on disposal of unlisted investments	–	(129)	–	(129)
Tax effect	113	61	113	42
Headline earnings	1 325 969	705 350	1 325 957	705 450

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

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

The number of potential diluted shares are calculated as follows:

	2007 Group	2006 Group	2007 Company	2006 Company
Average number of ordinary shares in issue during the year	236 746 919	233 704 034	236 746 919	233 704 034
Average number of Northam Share Option Scheme options outstanding during the year	5 300 163	5 838 627	5 300 163	5 838 627
Average number of potential diluted ordinary shares in issue	242 047 082	239 542 661	242 047 082	239 542 661

Notes to the financial statements *(continued)*

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
20. Cash generated from operations				
Profit before taxation	2 100 806	1 073 119	2 100 790	1 073 286
Adjusted for non-cash items				
– profit on disposal of unlisted investment	–	(129)	–	(129)
– profit on disposal of property, plant and equipment	(388)	(146)	(388)	(146)
– depreciation and impairments	129 040	114 713	129 040	114 713
– increase/(decrease) in long-term provisions	(3 400)	2 384	(3 400)	2 384
– equity compensation charges	11 774	7 009	11 774	7 009
Interest received	(80 936)	(37 925)	(80 936)	(37 922)
	2 156 896	1 159 025	2 156 880	1 159 195
21. Change in working capital				
Inventories	25 882	(34 070)	25 882	(34 070)
Accounts receivable	(149 447)	(36 412)	(149 758)	(35 969)
Accounts payable	25 059	727	25 840	(310)
	(98 506)	(69 755)	(98 036)	(70 349)
22. Tax paid				
Balance owing at beginning of year	171 461	110 934	171 461	110 934
Charge per income statement, excluding deferred tax	756 031	335 221	756 031	335 221
Balance owing at end of year	(343 191)	(171 461)	(343 191)	(171 461)
	584 301	274 694	584 301	274 694
23. Commitments				
Capital expenditure – plant and equipment				
Authorised but not contracted	179 380	170 105	179 380	170 105
Contracted	25 712	17 584	25 712	17 584
Information Technology Outsource Service Providers				
Due within one year	8 851	8 123	8 851	8 123
Due within two to five years	1 868	10 224	1 868	10 224
Operating lease rentals – office equipment				
Due within one year	114	622	114	622
Due within two to five years	31	101	31	101
Operating lease – premises				
Due within one year	99	155	99	155
Due within two to five years	–	81	–	81
Housing development				
Contracted	1 913	2 843	–	–

These commitments will be financed out of operating cash flows

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
24. Employee benefits				
The aggregate earnings and benefits of employees, including directors, were				
– salaries, wages and other benefits	497 506	458 880	497 506	458 880
– contributions to retirement benefit funds	47 693	44 610	47 693	44 610
– contributions to health-care funds	36 107	46 555	36 107	46 555
– equity compensation charge	11 774	7 009	11 774	7 009
	593 080	557 054	593 080	557 054
– fees paid to non-executive directors	1 182	1 237	1 182	1 237
	594 262	558 291	594 262	558 291
– Included in salaries, wages and other benefits are the following amounts in respect of retrenchment benefits and termination costs	5 473	1 154	5 473	1 154

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 51.

25. Related parties

The group, in the ordinary course of business, enters into various sale, purchase and lease transactions with a large number of entities, some of whom are related parties. All transactions were concluded on an arms length basis.

Details of transactions and period end balances with those entities identified as related parties are contained in Annexure 2 on page 89.

26. 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 17.

Notes to the financial statements *(continued)*

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
26. Segmental reporting				
Geographic segment: By location of customers:				
Segment revenue				
Europe	1 222 261	882 799	1 222 261	882 799
Japan	1 093 848	620 021	1 093 848	620 021
North America	939 375	667 991	939 375	667 991
South Africa	484 321	215 515	484 321	215 515
	3 739 805	2 386 326	3 739 805	2 386 326
Segment accounts receivable				
Europe	25 138	13 639	25 138	13 639
Japan	85 508	6 734	85 508	6 734
North America	55 217	33 611	55 217	33 611
South Africa	102 999	65 431	102 867	64 988
	268 862	119 415	268 730	118 972

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

27. Financial instruments

(a) Foreign currency risk management

The company incurs currency risk as a result of sales and refining cost transactions which are denominated in a currency other than the company's functional currency. The currencies giving rise to these risks are primarily the US Dollar and the Euro. At the year end the company did not consider that there was any significant foreign currency risk.

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:

	2007 R000 Group	2006 R000 Group	2007 R000 Company	2006 R000 Company
– accounts receivable – US$	23 437	7 560	23 437	7 560
– cash and cash equivalents – US$	1 139	4 394	1 139	4 394
– accounts payable – €	1 034	868	1 034	868
Exchange rates at year end				
Rand/Dollar	7.08	7.14	7.08	7.14
Rand/Euro	9.52	9.22	9.52	9.22

27. Financial instruments (continued)

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

(c) Credit risk management

The company only deposits surplus cash with major banks of high quality credit standing.

Trade accounts receivable comprise a small customer base with whom the company has long standing business relations. Payment is received within 7 days of delivery.

At year end there was no indication of impairment.

The granting of credit is made on application and is approved by the chief executive officer. At the year end the company did not consider there to be any significant concentration of credit risk.

(d) Interest rate management

As part of the process of managing the company's interest rate risk, all borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

At the year end there were no borrowings.

(e) Fair value

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

Annexure 1
for the year ended 30 June 2007

Analysis of options held as at 30 June 2007

Grant date	18 November 2002	14 October 2003	14 October 2004	24 October 2005	23 October 2006	Total
Earliest exercise date	18 November 2004	14 October 2005	14 October 2006	24 October 2007	23 October 2008	
Expiry date	17 November 2007	13 October 2008	13 October 2009	23 October 2010	23 October 2011	
Exercise price – cents	1 925	1 060	830	1 700	3 845	
Balance at 30 June 2006	71 000	561 500	1 345 000	2 172 500	–	4 150 000
New options granted during the year	–	–	–	–	2 267 500	2 267 500
Options forfeited during the year	–	(17 500)	(72 500)	(360 000)	(90 000)	(540 000)
Options exercised during the year	(71 000)	(522 000)	(630 000)	–	–	(1 223 000)
Month						
July	–	–	–	–	–	–
August	(35 000)	(14 000)	–	–	–	(49 000)
September	(6 000)	–	–	–	–	(6 000)
October	–	(317 000)	(270 000)	–	–	(587 000)
November	(30 000)	(47 000)	(180 000)	–	–	(257 000)
December	–	(44 000)	(55 000)	–	–	(99 000)
January	–	–	–	–	–	–
February	–	(54 000)	(35 000)	–	–	(89 000)
March	–	(20 000)	(37 500)	–	–	(57 500)
April	–	(26 000)	(52 500)	–	–	(78 500)
May	–	–	–	–	–	–
June	–	–	–	–	–	–
Balance at 30 June 2007	–	22 000	642 500	1 812 500	2 177 500	4 654 500
Total consideration received R000	1 366	5 533	5 229	–	–	12 128
Details of options granted to directors – G T Lewis						
Balance at 1 July 2006	–	60 000	150 000	187 500	–	397 500
New options granted during the year	–	–	–	–	187 500	187 500
Options exercised during the year	–	(60 000)	(75 000)	–	–	(135 000)
Balance at 30 June 2007	–	–	75 000	187 500	187 500	450 000
Gains on exercise of options by directors – G T Lewis						
Market value on date exercised – R000	–	2 321	2 901	–	–	5 222
Consideration – R000	–	636	623	–	–	1 259
Gain – R000	–	1 685	2 278	–	–	3 963

Note: The market value is based on the closing price on the JSE Limited on the day the options are exercised.

Annexure 2

Related party transactions for the year ended 30 June 2007

Name of entity	Basis of identification as a related party	Related director	Nature of services provided	Where charged/ (credited) in income statement	Charge / (credit) to income statement 2007 R000	2006 R000	Year end balance 2007 R000	2006 R000	Year end balance included in:
Anglo Platinum Limited	Major shareholder and common directors	R Havenstein R Mills and N M Mbazima	Sales of by-products – nickel and cobalt	Sales revenue	(166 799)	(100 798)	14	12 595	Accounts receivable
			Supply of internal audit services	Operating costs – sundries	962	797	962	501	Accounts payable
			Toll treatment of concentrates	Net sundry revenue	(451)	(12 968)	–	1 071	Accounts receivable
ABSA Group Limited	Common directorship	T M G Sexwale (Note 1)	Treasury operations – investment of surplus cash funds	n/a			355 000	135 000	Cash and cash equivalents
				Investment income	(18 365)	(8 992)	6 411	902	Accounts receivable
			Treasury operations – sale of export proceeds	Sales revenue	–	(337 952)	–	–	n/a
GijimaAst Group Limited	Common directorship	N J Dlamini	Maintenance of computer systems	Operating costs – sundries	2 313	127	–	7	Accounts payable
Gold Fields Training Services (Proprietary) Limited	Common directorship	T M G Sexwale, director of holding company (Note 1)	Supply of training services	Operating costs – sundries	1 274	190	9	96	Accounts payable
J I C Mining Services (Proprietary) Limited	Common directorship	T M G Sexwale and M J Willcox directors of holding company (Note 1)	Supply of consumable stores	Operating costs – stores	4	259	–	5	Accounts payable
LexisNexis Butterworths (Proprietary) Limited	Common directorship	E Molobi director of holding company (Note 2)	Supply of legal subscription services	Operating costs – sundries	33	36	3	–	n/a
Mvelaphanda Resources Limited	Major shareholder and common directors	M E Beckett, T M G Sexwale, B R van Rooyen and M J Willcox (Note 1)	Reimbursement of expenses	Operating costs – sundries	182	155	–	–	n/a
Protea Aviation Services (Proprietary) Limited	Common directorship	T M G Sexwale and M J Willcox directors of holding company (Note 1)	Transport of products	Refining and other costs	999	855	56	75	Accounts payable
Protea Security Services (2000) (Proprietary) Limited	Common directorship	T M G Sexwale and M J Willcox directors of holding company (Note 1)	Supply of security Services	Operating costs – sundries	7 971	7 276	–	442	Accounts payable
Steffen, Robertson and Kirsten (South Africa) (Proprietary) Limited	Common directorship	E Molobi (Note 2)	Ore resource audit services	Operating costs - – sundries	–	21	–	–	n/a
Trollope Mining Services (2000) (Proprietary) Limited	Common directorship	T M G Sexwale and M J Willcox directors of holding company (Note 1)	Transport of waste and hire of plant	Operating costs – sundries	9 622	5 658	1 214	300	Accounts payable

Annexure 2 (continued)

Related party transactions for the year ended 30 June 2007

Name of entity	Basis of identification as a related party	Related director	Nature of services provided	Where charged/ (credited) in income statement	Charge / (credit) to income statement 2007 R000	Charge / (credit) to income statement 2006 R000	Year end balance 2007 R000	Year end balance 2006 R000	Year end balance included in:
Key management personnel									
Non-executive directors' fees			See Directors' Report page 51	Operating costs – sundries	1 182	1 237			
Executive directors remuneration									
G T Lewis			Remuneration	Operating costs – labour	1 525	1 425			
			Performance bonus	Operating costs – labour	212	248			
			Contribution to retirement fund	Operating costs – labour	190	178			
			Other benefits	Operating costs – labour	20	20			
			Gain on exercise of share options		3 963	3 084			
			See Directors' Report page 51		5 910	4 955			
			Equity compensation charge	Operating costs – labour	1 232	618			
					7 142	5 573			
Senior management remuneration			Remuneration	Operating costs – labour	7 241	7 042			
			Performance bonus	Operating costs – labour	704	936			
			Contribution to retirement fund	Operating costs – labour	905	880			
			Other benefits	Operating costs – labour	1 189	156			
			Equity compensation charge	Operating costs – labour	4 915	2 582			
					14 954	11 596			

Notes

Note 1. Mr T M G Sexwale resigned as a director on 20 April 2007.

Note 2. Mr E Molobi died on 14 June 2006.

Notice of annual general meeting

Date:	29 November 2007
Time:	14:00
Venue:	Ground Floor Auditorium Glenhove Conferencing 52 Glenhove Road Melrose Estate Johannesburg

Notice is hereby given that the annual general meeting of members of Northam Platinum Limited will be held in the Ground Floor Auditorium, Glenhove Conferencing, 52 Glenhove Road, Melrose Estate, Johannesburg on Thursday, 29 November 2007 at 14:00 for the following purposes:

1 Annual financial statements

To receive and consider the annual financial statements for the year ended 30 June 2007.

2 Election of directors

To elect directors in place of Messrs M E Beckett, N B Mbazima, P C Pienaar, B R van Rooyen and P L Zim 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 of these gentlemen appear on page 35 of the annual report of which this notice forms part.

3 Restructuring of directors' fees

To consider a proposed restructuring of the fees paid to directors for their services as such, as set out on page 50 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 directors of the company with effect from 1 July 2007:

Board

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

Board appointed committees

Committee chairman – R24 000 per annum.
Committee members – R12 000 per annum.
Committee meeting attendance fees – R8 000 per meeting."

4 Amendment to the rules of the Northam Share Option Scheme

To consider a proposed amendment to the rules of the Northam Share Option Scheme and accordingly, if deemed fit, to pass the following resolution as an ordinary resolution.

"RESOLVED, as an ordinary resolution, that the amended rules of the Northam Share Option Scheme, as tabled at this meeting, and signed by the chairman for purposes of identification, be and are hereby approved as the revised rules of the scheme."

Details of the proposed amendment to the rules are contained in the directors' report.

A copy of the revised rules may be inspected at the company's registered office during normal working hours on any business day prior to the holding of the meeting.

Notice of annual general meeting *(continued)*

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 terms of and subject to the provisions of the Companies Act, as amended, and the Listings Requirements of the JSE Limited (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 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:

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 1

"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;

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 in terms of the ordinary resolution set out under 6, as well as the special resolution set out under 7 on page 92, 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 35 and 36;
- Major shareholders of the company – see page 53;
- Directors' interests in the company's securities – see page 52;
- Share capital – see page 47;
- Directors' intention regarding the use of the general authorities to acquire shares and make payments to shareholders– see page 47.

Notice of annual general meeting (continued)

In addition, the following disclosures are required:

Litigation statement

The directors of the company, whose names appear on page 35 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 35 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 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
12 October 2007

Proxy form

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)
("the company")

Annual general meeting

I/We

(Block capitals)

of (address)

being a member/members of the company and entitled to attend and vote at the undermentioned meeting,

hereby appoint

or failing him/her

or failing him/her, the chairman of the meeting, as my/our proxy to attend and vote for me/us and on my/our behalf at the annual general meeting of members of the company to be held on Thursday, 29 November 2007 at 14:00, in the ground floor auditorium, Glenhove Conferencing, 52 Glenhove Road, Melrose Estate, Johannesburg or any postponement or adjournment thereof, and in particular in respect of the following resolutions:

*Please indicate with an X in the spaces below how the votes are to be cast

Resolutions	For*	Against*	Abstain*
Ordinary resolution number 1 – election of Mr M E Beckett as a director			
Ordinary resolution number 2 – election of Mr N B Mbazima as a director			
Ordinary resolution number 3 – election of Mr P C Pienaar as a director			
Ordinary resolution number 4 – election of Mr B R van Rooyen as a director			
Ordinary resolution number 5 – election of Mr P L Zim as a director			
Ordinary resolution number 6 – restructuring of directors' fees			
Ordinary resolution number 7 – amendment to the rules of the Northam Share Option Scheme			
Ordinary resolution number 8 – placement of the authorised but unissued share capital under the control of the directors			
Ordinary resolution number 9 – payments to shareholders			
Special resolution – acquisition of company's own shares			

Number of shares held

Unless this section is completed for a lesser number, the company is authorised to insert in the said section the total number of shares registered in my/our names on 27 November 2007.

Signature Date

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

Please read instructions on the reverse side of this proxy form.

Notes to proxy form

Instructions on completing and lodging the proxy form

1. A member may insert the name of one or more proxies of the member's choice in the space(s) provided, with or without deleting "the chairman of the 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. A proxy need not be a member of the company.

2. A member should insert an "X" in the relevant space according to how they wish their votes to be cast in respect of each resolution. However, if a member wishes to cast a vote in respect of a lesser number of ordinary shares than they own in the company, they should insert the number of ordinary shares held in respect of which they wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the member's votes exercisable at the annual 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, in his absolute discretion, reject or accept any form of proxy which is completed and/or received other than in compliance with these instructions.

5. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registrations, must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the annual general meeting or the shareholders concerned must instruct their CSDP or broker as to how they wish to vote. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned. These persons should not complete this proxy form.

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 annual 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 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, Republic of South Africa (PO Box 61051, Marshalltown, 2107, Republic of South Africa) so as to be received by no later than 14:00 on Tuesday, 27 November 2007.

Administration

Registered office
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South Africa

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Website
www.northam.co.za

Company secretary
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South Africa

e-mail svanderspuy@corp.norplats.co.za

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Marshalltown 2107
South Africa

Auditors
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Wanderers Office Park
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Illovo
Johannesburg
South Africa

Transfer secretaries
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NORTHAM

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