ANNUAL REPORT 2005

NORTHAM

PLATINUM LIMITED

NORTHAM

VISION

To grow into a significant, long-life PGM producer with a reliable and independent supply of quality metals to a geographically diversified customer base, while continuing to deliver value to all our stakeholders.

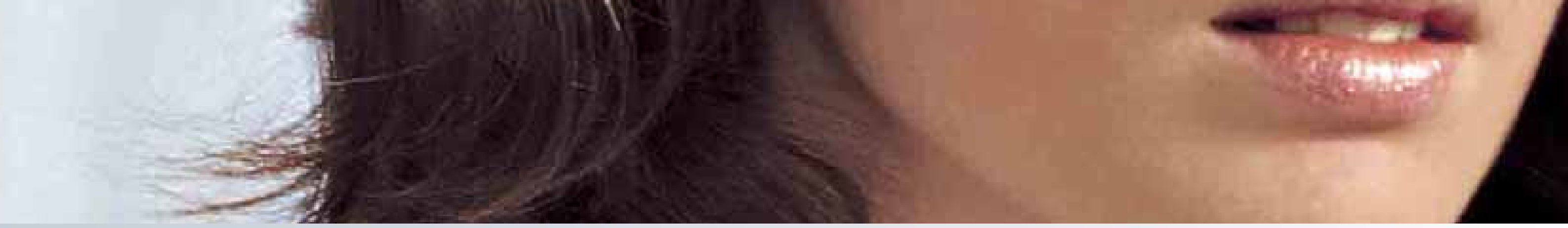
CONTENTS LIST

STRATEGY

- Leveraging our enhanced BEE status
- Partnering with both majors and minors in the industry
- Taking advantage of green- and brownfields expansion opportunities
- Substantially increasing PGM production and reducing costs by seeking to diversify the company's operational asset base
- Maximising the use of our processing and smelting expertise and infrastructure

VALUES

- Being a responsible employer, offering opportunities for training and development
- Commitment to creating opportunities based on the principles of equity and transparency
- Defending employees' rights to a safe working environment
- Pursuing the values of good corporate citizenship in the community in which we operate
- Upholding the highest levels of integrity in our dealings with all our stakeholders

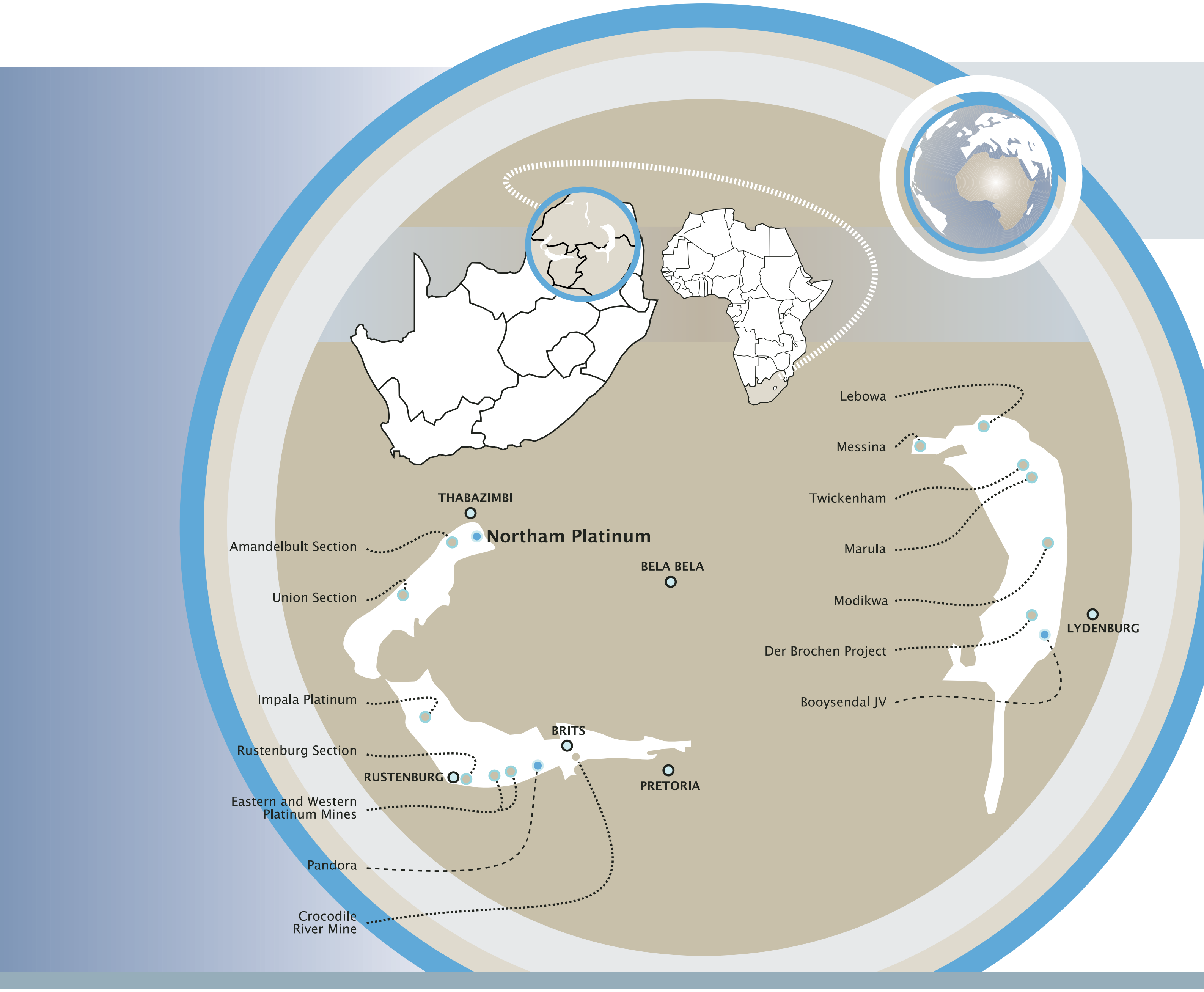


HIGHLIGHTS

- Robust recovery after operational disruption
- Excellent second half year performance
- Earnings maintained at R249 million
- Share price growth of 41.5% in the year

Share price performance

Five year production



Northam Platinum Limited, a broadly based black empowerment company, currently operates a platinum mine at the upper end of the western limb of the South African Bushveld Complex, and is in the process of acquiring a 50% JV interest in the Booysendal project on the eastern limb of the Bushveld Complex.

Annual metal production amounts to approximately 340 000 oz of platinum, palladium, rhodium and gold (3PGE+Au). Within the Northam lease area reserves are measured at 12.7 Moz within a total resource base of 17.4 Moz.

Current mining operations are centred on the Merensky and UG2 reefs from a twin shaft system at depths varying between 1 200 and 2 200 metres, and with virgin rock temperatures up to 75°C. Northam is the pioneer of deep-level hydropowered mining methods in the South African mining industry. Over the years it has refined this technology which complements the world-class surface infrastructure, comprising two concentrator plants, a smelter and base metals removal plant.

The company is a reliable and independent supplier of metals of London and Zurich ‘good delivery’ status to an established customer base spread across the major economic centres of the world.

Northam is committed to creating value for shareholders by ensuring the company’s continued sustainability and leveraging opportunities for growth while continuing to reward shareholders.

The company’s shares are listed on the JSE Limited.

Performance
In previous letters to shareholders I have alluded to the growing resilience of the Northam operation, demonstrating its ability to withstand the vagaries of global markets and economic conditions. This year has been no different, with the buoyancy of the South African economy translating into a sustained strong local currency, which has largely offset the potential gains associated with higher US dollar metal prices. In rand terms the prices realized for our precious metals were lower, with the exception of rhodium, which recently traded at levels above US$2 000/oz and for which we realized a spectacular 118% increase in price. The net effect of these factors resulted in a modest 5.1% increase in the total precious metal basket price achieved at R137 517/kg.

On the operational front management has demonstrated a remarkable comeback in the second half of the year, recovering from the September 2004 fire reported last year, and the effective loss of some six weeks' production associated with the extended shutdown of all mining activities imposed by the authorities. This excellent performance was largely responsible for containing the year on year decline in PGM production to 4.5% at 325 214 oz. Good cost control in the second half of the year contributed to the maintained net income of R249 million for the year.

The final dividend declared of 45 cents per share (cps) brings the total dividend for the year to 70 cps, 22% lower than the 90 cps declared in 2004. The lower dividend is in line with our previously stated policy of paying excess cash to shareholders after making provision for operational requirements and funding new business – as we have done with the retention of R90 million to pay for the cash consideration of our stake in Booysendal from Mvelaphanda Resources Limited (Mvelaphanda Resources).

Business environment
The strength of the South African economy, reflecting the authorities' fiscal discipline and monetary control, has resulted in reduced inflation levels, with CPIX over the year averaging 3.5%, the lowest level in many years, and contributing to the aforementioned strength in the currency. The government has been rewarded for this prudence by improved rankings from global ratings agencies.

Given the US dollar-denominated prices for our metals, there is little doubt that a softer local currency would provide a more comfortable environment for us to do business in. It would be foolish however to discount the effects of a weak currency on costs, against the spectre particularly of seemingly ever-spiralling oil prices. For the labour movement this vastly different economic climate presents its own challenges, as witnessed in the recent broad-ranging industrial action in the gold mining and other sectors of the South African economy.

President Mbeki's appointment of Ms Phumzile Mlambo-Ngcuka, the Minister of Minerals and Energy for the past six years, as deputy president of the country, is a fitting acknowledgement of her enormous contribution to the transformation of the South African mining sector. On behalf of the board, we wish her well in her new position. We welcome also the new minister, Ms Lindiwe Hendricks, who has built up an enviable reputation within the Department of Trade and Industry, and we look forward to maintaining a constructive and cooperative relationship with the Department of Minerals and Energy (DME).

New business
In February last year we announced that we had reached agreement with Mvelaphanda Resources on the terms of acquiring their interest in the Booysendal project, a JV with Anglo Platinum. Progress in concluding the transaction has been slower than we would have liked, which has been frustrating for us, and we appreciate that shareholders may also feel justified in their concern with the delay. It remains for me to assure shareholders that there are no insurmountable problems, and that we hope to provide further detail on what promises to be a value-accretive development in the near future.

Senior appointments
In March this year we appointed Mr Glyn Lewis, general manager for the past three years, to the board as chief executive officer. Glyn's track record and his understanding of the technical aspects of our operation, combined with a clear vision of growing the business, will be critical as we emerge from our single-operation status.

In July this year, and succeeding Glyn as general manager, we welcomed Mr Matthews Nzimande who joins us from the Mponeng mine in the AngloGold Ashanti group. Matthews' deep-level mining experience adds considerable strength to the management team's ability to achieve further successes in mining what we have now all come to accept is a difficult orebody.

In further pursuit of improved corporate governance, Dr Judy Dlamini and Ms Emily Kgosi were appointed to the board as independent non-executive directors in November 2004. In a very short space of time their commitment, competence and insight have added considerable capacity to the board of your company.

Mr Pine Pienaar, chief executive of Mvelaphanda Resources was appointed an alternate director to Mr Bernard van Rooyen in February this year.

Outlook
With the ongoing build-up of production to steady-state levels of around 340 000 oz, we expect that metals production in F2006 could be modestly higher than that reported in the current year. Earnings will be dependent on the performance of the local currency and metal prices going forward. Should the rand basket price remain at current levels, a commensurate increase in earnings may be expected.

In conclusion
On behalf of the board I would like to pay tribute to the sterling efforts of the chief executive, the management team and all our staff in achieving what has been a more than satisfactory result in challenging operating conditions. To the board itself – it is good to know that your wisdom continues to be a positive mainstay to Northam.
I thank you.

Tokyo Sexwale
Chairman
9 September 2005

TEN YEAR FINANCIAL REVIEW

	2005 R000	2004* R000	2003* R000	2002* R000	2001* R000	2000 R000	1999 R000	1998 R000	1997 R000	1996 R000
Income statement										
Sales revenue	**1 554 501**	1 720 399	1 471 999	1 560 685	1 567 883	1 051 953	719 497	539 279	469 942	375 623
Cost of sales	**1 283 055**	1 335 217	1 093 908	976 905	780 433	691 925	596 285	547 449	580 444	481 222
Operating costs	**1 121 556**	1 061 171	1 011 664	804 870	732 758	586 938	525 797	475 168	443 131	394 285
Concentrates purchased	**20 075**	14 632	–	–	–	–	–	–	–	
Refining and other costs	**57 222**	60 569	68 549	41 394	29 601	32 068	35 742	32 227	39 963	30 604
Leased metal costs	–	(14 149)	14 149	–	–	–	–	–	–	–
Depreciation	**103 646**	97 527	89 059	99 451	86 999	59 474	55 302	65 940	72 916	79 648
Change in metal stocks	**(19 444)**	115 467	(89 513)	31 190	(68 925)	13 445	(20 556)	(25 886)	24 434	(23 315)
Operating profit	**271 446**	385 182	378 091	583 780	787 450	360 028	123 212	(8 170)	(110 502)	(105 599)
Net investment income	**29 269**	38 174	64 140	52 023	39 714	27 199	17 908	4 348	5 213	9 992
Net sundry revenue/ (expenditure)	**75 367**	(36 392)	23 946	20 793	4 256	(1 591)	(1 980)	2 542	(182)	3 090
Profit before tax and exceptional items	**376 082**	386 964	466 177	656 596	831 420	385 636	139 140	(1 280)	(105 471)	(92 517)
Exceptional items	–	–	–	–	–	–	15 262	–	–	–
Profit before tax	**376 082**	386 964	466 177	656 596	831 420	385 636	123 878	(1 280)	(105 471)	(92 517)
Tax	**127 569**	136 869	198 601	259 121	308 143	122 817	(15 589)	(28 488)	(23 816)	(21 399)
Net income for the year	**248 513**	250 095	267 576	397 475	523 277	262 819	139 467	27 208	(81 655)	(71 118)
Headline earnings	**248 528**	249 960	267 223	405 071	538 134	262 819	150 150	27 208	(81 655)	(71 118)
Balance sheet										
Property, plant and eqiupment	**1 390 586**	1 355 765	1 334 203	1 249 774	1 261 159	1 184 868	900 920	944 586	977 683	1 030 548
Deferred tax	–	–	–	–	–	166 485	271 511	253 904	225 416	201 600
Other non current assets	**14 550**	12 744	10 645	8 741	7 310	6 040	4 953	6 280	11 619	19 499
	1 405 136	1 368 509	1 344 848	1 258 515	1 268 469	1 357 393	1 177 384	1 204 770	1 214 718	1 251 647
Current assets	**835 187**	804 015	747 907	1 038 062	882 506	661 781	398 161	254 859	225 176	263 005
Inventories	**246 302**	223 187	339 156	249 252	284 214	212 596	210 414	190 619	168 429	190 061
Accounts receivable	**83 003**	79 206	113 776	57 497	54 083	70 760	31 805	28 635	35 182	28 006
Cash and cash equivalents	**505 882**	501 622	294 975	731 313	544 209	378 425	155 942	35 605	21 565	44 938
Total assets	**2 240 323**	2 172 524	2 092 755	2 296 577	2 150 975	2 019 174	1 575 545	1 459 629	1 439 894	1 514 652
Shareholders' equity	**1 596 753**	1 583 642	1 515 508	1 892 908	1 965 439	1 900 201	1 477 862	1 356 693	1 329 485	1 411 140
Deferred tax	**325 298**	332 395	330 323	249 103	69 723	–	–	–	–	–
Long term liabilities and provisions	**22 556**	15 151	11 442	9 393	8 179	6 835	29 514	49 587	51 818	53 542
Current liabilities	**295 716**	241 336	235 482	145 173	107 634	112 138	68 169	53 349	58 591	49 970
Total equity and liabilites	**2 240 323**	2 172 524	2 092 755	2 296 577	2 150 975	2 019 174	1 575 545	1 459 629	1 439 894	1 514 652
Cash flow statement										
Operating cash flow	**378 696**	512 808	390 040	747 481	800 873	423 098	169 455	42 629	(8 432)	(46 782)
Investing cash flow	**(133 708)**	(118 496)	(172 171)	(87 575)	(167 325)	(343 389)	(11 318)	(32 843)	(20 062)	(18 936)
Financing cash flow	**(240 728)**	(187 665)	(654 207)	(472 802)	(467 764)	142 774	(37 800)	4 254	5 121	3 967
Dividends paid	**(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	**2 404**	(2 077)	4 848	140	(7 082)	216 412	(19 397)	4 254	5 121	3 967
Net cash flow	**4 260**	206 647	(436 338)	187 104	165 784	222 483	120 337	14 040	(23 373)	(61 751)
Cash and cash equivalents at beginning of year	**501 622**	294 975	731 313	544 209	378 425	155 942	35 605	21 565	44 938	106 689
Cash and cash equivalents at end of year	**505 882**	501 622	294 975	731 313	544 209	378 425	155 942	35 605	21 565	44 938

	2005	2004*	2003*	2002*	2001*	2000	1999	1998	1997	1996
Operating performance										
Merensky										
Tons milled	**1 434 198**	1 541 234	1 582 421	1 288 141	1 576 926	1 660 000	1 800 000	1 740 000	1 645 000	1 565 000
Head grade – g/ton (3PGEs + Au)	**6.2**	6.0	5.9	6.1	5.8	6.0	6.1	6.2	6.1	6.1
UG2										
Tons milled	**715 946**	691 353	636 717	643 286	371 374					
Head grade – g/ton (3PGEs + Au)	**4.4**	4.3	4.0	3.8	3.9					
Combined										
Tons milled	**2 150 144**	2 232 587	2 219 138	1 931 427	1 948 300	1 660 000	1 800 000	1 740 000	1 645 000	1 565 000
Head grade – g/ton (3PGEs + Au)	**5.6**	5.5	5.3	5.3	5.4	6.0	6.1	6.2	6.1	6.1
Precious metals in concentrates produced – kg **	**10 115**	10 592	10 354	8 458	8 725	8 372	9 197	8 977	8 443	8 144
Precious metals sold – kg **	**9 922**	11 733	9 174	8 944	8 306	9 331	9 222	8 764	9 216	7 505
Revenue – R/kg **	**137 517**	130 874	145 273	160 367	172 733	100 701	70 502	54 656	44 404	41 256
Operating costs – R/kg **	**121 124**	109 392	106 309	105 587	92 751	70 110	57 170	55 081	52 819	48 578
Cash costs – R/kg **	**110 267**	99 532	96 880	94 861	83 750	67 366	56 431	53 068	51 711	47 644
Precious metals in concentrates produced – oz**	**325 214**	340 547	332 888	271 931	280 516	269 156	295 695	288 617	271 448	261 835
Precious metals sold – oz **	**318 992**	377 239	294 947	287 546	267 042	299 997	296 501	281 769	296 301	241 291
Price realised – US$/oz **	**686**	597	498	497	705	492	364	379	306	333
Operating costs – US$/oz **	**608**	493	365	325	379	343	295	382	363	392
Cash costs – US$/oz **	**554**	449	333	292	342	329	291	368	356	385
Sales per metal – oz										
Platinum	**196 056**	236 792	179 108	177 580	168 294	188 597	189 404	176 324	184 995	155 189
Palladium	**94 420**	108 648	89 086	86 758	79 558	88 690	85 222	82 739	89 081	69 911
Rhodium	**22 093**	23 849	20 744	17 325	13 295	15 565	14 770	15 662	15 116	9 971
Gold	**6 423**	7 950	6 009	5 883	5 895	7 145	7 105	7 044	7 109	6 220
Total – 3PGE + Au	**318 992**	377 239	294 947	287 546	267 042	299 997	296 501	281 769	296 301	241 291
Prices realised – US$/oz										
Platinum	**855**	782	605	491	590	441	359	431	387	417
Palladium	**201**	216	265	407	773	463	310	260	138	139
Rhodium	**1 338**	573	621	1 076	1 952	1 389	727	441	267	350
Gold	**424**	390	322	292	268	285	285	332	364	396
Basket – 3PGE + Au	**686**	597	498	497	705	492	364	379	306	333
Prices realised – R/kg										
Platinum	**171 186**	171 534	175 249	159 696	144 493	90 083	70 050	62 175	56 273	51 670
Palladium	**40 287**	47 123	79 415	130 256	189 351	94 605	60 384	37 491	20 021	17 165
Rhodium	**269 687**	123 701	183 223	339 741	478 194	283 640	141 727	63 649	38 875	43 311
Gold	**84 487**	85 892	97 165	96 450	65 781	58 111	55 677	47 950	52 921	48 975
Basket – 3PGE + Au	**137 517**	130 874	145 273	160 367	172 733	100 701	70 502	54 656	44 404	41 256
Financial performance										
Operating margin – %	**17.5**	22.4	25.7	37.4	50.2	34.2	17.1	(1.5)	(23.5)	(28.1)
Effective tax rate – %	**33.9**	35.4	42.6	39.5	37.1	31.8	–	–	–	–
Return on shareholders' equity – %	**15.6**	16.1	15.7	20.6	27.1	15.6	9.8	2.0	(6.0)	(5.0)
Return on total assets – %	**11.1**	11.5	12.8	17.3	24.3	13.0	8.9	1.9	(5.7)	(4.7)
US Dollar/Rand exchange rate										
– average	**6.19**	6.90	9.05	10.13	7.60	6.35	6.05	4.49	4.52	3.85
– at year end	**6.69**	6.20	7.57	10.27	8.04	6.77	6.01	5.92	4.53	4.33
Share performance										
Average number of shares in issue – 000	**231 578**	231 540	231 313	230 744	230 311	203 283	184 036	184 032	184 032	184 032
Number of shares at year end – 000	**231 969**	231 544	231 539	230 915	230 565	230 147	184 060	184 032	184 032	184 032
Operating cash flow per share – cents	**163.5**	221.5	168.6	323.9	347.7	208.1	92.1	23.2	(4.6)	(25.4)
Earnings per share – cents	**107.3**	108.0	115.7	172.3	227.2	129.3	75.8	14.8	(44.4)	(38.6)
Headline earnings per share – cents	**107.3**	108.0	115.5	175.5	233.7	129.3	81.6	14.8	(44.4)	(38.6)
Dividends per share – cents	**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	–	–	–	–	–	–
Net assets value per share – cents	**688.0**	684.0	655.0	820.0	852.0	826.0	803.0	737.0	722.0	767.0
Share price (cents)										
– high	**1 280**	1 345	2 210	2 000	1 860	950	640	340	500	550
– low	**775**	825	955	1 000	765	455	175	130	200	225
– at year end	**1 260**	890	1 230	1 665	1 525	780	484	268	230	475
Platinum sector index at year end	**29 043.5**	23 373.7	28 545.9	29 252.3	35 070.6	25 528.7	14 195.5	5 900.0	4 785.9	5 187.4
Compounded return over 5 years – %	**21.6**	29.2	49.5	58.3	32.0	10.0	(2.7)	(29.4)	(37.3)	(28.0)
Average monthly volume of shares traded – 000	**5 384**	4 916	4 906	8 014	11 054	6 735	1 909	901	585	409
Annual liquidity (%)	**28.0**	2.1	25.4	41.7	57.6	40.7	1 205.0	5.9	3.8	2.7

* Figures restated following the adoption of IFRS2
** 3 PGE + Au

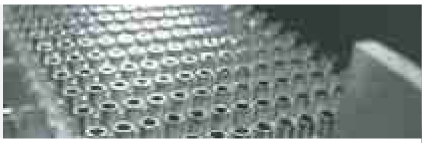
Safety, health and environment

It is regrettable that the year under review has been far from satisfactory from a safety point of view; yet it remains important to assure all of our stakeholders that the impact of this poor performance has not been lost on us, and that considerable effort has been and continues to be spent in identifying and addressing any shortcomings.

Last year we reported the death of nine of our colleagues following the devastating underground fire in September 2004. Five other employees lost their lives in separate incidents during the year. We have been profoundly saddened by the loss of our colleagues and our sincere condolences go to their families and friends.

The reportable injury incidence rate (RIIR), plateaued in the year under review after having showed a downward trend in the past six years. Of some comfort was the improved lost time injury incidence rate (LTIIR) at 1.5, a record low level.

"...demand for our products has been sustained and the basket price in South African rand terms has held up well..."



Seen against an encouraging decline in the number of dressing station cases recorded – which points to greater care being shown in the prevention of incidents that could cause injuries – the sharp rise in the severity of injuries being sustained remains particularly worrying.

Our company policies and procedures unequivocally defend employees' rights to a safe workplace, and our improved and extended training programmes focus on employees exercising these rights by identifying hazards, yet – what is apparent – is that this training is not consistently applied in working areas. Our response to this situation has been forthright and uncompromising.

We have adopted what can best be described as a 'back to basics' approach, re-focusing the attention of employees at all levels of the organization on the importance of adhering to safety standards, and, more importantly, the elimination of unsafe working practices, and in the event of non-compliance, both in terms of standards and practices, invoking disciplinary action. We have had excellent safety records in the past, and now is the time for both management and employees to make a concerted effort towards attaining those levels in the future.

After a full year of drawing on the medical services of Platinum Health, we have made steady progress on the occupational health front in effecting further improvements in measurements, data gathering and the sharing of information between the medical services and the mine's human resource management system. We have recorded higher compensable noise-induced hearing loss (NIHL) cases this year, arising in all likelihood from improved monitoring equipment and systems which will allow us to manage the incidences more effectively. We have noted the DME's thrust to eradicate silicosis and NIHL in the industry and have convened a task team comprising management, organised labour and the medical department to play a meaningful role in this worthy initiative, with a particular focus on NIHL, as employees are not exposed to silica dust at Northam.

Other occupational disease indicators remain at low levels, apart from the incidence of pulmonary tuberculosis (TB), probably associated with the incidence of HIV. Much hard work has gone into containing the spread of TB with improved monitoring of treatment regimens and with pre-leave medical examinations being implemented.

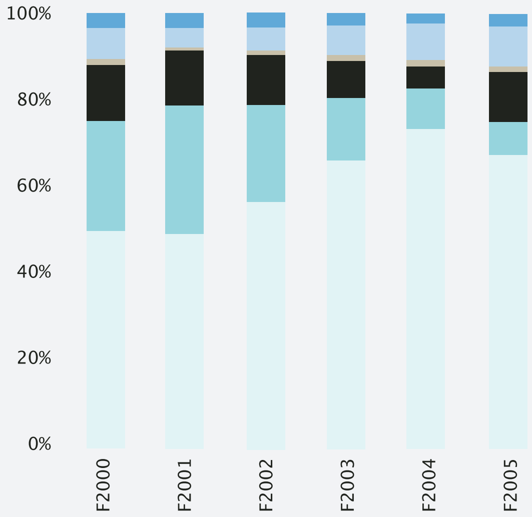
The mine's environmental performance has been at a satisfactory level throughout the year, although high summer rainfalls and the delayed start-up of operations following the Section 54 closure contributed to some isolated evaporation dam overflows. Although the quality of this discharge was generally in compliance with the mine's water permit, we are taking active steps to avoid future discharges of industrial water and are participating in local structures to establish a catchment monitoring programme for certain watercourses.

In this annual report for the first time we have included a detailed review of our progress in sustainable development initiatives. Further information on the management and performance of health, safety and environment is included in this review on pages 18 to 40 of this annual report.

Market overview

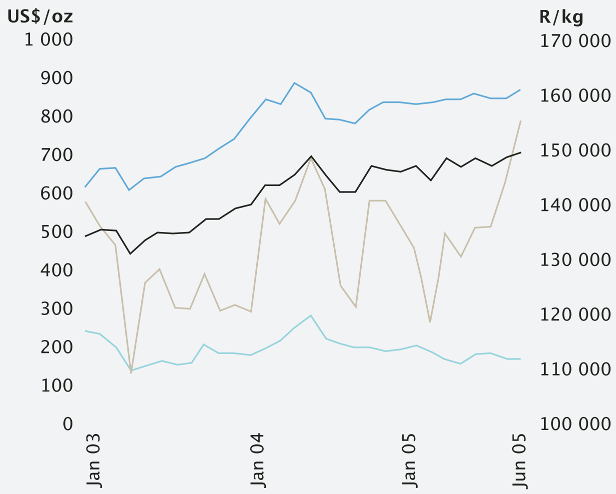
Individual markets – and thus prices – for the metals we produce have performed quite variably in the year under review. However, demand for the basket of our products has been sustained and the basket price in South African rand terms has held up well against South African rand strength and US dollar weakness.

There has been continuing strong demand for platinum from the auto catalysis industry, driven by ever more stringent environmental controls in the industrialised nations and the growing popularity of diesel-powered vehicles, notably in Europe. Despite higher prices the global market for platinum



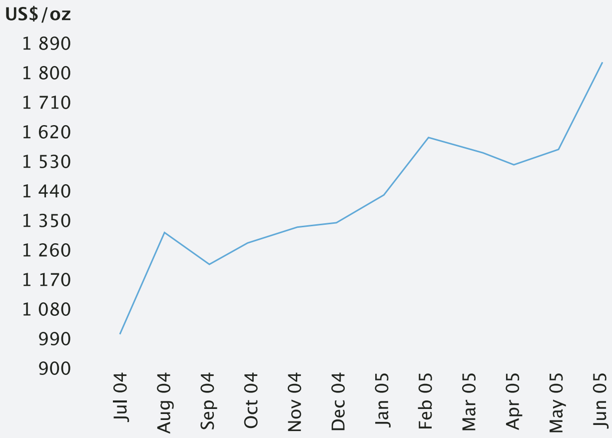
Revenue contributions by metal

Other · Gold · Palladium · Nickel · Rhodium · Platinum



Basket price

Platinum (US$/oz) · Palladium (US$/oz) · US$ Basket price · R/kg Basket price



US$ monthly average rhodium price
Period average $1 403.47
Source: Johnson Matthey

has generally proven to be resilient, although the threat of substitution posed by palladium and white gold jewellery manufacture, particularly in China, continues to present challenges.

Overall robust demand has meant the platinum price in US dollar terms has held its own during the financial year, trading at levels of US$776/oz at the beginning of July 2004, and by the end of June this year reaching US$897/oz. This has provided welcome buffering for South African producers from the full, negative impact of the rand's strength on locally produced commodities. After the end of the reporting period the platinum price spiked at US$924/oz on 12 August, before coming off and currently trading at levels of around US$890/oz.

The palladium market remained well supplied during the year, this situation arising both from higher production as mines in South Africa and Russia have expanded supplies and from lacklustre global demand. Consequently, palladium traded in a narrow range from a high of US$234/oz in October 2004 to a low of US$178/oz in February 2005.

Nickel, which makes a significant contribution to our revenue stream, has enjoyed historic price highs on the back of increasing demand, and copper prices have remained strong. At the beginning of the 2004 calendar year the rhodium price was at US$500/oz, and by August 2004 was trading above the US$1 260/oz level. Thereafter, underpinned by tight availability of physical metal, the rhodium price climbed steadily to US$1 833/oz at the end of the 2005 financial year. As a result the average price realized for rhodium rose by 118% to R269 682/kg for the year. Demand has been fuelled mainly by higher rhodium loadings in the autocatalyst sector to meet more stringent emission standards. In Asia and the Far East, there has also been a marked expansion in glass production, lending further support to rhodium demand.

Markets – outlook and prospects

After the recent spike in the platinum price, underpinned by the revaluation of the Chinese currency with speculative buying pushing up the price, it has since come off to trade below the crucial US$900/oz level. It is difficult to see how the small appreciation of the yuan can sustain the large increase in the platinum price, and consequently, it is quite likely that platinum will trade back to its recent range for the foreseeable future. Strong demand in the autocatalyst sector on the back of tightening emissions legislation will continue, but will be offset by any downturn in the overall level of vehicle sales.

In the face of growing substitution by less expensive gold and white metal alternatives in the jewellery market, demand for platinum pieces, particularly in China, has strong potential to be a significant swing factor in the platinum market over the next 12 months.

The platinum market's net supply/demand deficit has now shrunk from a high of 500koz in 2002 to only 80koz in 2004. Over the past three years, demand has grown by a compounded annual rate of 1.4%, while supply has grown by 3.5%. Consequently, the market is expected to be more or less balanced in calendar 2005 with perhaps a slight supply surplus. There is a further view that platinum cannot escape a widely anticipated cyclical downturn in commodity strength. Overall however, the fundamentally positive outlook remains unchanged, supported by sound demand and ongoing uncertainty about South African mine expansions in the face of the strong rand.

Palladium continues to trade in a narrow range, with minimal volatility. Substantial speculative long positions have been developed, but this has done little to prevent the price from softening to levels below $200/oz. Fundamentals for palladium thus remain bearish in the near term. The metal appears set to remain in persistent oversupply, whilst there is potential for demand strength in both the jewellery and the autocatalyst sector.

Given its recent uptrend, rhodium is likely to remain buoyant in the face of solid fundamental demand in the autocatalyst and industrial glass sectors. The metal plays an integral role in the efforts made by autocatalyst producers to meet ever-tightening emissions standards. This is likely to continue and prices should remain firm, even more so if South African production expansions are stalled by the impact of a strong rand.

Since early 2003, nickel has shown a steady price uptrend. In the face of continued tightness for physical metal, price volatility still remains one of nickel's key characteristics, and this is expected to persist until such time as sufficient new production capacity comes on stream to provide the market with enhanced and sustained security of supply.

After exceptional stock tightness in 2003, market fundamentals have eased. Downward pressure on prices will stem from the stainless steel capacity cuts to date in China and the Far East, combined with increasing substitution by low nickel content ferritic stainless steels and an increase in scrap recycling.

Nevertheless, the market appears set to remain tight. Longer term Chinese stainless steel production expansions are likely, and it remains to be seen whether the major nickel producers can fill the nickel supply shortfall. The anticipated start-up of Voisey's Bay in the second half of 2005 will be a significant factor.

We expect that the fundamental health of the South African economy will continue to underpin the performance of the local currency in the near to medium term. Nonetheless we cannot discount the potential impact of global developments, including the view that the currencies of the major export-commodity producing countries could depreciate once commodity prices show signs of having peaked.

Operating and financial performance

Both operationally and financially, it has been a year of two halves.

The closure of the mine for six weeks in the first half, following the underground fire, meant that approximately 23% of available shifts were lost; obviously this had a profoundly negative effect on operating and financial performance for the period. Total production of precious metals in concentrate (3PGE+Au) dropped by 18% to 4 649 kilograms compared with the same period the previous year and net income was 39.7% lower at R62 708 000.

In the second half of the year (H2), tonnes milled were 17.2% higher at 1.2Mt than the 989 883 tons achieved in the first half (H1), and also 13.7% higher than the 1 Mt achieved in H2 of the previous year. Production of precious metals in concentrate was 17.5% higher at 5 466 kg than in H1 and 11.6% up on the 4 898 kg produced in the comparable period in F2004. Cash costs in H2 were R102 208/kg, down by 14.6% on H1, and 0.2% lower than in H2 of F2004.

The notable recovery in operating and financial performance in the second half was instrumental in the achievement of the acceptable results for the year, given the poor start. Year on year tonnes milled were 3.7% lower at 2 150 144, compared with 2 232 587 tonnes, while production of precious metals in concentrate was 10 115 kg compared with 10 592 kg. The strength of the rand resulted in a 9.9% lower average exchange rate realized in the year of R6.22/US$, largely offsetting the effects of the sustained strength of the platinum price and the US dollar basket price, and translated into a rand basket price which was only 5.1% higher. This, combined with lower sales volumes, reflecting primarily the lower output, contributed to the 9.6% decline in revenue
to R1.6 billion.

Nonetheless, net income for the period was maintained at R249 million, which includes an amount of R75.9 million, received before year-end from the company's insurers in settlement of the claim for losses associated with the underground fire. Early settlement of this claim was facilitated by the company's provision of prompt and accurate supporting information. We have retained a healthy cash balance of R506 million while profit attributable to shareholders was largely unchanged at R249 million and headline earnings of 107.3 cps was reported.

The board has declared a final dividend of 45 cents per share (cps) for the period, bringing the total dividend for the year to 70 cps, or 47 cents less than headline earnings for the year. In line with our published policy of paying excess cash to shareholders after having provided for growth and working capital, an amount of R90 million was retained to cover the cash component of the Booysendal transaction.

The extent of the recovery in performance in the second half of the year can be attributed to the successes we achieved in mining the UG2 reef, and maintaining the production of Merensky ore at satisfactory levels, with good grade control in particularly difficult mining and ground conditions. At the same time a drive to contain costs by lobbying suppliers of various goods and services for better pricing, reduction of wastage, and better management of utilities, has contributed to a bottom line that would otherwise have been less healthy.

Operational statistics

Merensky reef	F2005	F2004
Development metres	8 218	10 713
Square metres mined	280 635	322 451
Tonnes milled	1 434 198	1 541 234
Head grade (g/t)	6.2	6.0
PGMs in concentrate produced	7 645	8 190
Ore reserve availability (months)	18	15

UG2 reef	F2005	F2004
Development metres	2 913	1 690
Square metres mined	110 258	113 754
Tonnes milled	715 946	691 353
Head grade (g/t)	4.4	4.3
PGMs in concentrate produced	2 470	2 402
Ore reserve availability (months)	18	24

Combined reefs	F2005	F2004
Development metres	11 131	12 403
Square metres mined	390 893	436 205
Tonnes milled	2 150 144	2 232 587
Head grade (g/t)	5.6	5.5
PGMs in concentrate produced	10 115	10 592

Metals produced in concentrate	F2005		F2004	
	kg	oz	kg	oz
Platinum	6 297	202 459	6 594	212 006
Palladium	3 056	98 255	3 200	102 884
Rhodium	547	17 619	573	18 423
Gold	215	6 881	225	7 234
Total (3PGE+Au)	10 115	325 214	10 592	340 547
Other pgms	1 649		1 507	
Copper (tonnes)	953		1 015	
Nickel (tonnes)	1 677		1 816	

Refined metal sales	F2005		F2004	
	kg	oz	kg	oz
Platinum	6 098	196 056	7 365	236 792
Palladium	2 937	94 420	3 379	108 648
Rhodium	687	22 093	742	23 849
Gold	200	6 423	247	7 950
Total (3PGE+Au)	9 922	318 992	11 733	377 239
Other pgms	1 451		1 398	
Copper (tonnes)	958		983	
Nickel (tonnes)	1 626		1 801	

Development

Potholing and poor ground conditions accounted for the loss of 1.2 km of mining face during the year. The ore reserve availability on the Merensky Reef increased from 15 months to 18 months, still below the ideal of 24 months, but nevertheless providing some flexibility.

In total, development metres were 10.3% lower than the previous year at 11 131 metres, reflecting the delays experienced in traversing the 20 line fissure to the west of the mine. However, progress has been made with water sealing and the installation of secondary support, thus successfully traversing this major geological feature on 3, 5 and 8 levels. By all accounts, it would appear that this fissure line and the Big John Dyke are the same geological feature, which bodes well for the development programme to the west of current workings in the future.

Metallurgical processes

The metallurgical plants continued to operate satisfactorily during the year under review, although there was a marginal drop in the average recovery rate of the Merensky concentrator to 88.3% (F2004: 88.4%) owing primarily to mineralogical variations in the reef types mined which resulted in marginally lower concentrations of base metal sulphides which normally assist PGM recoveries.

Our ongoing research and development initiatives have yielded a very positive development in the UG2 concentrator plant, where the introduction of an external sparger column cell as a final concentrate cleaner has contributed to recoveries improving from 79.8% in F2004 to over 81% by the end of F2005. Also associated with this development is the reduction of the total chromite (Cr_2O_3) in the feed to the smelter plant. (For further information on the external sparger column cell technology, see page 23.)

During the year 76 058 tonnes of concentrate, including 1 520 tonnes of custom material was fed to the smelter plant, some 15.7% lower than the previous year. The base metals removal plant (BMR) performed in line with expectations. A total of 6 883 tonnes of nickel sulphate containing 1 677 tonnes of nickel metal, as well as 953 tonnes of copper cathode were produced.

Labour relations

It is pleasing to report that labour relations – understandably strained in the immediate aftermath of the underground fire – have been restored to a constructive level. The 2005 annual wage negotiations were successfully concluded early in September.

Scorecard performance

During the year we continued to make progress against the requirements of the South African Mining Charter. With the appointment of a dedicated social responsibility and development manager we intend to align our community development programme more closely with the local economic development and integrated development plan (IDP) to work towards poverty eradication and upliftment of communities surrounding our operations. Our efforts in the past year have targeted mainly primary education, health care, and providing care for needy children.

Against the background of fierce competition for technical skills in the industry our training programmes are proving to be a valuable tool in skilling our employees and training learners from tertiary institutions in attempting to establish a pool of talent from which we can draw in the future. With our single-operation status, achieving equity targets at a middle to senior management level remains a challenge, but we believe that, with representivity growing to 27% during the year, we should be in a position to achieve the required levels within the given time frame.

The pace at which we have recruited women to work underground has perhaps been slower than we would have liked. Nevertheless, there has been some progress in this area, which will need to be stepped up in the coming year. At a share-ownership level the conclusion of the Booysendal transaction will lift our historically disadvantaged South African (HDSA) equity level to 34%, and I am confident that we will achieve the credits required for the conversion to new order mining licences.

In order to maintain our independent metals supplier status, we have renewed our precious metals refining contract with the internationally respected precious metals refining and manufacturing group W.C. Heraeus GmbH (Heraeus). With Heraeus's construction of a precious metals refinery in the Eastern Cape Province, Northam's platinum and palladium will be more easily accessible to the South African chemical and autocatalyst manufacturing plants for local beneficiation. Our base metal by-products, notably nickel sulphate and copper, continue to be sold in the domestic market for beneficiation of nickel, and various copper applications, respectively.

Senior management appointment

In July this year Mr Matthews Nzimande joined the company as general manager. He joins Northam after having gained broad-ranging exposure to deep-level mining at various operations within the AngloGold Ashanti group. Matthews brings a fresh approach at a senior level, and we look forward to his contribution to the company.

Looking ahead

In the year ahead, it will be necessary to consolidate the recovery made in the second half of 2005 and to further improve operating and financial performance without any further reversals in respect of safety.

We look forward with considerable enthusiasm to the prospect of greenfields growth for the first time. A further announcement in respect of the acquisition from Mvelaphanda Resources of its 50% interest in the Booysendal Project with Anglo Platinum is expected soon. Extensively drilled, awaiting a comprehensive feasibility study and mine planning, Booysendal, with a total resource of 124 million PGM oz, presents an incomparable opportunity for shallower, lower cost mining into the future.

With the alternatives now presented to us in terms of local metals refining, and the prospect of continued buoyancy for our basket of products, we are better positioned for growth than we have been in the company's 17 year history.

Glyn Lewis
Chief executive
9 September 2005

Income statement

Sales

Unit sales decreased by 15.4% to 9 922 kg (3 PGE + Au) compared to the previous year as a result of lower production and an increase in inventory following the fire. Despite a 14.9% increase in the US dollar basket price to US$686 per ounce, the sustained strength of the rand resulted in the average rand basket price increasing by 5.1% to R137 517 per kg. The net result was that sales revenues for the current year declined by 9.6% to R1 555 million.

Concentrate purchases

The purchase of custom concentrate was suspended during the year.

Refining and realisation costs

Refining and realisation costs decreased by 5.5% in line with the lower sales volumes and the strength of the rand against the euro.

Depreciation and impairments

The depreciation charge increased by 6.3%.

Sales

	F2005			F2004		
	Units sold	Average price received	Revenue R000	Units sold	Average price received	Revenue R000
	Kg	R/kg	Kg	R/kg		
Platinum	6 098	171 186	1 043 894	7 365	171 534	1 263 358
Palladium	2 937	40 287	118 315	3 379	47 123	159 243
Rhodium	687	269 687	185 318	742	123 701	91 759
Gold	200	84 484	16 880	247	85 892	21 239
Sub-total – 3PGE+Au	9 922	137 517	1 364 407	11 733	130 874	1 535 599
Nickel			150 966			152 135
Copper			17 312			14 586
Other by-product revenue			21 816			18 079
Total sales revenue			**1 554 501**			**1 720 399**

Cost of sales

Cost of sales decreased by 3.9% in line with the lower sales volumes, as shown in detail in the table below.

Cost of sales

	F2005 R000	F2004 R000
Labour	501 364	449 268
Stores	370 431	353 272
Utilities	87 015	85 588
Sundries	160 020	169 732
Decommissioning and restoration	2 726	3 311
Total operating costs	1 121 556	1 061 171
Concentrates purchased	20 075	14 632
Refining and realisation	57 222	60 569
Leased metal costs	–	(14 149)
Depreciation and impairments	103 646	97 527
Change in metal inventories	(19 444)	115 467
Cost of sales	**1 283 055**	**1 335 217**

Operating costs

Total operating costs increased by 5.7% compared to the previous year. Labour costs were 11.6% higher primarily as a result of the slower development programme following the fire, with resultant labour charges being expensed to working costs, and an increase in overtime work post the resumption of production. Stores costs increased by 4.9%, utilities by 1.7% while sundries decreased by 5.7%.

Change in inventories

The change in metal inventories is as a result of an increase in unrefined metal inventory.

Investment income

Investment income declined to R29 million as a consequence of the lower average cash balance and lower interest rates.

Net sundry revenue/(expenditure)

The proceeds of the insurance claim of R76 million, together with currency and metal hedging losses of R1 million are primarily responsible for the net sundry revenue of R75 million compared to net sundry expenditure of R36 million during the previous year.

Hedging

The palladium hedging programme was continued during the current year, with a further 17 000 ounces of palladium being hedged at an average price of US$200 per ounce, resulting in a net gain of R1 million, inclusive of the outstanding metal hedging contracts at year end.

The currency hedging programme, in terms of which US$24 million was hedged at an average rate of US$1.00 = R6.32 resulted in a minor loss. In terms of IAS 39 – Financial Instruments: Recognition and Measurement, the currency hedging instruments outstanding at year end have been recognized at fair value at the end of the period, with a gain of R2 million included in net sundry revenue/(expenditure).

Tax charge
The total tax charge of 34% is 5% higher than the statutory rate of 29%. This additional 5% is accounted for by secondary tax on companies of 6.5% and permanent differences of 1.4%, reduced by a deferred tax credit of 2.9% following the reduction in the tax rate.

Net income
The profit attributable to shareholders was largely unchanged, falling by only 0.6%.

Cash flow
Operating cash flow
Operating cash flow declined by R134 million to R379 million.The cash generated from the operations was largely unchanged at R458 million compared to R454 million in F2004 whilst interest income declined from R37 million in F2004 to R28 million as a consequence of the lower average cash balance and lower interest rates. Working capital increased slightly by R3 million compared to a decrease of R139 million in F2004. Tax payments amounted to R104 million (F2004 – R118 million).

Investing cash flow
The net investing cash flow was R134 million (F2004 – R118 million), and comprised capital expenditure of R139 million, less sundry disposals of R5 million. The development programme (R30 million); access infrastructure to 1 level and 14.5 level (R24 million); additional pumping capacity (R6 million); extensions to backfill infrastructure (R12 million); safety equipment (R17 million) and employee housing (R9 million) were the major contributors to the capital expenditure of R139 million.

Planned capital expenditure for 2006 amounts to a total of R157 million and includes the following major items: access infrastructure to 1 level and 14.5 level (R40 million); development through 20 line fault fissure (R26 million); a furnace slag treatment facility (R14 million); additional backfill facilities (R14 million) and additional ventilation capacity (R14 million).

Financing cash flows
In line with the policy of maximising distributions to shareholders, the company made a repayment of share premium of 20 cps, absorbing R46 million and paid an interim dividend of 25 cps, which together with the final dividend of 60 cps in respect of F2004, absorbed some R197 million.

Balance sheet
The company's balance sheet remains strong, with cash and cash equivalents at the year end of R506 million (F2004 – R502 million) and net current assets of R539 million (F2004 – R563 million). The net unfunded environmental decommissioning and restoration liability is R8 million (F2004 – R3 million). This increase is largely attributable to a change in the discount rate. Apart from this liability and the deferred tax provision of R325 million (F2004 – R332 million) the company has no debt.

Mineral resource and mineral reserve estimate

Overview

This mineral resource and reserve statement conforms with the reporting standards of the South African Mineral Resource Committee (SAMREC) code and was reviewed for compliance by the international mining consulting firm Steffen, Robertson and Kirsten (SRK) in June 2005.

The Merensky reef and the UG2 are well-recognized ore bodies, whose lateral continuity is well established across the mine property. The Merensky reef displays a wide range of lateral reef type variations that are interpreted by means of prospect drilling carried out from underground development. In interpreting detailed variations on the Merensky reef, all on reef development as well as stoping faces are logged by sampling personnel and mapped geologically on an ongoing basis. In contrast, the UG2 displays no variation in terms of reef types.

The measured and indicated mineral resources are reported separately and include those mineral resources modified to produce proven and probable mineral reserves. All mineral resources are quoted as in situ resources whereas all reserves are quoted at a run-of-mine (ROM) grade and tonnages as delivered to the metallurgical processing facilities on site and are therefore fully diluted. All mineral reserves are quoted as at 30 June 2005.

All tabulated mineral resource and mineral reserve estimates are based on underground operations only.

Merensky reef

The Merensky reef is a zone of mineralisation which spans the base of the Merensky Cyclic Unit. The Merensky Cyclic Unit is divided into facies, sub facies and reef types. Two different facies types are recognized at Northam. They are the Normal Merensky Reef Facies and the Regional Pothole Facies. The Regional Pothole is further divided into three different reef types of which the NP2 and P2 are the main sources of ore. The third reef type, Footwall P2 (FWP2), although not considered to be a primary mining target due to the undulating nature of the reef, displays different characteristics in the south-western quadrant of the current mining area, from where this reef type is mined more successfully.

The measured resource is an estimate of the in situ tonnage and grade (3PGE + Au) that has been exposed through development and is accessible for immediate exploitation. The measured resource has decreased in 2005 to 2.01 Mt (509 000 oz) compared to the previous year's estimate of 2.10 Mt (541 000 oz). This equates to a decrease of 5.9%. The main influencing factor is the extraction ratio that decreased and is currently calculated at 67% on the western side and 59% on the eastern side of the current mining operations.

Furthermore, the percentage NP2 reef, being a lower grade reef, has increased towards the eastern side of the lease area whereas the FWP2 reef has increased towards the western side of the lease area and is being exploited at a lower extraction rate and grade. The interaction between the different reef types and their spatial distribution has a negative effect on mining, which results in lower extraction rates and influences the quality of the ore sent for processing. An estimated life of mine of 17 years has been calculated using current infrastructure and includes resources from above 2 level down to 14 level.

UG2 reef

Mining on the UG2 reef is successful within the limitations created by the overstoping of the Merensky reef. The emphasis on safe extraction of this reef and the prevention of falls of ground remains the main focus area. The extraction method where the stoping cut includes both the leader stringers that occur above the main member chromitite, contribute to this success. This ensures a more stable hanging wall, which resulted in a safer working environment. The consistency of the UG2 reef is remarkable and reef disturbances are currently insignificant. At present there is no basis for subdividing the UG2 reef into different facies units.

The classification of the availability of the UG2 reef includes those raises that are in de-stressed areas. UG2 raises that were developed for ventilation purposes in areas where the Merensky reef was not yet extracted, were not considered for the measured resource.

The measured resource on the UG2 has therefore increased from 1.10 Mt (169 000 oz) in June 2004 to 1.26 Mt (199 000 oz) in June 2005. This is in line with the planned development of the UG2 reef. Since the extraction rates on the Merensky reef influence the extraction of the UG2 reef based on the de-stressed areas, the estimated total resource has decreased.

Slag dump

An estimated 1 Mt of slag is available for processing at an average grade of 1.18 g/t (3PGE + Au).

Sampling techniques and data

Unless otherwise stated, the following applies to both the Merensky reef and the UG2 reef:

Sampling techniques

The sampling technique is based on obtaining a solid piece of rock cut from the stoping or development faces, using a hydro-powered angle grinder type machine, fitted with a diamond-impregnated blade. The samples are well balanced and representative in three dimensions. The rock face is segregated into the various lithological units from which the samples are cut. The samples are cut over the full width of the stoping or development face to ensure maximum exposure. Samples are cut to a width of approximately 4 cm and to a minimum length of 10 cm and 4 cm deep. The maximum allowable sample length is 20 cm. Where a sample mass may be questionable, the width of the sample is increased to 8 cm.

The sampling grid in the stoping environment is based on a 15 x 15 m grid whereas all reef development is sampled at 5 metre intervals.

A quality assurance programme and audit trail are in place to ensure the integrity of samples sent for analysis.

Audits are in the form of random checks. These include but are not limited to:

- Sample quality and sample mass.
- Numbering sequence of samples.
- High chrome content samples are flagged for laboratory identification.
- Verification of total quantity of samples to ensure that no samples were lost.
- Validating samples against samplers' field books.

The audit programme also assists in identifying problems that may exist in obtaining quality samples. Remedial action is taken in the form of follow-up inspections and re-training. Random task observations are carried out underground to ensure that the required standards are maintained.

Samples are transported in steel boxes to the assay laboratory under close supervision. The samples are counted and checked against a request sheet to ensure that no samples were lost between the point of origin and the laboratory. This procedure also eliminates any potential of sample tampering in any way whatsoever

Assay data and laboratory investigations

The assay technique is a double cupellation fire fusion process, performed in a high temperature muffle type furnace. The fluxing agent is a lead collection flux where the prill obtained is weighed to calculate the final content of the sample. No correction factor is applied to the results during any stage of the analytical process.

Each sample is analysed for 3PGE+Au content. Quality control is achieved by randomly repeating samples to corroborate the results obtained at any one time. In addition to random repeats, a control sample, of which the content is known, is also added at random to each tray of samples for additional verification.

The analytical results are captured directly into the sampling database from where the chief chemist verifies the results based on the random repeat results as well as the result of the control sample.

Verification of results

To verify the results reported by the local facility, the service of an independent laboratory, using the same method of analysis, is employed. Statistical calculations are performed, comparing the results of the two laboratories. The average results indicate no significant difference at a 95% confidence limit.

Data locations

Each sample section bears a unique identification number. Survey stations established underground are used to determine the relevant position of each sample section, whereafter the applicable positions are plotted on a plan, drawn to a scale of 1:200. The plotted positions bear reference to the sample number and are digitized to obtain their spatial position. The results are portrayed graphically in Datamine to verify the three-dimensional parameters of the sample sections whereafter any inaccuracies are corrected.

Data density and distribution

Data distribution is well spaced throughout the mining area to adequately perform any estimation required.

Sampling coverage averages 95% on a monthly basis.

Database integrity

Data is retained in a central database system, (SQL 2000) which is backed up daily, allowing for capturing of data at one appropriate site. Unauthorised access to the system is prohibited via stringent protocols and access control. An electronic link between the source of the samples and the laboratory exist to minimise transcription errors when updating the database with analytical information.

A two-stage validation process is in place for any analytical information that is accepted into the database.

Geological interpretations

The Merensky reef and the UG2 are well-recognized ore bodies, whose lateral continuity is well established across the mine property. The Merensky reef displays a wide range of lateral reef type variations related to the elevation of the Merensky Chromitite with respect to various footwall lithologies. The reef types are therefore classified according to the immediate footwall lithology and flagged appropriately to ensure that the data pertaining to one reef type is not mixed with another reef type. Consequently a homogeneous "Reef Type Database" is created. The current mining area is divided into two separate geozones on the P2 reef only as a consequence of its physical behaviour.

Prospect drilling from the footwall development infrastructure provides information from which the geological model is updated on a macro scale. The reef intersections are neither analysed for 3PGE+Au content nor are they captured into the sampling database.

In interpreting the dynamic geological model on a micro scale all on-reef development as well as stoping faces are logged by sampling personnel and mapped geologically on an ongoing basis.

Estimation and modelling techniques

Grade (3PGE+Au) estimations for all the regional pothole reef types, Merensky normal reef and UG2 reef are compiled using a geostatistical technique. Simple kriging is the most appropriate technique based on the descriptive statistics calculated for each reef type.

An assumption is made that all reef types are planar with no local potholing or variation. The sample data is calculated to conform to the required hanging wall width and stoping width, once the mining cut is decided upon.

A regular grid of 30 x 30 m is used during the estimation process. This supports the sampling grid in use for underground workings. Since the footwall stratigraphy varies in accordance with the elevation of the Merensky Chromitite, the reef types are treated separately. This procedure ensures a homogeneous data set that is verified by statistical calculations. Each sample section is calculated to conform to the planned mining cut from where the data is exported into the geostatistical evaluating programme.

Variograms are calculated for each reef type and modelled separately for each variable. The variables are 3PGE+Au, grade and stoping width where appropriate on Normal Reef and UG2. The specific gravity is no longer considered as an independent variable during the kriging process and the arithmetic mean is used.

The grade variograms indicate a high nugget effect to sill ratio, which is characteristic of platinum deposits. The range of influence varies in different directions, giving a geometric anisotropy character. The omni-directional variogram was modelled and used in the valuation process.

The variograms support the geological model and mineralisation model based on experience gained and observations made during the extraction process.

Back transformation calculations are performed to test the appropriateness and fit of all variograms. A scatter plot of the estimated grade against the original grade is plotted to determine the correlation. If necessary, the variogram parameters are edited and the process repeated.

The variables are krigged into the block models from where the measured resource is evaluated.

Cut-off grades or parameters

Most of the Footwall P2 reef cannot be mined without incurring dilution, reducing the recovered grade of this reef type. On this basis, much of the FWP2 reef is not mined. No cut-off grades are calculated for any other reef type.

Mining method

Mining is successfully conducted using a breast-stoping method, employing hydro-powered rock drills. Stope cleaning is undertaken using water-jets and scrapers, transporting broken ore to a conventional ore-pass system. Separate ore handling facilities exist to separate ore bearing material from waste as well as Merensky reef from UG2 reef.

Since the reef is not planar as assumed during the data compilation stage it is assumed that a certain proportion of external dilution will occur during the mining operations. This dilution is accounted for during the conversion from resources to reserves.

Tonnage factors

In situ densities are calculated to the equivalent of the stoping cut assumed. The data for each reef type is pooled separately and the arithmetic mean is used as a tonnage factor

Classification

Measured mineral resources are delineated between raise-lines that have been completed and sampled. Underground diamond drilling is combined with face mapping and sampling to map out reef variability between sampled localities. The remainder of the area is classified as an indicated mineral resource.

The measured resource is upgraded to the proven reserve, using the modifying factors as described under the heading "Mining factors and assumptions". At the same time the indicated resource is upgraded to the probable reserve using the same factors

Audits or reviews

Methodologies applied in the estimation of mineral resources are reviewed annually by SRK.

Estimation and reporting of mineral reserves

Mineral resource estimate for conversion to mineral reserves

- The measured and indicated mineral resources are those mineral resources modified to produce proven and probable mineral reserves.
- All mineral reserves are quoted as at 30 June 2005.
- All mineral reserves are quoted at a run-of-mine (ROM) grade and tonnages as delivered to the metallurgical processing facilities on site and are therefore fully diluted.

Mineral resource tonnages and grades are in situ estimates. The most reasonable mining width has been assumed based on practical mining conditions. The associated principal platinum group elements (platinum, palladium and rhodium) + gold (3PGE+Au) grade as well as the specific gravity were calculated for these mining widths. Estimates, derived from kriging parameters were applied to the mining areas to estimate tonnage and metal content. An extensive database containing information pertaining to individual samples and their associated analytical information exist from which the data is drawn to derive the kriging parameters.

Damian Smith
Chief geologist

Robbie Roberts
Chief surveyor

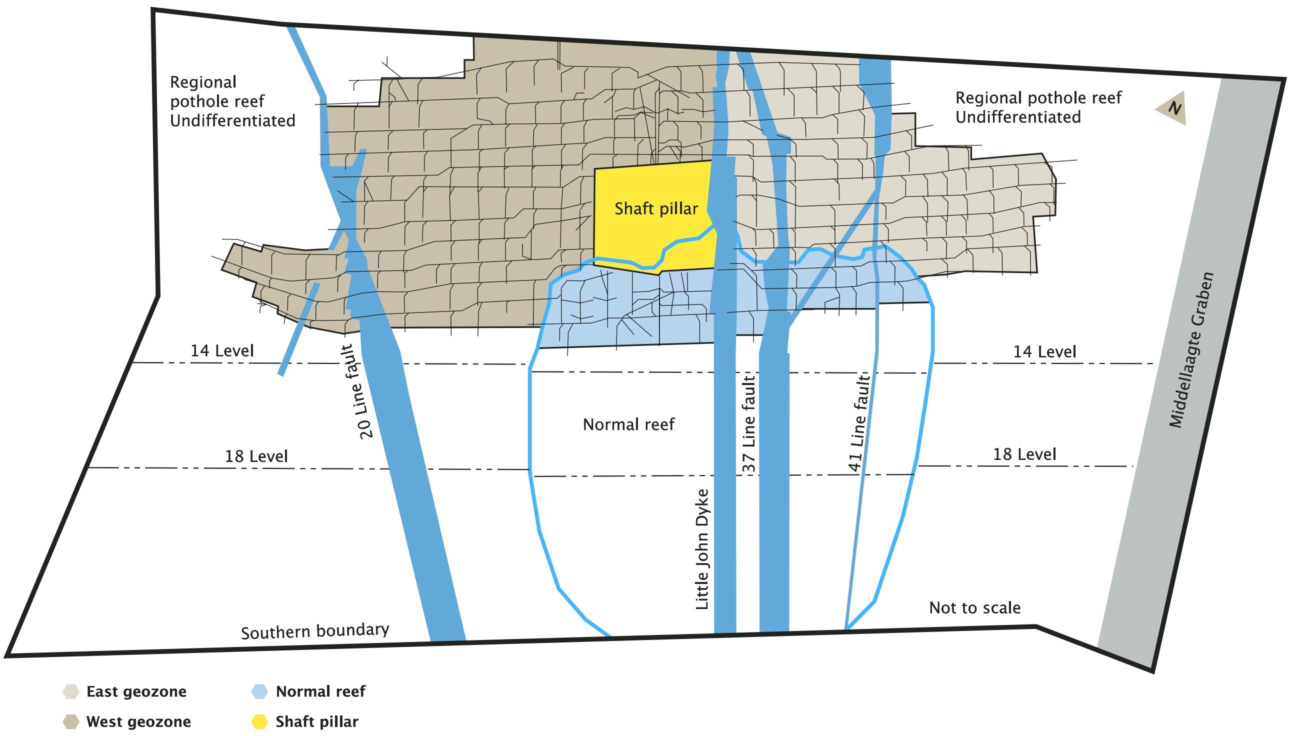
Mining factors and assumptions

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.

Modifying factors

Tonnage ratios on Merensky reef	F2002 Actual %	F2003 Actual %	F2004 Actual %	F2005 Actual %	F2006 Estimate %
Stoping	86	86	86	83	86
Other sources	4	4	4	4	4
Development	4	3	3	3	3
Survey discrepancy	6	7	7	10	7
Mine call factor	90	92	101	101	97
Block/dilution factor	99	100	98	100	100

Tonnage ratios on UG2 reef	F2002 Actual %	F2003 Actual %	F2004 Actual %	F2005 Actual %	F2006 Estimate %
Stoping	86	99	102	95	93
Other sources	3	4	4	3	4
Development	12	5	4	6	5
Survey discrepancy	-1	-8	-10	-4	-2
Mine call factor	88	80	84	91	93
Block/dilution factor	103	103	100	96	100



Audited mineral resource and mineral reserve statement

This section reflects the company's audited mineral resources and mineral reserves statement for Merensky and UG2 Reef at 30 June 2005.

The mineral resource statements are sub-divided into those mineral resources that have been modified to produce mineral reserves and those which have not been modified.

Mineral resource and mineral reserve statement

Merensky Reef

	Mineral reserve category					Mineral resource category			
	Tons Mt	MHG* g/t	Metal kg (000)	Metal oz (000)		Tons Mt	In situ g/t	Metal kg (000)	Metal oz (000)
Proved					Measured				
Northern boundary to 14 level	2.3	6.1	14	455	Northern boundary to 14 level	2.01	7.88	16	509
Sub total	2.3	6.1	14	455	Sub total	2.01	7.88	16	509
Probable					Indicated				
Northern boundary to 14 level	22.8	6.0	136	4 374	Northern boundary to 14 level	19.64	7.76	152	4 900
Shaft pillar					Shaft pillar	1.80	7.29	13	421
14 level to 18 level					14 level to 18 level	12.58	7.51	95	3 039
Sub total	22.8	6.0	136	4 374	Sub total	34.02	7.64	260	8 360
Total	**25.1**	**6.0**	**150**	**4 829**	Total	**36.03**	**7.66**	**276**	**8 869**

UG2 Reef

	Mineral reserve category					Mineral resource category			
	Tons Mt	MHG* g/t	Metal kg (000)	Metal oz (000)		Tons Mt	In situ g/t	Metal kg (000)	Metal oz (000)
Proved					Measured				
Northern boundary to 14 level	1.4	4.3	6	190	Northern boundary to 14 Level	1.26	4.89	6	199
Sub total	1.4	4.3	6	190	Sub total	1.26	4.89	6	199
Probable					Indicated				
Northern boundary to 14 level	54.9	4.3	239	7 672	Northern boundary to 14 level	38.30	4.89	187	6 021
Shaft pillar					Shaft pillar	12.72	4.89	62	1 999
14 level to 18 level					14 level to 18 level	2.14	4.90	10	336
Sub total	54.9	4.3	239	7 672	Sub total	53.16	4.89	259	8 356
Total	**56.3**	**4.3**	**245**	**7 862**	Total	**54.42**	**4.89**	**265**	**8 555**

* Mill head grade

Northam's resources and reserves statement has been compiled by a professional team comprising:
J C Roberts MSc – Chief surveyor with 14 years experience in platinum valuation.
D Smith BSc (Hons) Geology, MSc Geology, Pr. Sci.Nat. 400 323/04 – Chief geologist with ten years experience in the Bushveld Complex.

Message from the chief executive

Our approach to business at Northam is articulated in our company's vision statement: " to grow into a significant, long-life PGM producer with a reliable and independent supply of quality metals to a geographically-diversified customer base, while continuing to deliver value to all our stakeholders".

In this report on our sustainable development initiatives, we have attempted to disclose transparently, comprehensively and as accurately as possible our performance with regard to the environment and our stakeholders – employees, local communities, unions, government, suppliers, contractors and customers, and critically of course, our shareholders – without whom we would have no business.

The nature and geographic footprint of our business dictates two crucial areas of social impact which are illustrated in further detail in the report which follows:

- sustaining employment opportunities in a fairly remote area of the country. In the past five years Northam has maintained a relatively stable employee complement of some 7 000 people.
- as a deep-level mining operation the safety and health of employees will remain a primary focus area.

Our sustainable development reporting process has been informed by the requirements of the South African Mining Charter (against which we have reported fully in the past) and by the Global Reporting Initiative (GRI) guidelines as recommended by King 2. In essence, the method we have employed is that of a baseline self-assessment, creating a platform from which we can progress to enhance both the systems we use to gather data, to measure our performance against the aforementioned criteria, and to set targets going forward. As in all other areas of our business our efforts will be underpinned by the company's underlying commitment to 'continuous improvement'.

Glyn Lewis
Chief executive
9 September 2005

Scope of reporting

This report provides an assessment of sustainable development impacts arising from Northam Platinum's deep-level mining, concentrating, smelting and base metal removal processing plants within the mining lease area near Thabazimbi in South Africa's Limpopo Province. With regard to responsibility for our PGM products we have included information from Heraeus, the company's precious metals refining partner.

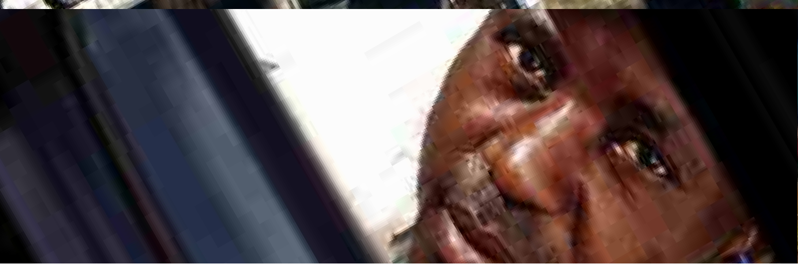
Disclosure focuses primarily on the 2005 financial year with comparisons for 2004, and where possible we have provided this within a historical operational context. No external verification agency was appointed to audit the systems from which we have derived our information. Where possible and appropriate however, we have indicated third party verification of our processes, achievements and shortcomings.

VALUE ADDED STATEMENT
for the year ended 30 june 2005

	Notes*	2005 %	2005 R 000	2004 %	2004 R 000
Value added					
Sales revenue	23		1 554 501		1 720 399
Less: Purchase of goods and services in order to operate mine and produce refined metal	11		(672 538)		(782 580)
Value added by operations		89.4	881 963	99.8	937 819
Add: Investment income	13	3.0	29 269	4.1	38 174
Net sundry revenue/(expenditure)	14	7.6	75 367	(3.9)	(36 392)
Total value added		100.0	986 599	100.0	939 601
Value distributed					
Employees	11	46.0	453 911	43.2	406 294
Salaries and wages		43.5	429 332	40.6	381 833
Contributions to retirement funds		4.2	41 227	4.1	38 401
Contributions to health-care funds		3.1	30 805	3.1	29 034
Employees' tax deducted		(4.8)	(47 453)	(4.6)	(42 974)
Government		18.1	177 803	19.4	182 374
Mining and non-mining tax	15	11.2	110 063	13.0	121 773
Deferred tax	15	(0.7)	(7 097)	0.2	2 072
Secondary tax on companies	15	2.5	24 603	1.4	13 024
Royalties		0.3	2 781	0.3	2 531
Employee taxes		4.8	47 453	4.5	42 974
Providers of capital					
Dividends		19.9	196 822	11.1	104 194
Total value distributed		84.0	828 536	73.7	692 862
Retained by company		16.0	158 063	26.3	246 739
Depreciation	11	10.5	103 646	10.4	97 527
Decommissioning provision to meet statutory obligations	11	0.3	2 726	0.4	3 311
Retained income		5.2	51 691	15.5	145 901
		100.0	986 599	100.0	939 601

* Notes to the annual financial statements

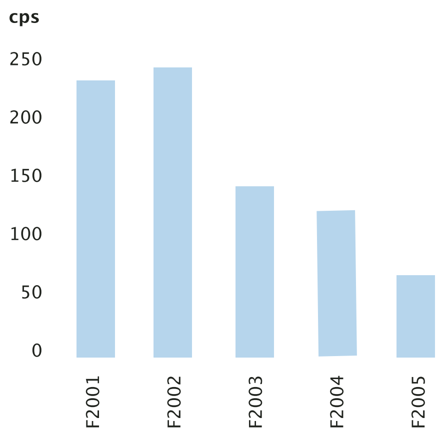
ECONOMIC IMPACTS



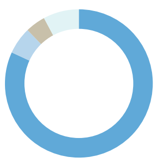
Shaft sinking at Northam began in 1986, with first metal sales in 1993. After a dividend drought of more than 11 years, the company paid its first distributions to shareholders in 1999, and to date Northam has continued to pay excess cash to shareholders, after having made provision for growth and operational requirements. The lower dividend in the current reporting year is a clear demonstration of this commitment. To date Northam has distributed R2 billion to shareholders.

In 2000, additional mineral-bearing ground was acquired from Anglo Platinum, adding 23 years to the mine's life. Currently the mine's life is 17 years. This was followed by the R580 million BEE transaction with Mvelaphanda when it acquired a 22.5% stake in Northam, providing a vehicle for a previously excluded shareholder base to participate in the platinum sector. With the soon to be concluded Booysendal transaction, Mvelaphanda Resources will increase its BEE stake in Northam to approximately 34%.

Continued investment in the business is crucial to sustain its future viability. Major capital expenditure items in the past five years have been the accelerated development programme, the expansion into the UG2 reef and the associated construction of a new concentrator plant at a cost of R138 million, rebuilding the smelter plant at R33 million, shaft and skip upgrades and additional refrigeration capacity.

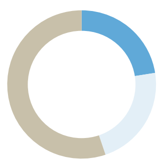


Cash distributions 2001–2005



Employee benefits

Salaries and wages	R429 million
Medical contributions	R31 million
Housing and accommodation	R23 million
Retirement benefits	R41 million



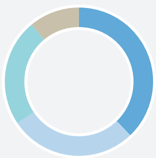
Ownership profile

Anglo Platinum	22.5%
Mvelaphanda Resources	22.3%
Free float	55.2%
Allan Gray Limited	23.6%
Foord Asset Management	3.8%

Northam receives certain rebates from government on its investment in human resource development. The total benefit received for the 2005 financial year was R3.2 million for the following items:

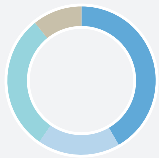
Skills grant	R1.2 million
Student grants	R1.7 million
Tax allowance	R0.3 million

The requirements of the Mining Charter have however since been amplified by the DTI's Code of Practice on Empowerment, a draft of which has been circulated. Northam has submitted its comments on the draft through the SAMPPF and is currently converting its systems to achieve alignment with the new standards.



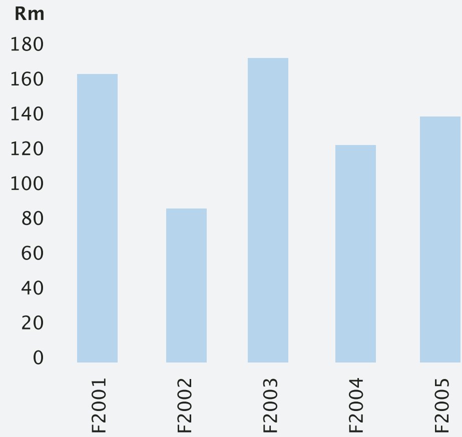
Revenue by geographic market segment 2005 (R000)

Europe	588 167 (37.8%)
Japan	430 965 (27.7%)
North America	364 440 (23.5%)
South Africa	170 929 (11.0%)



Revenue by geographic market segment 2004 (R000)

Europe	716 271 (41.6%)
Japan	309 041 (18.0%)
North America	509 396 (29.6%)
South Africa	185 691 (10.8%)



Capital expenditure 2001–2005

Procurement

The company's supplier base is diverse; none of Northam's suppliers represents 10% or more of the company's total procurement expenditure. Good progress has been made in establishing systems to evaluate its supplier database in terms of HDSA compliance as required by the South African Mining Charter. Northam is a member of the South African Mining Preferential Procurement Forum (SAMPPF) which was tasked by the Department of Trade and Industry (DTI) to compile a list of HDSA companies as defined by the Mining Charter.

Awards and recognition

In 2004 Northam took first place in the Financial Mail's most empowered company awards for the resources sector. Overall Northam achieved fourth place.

Procurement from HDSA suppliers for the 12 months ending 30 June 2005

	5% – 25% HDSA status	25% – 50% HDSA status	Greater than 50% HDSA status	Total HDSA procurement	Total possible procurement
Consumable stores and capital procurement	23 841 324	132 221 859	7 294 852	163 358 035	458 652 715
Percentage of total	5.2%	28.8%	1.6%	35.6%	100.0%
Contractors	5 435 860	550 545	3 988 694	9 975 099	124 241 221
Percentage of total	4.4%	0.4%	3.2%	8.0%	100.0%
Services	11 320 755	42 574 038	3 326 064	57 220 857	121 143 221
Percentage of total	9.3%	35.1%	2.7%	47.2%	100.0%
Total procurement	40 597 939	175 346 442	14 609 610	230 553 991	704 037 157
Percentage of total	5.8%	24.9%	2.1%	32.7%	100.0%

Product value add

Northam's mining and metallurgical processes produce metals in concentrate, which, before being delivered to customers, is further refined to a minimum purity level of 99.95% by Heraeus, an internationally renowned organisation of refiners and manufacturers based in Germany. As from 2006, and as a result of a strategic partnership with Heraeus, Northam's platinum and palladium output will be refined at a new refinery currently being developed by Heraeus in South Africa's Eastern Cape Province near Port Elizabeth, representing a significant direct foreign investment into the country.

The close proximity of various PGM manufacturing facilities for autocatalysts and chemicals in the area will provide opportunities for a percentage of local beneficiation uptake of Northam's platinum and palladium.

Sustaining the market for jewellery

The Platinum Guild International (PGI) was established in 1975 in Japan to stimulate and develop markets for platinum jewellery, a sector which currently accounts for about 38% of global platinum demand. Funded by the world's leading platinum producers in order to ensure sustainable markets for their products, the PGI has achieved considerable successes, particularly in China in the 1990s, by growing the uptake of platinum in China's jewellery manufacturing sector.

From its head office in the United Kingdom, and with offices extending across the world's major jewellery markets – China, the United States, India, Japan, Germany and Italy – the PGI's major role is the provision of advertising and promotional support to the platinum jewellery market.

Northam has been a sponsor of the PGI since 1999.

CASE STUDY Success in reducing chromite in UG2 ore

Extensive investment in research and development (R&D) has made a meaningful contribution in increasing efficiencies in Northam's metallurgical plants. The introduction of an external sparger column cell as a final concentrate cleaner in the company's UG2 concentrator plant has been a successful innovation resulting in improved concentrate upgrade ratios, higher PGM recoveries, and ultimately reducing the total chromite (Cr_2O_3) content in the feed to the smelter plant and avoiding the associated build-up of chrome in the smelter.

The relatively high incidence of chromite in UG2 ore has for a long time presented a number of metallurgical challenges in the PGM industry, as it has an impact on PGM recovery in the concentrator circuit, and chrome content higher than 1.6% in concentrate will build up in the furnace at a temperature of 1 485ºC. It could, and often does have an economic impact on the producers of concentrate as most mineral processing plants will impose penalties for chrome content above 1%.

Spearheading this innovation at Northam were metallurgical manager Danie Minnaar, and senior metallurgist Danie Smit, by running a series of rigorous tests and pilot plant trials at the Northam UG2 plant, where the traditional processing circuit had been unable to achieve the required Cr_2O_3 grades as indicated in laboratory tests in the plant design phase.

The trials involved the installation of a pilot plant flotation column as a re-cleaner on the final concentrate stream of the UG2 plant. The pilot flotation column, 0.6 metres in diameter and 6.1 metres high, was tested over a four-day period to compare the effectiveness of the internal and external sparger in these key performance areas:

- Overall PGM recovery
- Overall PGM upgrade ratio (head grade to final concentrate grade)
- PGM/Cr_2O_3 ratio in concentrate

To ensure consistency, all comparative tests were done three times. Results from the trials showed that the external sparger column (a static mixer situated on a slurry circulation stream at the base of the column) was more effective than the internal sparger:

- PGM recovery improved by 23%
- PGM upgrade ratio improved by 19%
- Cr_2O_3 reduction improved by 29%

Based on these results it was decided to install an industrial-sized flotation column measuring 1.42 metres in diameter and 9.5 metres high as a re-cleaner. During this next phase of optimisation trials lasting 31 days, normal concentrate was fed through the circuit under different conditions.

Three operating conditions were tested, namely air addition rate, pulp level and slurry feed rate, and 315 composite samples were taken at each setting within the pilot plant circuit to determine PGM and Cr_2O_3 content. The standard settings for the trials were a plant feed rate of 115 tons per hour (t/hr) at a constant feed grade (this represented an increase in current throughput from 105 t/hr); an air flow rate of 65 Normal metres^3 per hour (Nm^3/hr); pulp level of 700 millimetres (mm); and sparger pressure of 2.0 bar.

Equally pleasing results were recorded:

- PGM recovery improved by more than 2%
- PGM upgrade ratio improved by more than 9% (from 78 to 85 and 105 achieved on a number of occasions)
- Cr_2O_3 content in final concentrate reduced by 38%

After the installation of the flotation column PGM recoveries exceeded 81%. Before the installation of the external sparger column PGM recovery in excess of 81% could only be achieved with an upgrade ratio of 60. After the installation, the PGM upgrade ratio, at a PGM recovery of 81%, increased to 85.

In commercial metallurgical applications this innovation does not only provide the opportunity for additional revenue, but, by avoiding the penalties associated with Cr_2O_3 in concentrate, will result in additional savings.

Against the background of potential expansion into the Bushveld Complex's eastern limb, where UG2 reef is more prevalent than Merensky, this development is likely to hold significant future metallurgical benefits. Northam has since filed a patent on the external sparger column cell technology.

Payback

	Before	**After**	**Comments**
Plant feed	100 000	100,000	@ 4.0 g/t 3PGE + Au
Recovery	80.0%	81.6%	2% increase
Concentrate grade	340 g/t	375 g/t	10% improvement
Cr_2O_3	4.5%	2.8%	38% reduction
Penalty	ZAR50 000	ZAR16 100	Per ton Cr_2O_3 in concentrate
Additional income	ZAR832 000		At ZAR130 000/kg 3PGE + Au
Penalty saving	ZAR1 757 120		Including smelting saving Excluding transportation saving
Profit	**ZAR2 589 120**		
Capital expenditure	ZAR1 700 000		

SOCIAL IMPACTS

Labour

Northam Platinum is committed to the following employment principles which are incorporated in the company's human resources policy and included in its code of ethics, which is available on the company website and is distributed to all employees:

- All employees are entitled to fair employment practices which include fair remuneration and the opportunity for advancement based on knowledge, competence, experience and performance
- The company is committed to equal opportunity, based on merit and ability
- The company respects and defends the right of employees to a working environment free of discrimination on the basis of race, gender, religious belief, political affiliation, age or disability
- All employees have the right to freedom of association and to act out this freedom within the bounds of the law, collective agreements and the rights of others

The company operates within a sophisticated South African labour relations regime. Northam does not employ children and also excludes the practice of forced labour. This is in terms of its compliance with national labour legislation, which is informed by the South African government's ratification of the ILO Conventions on child labour and compulsory labour. In addition the company maintains a human resource management system which would be able to identify cases of non-compliance should these come to the fore.

As at end June 2005, Northam employed a total of 8 098 people (6 788 permanent employees and 1 310 contractors (2004: total 8 308 – 6 844 permanent and 1 464 contractors). Employees are drawn from across South Africa and from neighbouring Swaziland, Lesotho, Botswana and Mozambique.

A total of 45% of employees are migrants from neighbouring countries. Working teams are integrated to avoid any potential for discrimination and/or harassment. Such practices are discouraged and are subject to disciplinary action.

Labour/management relations

All employees have the right to freedom of association, and to apply this freedom within the bounds of the laws of the land. The company's relationship with employee associations and trade unions is regulated by collective bargaining agreements. For recognition purposes unions are required to demonstrate representivity of 33% amongst their bargaining units.

Wages and conditions of employment are the subject of annual negotiations with the trade unions and associations. In an effort to encourage participative management, employee and union members are included on a number of joint forums and committees including the health and safety committee, the housing forum and the employment equity committee. Monthly grading forum meetings are currently held between management and union representatives on planning and managing the job description process. Unions are also represented on an HIV/AIDS forum, which also meets on a monthly basis.

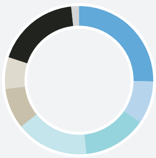
Grievances and discipline

The company's code of ethics (available in print and on the website) encourages employees to use established grievance procedures to alert management to any dissatisfaction or feelings of injustice arising out of their employment. The company is committed to giving due attention to such grievances and where necessary, implementing remedial action.

Diversity and opportunity

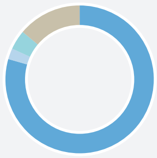
In terms of its employment policies and practices and in line with the Skills Development and Employment Equity Acts, the company has developed a process to attract appropriately qualified individuals from HDSA backgrounds, and provides opportunities for them for development and growth.

Some modest progress has been made in creating employment opportunities for women, and by the end of June 2005 the company employed a total of 103 women (1.44%). This has required the provision of an additional industrial change house and other facilities. Codes of practice on the employment of women have been drafted and submitted to the authorities.



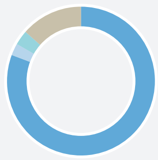
Employee geographic profile 2005

Limpopo	25.3%
North West	9.3%
Eastern Cape	13.9%
Lesotho	15.7%
Botswana	8.9%
Swaziland	6.9%
Mozambique	18.3%
Other provinces	1.7%



Union and association membership 2005

NUM	79.4%
UASA	2.4%
Solidarity	4.3%
Non-unionised	13.9%



Union and association membership 2004

NUM	80.7%
UASA	2.6%
Solidarity	3.2%
Non-unionised	13.5%

In certain circumstances the company will resort to disciplinary action which is both fair and lawful. The objective of such action is not punitive, but attempts rather to bring employees into line with required standards of work behaviour and performance as indicated in employees' contracts of employment. The company's procedure is documented in a code of conduct which is subject to the Code of Good Practice of the Labour Relations Act.

The company is committed to fair and lawful disciplinary action in terms of South African labour legislation and will protect employees against any arbitrary action which could lead to their dismissal. In terms of the company's disciplinary procedure employees may avail themselves of an established appeal process.

Bribery and corruption

Both directors and employees are to ensure that they are independent, and seen to be independent from any business organisation which has a contractual relationship with the company for the supply or purchase of goods and/or services. Directors and employees alike are required to disclose the nature and extent of any financial interest in customers or suppliers they may be negotiating with. If necessary the individual concerned must recuse him/herself from any decision-making process in this regard. The company's views and policies are articulated in the code of ethics and in the board charter.

In efforts to further encourage diversity, the employment equity forum monitors compliance with targets. Furthermore the company, in terms of its policy of non-discrimination, has the right to institute disciplinary action in instances of discrimination based on gender, race and a number of other criteria.

Security

Northam's security function is outsourced to a recognised South African private security company which operates within defined parameters as established by the Private Security Industry Regulatory Authority (PSIRA). Security companies' practices and conventions are subject to the PSIRA Code of Practice and the Bill of Rights as contained in the Constitution of the Republic of South Africa of 1996, which reflects the country being a signatory to the Universal Declaration of Human Rights. During the year inspectors appointed by PSIRA conducted an evaluation of security processes to ensure compliance with regulations.

Training and development

The company's training and development programmes are aligned with the Mining Charter Scorecard and focus primarily on literacy programmes with the objective of all employees achieving functional literacy; the implementation of career paths and skills development plans for HDSAs; mentorship programmes for empowerment groups; and achieving and maintaining a talent pool as required to sustain its business.

Training expenditure in 2005 totalled R26.5 million, or 5.1% of total labour costs. An additional R5.3 million was allocated to safety training. (2004: R16.5 million, equivalent to 3.7% of total labour costs)

CASE STUDY Raising literacy levels through ABET

Northam's ISO 9001-accredited Adult Basic Education and Training (ABET) centre is recognized by the Mines Qualification Authority (MQA) and the National Department of Education as an educational provider to the equivalent of grade 9 level. The programme, which was launched in 1994, at that stage offered only English communication up to level 3. In 2002 e-learning was introduced and classes became more interactive, with teachers assuming the role of facilitators.

The ABET centre now boasts a total of 65 computers with five facilitators who all hold tertiary qualifications as ABET facilitators. The number of classes has also increased to accommodate a growing demand among employees. In 2005 R1.2 million was spent on ABET, with a total of 932 learners attending classes, and a pass rate of 90%.

A variety of programmes are offered including numeracy and literacy (language and communication). These are basics and commence from level 1. At level 3 learners should have mastered the basics of English reading and writing skills. The learners are then introduced to technology, natural, human and social sciences.

Johannes Malei is a training instructor at Northam Platinum. He started ABET level 1 in 1996 and has just done level 4 fundamentals which has enabled him to apply for a certificate as a miner. He will be writing his exam and hopefully qualify before the end of the year. "ABET has helped in giving me choices. It is a gateway to success and different opportunities," says the father of eight.

Nevertheless functional literacy tests as measured at the company's Development Centre, using national Department of Education tests have indicated average literacy levels at the mine of 59%, and much work remains to be done in this area.

Northam is currently engaged in talks with the national educational authorities to improve its educational offering so that employees will be able to obtain grade 12 (equivalent to matric) certificates, which will allow them to progress into other career opportunities beyond mining.

In April 2005 the board approved a study assistance scheme which is available to all employees studying towards an appropriate school qualification (Grade 10 or 12) or a recognised, job-related undergraduate tertiary qualification. The granting of study loans will be aligned with the results of a national educational department training needs analysis. The scheme comprises an interest-free study loan component; the refund of tuition fees on passing courses or modules; and study leave.

Learnerships are currently provided for 59 employees in engineering, metallurgy and junior/middle management.

A total of 22 learner miners have been identified as a talent pool for the year 2006 and are on an appropriately designed fast-track training and development programme in mining skills.

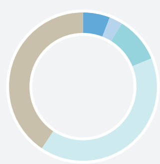
In the past two years Northam has accommodated 23 MQA learners. In the first six months of the 2005 calendar year 12 students completed practical training at the mine.

Progress in training and development is measured against targets set by the Mining Charter and the Social and Labour Plan. The company submits an annual training report in line with the Work Skills Development Plan and the Employment Equity Plan.

Community development

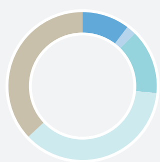
Northam's community development programme is aligned with the objectives and vision of the provincial and local authorities' local economic development (LED) and integrated development plan (IDP) to work towards poverty eradication and upliftment of communities. Representatives from the company attend monthly and extraordinary meetings of the Local Development Forum represented by local government and businesses.

The company has recently appointed a social responsibility and development manager with the objective of more effective management of funding proposals and projects and to prioritise and coordinate projects more closely with regional development objectives. A corporate social investment (CSI) committee provides guidelines, budgets



HDSA employment 2004 (actual)

Senior management	14.3%
Professional and middle management	7.1%
Technically skilled and academically qualified junior management and supervisors	24.2%
Semi-skilled and discretionary decisionmaking	98.5%
Unskilled and defined decisionmaking	98.5%



HDSA employment 2005 (actual)

Senior management	27.3%
Professional and middle management	5.6%
Technically skilled and academically qualified junior management and supervisors	37.2%
Semi-skilled and discretionary decisionmaking	96.5%
Unskilled and defined decisionmaking	97.8%

and approves expenditure. The committee is scheduled to meet on a quarterly basis and is representative of management and the major unions. Plans are being put in place to further formalise the CSI process and to develop a longer term social development and investment strategy going forward.

Projects are evaluated on their sustainability and their potential to make a real difference to people's lives in the areas surrounding the company's operation. In the more remote labour-sending areas, the company contributes to rural upliftment through the TEBA Development Agency. TEBA has a long association with the mining industry and has the requisite infrastructure to reach communities in these outlying areas.

The company's social development programme has in the past focused largely on primary education needs in the surrounding area:

- At Naletsane School the company has in the past provided resources and materials to upgrade the home technology centre and supplied computer desks. In a further development the building of additional classrooms at the Naletsane School has been approved. The building plans have been completed and a building contractor is currently being engaged. The Naletsane School provides technical and vocational training up to Grade 10 level to some 500 learners from the local farming community, where parents also have been engaged in the upgrading of the school's facilities.

- Indicative of its ongoing support to the Northam Comprehensive School (part of the Mandela Schools project which construction Northam supported by way of a R1.1 million grant), the company has contributed to expanding the school's capacity by supplying 15 computer terminals.

- Providing resources to upgrade the ablution facilities at the Koedoeskop Primary School

- Additional classrooms are currently being constructed at the neighbouring Krause Primary School.

Other projects focused on health and community welfare, with feeding schemes introduced at three schools; a community centre and a reception centre for families visiting employees.

In response to local health needs and a request from the local council, in June 2005 Northam supplied a satellite park home clinic in the neighbouring Chromite village for use by the community. Management participates in the Waterberg District Health Council which was launched by the MEC for Health and Social Development in Limpopo Province.
In Thabazimbi Northam has contributed towards the establishment of the Thabang Children's Project. The Project integrates the provision of accommodation for juvenile offenders, creating a place of safety for needy and abused children. At the same time, through a home-based care facility, medical and psychological counselling is available to affected families to help them in creating functioning and supportive family structures.

Housing and living conditions

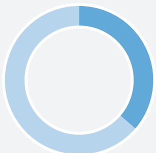
Some progress has been made towards the establishment of affordable housing for employees and in a move to reduce employees' dependence on hostel accommodation. Various funding mechanisms are being explored. Discussions are in progress with the Thabazimbi municipality with a view to acquiring a number of building sites. Parallel to the company-assisted housing project Northam is investigating ways of assisting employees to qualify for government housing subsidies. This is being pursued in conjunction with the Limpopo Provincial Government's Department of Housing.

The majority of employees still live in the company-provided hostel accommodation in the Madiba Village. Improvements in standards of nutrition at the canteen in the Village are strictly monitored by Platinum Health on a monthly basis, with additional inspections by the Department of Health. Living out allowances are provided to employees to relieve the pressure on hostel accommodation. Currently only some 800 employees make use of this facility. Ways of making this facility more attractive are currently being explored.

Supporting small business

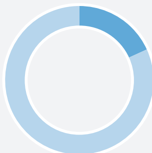
In an initiative to support local small business the company recently awarded a tender of R1.3 million to repaint part of the company's hostel block. The company has also built stalls for local vendors and informal businesses to run their enterprises on mine property. This venture is run in association with the mine hostel residents' committee. (further information on HDSA procurement is available on page 21)

Agreement was reached during the year with a local HDSA entrepreneur on the construction of a plant on the mine's property to extract chromite from the tailings emanating from the Northam UG2 concentrator plant. In the planning phase the company has provided metallurgical and technical



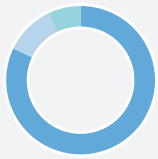
Board HDSA representivity

HDSA	36.3%
Other	63.7%



Board gender profile

Women	18.2%
Other	81.8%



Company contributions to social investment
July 2004 to June 2005

Education	82%
Health	11%
Welfare	7%

CASE STUDY Northam Life Centre

In recognition of its role in the community, and to promote job creation and skills training, the Northam Community Life Centre was established in October 2004, and has in a short space of time become a hub of activity and industry on the mine property.

This self-help centre, previously known as the Bliksaal project, offers a number of activities including a soup kitchen, vegetable garden, sewing and handcrafts, control of alien plants, and recycling initiatives. Ingrid Knoetze, a volunteer in the community who has passionately driven the establishment of the centre, explains that a primary focus of the project is its ability to sustain itself. "At the same time, it is very humbling to see how an initiative which really has few bells and whistles, can make such an immediate difference to people's lives, and their self-esteem."

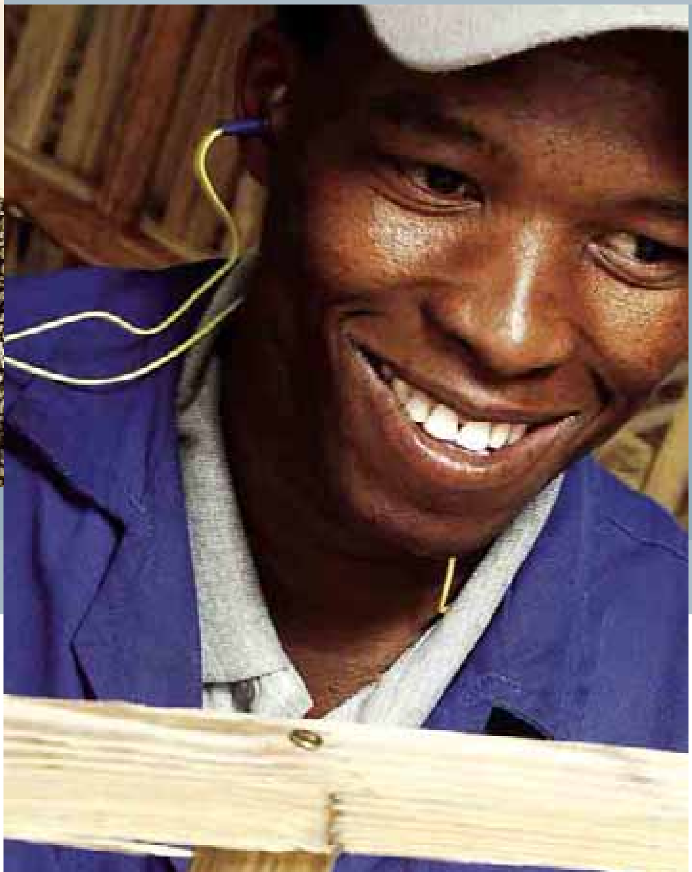
The centre currently employs 18 people, 14 of whom are volunteers. Also provided by the centre is an HIV/AIDS counselling service and a platform to exchange information, so that both infected and affected people have access to a support base. Counselling is provided by the mine's peer educators who are in the process of organizing a choir group to spread their message through song and dance. In the pipeline are campaigns, rallies and competitions aimed for the surrounding farming communities, informal settlements as well as mine employees.

Vegetable and herb farming form an important nucleus for the Life Centre – teaching people skills to cultivate their own produce, while the pickings are used in the soup kitchen as a means to provide nutrition for those infected and affected by HIV and AIDS, an important component of any treatment regimen.

The remaining vegetables are distributed through the farming network to the neighbouring community and farmworkers, with a particular focus on providing fresh food to the children. The Jabulani informal settlement, in close proximity to the centre will in the near future get the soup from the centre directly depending on the quantity of vegetables available. One of the challenges faced by the project is the great need in the area, and the difficulty in keeping up with growing demand.

The sewing and handcrafts project provides skills training for women from the local community. The intention is that these women will, in turn, transfer their knowledge to other women in the community, with the objective of empowering these people, who frequently have few or no life choices at all. Ultimately these women should be in a position to start their own small businesses.

Recycling activities are encouraged at the centre, with people from the local community being taught to make timber trellising and gates from scrap wood from the mine. With the growing building of capacity and sustainability, projects like the Northam Community Life Centre may well point the way towards more co-operative, constructive and mutually beneficial relationships with neighbouring communities.



support and has made the necessary amendments to the Environmental Management Programme Report (EMPR).

CSI and development in the year ahead

One of the projects identified for the year ahead has emerged following a challenge from the Limpopo Provincial Premier Mr Sello Moloto to the private sector to sustain the provincial premier's bursary fund. The company has made land available for a farming project, with the intention of it being jointly managed by the company and the Limpopo provincial government to train local communities in agricultural practices, with the proceeds of the farm to be utilised to sustain the provincial premier's bursary fund.

Safety and health

The company's commitment to ensuring a safe working environment for employees is articulated in its values statement, and states: The company defends employees' rights to a safe working environment. This sentiment is extrapolated in the safety and health policy, which is endorsed by all employee representative bodies and associations.

Legislative compliance

Health and safety in the mining environment is governed by the South African Mine Health and Safety Act 1996 (MHSA), the Basic Conditions of Employment Act 1997, the Occupational Health and Safety Act 1993, the Compensation for Occupational Injuries and Diseases Act 1993, and the Mineral and Petroleum Resources Development Act 2002, which seek to regulate health and safety and minimise hazards in the workplace.

Northam's compliance with legislation is monitored by self-assessments and audits from third parties. In addition the company regularly receives inspections from the relevant inspectorate of the DME. During the year the updated code of practice for medical surveillance as required by the MHSA, was drafted and approved by the DME.

Recording, notification and investigation of occupational accidents and diseases

The conventions of the ILO promote the improvement of people's working lives throughout the world. Through the South African government's ratification of all the core ILO conventions, including Convention 176 on safety and health in mines, and Convention 155 on occupational health and safety, government is committed to ensuring that national legislation is in accordance with the principles of the conventions.

Northam complies substantially with the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases and has systems in place for recording all accidents, classified as lost time (between one and 13 days), reportable (14 days or more) and fatal accidents. In addition accidents which do not result in injury or any lost time are also recorded. Codes of practice, accident records and investigations are forwarded to the DME as required in terms of legislation. The same practice applies to occupational diseases.

The effective recording, notification and investigation of all occupational accidents, occupational diseases and dangerous occurrences are of utmost importance to Northam Platinum in the drive for continuous improvement in health and safety.

After the conveyor belt fire in September 2004, the DME imposed a Section 54 order, requiring the cessation of all mining activities at Northam until the authorities were satisfied with conditions before operations resumed.

Structures, training and communication

Safety and health is accorded priority amongst all disciplines and activities. Overall coordination of the safety function vests with the services manager who reports directly to the general manager. Quarterly safety reports are made to the board committee on safety, health and environment (SHE). The board SHE committee, which comprises three non-executive directors, is ultimately responsible for ensuring that the company complies with legislation and performs an advisory function related thereto.

A joint health and safety committee, represented by management, employees and unions is responsible for overseeing and reviewing policy, agreeing and implementing strategy and planning safety training in response to requirements and performance. In July 2005 the joint safety and health committee agreed and endorsed the adherence to mine standards and procedures and committed itself to eradicating non-compliance.

The focus on communicating safety issues is reflected in the structures in place for full-time health and safety representatives to meet on a monthly basis with workplace safety representatives, while divisional health and safety meetings with workplace representatives, shift-bosses, miners, team leaders, section safety officers and the mine overseers, are held twice monthly.

A risk manager and chief safety officer, seven additional safety officers and three risk officers fulfil safety functions across the mine, while safety and training coaches/instructors are involved in cross-auditing working areas for hazard identification. The company also makes use of the services of an external consultant for safety management audits and risk assessments.

Safety training is a critical component of the entire safety initiative. The Northam training centre is ISO 9001 accredited, and was subject to an annual compliance audit in June 2005. In the same month the training centre was audited for MQA accreditation by a tripartite DME/organised labour and MQA accrediting body.

To counter falls of ground in the South African underground mining environment, the DME formulated new Fall of Ground Regulations in July 2002, which are in accordance with the provisions of Chapter 14 of the MHSA. The provisions came into effect in January 2003. The training of employees was completed during the year and assessments were performed to ensure competence in line with MQA standards and qualifications.

Health and safety policy

Northam Platinum Limited is a deep level platinum mine, with underground workings between 1 200 and 2 200 metres below surface. Platinum ore is extracted from different reefs, and backfill, packs and elongates are used for support. Hydropower is used to clean stope faces and to power rock drills and mechanical loaders. The ore is treated on surface in the processing plants to release the intrinsic metal values.

TO CARRY OUT THE ABOVE MINING OPERATIONS EFFECTIVELY, THE HEALTH AND SAFETY OF ALL EMPLOYEES IS OF PARAMOUNT IMPORTANCE AND IS A BUSINESS PRIORITY FOR THE COMPANY IN RESPECT OF ITS OPERATIONS

THE MANAGEMENT AND EMPLOYEES OF NORTHAM PLATINUM AGREE AND DECLARE THAT:

1. Injuries and accidents can be prevented and health and safety risks can be controlled. We commit ourselves to achieving this.

2. We are all equally responsible for implementing health and safety measures. Every employee must take reasonable care to protect his/her own health and safety, and ensure adherence to standards and conditions to provide for a safe working environment without undue risk to the health of any employee. Adherence to health and safety measures and this policy is a condition of employment. Both management and employees acknowledge that non-adherence will not and must not be tolerated.

3. Employees must be trained to identify the hazards associated with their jobs and must report any hazards so as to ensure work can take place in a safe and healthy environment. Employees must use and take proper care of protective equipment.

4. Audits are very important to identify sub-standard health and safety practices, conditions and deficiencies, and all the non-compliances must be corrected promptly.

5. The health and safety of contractors and suppliers who could be affected by mining operations is equally important.

6. This health and safety policy must be adhered to. The joint health and safety committee must review the policy at intervals determined by it in the interests of the company and its stakeholders.

THE PERSONAL INVOLVEMENT OF EACH AND EVERY EMPLOYEE IS ESSENTIAL TO ACHIEVE THE SUCCESSFUL IMPLEMENTATION OF THIS POLICY. THE EFFORT OF EACH EMPLOYEE IS WORTHWHILE AS IT WILL NOT ONLY ACHIEVE A REDUCTION IN INJURIES, ACCIDENTS AND HEALTH AND SAFETY RISKS, BUT WILL ALSO IMPROVE THE QUALITY OF LIFE FOR EVERY EMPLOYEE BOTH AT WORK AND IN THE COMMUNITY.

Average hours of training per category of employee

Occupational level	Total employees	Total training hours	Average training hours/person
Senior management	84	3 024	36
Middle management	126	4 536	36
Technical / production	5 278	253 344	48
Engineering / maintenance	994	35 784	36
Administration	283	2 264	8
Total	**6 765**	**298 952**	**44**

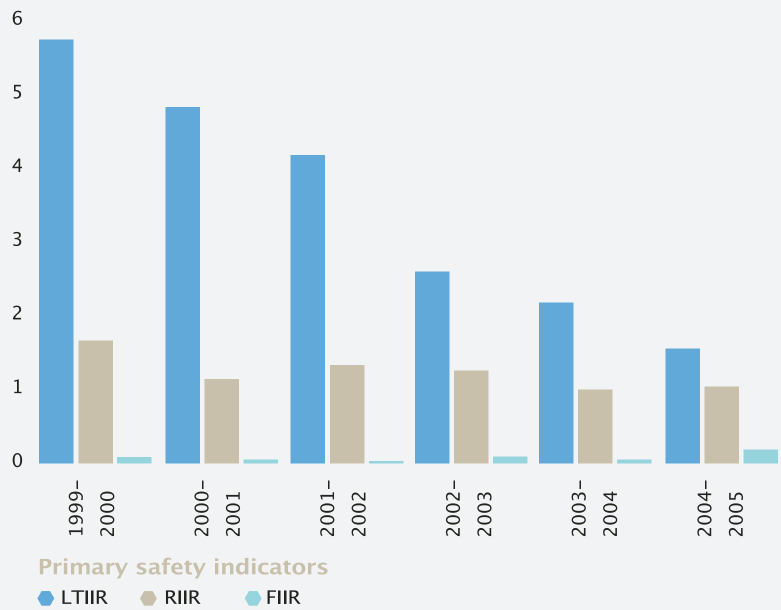
In terms of the provisions two categories of competent people are required to ensure the following safe practices:

- Declaring a working area to be safe – Competent Person A
- To install, maintain, or remove any support unit – Competent Person B

Employees and employee representatives participate in various health and safety structures on at least a monthly basis. The involvement is from the work team level up to the head of department (Manager: Production) level at various forums (Joint Health & Safety Committee, Divisional Health and Safety Committee and Health and Safety representatives meetings).

Mine overseers each convene a monthly divisional health and safety meeting with all the safety representatives, work team leaders and line supervisors within their sections, where health and safety issues are discussed and action plans agreed on to address accidents and high risks within their sections. The full time health and safety representative also convene monthly safety representatives meetings for review purposes and to discuss proposals for further improvements. Proposals to address health and safety on the mine are also discussed at this meeting.

The joint health and safety committee meets on a monthly basis to address issues which could not be resolved at lower levels, and also to review overall performance and to put plans in place to address any identified risks.



Primary safety indicators

Performance

The death of nine employees after a fire between 13 and 14 levels on 20 September 2004 was an enormous and deeply regrettable human tragedy. At the time of the fire a total of 1 136 people were working underground, 55 of them in the ventilation district affected by the fire resulting from a burning conveyor belt. The incident is currently the subject of an inquiry by the DME.

A further five mining-related deaths during the year under review contributed to a fatal injury incidence rate (FIIR) of 0.18 which is of enormous concern to management.

During the closure phase after the fire a number of additional risk assessments were performed and all employees were subject to intensive safety refresher training which included hazard identification and risk assessment skills training.

This had an impact during the start-up phase (traditionally a time considered to be more hazardous as a result of degradation of ground conditions during a shut-down) and for a couple of months thereafter safety performance improved, as evidenced in the continuing downward trend in the lost time injury incidence rate (LTIIR) and the reportable injury incidence rate (RIIR).

The main contributing causes of injuries still appear to be falls of ground, although, with the ongoing focus on support standards, there is some indication that these are declining.

A drive to improve support densities has resulted in a 44% improvement over the past three years, with some 20% achieved in the second half of this financial year. Elongate support density has been increased and the use of temporary supports such as camlock props is compulsory. In addition the distance between backfill and the working face has been reduced to a maximum of 5 metres after blasting.

Other activities contributing to injury are materials handling and tramming and transport, indicating that standards are not always complied with.

Successes were registered with the metallurgical plants recording 3 million fatality-free shifts this year – not having recorded a single death in the mine's 17 year history. On surface overall a total of 10 million fatality-free shifts were achieved. Furthermore, the mine has a three star safety status as indicated in the latest audit by NOSA.

Historically fires have not been prevalent at Northam. Nevertheless, after a few suspicious incidences of fire in the first half of the 2005 calendar year, and a comprehensive risk assessment, further significant improvements have been effected to the overall fire detection and fire-fighting equipment. These include:

- High pressure automatic water sprays along the length of decline conveyor belts, dispensing 0.5 litres of water per second on every 2 metres of belting
- Fully pressurised hand held watering down guns dispensing 0.5 litres per second with 40 metres of hose at 40 metre intervals
- Each head and tail unit has a dousing dry powder system
- Carbon monoxide monitors at the head and tail of each conveyor are linked to the surface control room with audio visual alarms on site underground
- Additional hand held fire extinguishers
- Alarms for compressed air supply failure in the 14 level decline
- Automatic tripping belt alignment units and speed monitors
- Audio-visual automatically tripping bearing temperature monitors linked to the surface control room
- Enforcing the use of self rescuers
- Self dousing systems for all mini substations
- An upgraded fire detection system underground with additional CO detector heads and velocity metres, monitored on surface in a centralised control room which is manned 24 hours a day.

The way forward – back to basics

After the September 2004 mine accident, management embarked on a rigorous review of the mine's safety programmes and training. A decision was taken to refocus on the basics of safety in all training and communication campaigns going forward.

The back to basics approach has resulted in a renewed emphasis on the tenets of 'the four pillars of safety', the cornerstone of Northam's safety management programme, and which had in the past served the mine well:

- Communication
- Planned inspections
- Planned task observations – observing how activities are performed and adhering to safety procedures
- Risk assessments

Targets for the year ahead

- Zero fatalities
- 10% reduction in the RIIR
- 25% lower LTIIR
- OHSAS 18000 accreditation for safety management
- External audit of the entire health and safety management system

Health services

Northam's occupational health and medical services are provided on a contract basis by Platinum Health, a division of Anglo Platinum. A medical staff complement of 35 (three doctors and 18 nurses, paramedics, physiotherapists and radiographers, one audiometrist) provides primary health care, health education and wellness promotion, employee assistance and mental health services, dentistry, occupational health and medical surveillance, emergency medicine, transport and transfer of the sick and injured.

Medical facilities and systems were recently upgraded at a cost of R300 000 to improve functionality and to keep abreast of amendments made by the Department of Health and other regulatory authorities. New audio testing machines and modules, aligned with those of Rand Mutual (an industry-funded compensation body), were installed. During the year the medical facility was audited by an external consultant, and was inspected by the Department of Health in December 2004.

Medical surveillance

The company performs a number of occupational health services, in line with the provisions of the Mine Health and Safety Act.

- During the year the medical station performed 1 541 initial, 7 029 periodic, 964 exit and 510 pre-promotion medical examinations for full-time and contract employees. In addition 28 medical examinations were performed on members of proto teams.
- Regular lead tests (30 in the year) have not indicated any dangerous levels among employees.
- A total of 107 patients were submitted for compensation for occupational hearing loss.
- Heat tolerance testing (HTT) is performed on all new recruits and employees returning from leave prior to them going underground. HTT has been proven to be an excellent screening instrument to highlight dormant medical conditions.
- A monthly average of 44.8 people (including contractors) received treatment for pulmonary tuberculosis (TB) during the year. A total of 124 patients were referred for compensation.

Progress review

A number of improvements in health services were implemented during the year, notably in the Hosp-Solit (the employee management system) interface. This has resulted in more effective management of employees' leave times and therefore their medical treatment regimens.

In the case of TB the Direct Observed Treatment (DOT) programme needs to be administered correctly until its completion to prevent the disease reactivating. Nevertheless, some reactivations persist, and indicate the effect of the progress of HIV infection. Patients who contract TB for a second time are subject to an eight-month treatment regimen compared to six months for new onset cases. Pre-leave medical examinations have recently also been instituted.

More effective management has also resulted in improved administration of compensation claims, better record-keeping and accident notification. In addition an agreement was concluded in December 2004 with all contractors for them to assume the same responsibility as the mine and follow agreed procedures for reporting mine accidents.

The medical department has been instrumental in setting up a task team comprising management, organised labour and medical staff to participate in the DME's initiative to eradicate silicosis and noise induced hearing loss (NIHL) in the industry. Although employees are not exposed to silica at Northam, the company will participate in this initiative, with a focus specifically on NIHL. Target dates have been set for the implementation programme, with quarterly meetings at all mine sites. The drive at Northam to educate employees in the use of personal protective equipment (PPE) is ongoing, and during the year all outstanding baseline hearing tests were updated and brought into line with Rand Mutual Assurance requirements.

An employee assistance programme (EAP) was introduced during the year and provides comprehensive counselling, social, psychological and psychiatric services. This was a particularly helpful tool used to treat employees suffering from post-traumatic stress following the fire in September last year, and the six-week closure of the mine.

Environmental monitoring, food handling surveys and health and wellness education are an integral part of the services provided by Platinum Health. Plans are in place to bring in an external consultancy to perform an audit on the kitchen following some instances of inadequate hygiene standards. Monthly cholera and water surveillance tests are performed to prevent contamination from water-borne pathogens (contaminated water in hydro-powered equipment could pose a threat to underground employees in a closely contained environment). Fresh potable water is supplied to underground areas for human consumption.

Other services introduced during the year were improved control over standards and practices of first aid training, with Platinum Health acting as external auditors for the programme. In addition, the company provides malaria prophylactic treatment for employees who live in affected areas.

HIV/AIDS

The prevalence of HIV among Northam's workforce is estimated to be between 20 and 25%, in line with the national average.

A weekly HIV training module has been included in the training centre's courses with a reciprocal arrangement with the mine's HIV counsellor at the medical station.

Awareness programmes continue with the use of peer educators, and the voluntary counselling and testing programme (VCT) has been extended to the Northam Life Centre (see case study on page 28). Nevertheless employees remain reluctant to present for testing.

Through a working group represented by management and Anglo Platinum's Platinum Health the company is investigating the feasibility of making anti-retroviral treatment (ART) available to HIV positive employees. However, since Limpopo Province is the last province to roll out the treatment, difficulties are still being encountered in partnering with an external agency.

Customer health and safety

Currently Northam's precious metals are refined by Heraeus in Hanau, Germany. The Heraeus refinery operates within strict EU guidelines which regulate its performance in terms of social and environmental responsibility. Refined metal, sponges, ingots, and powders are packaged in accordance with international standards and each numbered lot of metal to customers is accompanied by a unique Certificate of Assay as issued by Heraeus, with material safety data sheets made available to customers.

Refined PGMs are sold on a contract basis to a well-established customer base in Japan, North America and Europe. Platinum and palladium are guaranteed to be of London-Zurich Good Delivery Status at a minimum purity level of 99.95%.

Nickel sulphate, a by-product which emanates from the BMR process at Northam's mine site, is sold to a customer base in South Africa, and is accompanied by safety data sheets for the information of transporters, handlers and customers.

Instances of non-compliance with regulations concerning customer health and safety have been rare, with the most recent occurrence reported in 2003, when friable ingots were reported from customers in Japan. The ingots posed no risk to the users, but were timeously returned to Heraeus and replaced. Any occurrences of this nature or other concerns are reported to the Northam marketing department.

Northam's marketing department maintains regular weekly contact with its customers, with at least annual customer meetings and hosting customer visits to the company's plants.

ENVIRONMENTAL IMPACTS

Scope of potential impact

Northam's current mining property covers an area of 5 183 hectares in the Thabazimbi municipal area in South Africa's Limpopo Province. Underground mining activities are conducted via a twin shaft system at depths of between 1 200m - 2 200m below surface. Virgin rock temperatures vary between 45ºC and 75ºC and have necessitated the extensive use of backfill and hydropower technologies. Chilled water is sent underground to the workings at 5ºC and is used to provide positional cooling and to power the equipment. This results in approximately half the water required for cooling purposes compared to a conventionally cooled mine. Hydropower application has been proven to minimise the use of electricity as a result of reduced compressed air consumption and lower overall water consumption leading to lower pumping requirements.

Processing and treatment of ore takes place on surface at two concentrator plants through crushing, milling and flotation in order to separate the waste from the precious minerals which are released in concentrate form. Concentrate is then dried, smelted and converted in the smelter plant, and the gangue is separated from the matte in the furnace. On-mine processing infrastructure includes a base metals removal plant where further leaching, copper electrowinning, pressure acid leaching, iron precipitation, counter current decantation (CCD), platinum and other PGE precipitation processes further separate the base metal by-products from the PGMs. Enhanced precious metals refining currently takes place at Northam's offshore partner Heraeus's refinery in Hanau, Germany.

Legislative compliance

In terms of the Minerals and Petroleum Resources Development Act (MPRDA) of 2002, Northam's potential and existing environmental impacts and management systems are documented in the mine's Environmental Management Programme Report (EMPR), which is approved by the Department of Minerals and Energy (DME) and the Department of Water Affairs and Forestry (DWAF). Compliance with the EMPR is monitored by self-assessment, third party auditors and by the relevant authorities. Self-audits are conducted annually by independent third party specialists.

In 1999 Northam was granted an exemption in terms of Section 21(4)(a)(i) of the now repealed Water Act, No 54 of 1956 by the DWAF, which expires in December 2005. This exemption allowed the mine to discharge excess industrial water subject to compliance with the conditions of the exemption. Northam is however in the process of applying for a water use licence as required in terms of the National Water Act 1998, which will replace the Section 21(4) exemption. The water management strategy is also governed by the National Environmental Management Act 1998 and the MPRDA. A water use licence application was submitted to the DWAF in July 2005. A groundwater flow model is being developed, and once this has been refined, a contaminant flow and transport model will be generated as part of the water use licence conditions.

Northam manages its emissions of sulphur dioxide (SO_2) and particulate emissions within permit requirements. Registration in terms of the Atmospheric Pollution Prevention Act No 45 of 1965 has been completed for scheduled processes – the selenium process and the roasting process.

The most recent external audit on the mine's EMP has indicated some areas requiring improvement, with recommendations for revising the ground water monitoring requirements. Some of the parameters as well as the frequency of sampling do not correlate with the latest requirements outlined in the water use application. The mine is planning to implement the recommendations by updating the EMPR to ensure correlation with latest regulation.

Management and reporting structures

Environmental management vests with the engineering manager at Northam. He is assisted in the implementation of strategy, monitoring of processes and systems and proactive management of potential and existing impacts by the Engineering, Metallurgical, Technical Services and Ventilation departments. Quarterly environmental progress reports are submitted to the CEO for review at the quarterly meetings of the safety, health and environment (SHE) board committee which comprises four non-executive directors who are tasked with overseeing overall compliance with legislation in terms of safety, health and environment. The SHE committee makes recommendations to the board on issues relating to these matters.

Water management

Northam's water management strategy is based on the principles of adhering to relevant national legislation; optimising the use of water from supply authorities to minimise demand; and preventing discharge of polluted industrial water into adjacent watercourses.

Water consumption is monitored at all the strategic consumer points. Residential water usage was calculated to be 22m^3 per capita annually, on a par with middle to high income residential consumption in Johannesburg. Industrial water consumption for the year increased to 12.2 million m^3 due to an increase in the number of coolers required to maintain ambient underground temperatures owing to the increased distance of mining activities from the shaft infrastructure.

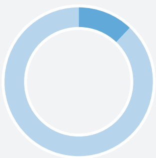
Performance

A recent independent audit by Jarrod Ball & Associates has identified an improvement in the results of the water management strategy with an increase in areas of compliance.

Improvements manifested in the following examples:

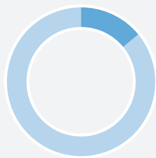
- A weather station has been installed to improve the management of the impact of surface water to achieve the target of zero discharge of process water and by containing and settling out polluted run-off;
- Recording all water usage;
- Improved ground water monitoring with 11 additional boreholes bringing the total to 24;
- Limiting the consumption of water from Magalies Water. This has reduced from 2 081 megalitres to 1 942 megalitres in the year under review;
- Extensions to and improved ongoing maintenance of the toe paddocks at the waste rock dump, the slag dump and the tailings dam to accommodate a 1:24 hr 1:100 year storm event;
- Improved management of the waste rock dump.

The total lease area of the mine is 5 183 hectares. Leasing of land for farming purposes has declined, mainly as a result of snaring of animals and overgrazing in some areas. The leased farm land now comprises 276 hectares, or 3.6% of the total area and overgrazing has decreased. A further area of 808 hectares (10.6% of the total area) is leased to Anglo Platinum and forms part of a game/nature reserve, externally managed and monitored by professional rangers. The leased area covers 14% of total land and 50% remains as natural habitat.



2005 – Water consumption 000m^3

Potable water from external source for domestic and occupational hygiene only	1 942
Recycled water used for primary activities	12 175
Underground service water	8 927
Concentrator	2 077
Smelter	487
Irrigation	684



2004 – Water consumption 000m^3

Potable water from external source for domestic and occupational hygiene only	2 081
Recycled water used for primary activities	10 668
Underground service water	7 562
Concentrator	1 841
Smelter	530
Irrigation	732

CASE STUDY Preserving the Crocodile River and Bierspruit

In terms of the water management strategy surface process water is contained and recycled at the various infrastructural points. The target is zero discharge. The exemption provides for water and/or effluent discharge into the surrounding Crocodile and Bierspruit watercourses only in cases of emergency.

JBA's audit indicated that Northam's activities do not significantly affect the integrity of the Crocodile River. The river's water already exceeds the DWAF's in-stream quality requirements at the point where it enters the zone that can be impacted by Northam's operations in terms of conductivity, hardness, calcium and the SAR.

Water overflow measures

		Treated sewage effluent				Evaporation dam		
	Permit requirements	**Oct**	**Dec**	**Jan**	**Feb**	**Dec**	**Jan**	**Feb**
pH	6.0<pH<9.0	7.3	7.0	7.2	7.2	7.3	7.3	7.3
Cl	≤1200 mg/l	171.4	175.2	309.5	251.9	524.8	535.1	530.5
EC	≤500 mS/m	96.4	101.8	105.2	95.8	286.0	196.5	246.1
N	≤30 mg/l	2.7	22.5	9.7	2.6	77.4	68.4	81.0
F	≤1.5 mg/l	7.6	8.0	6.9	5.5	10.5	13.6	3.9
SO_4	≤600mg/l	88.9	84.2	109.9	99.9	183.4	184.5	214.4

During the year (notably in October and December 2004 and January and February 2005) some overflows occurred from the sewage works' maturation ponds and the evaporation dam into the Bierspruit catchment. This was largely as a result of the Section 54 shutdown for six weeks from end September to early November when the concentrator's water consumption was nil, and at the Christmas break, and increased rainfall during January and February.

An external audit by Jarrod Ball & Associates (JBA) of the mine's EMPR in February 2005 has indicated that, in general, the water quality discharged to the Bierspruit was within the parameters of the permit requirements except for fluorides and nitrates in the evaporation dam water. The JBA audit also highlights that there are periods where the Department of Water Affiars and Forestry's (DWAF) instream water quality requirements are not being met, but this is due to a number of reasons such as poor quality at the inlet to the zone of influence as well as potential impacts from neighbouring mines. For this reason further steps are being taken to prevent any discharge of mine industrial water to the Bierspruit.

Management is nevertheless concerned about the preservation of the sustained integrity of the Bierspruit and Crocodile watercourses and participates in the Thabazimbi Water Management Forum, represented by the mining sector and the DWAF which is working towards the development and implementation of an integrated catchment monitoring programme for the Crococodile River and Bierspruit.

Priorities for the ensuing year:

- Minimising discharge from the evaporation dam and the sewage plant maturation ponds.
- Construction of additional stormwater cut-off drains to divert water from the evaporation dam and settling pond catchments.
- Developing an improved groundwater flow model to facilitate the development of a contaminant flow and transport model.
- An integrated water management plan to be reviewed annually.

None of the company's activities are situated in IUCN (World Conservation Union) protected area and heritage sites or biosphere reserves. Furthermore, no red data species (the IUCN's system of identifying species at high risk of global extinction) have been identified on or adjacent to mine property by the EIA process associated with the compilation of the EMPR.

Emissions and particulates

The mine's objective is to manage its emissions of SO_2 and particulates (dust) to the atmosphere within the required legal parameters. Northam's monitoring system to gauge SO_2 levels comprises 12 sulphation plate monitoring stations on the property and three in the neighbouring towns of Koedoeskop, Northam and Thabazimbi.

Monitoring station results indicate that SO_2 emission levels are well within the South African limit of 50 parts per billion (ppb). The highest value was recorded at the plant from August to September 2004, at the level of 19 ppb. Northam's total daily SO_2 emissions varied between 3.1 and 24.8 tonnes per day, well within the permitted limit of 32 tonnes per day. Emissions were also independently measured and reviewed by external consultancy Levego.

The surface tailings dam, a potential source of dust, is progressively vegetated, thereby minimising the mobilisation of dust. In the plant dust emissions are reduced through the use of electrostatic precipitators and a Dyna Jet Scrubber. For the selenium process, off-gases from the roasters are vented to the scrubber where volatised selenium is removed. Selenium concentrations are regularly measured at the fences. The JBA audit has verified the results which have consistently been below the required concentration of $0.004mg/m^3$.

Currently, four of the mine's eight refrigeration plants use the environmentally acceptable R134A, while the other four use R22. The consumption of refrigerants is carefully monitored to minimise usage.

Some CFCs may still be emitted by domestic appliances, but these are considered to be at low levels and are not monitored.

Non-mineral waste

Redundant radio-active nuclides used in measuring devices at the process plants are disposed of via accredited service providers (Secony) at Pelindaba. Quantities are limited to measuring devices only. The use of the nuclides is registered in terms of the Hazardous Substances Act (Act 15 of 1973).

Mineral waste

Northam operates a tailings dam with two compartments, a waste rock dump and a slag dump. In total these waste disposal facilities cover some 161.4 ha. Tailings are deposited at a rate of 140 000 tons per month with the balance of approximately 60 000 tonnes per month pumped underground as backfill for regional support. The tailings dam is largely vegetated to minimise aesthetic impact and to reduce dust levels. Some patches of inadequate vegetation remain on the tailings dam, but these have not resulted in significant dust levels. Grassing is continuing on the tailings dam.

Waste rock is being dumped at a rate of approximately 25 000 tonnes per month. Natural vegetation is currently establishing itself on the old portion of the waste dump. The extension to the dump has an extended footprint, to allow for a slope of less than 20º on the sides and to reduce the final height and hence visual impact.

A slag dump treatment plant is currently being constructed and the dump is expected to be depleted within five years. This has a major environmental benefit in that a potential pollution source will be removed. Any new slag generated during life of mine (approximately 6 800 tonnes per month) will be treated on a batch process. Tailings from this plant will be mixed with current run of mine tailings and will be placed on the tailings dam.

Biodiversity

An objective of the EMP is to minimise any impact on endemic animal and plant life. Strategically situated signposts on mine property help to discourage hunting and trapping. This is monitored by security personnel and has in some instances resulted in arrest and prosecution. From January 2004 until the end of January 2005 a total of 70 snares and eight fishing nets were removed and one arrest was made. Kudu, reedbuck and jackal were found in three of the snares. The establishment of the Anglo Platinum game reserve has had a positive impact on preserving animal life, with a number of species introduced.

Invasive alien vegetation species were identified and categorised by an external consultancy in a 2004 study. The study also provides comment on the extent of invasion and guidelines for eradicating the species. In a project using local community people, good progress has been made in eradicating syringa trees from the Crocodile River frontage. Some 1 600 trees have been removed. This programme is being augmented to include other invasive species.

In terms of the mine's water permit exemption it has been conducting a biomonitoring programme with the Clean Stream Environmental Services/University of Johannesburg consortium since 2001. Both the Crocodile River and the Bierspruit are monitored on a quarterly basis. Results have indicated no impact from mining activities on the macro-invertebrate community. The fish communities however manifested a downstream degradation in biotic integrity in both watercourses. It is unlikely though that these were caused by Northam since there were no discharges into the Crocodile River (see accompanying case study on page 36).

Environmental awareness

Employees and community

The company's code of ethics states: "The company recognises that the environment represents a strategic resource for both current and future generations, and is committed to minimising the impact its operations have on the environment by applying appropriate, cost effective measures to foster environmentally sustainable development.

"The company expects all its employees to assist in this regard by both minimising the impact their activities have on the environment and by reporting both existing environmental degradation and any situation which may potentially be environmentally damaging, to management."

Management acknowledges that this is an area which requires further work and has compiled a draft training module to be incorporated into both induction and review training at the training centre. Some progress has been made with environmental awareness at the Northam Life Centre, an integrated community project which offers HIV treatment and counselling, vegetable gardening, removing alien vegetation, and materials recycling. (see case study on page 28.)

Contractors and suppliers

Contractors are required to comply with the company's environmental standards and procedures.

Land usage

	2005 ha	2004 ha
Land used for current mining and related activities	**1 242**	1 242
Total tailings dam area	**149**	149
Total waste rock dump area	**12**	12
Total slag dump area	**1**	1
Leased farm land	**276**	276
Land leased to Anglo Platinum for reserve area	**808**	808
Natural habitat	**2 696**	2 696
Total land under mine charge	**5 183**	5 183

Energy usage

Energy consumption

	2005 Gw/h	2004 Gw/h
Energy from electricity purchased – shafts	413	385
Energy from electricity purchased – plants	126	123

No use has been made of renewable energy sources

Environmental incidents

A minor incident was reported during the period under review:

Date	Type of incident	Cause	Remediation
Feb 2005	Overflow of the evaporation dam	Interruption of operations and high rainfall	Improved monitoring of the water levels to maintain half capacity

Public participation and stakeholder engagement

Good relationships are sought with the mine's neighbours. Open days are held regularly and advertised in local media. An open day planned in October 2004 was however postponed to February 2005 as a result of the interruption of operations following the September 2004 fire, and as required by the DME. No incidents were raised at the meeting. Further engagement was pursued in March 2005 when an external consultancy was contracted to make individual contact with surrounding farmers to elicit any concerns. Again, no concerns were raised although most of the respondents requested that they be consulted in the event of any on-site expansion of activities.

Closure liabilities

The Northam Platinum Restoration Trust Fund was established in 1996 to provide for rehabilitation costs. These costs are reviewed annually and are approved by the DME.

Rehabilitation and pricing schedules are reviewed by an external consultancy, Thuthuka Project Managers.

Summary of closure liabilities 2005

Provision to date	Balance in trust fund	Required closure costs
R22 556 000	R14 443 000	R51 536 000

Emissions

	2005	2004
SO_2 (tonnes)	5 424	5 458

The highest daily emissions measured 24.8 tonnes, well within the 32 tonne limit.

Materials consumed

	2005	2004
Coal (tonnes)	4 873	4 861
Grease (tonnes)	44	43
Fuels (litres)	810 585	927 373
Lubricating and hydraulic oils (litres)	139 275	219 660

Areas identified for further improvement in 2006

- Constructing more step-ins on the tailings dam and increase the grassing
- Amendment of the EMP to reflect a more up to date ground water monitoring system
- Development of a contaminant flow and transport model and a groundwater management plan stating appropriate action regarding pollution plumes
- Further environmental training for employees

GRI SCORECARD

Economic performance indicators

Core		Additional	
Customers			
EC1	pg 65		
EC2	pg 21		
Suppliers			
EC3	pg 65	EC11	pg 21
Employees			
EC5	pg 20		
Providers of capital			
EC6	pg 20		
EC7	pg 66, 19		
Public sector			
EC8	pg 19		
EC9	pg 21		
EC10	pg 27		

Environmental performance indicators

Core		Additional	
Materials			
EN1	pg 39		
Energy			
EN3	pg 38		
Water			
EN5	pg 35		
Biodiversity			
		EN22	pg 35
EN6	pg 37	EN23	pg 38
EN7	pg 36		
		EN25	pg 37
		EN28	pg 37
Emissions, effluents and waste			
EN9	pg 37		
EN10	pg 39		
EN11	pg 37		
EN12	pg 36		
Suppliers			
Products and services			
EN14	pg 8		

Social performance indicators: Labour practices and decent work

Core		Additional	
Employment			
LA1	pg 25	LA12	pg 20
LA2	pg 24		
Labour/management relations			
LA3	pg 25	LA13	pg 24, 25
LA4	pg 25		
Health and safety			
LA5	pg 29	LA14	pg 29
LA6	pg 29	LA15	pg 29
LA7	pg 31		
LA8	pg 33		
Training and education			
LA9	pg 30	LA16	pg 28
Diversity and opportunity			
LA10	pg 25		
LA11	pg 26, 27, 41–44		

Social performance indicators: Human rights

Core		Additional	
Strategy and management			
HR1	pg 24, 25		
HR2	pg 21		
Non-discrimination			
HR4	pg 24, 25		
Freedom of association and collective bargaining			
HR5	pg 24		
Child Labour			
HR6	pg 25		
Forced and compulsory labour			
HR7	pg 24		
Disciplinary practices			
		HR9	pg 25
		HR10	pg 25

Social performance indicators: Society

Core		Additional	
Community			
SO1	pg 26		
Bribery and corruption			
SO2	pg 25		
Political contributions			

Social performance indicators: Product responsibility

Core		Additional	
Customer health and safety			
PR1	pg 33	PR4	pg 33
		PR6	pg 33
Products and services			
PR2	pg 33		
		PR8	pg 33

Core indicators not available: EC4; EN2; EN8; EN15; HR3

Core indicators not applicable: EN4; EN13; EN16; SO3; PR3

The board affirms its commitment to the principles of openness, integrity and accountability and is committed to providing timeous, relevant and meaningful reporting to all stakeholders. It attempts to ensure that the company'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 company'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. With the appointment of Dr N J Dlamini and Ms E T Kgosi as independent non-executive directors in November 2004, and the subsequent appointment of Mr G T Lewis to the board as chief executive officer in March 2005, the directors are of the view that the company now more fully complies with the provisions of the Code, and will where necessary take appropriate steps to further enhance compliance with the recommendations.

The key principles underlying the King recommendations as contained in the Code are reflected in the company's corporate governance structures, which are reviewed from time to time to take into account organisational changes and international developments. Through this process of review, the directors seek to ensure that the company'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 charter
The board has adopted a board charter which regulates how business is to be conducted by the board in accordance with the principles of good corporate governance. The charter sets out the specific responsibilities of the board members collectively, and the individual roles expected of them.

More specifically, the charter confirms the board's responsibility for the adoption of strategic plans, monitoring of operational performance and management, determination of policies and processes to ensure the integrity of the company's risk management and internal controls, as well as director selection, orientation and evaluation.

Risk management
The board is responsible for the total risk management process within the company. 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 company's operations are managed effectively and the interests of stakeholders safeguarded.

The company has developed an integrated risk management framework which identifies the significant risks facing the company, 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 company endeavours to minimise them by ensuring that appropriate infrastructure, controls, systems and ethics are applied throughout the company to manage such risks.

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 company 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 49, are responsible for reporting on these financial statements in conformity with statements of South African Auditing Standards and in the manner required by the Companies Act in South Africa.

Composition of the board of directors
The board comprises one executive and ten non-executive directors, details of whom appear on pages 45 and 47.

All the directors bring to the board a wide range of professional and commercial experience and independent perspectives and judgments.

Although Mr Sexwale, 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 company's major empowerment shareholder.

The board is responsible to the shareholders for setting the direction of the company 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 company.

All directors are subject to retirement by rotation and re-election by shareholders at least every three years in accordance with the company's articles of association.

All directors have access to the advice and services of the company secretary and, with the prior approval of the chairman, are entitled to seek independent professional advice concerning the affairs of the company at its expense.

Board

During the year five board meetings were held, with the attendance by the directors being as follows:

Date of meeting	4 Aug 2004	3 Nov 2004	2 February 2005	20 April 2005	15 June 2005
T M G Sexwale	√	√	√	√	Apologies
G T Lewis (Note 1)	n/a	n/a	n/a	√	√
M E Beckett	√	√	√	√	√
N J Dlamini (Note 2)	n/a	√	√	√	√
D T G Emmett (Note 3)	Apologies	n/a	n/a	n/a	n/a
R Havenstein	Apologies	√	√	√	Apologies
E T Kgosi (Note 4)	n/a	√	√	√	√
R G Mills (Note 5)	n/a	√	√	√	√
E Molobi	√	Apologies	√	Apologies	Apologies
R H H van Kerckhoven	√	√	√	√	√
B R van Rooyen	√	√	√	√	Apologies
M J Willcox	Apologies	√	Apologies	√	√
P C Pienaar (Note 6)	n/a	n/a	n/a	√	√

Notes:

1. Mr Lewis was appointed to the board on 1 March 2005. Prior to his appointment to the board he attended in his capacity as General Manager.
2. Dr N J Dlamini was appointed to the board on 1 November 2004.
3. Mr D T G Emmett resigned as a director with effect from 30 August 2004.
4. Ms E T Kgosi was appointed to the board on 1 November 2004.
5. Mr R G Mills was appointed to the board on 1 September 2004.
6. Mr P C Pienaar was appointed an alternate director to Mr B R van Rooyen on 1 February 2005.

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)
R H H van Kerckhoven
M J Willcox

The Audit Committee comprises four 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 as well as with 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 company's external auditors for non-audit services, where appropriate, and also approves the fees to be paid to the company'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 company'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.

Audit Committee

During the year five meetings were held, with the attendance by the directors being as follows:

Date of meeting	30 July 2004	3 Sept 2004	2 Nov 2004	28 Jan 2005	19 April 2005
M E Beckett	√	√	√	√	√
E T Kgosi (Note 1)	n/a	n/a	n/a	n/a	√
R H H van Kerckhoven	√	√	√	√	Apologies
M J Willcox	Apologies	Apologies	√	Apologies	√

Notes:

1 Ms E T Kgosi was appointed to the committee on 2 February 2005.

Internal audit function

The internal auditors provide an independent appraisal function with specific responsibility to examine and evaluate the company'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 Platinum Management Services (Proprietary) Limited.

Internal control

The directors are responsible for maintaining adequate accounting records and have general responsibility for taking reasonable steps to safeguard the assets of the company 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.

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.

Health, Safety and Environmental Committee

B R van Rooyen – Chairman
M E Beckett
N J Dlamini (Dr)
R G Mills (Alternate: Dr J R Johnston)

The Health, Safety and Environmental Committee comprises four non-executive directors. The committee, which is scheduled to meet four times a year, is tasked with overseeing the compliance by the company with the various health, safety and environmental laws that affect the company, 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 company'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.

Health, Safety and Environmental Committee

During the year four meetings were held, with the attendance by the directors being as follows:

Date of meeting	3 Aug 2004	2 Nov 2004	1 Feb 2005	19 April 2005
B R van Rooyen	√	Apologies	√	√
M E Beckett	√	√	√	√
N J Dlamini (Note 1)	n/a	n/a	n/a	√
D T G Emmett (Note 2)	Apologies	n/a	n/a	n/a
R G Mills (Note 3)	n/a	√	√	Apologies
J R Johnston (Note 4)	√	√	Apologies	√

Notes:

1 Dr N J Dlamini was appointed to the committee with effect from 2 February 2005.
2 Mr D T G Emmett resigned as a member of the committee with effect from 30 August 2004.
3 Mr R G Mills was appointed to the committee with effect from 1 September 2004.
4 Dr Johnston is an alternate to Mr R G Mills.

Remuneration, Nomination and Employee Equity Committee

E Molobi – Chairman
N J Dlamini (Dr)
R Havenstein
T M G Sexwale

During the year the board agreed to combine the functions of the Nomination Committee with those of the Remuneration and Employee Equity Committee. The Remuneration, Nomination and Employee Equity Committee comprises four non-executive directors and is scheduled to meet four times a year. The committee in consultation, where necessary, with management, ensures that the company's employees are fairly rewarded for their contribution to the company's performance. The company'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. 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 company's share incentive scheme.

In addition, the committee is 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.

Although Mr Molobi is not an independent non-executive director (being a director of Mvelaphanda Resources, one of the company'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 chair the committee.

Code of ethics*

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

In promoting the code, the company 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 company's website: www.northam.co.za

Communication

The company 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 company encourages proactive two-way engagement with stakeholders by way of hosting visits, open days, conducting surveys and through other regular communication channels.

Closed periods

The company 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 company's shares. Outside of any closed periods, directors and employees are required to obtain approval prior to dealing in the company's shares.

T M G Sexwale
Chairman

M E Beckett
Chairman – Audit Committee

Johannesburg
9 September 2005

Remuneration, Nomination and Employee Equity Committee

During the year three meetings were held, with the attendance by the directors being as follows:

Date of meeting	13 July 2004	6 May 2005	3 June 2005
E Molobi	√	√	√
N J Dlamini (Note 1)	n/a	√	√
R Havenstein	√	√	Apologies
T M G Sexwale	√	√	Apologies

Notes:
1 Dr N J Dlamini was appointed to the committee with effect from 2 February 2005.

Directors

Michael Beckett (69) (British) B Sc, FIMM
Non-executive director
Joined the board in 1999.

Michael is a director of Mvelaphanda Resources Limited, Orica Ltd (Australia), London Clubs International plc and My Travel plc (UK). A geologist by training, Michael was formerly managing director of Consolidated Gold Fields plc.

Judy Dlamini (Dr) (46) MB M.Ch, MBA
Independent non-executive director
Joined the board in 2004.

Judy is the chairperson of Mbekani Investment Holdings (Pty) Ltd. Until 2003 she was a senior manager at HSBC, with a main interest in energy, and where she was closely involved in advising and structuring BEE transactions. Judy is also on the board of Aspen Pharmaceuticals Limited, Discovery Holdings Limited and Gijima AST Group Limited.

Ralph Havenstein (49) MSc (Chemical Engineering), B Comm
Non-executive director
Joined the board in 2003.

Prior to his appointment as Chief Executive Officer of Anglo Platinum Limited, Ralph was an executive director of Sasol Limited responsible for Sasol Chemical Industries. From March 2001 to February 2002 Ralph was based in Germany where he headed up the integration of Condea, a chemical company acquired by Sasol.

Emily Kgosi (Ms) (50) B Comm Hons
Independent non-executive director
Joined the board in 2004.

Emily is the manager – revenue management at Eskom. 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).

Glyn Lewis (48) B Sc (Mining Engineering), MBA
Chief executive officer
Joined Northam in 2001 as mine manager, appointed general manager in 2002 and chief executive officer in 2005.

Prior to joining Northam, Glyn was the manager of the Tarkwa Mine in Ghana. He has extensive experience in the mining industry in both precious and base metal mines.

Robin Mills (58) BSc (Eng), FIMM, FSAIMM
Non-executive director
Joined the board in 2004.

Robin has extensive experience in the mining sector, having worked with the Anglo American Group since 1965 in the fields of mining engineering and project management. He is currently Director, Mining at Anglo Platinum Limited.

Eric Molobi (60) BA
Non-executive director
Joined the board in 2000.

Executive chairman of Kagiso Trust Investment Company (Proprietary) Limited. Chairman of Kagiso Media Limited and a director of Imperial Holdings Limited, Metropolitan Holdings Limited, Mvelaphanda Resources, National Housing Finance Corporation, Rembrandt Group Limited, NM Rothschild and Sons (South Africa) (Proprietary) Limited and Steffen, Robertson and Kirsten (South Africa) (Proprietary) Limited.

Pine Pienaar (41) CA (SA)
Alternate director
Appointed alternate director to Bernard van Rooyen in 2005. Chief executive officer of Mvelaphanda Resources and a director of GFI-SA Limited. Prior to joining Mvelaphanda Resources in 2004, Pine served as operations executive of Harmony's Free State operations and as new business executive.

Tokyo Sexwale (52) Cert Bus Studies (Univ Botswana, Lesotho and Swaziland)
Non-executive chairman
Joined the board in 2000 and appointed chairman later that year.

Chairman of Mvelaphanda Holdings (Proprietary) Limited, Mvelaphanda Group Limited, Mvelaphanda Resources and Trans Hex Group Limited and a director of ABSA Group Limited and Gold Fields Limited. He also serves as a Trustee of the Nelson Mandela Foundation and serves as Honorary Consul General of Finland. In 2002, Tokyo chaired the Business Co-ordinating Forum for the World Summit on Sustainable Development.

Roeland van Kerckhoven (53) (Belgian) B Comm, MBL
Non-executive director
Joined the board in 2000.

Prior to his appointment as executive director: finance and corporate development with Anglo Platinum Limited in 1994, Roeland held various financial positions within Johannesburg Consolidated Investment Company Limited.

continued on page 47

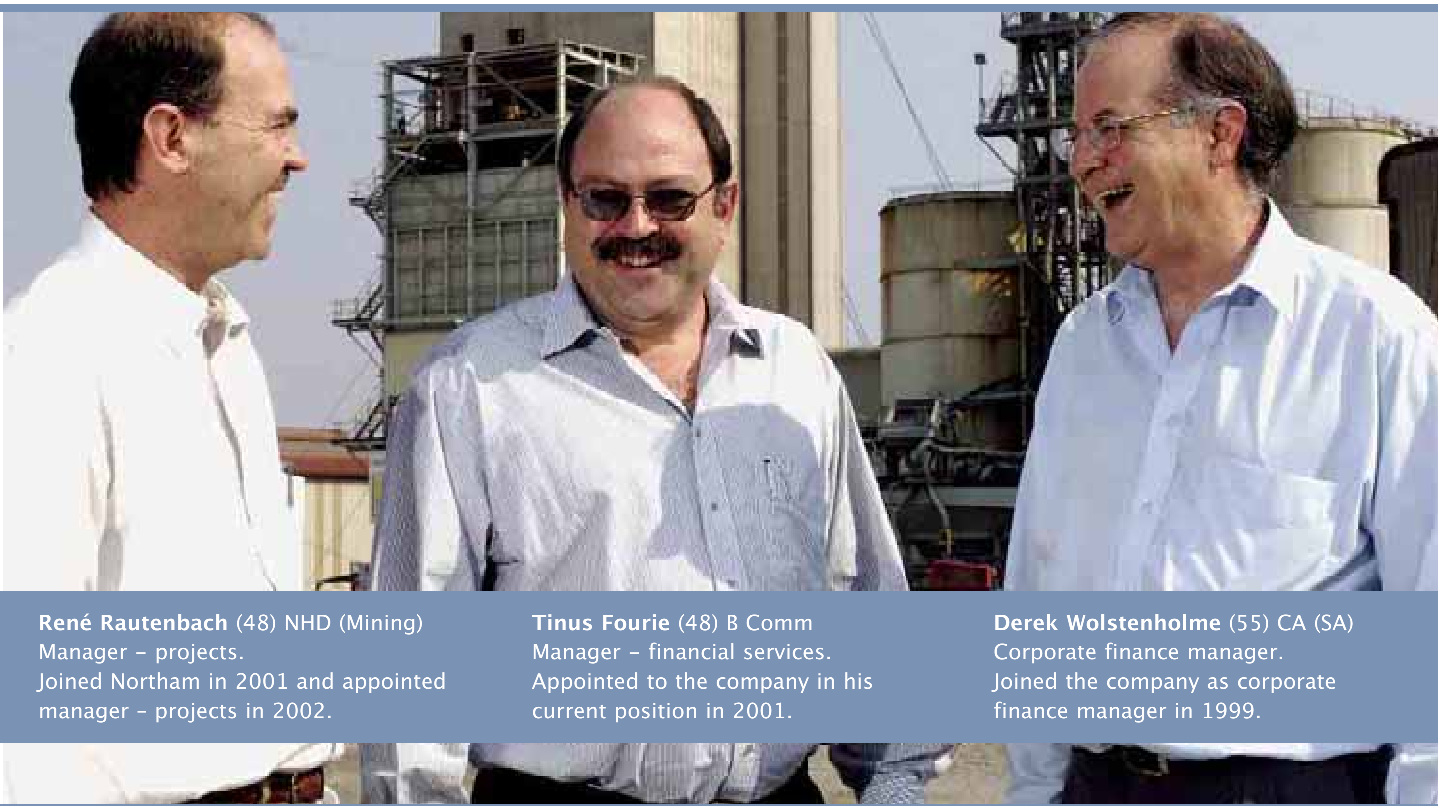
Rob Kendall (50) Pr Eng
Manager – engineering services.
Joined Northam in 1990. Assumed current position in 2001.

Dumisani Mafu (47) B. Juris
Manager – human resource development and social responsibility.
Joined Northam in current position in 2005.

Nicky Kriel (44) N4
Manager – production.
Joined Northam in 1993. Appointed to current position in 2005.

Mario Gericke (38) B Sc (Mining Engineering)
Manager – production.
Joined Northam in 1994 and appointed manager – production in 2002.

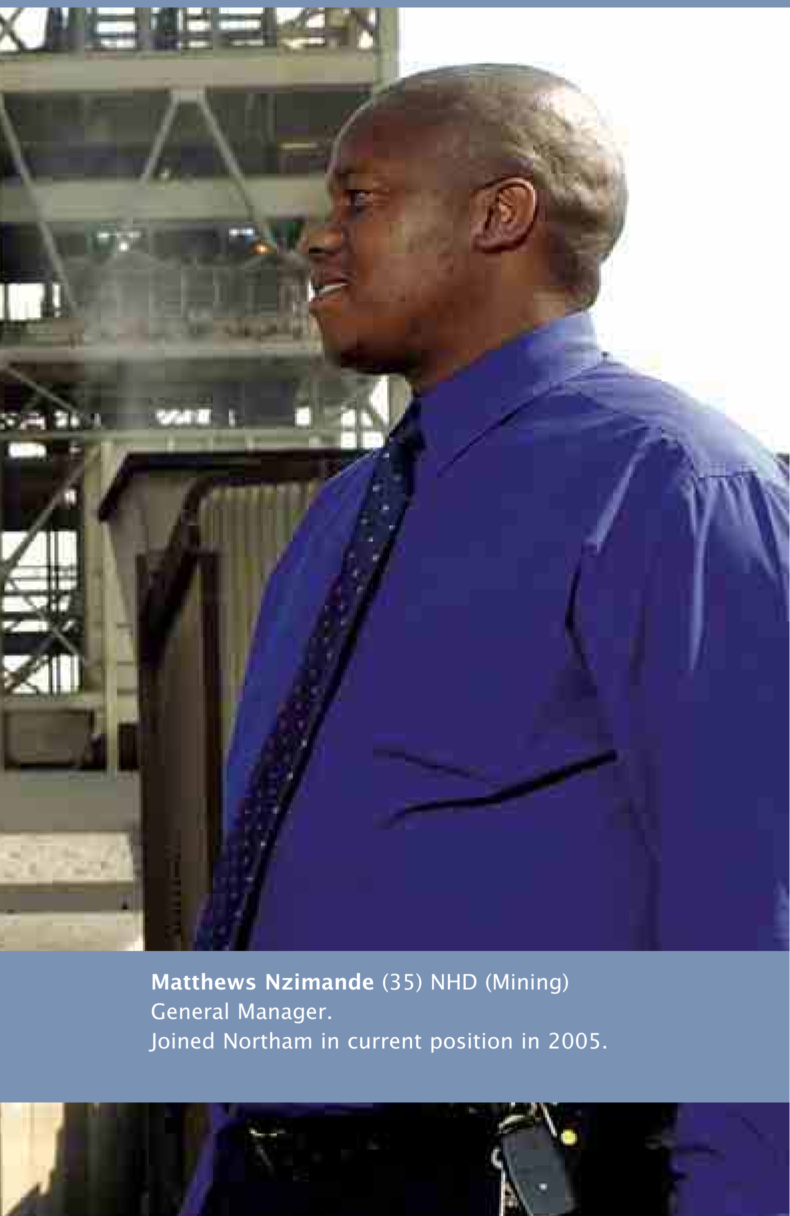
Danie Minnaar (49) Pr Eng, B Eng (Metallurgy), B Comm
Manager – metallurgical operations.
Joined Northam in current position in 2001.



René Rautenbach (48) NHD (Mining)
Manager – projects.
Joined Northam in 2001 and appointed manager – projects in 2002.

Tinus Fourie (48) B Comm
Manager – financial services.
Appointed to the company in his current position in 2001.

Derek Wolstenholme (55) CA (SA)
Corporate finance manager.
Joined the company as corporate finance manager in 1999.



Matthews Nzimande (35) NHD (Mining)
General Manager.
Joined Northam in current position in 2005.

Bernard van Rooyen (71) BA LLB
Non-executive director
Joined the board in 1999.

Deputy chairman of Mvelaphanda Resources and Trans Hex Group Limited and director of Banro Corporation, Gold Fields Limited, and Ndowana Exploration (Proprietary) Limited.

Previously, Bernard was an executive director at Gold Fields of South Africa Limited with responsibilities at various times for corporate finance, new business and technical services.

Mark Willcox (35) BA, LLB, Post Grad Dip Tax
Non-executive director
Joined the board in 2000.

Chief executive officer of Mvelaphanda Holdings (Proprietary) Limited and a director of Mvelaphanda Group Limited, Mvelaphanda Resources and Trans Hex Group Limited.

A lawyer by training, Mark started his career with an investment bank based in the United States.

Management

Moffat Thekiso* (59) Dip. SW, MDP, DPLR
Manager – human resources
Appointed to the company in his current position in 2003.

* Absent

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

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The financial statements set out on pages 50 to 80 were approved by the board of directors on 9 September 2005, and are signed on its behalf by:

T M G Sexwale
Chairman

G T Lewis
Chief Executive Officer

COMPANY SECRETARY'S CONFIRMATION

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

S J van der Spuy
Company secretary

9 September 2005

To the members of Northam Platinum Limited

We have audited the annual financial statements for the year ended 30 June 2005 as set out on pages 50 to 80. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company at 30 June 2005 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.

Ernst + Young

Ernst & Young
Registered Accountants and Auditors
Chartered Accountants (S.A.)

Johannesburg
9 September 2005

The directors have pleasure in submitting their report for the year ended 30 June 2005. The operational performance of the company is set out in the chief executive officer's review, whilst the nature of business is described in the corporate profile which appears on page 2.

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 company's corporate governance practices are set out in the Corporate Governance Report on page 41.

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.

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 sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements, on pages 57 to 80, reflect the financial results and position of the company.

Dividends
Dividends totalling 70 cents per share (F2004: 105 cents per share) absorbing R162 279 200 (F2004: R243 124 000) were declared. Details are as follows:

Interim dividend (No 12) – 25 cents per share	
Declaration date:	2 February 2005
Last day to trade cum div:	18 February 2005
Commencement of trading ex div:	21 February 2005
Record date:	25 February 2005
Payment date:	28 February 2005

Final dividend (No 13) – 45 cents per share	
Declaration date:	3 August 2005
Last day to trade cum div:	19 August 2005
Commencement of trading ex div:	22 August 2005
Record date:	26 August 2005
Payment date:	29 August 2005

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 may 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 (F2004: R3 500 000) divided into 350 000 000 (F2004: 350 000 000) shares of one cent each.

During the year 425 000 shares were allotted and issued to participants of the Northam Share Option Scheme, for an aggregate consideration of R4 283 500, resulting in the issued share capital at 30 June 2005 being 231 968 500 (2004: 231 543 500) shares of one cent each.

Since the balance sheet date a further 215 000 shares have been allotted and issued in terms of the rules of the aforementioned scheme.

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

Capital repayment No 4 – 20 cents per share
In terms of the general authority granted to the directors at the annual general meeting on 6 November 2003, the directors resolved during the year to effect a further reduction in the company's share capital by means of a repayment of share premium of 20 cents per share to shareholders. Details are as follows:

Declaration date:	4 August 2004
Last day to trade cum distribution:	20 August 2004
Commencement of trading ex distribution:	23 August 2004
Record date:	27 August 2004
Payment date:	30 August 2004

Repayments of share capital
At the annual general meeting held on 4 November 2004 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, as amended. This general authority is valid until the company's next annual general meeting or for fifteen months from the date of the aforementioned resolution, whichever period is the shorter. The directors have proposed that this general authority be renewed for a further period and accordingly the text of the necessary resolution appears in the notice of annual general meeting on page 81, which forms part of this report.

Acquisition of company's own shares
The Companies Act permits a company and its subsidiaries to acquire its own shares and for such subsidiaries to acquire shares of its holding company. Accordingly, at the annual general meeting held on 4 November 2004 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, whichever period is the shorter. The directors have proposed that this general authority be renewed for a further period, 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 81, which forms part of this report.

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 prevailing price on the JSE on the day before the offer. In terms of the rules of the Scheme, option holders may exercise 50% of their options two years after the offer date and 100% of their options three years after the offer date. Options not exercised within five years of the offer date shall lapse.

In terms of the rules of the Scheme, 11 550 000 unissued shares are reserved for participants of the scheme, and the maximum number of options that any one participant may hold is limited to 0.4% of the issued share capital of the company prevailing from time to time. At the date of this report, 0.4% of the issued capital equated to 928 734 shares.

During the year the exercise price of outstanding options was reduced by 20 cents, in term of Clause 6.2 of the rules of the Scheme, so as to take into account the effects of Capital Repayment No. 4 referred to above.

A summary of the shares held under option at 30 June 2005 is as follows:

Earliest and latest exercise date	Price per share (cents)	Total number of options
9 November 2001 and 8 November 2004	450	30 000
7 November 2002 and 6 November 2005	1 350	206 500
20 November 2003 and 19 November 2006	1 050	1 170 000
18 November 2004 and 17 November 2007	1 925	2 780 000
23 January 2005 and 22 January 2008	1 655	60 000
14 October 2005 and 13 October 2008	1 060	1 314 000
Number of options held at 30 June 2004		5 560 500
New options granted during the year at R8.30 per share		1 620 000
Number of options forfeited during the year		603 500
Number of options exercised during the year		425 000
Number of options held at 30 June 2005		6 152 000

At 30 June 2005 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 2005	Options exercisable in F2006	Options exercisable thereafter
7 November 2002 and 6 November 2005	1 350	175 000	175 000	–	–
20 November 2003 and 19 November 2006	1 050	745 000	745 000	–	–
18 November 2004 and 17 November 2007	1 925	2 480 000	1 240 000	1 240 000	–
23 January 2005 and 22 January 2008	1 655	60 000	30 000	30 000	–
14 October 2005 and 13 October 2008	1 060	1 182 000	–	591 000	591 000
14 October 2006 and 13 October 2009	830	1 510 000	–	–	1 510 000
		6 152 000	2 190 000	1 861 000	2 101 000

NORTHAM PLATINUM LIMITED

Salient details of the options exercised during the year under review are as follows:

Exercise date	Number of options exercised	Exercise price R	Consideration R000
12 August 2004	5 000	4.70	24
8 and 15 October 2004	25 000	4.50	112
10 and 24 June 2005	395 000	10.50	4 148
Total	425 000		4 284

Directorate

The following changes in the company's board have taken place during the year and up to the date of this annual report:

1 September 2004 – Mr R G (Robin) Mills was appointed a non-executive director in place of Mr D T G (Dorian) Emmett who resigned on 30 August 2004.

1 November 2004 – Dr N J (Judy) Dlamini and Ms E T (Emily) Kgosi were appointed independent non-executive directors of the company.

1 February 2005 – Mr P C (Pine) Pienaar was appointed alternate director to Mr B R (Bernard) van Rooyen.

1 March 2005 – Mr G T (Glyn) Lewis was appointed to the board as chief executive officer.

The composition of the board of directors, as well as of board appointed committees, at the date of this report, is reflected on pages 41 to 47.

The directors retiring by rotation in terms of the provisions of the company's articles of association are Messrs E Molobi, T M G Sexwale, R H H van Kerckhoven and M J Willcox who, being eligible and available, offer themselves for election. At the forthcoming annual general meeting members will accordingly be requested to consider resolutions providing for the election and re-appointment of Messrs Molobi, Sexwale, van Kerckhoven and Willcox as non-executive directors of the company.

Brief summaries of their curricula vitae appear on pages 45 and 47.

Directors' fees

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

Directors' remuneration

The directors' remuneration for the year ended 30 June 2005 was as follows:

	Fees R000	Remune-ration package R000	Benefits R000	Gain on exercise of options R000	Total R000
2005					
Executive					
G T Lewis*	–	449	61	204	714
Non-executive					
M E Beckett	172	–	–	–	172
N J Dlamini	79	–	–	–	79
D T G Emmett	13	–	–	–	13
R Havenstein	121	–	–	–	121
E T Kgosi	63	–	–	–	63
R G Mills	90	–	–	–	90
E Molobi	145	–	–	–	145
T M G Sexwale	200	–	–	–	200
R H H van Kerckhoven	107	–	–	–	107
B R van Rooyen	187	–	–	–	187
M J Willcox	89	–	–	–	89
	1 266	449	61	204	1 980
2004					
Non-executive					
M E Beckett	194	–	–	–	194
D T G Emmett	83	–	–	–	83
R Havenstein	97	–	–	–	97
A S Malone	68	–	–	–	68
E Molobi	99	–	–	–	99
T M G Sexwale	155	–	–	–	155
R H H van Kerckhoven	85	–	–	–	85
B R van Rooyen	147	–	–	–	147
M J Willcox	77	–	–	–	77
	1 005	–	–	–	1 005

* Mr G T Lewis was appointed CEO on 1 March 2005.

Service contracts

The chief executive officer, Mr G T Lewis, has a service contract with the company. None of the other directors has a service contract with the company.

NORTHAM PLATINUM LIMITED

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 were as follows:

2005	Direct beneficial holding	Indirect beneficial holding	Indirect non-beneficial holding	Total
M E Beckett	30 000	–	–	30 000
T M G Sexwale	–	851	2 306 788	2 307 639
R H H van Kerckhoven	5 145	–	–	5 145
B R van Rooyen	37 462	–	–	37 462
M J Willcox	–	426	687 860	688 286
	72 607	1 277	2 994 648	3 068 532

2004	Direct beneficial holding	Indirect beneficial holding	Indirect non-beneficial holding	Total
M E Beckett	30 000	–	–	30 000
T M G Sexwale	–	2 093	4 284 629	4 286 722
R H H van Kerckhoven	5 145	–	–	5 145
B R van Rooyen	37 462	–	–	37 462
M J Willcox	–	1 048	1 252 958	1 254 006
	72 607	3 141	5 537 587	5 613 335

At 30 June 2005, there were no direct non-beneficial holdings by directors.

Since 30 June 2005 and up to the date of this report, there have been no changes to the directors' shareholdings.

Analysis of shareholders at 30 June 2005

Shareholding range	Number of holders	Total shareholding	Percentage holding
1 – 5 000	6 227	3 871 433	1.7
5 001 – 10 000	375	2 871 789	1.2
10 001 – 50 000	362	8 287 809	3.6
50 001 – 100 000	64	4 785 916	2.1
100 001 – 1 000 000	168	48 709 142	21.0
1 000 001 and over	31	163 442 411	70.4
Total	7 227	231 968 500	100.0

Category of shareholder	Number of holders	Total shareholding	Percentage holding
Individuals	7 054	22 592 321	9.6
Companies	2	103 842 343	44.8
Pension and provident funds	71	50 236 754	21.7
Banks and insurance companies	16	8 755 850	3.8
Unit trusts and other managed funds	76	42 819 542	18.5
Investment trusts and other corporate bodies	8	3 721 690	1.6
Total	7 227	231 968 500	100.0

Major shareholders at 30 June 2005

Owner	Number of shares	Percentage holding
Anglo Platinum Limited	52 104 038	22.5
Mvelaphanda Resources Limited	51 738 305	22.3
Fund manager		
Allan Gray Limited	54 847 771	23.6
Foord Asset Management Limited	8 712 400	3.8

Shareholder spread at 30 June 2005

The company's shareholder spread is set out below.

	Number of shareholders	Percentage holding
Public	7 220	55.20
Non-public		
directors	5	0.03
other (10% and more of securities)	2	44.77
Total	7 227	100.00

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 4 and 8 of the notes to the financial statements. In addition, the company has procured the issue of a guarantee for R18.2 million in respect of certain unfunded environmental restoration costs, as more fully disclosed in note 8 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.

Special resolutions

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

Going concern

Mining entities have a finite life that depends on geological and technical factors as well as commodity prices and other economic factors. Taking account of the outlook for these factors as contained in the chairman's statement and chief executive's review, as well as the company's present financial resources, the directors believe that the company is a going concern. Details of the key assumptions made are set out in note 1 of the notes to the financial statements. The annual financial statements have accordingly been prepared on this basis.

Company secretary

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

Registered office

During the year the company changed its registered office to 1st floor, 1A Albury Park, Magalieszicht Avenue, Dunkeld West, Johannesburg. Additional contact details appear on the inside back cover.

Listing

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

Post balance sheet events

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

NORTHAM
PLATINUM LIMITED

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 International Accounting Standards Board has recently issued some new standards and interpretations and has revised a number of reporting standards. In terms of the listings requirements of the JSE the company is required to be fully compliant with IFRS for reporting periods commencing on or after 1 January 2005.

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 early adoption of the revised/issued standards set out below.

Standard	Revised /issued	Description	Early adopted	Retro-spective change	2005 changes	2004 changes	Impact
IAS 1	2003	Presentation of Financial Statements	√	√	n/a	n/a	The statement requires critical judgements and key assumptions about the future to be disclosed.
IAS 2	2003	Inventories	√	√	n/a	n/a	There is no impact as the company is already compliant with the standard.
IAS 8	2003	Accounting Policies, Changes in Accounting Estimates and Errors	√	√	n/a	n/a	The effect of the adoption of new standards is disclosed as is the likely effect of new standards not yet adopted.
IAS 10	2003	Events after the Balance Sheet date	√	√	n/a	n/a	This has no material effect on the company's policies
IAS 16	2003	Property, Plant and Equipment	No	√	n/a	n/a	As set out below.
IAS 17	2003	Leases	No	√	n/a	n/a	This has no material effect on the company's policies.
IAS 21	2003	The effects on Changes in Foreign Exchange Rates	√	√	n/a	n/a	This has no material effect on the company's policies.
IAS 24	2003	Related Party Disclosures date	No	√	n/a	n/a	As set out below.
IAS 32	2003	Financial Instruments: Disclosure and presentation	√	√	n/a	n/a	This has no material effect on the company's policies.
IAS 33	2003	Earnings per Share	√	√	n/a	n/a	This has no material effect on the company's policies.
IAS 36	2004	Impairment of Assets	√	√	n/a	n/a	This has no material effect on the company's policies.
IAS 38	2004	Intangible Assets	√	√	n/a	n/a	This has no material effect on the company's policies.
IAS 39	2003	Financial Instruments: Recognition and Measurement	√	√	n/a	n/a	This has no material effect on the company's policies.
IAS 40	2004	Investment Property	√	√	n/a	n/a	This has no material effect on the company's policies.
IFRS 2	2004	Share-based payments	√	√	√	√	The effect of the adoption of this standard is set out in Note 9 to the Financial Statements.
IFRIC 1	2004	Changes in Existing Decommissioning, Restoration and Similar Liabilities	√	No	√	No	The effect of the adoption of this standard is set out in Note 8 to the Financial Statements.
IFRIC 5	2005	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	No	√	n/a	n/a	This has no material effect on the company's policies.

1 Basis of preparation (continued)

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.

The company has not yet adopted the following accounting standards which are only effective for financial years commencing on or after 1 January 2005. The company will adopt these standards with effect from 1 July 2005.

IAS 16 – Property, Plant and Equipment (revised 2003)

The standard requires all property, plant and equipment costs to be evaluated under one general recognition principle at the time they are incurred. Such costs include those incurred initially to acquire or construct an item and costs subsequently incurred to add to, replace part of, or service an item. The residual value of property, plant and equipment shall be reviewed at least annually. An entity is required to determine the depreciation charge separately for each significant part of an item of property, plant and equipment. The depreciation method shall be reviewed at least each financial year-end, and the amount should be changed to reflect the change in the pattern of consumption of the future economic benefits of the asset.

Criteria have been included to determine the date on which the item of property, plant and equipment was derecognized.

The company is assessing the impact of this standard at present but it is not expected to have a material effect on the financial statements.

IAS 24 – Related party disclosures

The standard requires the identification of related parties, the nature and value of transactions with such parties during the period as well as the period end balance.

The future implementation will require disclosure of related party transactions with parties that previously were not recognised as related parties.

2 Property, plant and equipment

2.1 Mining assets

Mining assets are recorded at cost of acquisition less accumulated depreciation and impairments in value.

2.2 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 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 recognized as an expense when incurred. Mine development costs are depreciated on a straight-line basis, over the estimated economic life of the mine, based on measured and indicated resources.

2 Property, plant and equipment (continued)

2.3 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 or their expected useful lives in five-year bands.

2.4 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.

2.5 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.

2.6 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.

2.7 Land

Land is recorded at cost of acquisition less impairments in value.

2.8 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 company 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 charging against income. 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.

3 Financial instruments

Financial instruments recognized on the balance sheet include investments, cash and cash equivalents, accounts receivable, accounts payable, borrowings and certain derivative instruments.

3.1 Investments

All investments are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in income. Gains or losses on available-for-sale investments are 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.

3.2 Accounts receivable

Accounts receivable are stated at their gross invoice value less payments received and where appropriate provision for doubtful debts to reflect the fair value of the expected inflow of economic resources.

3 Financial instruments (continued)

3.3 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.

The book value of cash and cash equivalents approximates their fair value. Negotiable instruments are recorded initially at cost 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.

3.4 Accounts payable

Accounts payable are stated at the recognized obligation less payments made and adjustments made to reflect the fair value of the expected outflow of economic resources.

3.5 Borrowings

All loans and borrowings are initially recognized at cost, being 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.

3.6 Derivative instruments

In the ordinary course of its operations, the company is exposed to fluctuations in metal prices, exchange rates and changes in interest rates. The company 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 company does not speculate, acquire, hold or issue derivative instruments for trading purposes, and does not apply hedge accounting.

Derivatives are initially measured at cost 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 revenue.

- Gains and losses on all other contracts not spanning a financial reporting date are recognized and included in net sundry revenue at the time that the contracts expire.

4 Commodity contracts

Contracts that are entered into and continue to meet the company'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 recognized in the financial period when the risks and rewards of ownership of such items have passed.

5 Inventories

5.1 Stores

Stores consist of consumable and maintenance stores and are valued at average cost. Stores are under continual review and are written down in regard to age, condition and utility.

5 Inventories (continued)

5.2 Metal on hand

Stocks of the three major platinum group elements and gold (3PGEs+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.

6 Deferred tax

Deferred tax is provided at current rates, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of the assets and liabilities and their carrying values for financial reporting purposes.

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

7 Provisions

7.1 Environmental rehabilitation provisions

7.1.1 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 recognized, otherwise the costs are charged to the income statement.

The estimates are discounted at a pre-tax 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 recognized as a borrowing cost. 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.

7.1.2 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 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 recognized as a borrowing cost.

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 recognized as an expense when incurred.

7.1.3 Environmental rehabilitation fund

The company makes annual contributions to a dedicated trust fund to fund the expenditure on future decommissioning and restoration. Income earned by the fund is credited to the company's income statement in the period to which it relates.

7 Provisions (continued)

7.2 Other provisions

Provisions are recognized where the company 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.

8 Foreign currencies

The functional and presentation currency of the company 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 realized or unrealized, are credited to or charged against income.

9 Revenue recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue can be measured reliably.

9.1 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 recognized in the period in which the adjustment arises.

9.2 Interest income

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

10 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 cost of sales.

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

11 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. Other borrowing costs are recognized as an expense when incurred.

12 Employee benefits

12.1 Short-term employee benefits

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

12.2 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 recognized as an expense, together with a corresponding increase in equity, 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 recognized for these options at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the company at that date, based on the best available estimate of the number of options that will ultimately vest.

12 Employee benefits (continued)

12.2 Equity compensation plans (continued)

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.

12.3 Retirement benefits

Eligible employees are members of various defined contribution schemes.

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

12.4 Medical benefits

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

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

13 Operating leases

Operating lease rentals are recognized as an expense in the income statement on a straight line basis over the period of the lease.

14 Taxation

14.1 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 current tax rate at the balance sheet date.

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

14.2 Deferred tax

Deferred tax is provided at current rates as more fully set out in note 6 – Deferred tax, of the accounting policies.

14.3 Secondary tax on companies

Secondary tax on companies, which is levied at current rates on net dividends declared, is charged to net income in the period in which the relevant dividend is declared.

15 Dividends declared

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

BALANCE SHEET
at 30 June 2005

	Note	2005 R000	2004 R000
ASSETS			
Non current assets			
Property, plant and equipment	2	**1 390 586**	1 355 765
Unlisted investments	3	**107**	181
Northam Platinum Restoration Trust Fund	4	**14 443**	12 563
		1 405 136	1 368 509
Current assets		**835 187**	804 015
Inventories	5	**246 302**	223 187
Accounts receivable	23	**83 003**	79 206
Cash and cash equivalents		**505 882**	501 622
Total assets		**2 240 323**	2 172 524
EQUITY AND LIABILITIES			
Share capital	6	**1 954 733**	1 996 759
Equity compensation reserve		**16 674**	13 228
Accumulated loss		**(374 654)**	(426 345)
Shareholders' equity		**1 596 753**	1 583 642
Non-current liabilities		**347 854**	347 546
Deferred tax	7	**325 298**	332 395
Long term provisions	8	**22 556**	15 151
Current liabilities		**295 716**	241 336
Accounts payable		**185 653**	161 855
Tax		**110 063**	79 481
Total equity and liabilities		**2 240 323**	2 172 524

NORTHAM PLATINUM LIMITED

INCOME STATEMENT

for the year ended 30 June 2005

	Note	2005 R000	2004 R000
Total revenue	10	**1 663 131**	1 770 777
Sales revenue	23	**1 554 501**	1 720 399
Cost of sales		**1 283 055**	1 335 217
– operating costs	11	**1 121 556**	1 061 171
– purchase cost custom material		**20 075**	14 632
– refining and other costs		**57 222**	60 569
– leased metal cost		**–**	(14 149)
– depreciation and impairments	12	**103 646**	97 527
– change in metal inventories		**(19 444)**	115 467
Operating profit		**271 446**	385 182
Investment income	13	**29 269**	38 174
Net sundry revenue/(expenditure)	14	**75 367**	(36 392)
Profit before tax		**376 082**	386 964
Tax	15	**127 569**	136 869
Net profit attributable to shareholders		**248 513**	250 095
		Cents	Cents
Earnings per share	16	**107.3**	108.0
Fully diluted earnings per share	16	**106.9**	108.0
Headline earnings per share	16	**107.3**	108.0
Dividends per share		**85.0**	45.0

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2005

		Share capital R000	Share premium R000	Equity compensation reserve R000	Accumulated loss R000	Total R000
Balance at 30 June 2003		2 315	2 075 814	–	(562 621)	1 515 508
Adoption of IFRS 2	9			9 625	(9 625)	–
Restated balance		2 315	2 075 814	9 625	(572 246)	1 515 508
Net profit attributable to shareholders					250 095	250 095
As previously reported					253 698	253 698
Adoption of IFRS 2	9				(3 603)	(3 603)
Credit in respect of share based payments				3 603		3 603
Dividends distributed					(104 194)	(104 194)
Repayment of share premium			(81 394)			(81 394)
Issue of new shares			24			24
Balance at 30 June 2004		2 315	1 994 444	13 228	(426 345)	1 583 642
Credit in respect of share based payments				3 446		3 446
Net profit attributable to shareholders					248 513	248 513
Dividends distributed					(196 822)	(196 822)
Repayment of share premium			(46 310)			(46 310)
Issue of new shares		5	4 279			4 284
Balance at 30 June 2005		2 320	1 952 413	16 674	(374 654)	1 596 753
Note		6	6			

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CASH FLOW STATEMENT

for the year ended 30 June 2005

	Note	2005 R000	2004 R000
Cash generated by operating activities		**378 696**	512 808
Cash generated from operations	17	**457 685**	454 070
Interest income		**28 209**	37 142
Change in working capital	18	**(3 114)**	139 362
Tax paid	19	**(104 084)**	(117 766)
Cash utilised in investing activities		**(133 708)**	(118 496)
Property, plant and equipment			
– additions to maintain operations		**(138 873)**	(122 925)
– disposals		**5 157**	4 427
Investments			
– disposals		**8**	2
Cash effects of financing activities		**(240 728)**	(187 665)
Net proceeds of share issue		**4 284**	24
Share premium repaid		**(46 310)**	(81 394)
Dividends paid		**(196 822)**	(104 194)
Increase in Restoration Trust Fund		**(1 880)**	(2 101)
Net increase in cash and cash equivalents		**4 260**	206 647
Cash and cash equivalents at beginning of year		**501 622**	294 975
Cash and cash equivalents at end of year		**505 882**	501 622

	2005	2004
	R000	R000
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 2.8. The recoverable amount has been determined based on value in use calculations. These calculations require the use of estimates of future commodity prices and exchange rates. These estimates are based on management's interpretation of market forecasts.		
The main assumptions include:		
– long term platinum price – US$ per ounce	**750**	630
– long term exchange rate – US$ = R	**6.60**	6.90
– long term real after tax discount rate – %	**5.30**	7.00
1.2 Provisions		
The net present value of current decommissioning and restoration costs are based on the following assumptions:		
– long term inflation rate for South Africa – %	**5.00**	5.00
– long term real after tax discount rate – %	**5.30**	7.00

2 Property, plant and equipment

	30 June 2005 Mining properties R000	Plant and equipment R000	Decommis-sioning asset R000	Motor vehicles R000	Total R000
Property, plant and equipment					
– at cost	**263 003**	**2 449 569**	**12 020**	**11 792**	**2 736 384**
– accumulated depreciation	**67 905**	**1 272 010**	**2 851**	**3 032**	**1 345 798**
	195 098	**1 177 559**	**9 169**	**8 760**	**1 390 586**
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	**206 530**	**1 134 703**	**5 029**	**9 503**	**1 355 765**
– additions		**132 036**		**6 837**	**138 873**
– present value of decommissioning asset capitalised (note 8)			**4 679**		**4 679**
– disposals				**(7 872)**	**(7 872)**
– depreciation charged for the year	**(11 432)**	**(89 180)**	**(539)**	**(2 495)**	**(103 646)**
– depreciation on disposals during the year				**2 787**	**2 787**
– balance at end of year	**195 098**	**1 177 559**	**9 169**	**8 760**	**1 390 586**

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 4).

	30 June 2004 Mining properties R000	Plant and equipment R000	Decommis-sioning asset R000	Motor vehicles R000	Total R000
Property, plant and equipment					
– at cost	263 003	2 317 533	7 341	12 827	2 600 704
– accumulated depreciation	56 473	1 182 830	2 312	3 324	1 244 939
	206 530	1 134 703	5 029	9 503	1 355 765
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	217 943	1 101 388	4 889	9 983	1 334 203
– additions	50	116 528		6 347	122 925
– present value of decommissioning asset capitalised (note 8)			398		398
– disposals				(5 857)	(5 857)
– depreciation charged for the year	(11 463)	(83 213)	(258)	(2 593)	(97 527)
– depreciation on disposals during the year				1 623	1 623
– balance at end of year	206 530	1 134 703	5 029	9 503	1 355 765

	2005 R000	2004 R000
3 Unlisted investments		
Book value	107	181
The unlisted investments, comprising equity investments in various mining industry service organisations, are valued by the directors at R107 000 (2004 – R181 000).		
4 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	**12 563**	10 462
– contributions made during the year	**820**	1 069
– net income earned during the year (note 13)	**1 060**	1 032
– balance at end of year	**14 443**	12 563
In addition, the company has passed a notarial bond for R27.3 million over certain of of the mine's freehold property in favour of the fund to ensure that the fund will be able to meet future rehabilitation obligations.		
5 Inventories		
Metals on hand and in transit	**208 962**	189 518
Consumable stores	**37 340**	33 669
	246 302	223 187
6 Share capital		
Authorised		
350 000 000 (2004 – 350 000 000) shares of 1 cent each	**3 500**	3 500
Issued		
231 968 500 (2004 : 231 543 500) shares of 1 cent each	**2 320**	2 315
Share premium	**1 952 413**	1 994 444
	1 954 733	1 996 759
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.		

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	2005 R000	2004 R000
7 Deferred tax		
The principal components of the deferred tax are as follows:		
Deferred tax liabilities		
– property, plant and equipment	**339 604**	339 138
– metal stocks	**3 640**	5 492
– accounts receivable	**37**	1 223
	343 281	345 853
Deferred tax assets		
– employee benefits	**13 645**	12 682
– other accounts payable	**532**	–
– decommissioning and environmental restoration	**3 806**	776
	17 983	13 458
Net deferred tax liability	**325 298**	332 395
The change in the deferred tax balance is reconciled as follows:		
Deferred tax liability at beginning of year	**332 395**	330 323
– charge/(credit) for the year	**(7 097)**	2 072
– temporary differences in respect of property, plant and equipment	**466**	10 269
– depreciation component included in metals on hand and in transit	**(1 852)**	(1 866)
– temporary difference in respect of accounts receivable	**(1 186)**	(3 787)
– temporary difference in respect of employee benefits	**(963)**	(2 062)
– temporary difference in respect of other accounts payable	**(532)**	–
– temporary difference in respect of long-term provisions	**(3 030)**	(482)
Deferred tax liability at end of year	**325 298**	332 395

	2005 R000	2004 R000
8 Long term provisions		
Provision for decommissioning costs		
– balance at beginning of year	**13 489**	10 966
– present value of decommissioning asset capitalised (note 11)	**12**	398
– adjustment arising from change in discount rate	**4 667**	–
– unwinding of discount (note 11)	**715**	768
– charged to operating costs (note 11)	**710**	1 357
– balance at end of year	**19 593**	13 489
Provision for restoration costs		
– balance at beginning of year	**1 662**	476
– adjustment arising from change in discount rate	**1 088**	–
– unwinding of discount (note 11)	**88**	33
– charged to operating costs (note 11)	**125**	1 153
– balance at end of year	**2 963**	1 662
Environmental rehabilitation obligation at year end	**22 556**	15 151
Environmental rehabilitation obligation before funding	**22 556**	15 151
Less: Northam Platinum Restoration Trust Fund (note 4)	**14 443**	12 563
Net unfunded environmental obligation	**8 113**	2 588
Future value of decommissioning obligation	**44 766**	42 609
Future value of restoration obligation	**6 770**	6 448
Future value of rehabilitation obligation	**51 536**	49 057

The future value of the environmental rehabilitation obligation will be paid over to the Northam Platinum Restoration Trust Fund (note 4) over the remaining life of the mine, which is currently estimated at 17 years.

The present value of the environmental restoration obligation is determined by applying an after tax discount rate of 5.3% over the remaining life of the mine.

In addition the company has procured the issue of an insurance guarantee for R18.2 million in respect of certain unfunded decommissioning and restoration costs.

9 Restatement of prior periods – adoption of IFRS 2

The company has adopted IFRS 2 "Share Based payments" with effect from 1 July 2003.

This is before the effective date of this statement. In accordance with IFRS 2, share options granted to employees are required to be fairly valued at grant date, with the value as determined being recognized as a cost systematically between the grant date and the date on which the employee has an unrestricted right to exercise such options ("the vesting date").

The cost is included in the income statement as part of operating costs.

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	2005 R000	2004 R000
9 Restatement of prior periods – adoption of IFRS 2 (continued)		
The adoption of IFRS 2 has had the following effect:		
The cost is not allowed as a deduction for income tax purposes, and therefore the effect of this accounting change is before and after tax.		
At 30 June 2003		
Increase in equity compensation reserve		9 625
Increase in accumulated loss		9 625
At 30 June 2004		
Increase in cost of sales		3 603
Increase in equity compensation reserve		3 603

	2005 R000	2004 R000
10 Total revenue		
Total revenue comprises:		
– sales revenue (Note 23)	**1 554 501**	1 720 399
– investment income (Note 13)	**29 269**	38 174
– sundry revenue	**79 361**	12 204
	1 663 131	1 770 777

	2005 R000	2004 R000
11 Operating costs		
Operating costs comprise mining and concentrating costs, excluding depreciation, and consist of the following principal categories:		
– labour	**501 364**	449 268
– stores	**370 431**	353 272
– utilities	**87 015**	85 588
– sundries	**160 020**	169 732
– provision for decommissioning and restoration costs (note 8)		
– unwinding of discount	**803**	801
– inflation adjustment	**835**	806
– adjustment arising from change in discount rate	**1 088**	–
– revisions	**–**	1 704
	1 121 556	1 061 171
Operating costs include the following:		
External auditors' remuneration		
– current year	**665**	620
– special projects	**–**	804
– expenses	**15**	17
Internal audit fees		
– current year	**704**	938
– expenses	**40**	35
Directors' remuneration		
– non executive fees	**1 306**	1 005
– executive remuneration	**714**	–

	2005 R000	2004 R000
11 Operating costs (continued)		
Equity compensation charges	**3 446**	3 603
Operating lease rentals		
– office equipment	**275**	206
– premises	**477**	525
Details of directors' remuneration are contained in the directors' report on page xx.		
12 Depreciation and impairments		
Depreciation of mining properties, plant and equipment consists of the following:		
– mining property	**11 432**	11 463
– plant and equipment	**89 180**	83 213
– decommissioning asset	**539**	258
– vehicles	**2 495**	2 593
	103 646	97 527
13 Investment income		
Investment income consists of the following:		
– interest received	**28 209**	37 142
– growth in Northam Platinum Restoration Trust Fund (note 4)	**1 060**	1 032
	29 269	38 174
14 Net sundry revenue/(expenditure)		
Net sundry revenue/(expenditure) is arrived at as follows:		
– foreign currency hedging gains/(loss) – realised	**1 448**	5 534
– foreign currency hedging gains/(loss) – unrealised	**(1 836)**	4 078
– metal hedging gains/(loss) – realised	**649**	(48 523)
– metal hedging gains/(loss) – unrealised	**127**	–
– foreign currency transaction gains/(loss)	**(1 924)**	1 324
– metal leasing costs	**–**	(66)
– business interruption claim	**75 940**	–
– rent received	**839**	885
– loss on disposal of unlisted investment	**(66)**	–
– profit on sale of property, plant and equipment	**72**	193
– other	**118**	183
	75 367	(36 392)

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	2005 R000	2004 R000
15 Tax		
Non mining tax	**8 315**	8 013
Mining tax	**101 748**	111 324
Deferred tax	**3 982**	2 072
Current year's tax charge	**114 045**	121 409
Adjustment in respect of previous year	**–**	2 436
Adjustment to deferred tax liability arising from the change in tax rate	**(11 079)**	–
	102 966	123 845
Secondary tax on companies	**24 603**	13 024
	127 569	136 869
The tax charge is reconciled as follows:		
Tax at statutory rates	**109 064**	116 089
Adjustments for permanent differences		
– expenditure disallowed	**1 460**	1 858
– property, plant and equipment	**5 075**	3 360
– other	**(1 554)**	102
	114 045	121 409

15.1 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 has been made for State's share of profit as the company had estimated unredeemed capital expenditure of R685 530 000 (2004: R1 055 630 000) at 30 June 2005.

15.2 Mining tax

The current rate of mining tax applicable to the company is 29% (2004:30%).

15.3 Non-mining tax

Non-mining income is subject to a rate of 29% (2004:30%).

15.4 Deferred tax

Deferred tax is provided at the statutory rate of 29% (2004:30%) for all temporary differences.

	2005 R000	2004 R000
15.5 Secondary tax on companies		
Secondary tax on companies is levied at the rate of 12.5% of net dividends declared.		
15.6 Capital gains tax		
Capital gains tax at an effective rate of 15%, is payable on any gains realised on the disposal of mining properties.		
16 Earnings per share		
Earnings and headline earnings per share are based on net profit attributable to shareholders and an average of 231 577 747 (2004: 231 540 413) shares in issue during the year. Headline earnings are reconciled to net profit attributable to shareholders as follows:		
Net profit attributable to shareholders	**248 513**	250 095
Profit on sale of property, plant and equipment	**(72)**	(193)
Loss on disposal of unlisted investments	**66**	–
Tax effect	**21**	58
Headline earnings	**248 528**	249 960
Fully diluted earnings per share is based on the net profit attributable to shareholders and an average of 232 366 778 (2004: 231 556 027) shares in issue during the year.		
The number of fully diluted shares is calculated as follows:		
Average number of ordinary shares in issue during the year	**231 577 747**	231 540 413
Average number of Northam Share Option Scheme options outstanding during the year	**789 031**	15 614
	232 366 778	231 556 027
17 Cash generated from operations		
Profit before tax	**376 082**	386 964
Adjusted for non-cash items		
– loss on disposal of unlisted investment	**66**	–
– profit on disposal of property, plant and equipment	**(72)**	(193)
– depreciation and impairments	**103 646**	97 527
– increase in long-term provisions	**2 726**	3 311
– equity compensation charges	**3 446**	3 603
Interest received	**(28 209)**	(37 142)
	457 685	454 070

NORTHAM PLATINUM LIMITED

	2005 R000	2004 R000
18 Change in working capital		
Inventories	**(23 115)**	115 969
Accounts receivable	**(3 797)**	34 570
Accounts payable	**23 798**	(11 177)
	(3 114)	139 362

	2005 R000	2004 R000
19 Tax paid		
Balance owing at beginning of year	**79 481**	62 450
Charge per income statement, excluding deferred tax	**134 666**	134 797
Balance owing at end of year	**(110 063)**	(79 481)
	104 084	117 766

	2005 R000	2004 R000
20 Commitments		
Capital expenditure – plant and equipment		
Authorised but not contracted	**148 824**	127 737
Contracted	**35 826**	8 399
Information Technology Outsource Service Providers		
Due within one year	**9 351**	8 346
Due within two to five years	**18 920**	29 607
Operating lease rentals – office equipment		
Due within one year	**186**	167
Due within two to five years	**178**	332
Operating lease – premises		
Due within one year	**142**	204
Due within two to five years	**236**	–
These commitments will be financed out of operating cash flows		
Housing project	**7 325**	–

The Board has approved the purchase of 383 residential stands for the purpose of erecting houses which will be sold to employees. Construction of houses will only commence once sale agreements with individual employees have been signed.

The selling price of the houses will be financed by bank finance and the first time home owners' subsidy.

	2005 R000	2004 R000
21 Retirement benefits		
The company participates in a number of retirement benefit plans for its eligible employees. These defined contribution plans are governed by the Pension Funds Act of 1956.		
Contributions made during the year were as follows:	**41 227**	38 401
22 Related parties		
(a) The company sold, under contract, nickel sulphate to Anglo Platinum Limited, which holds an equity interest of 22.5% (2004 – 22.5%). The contract was concluded at arms length.		
– value of sales during the year	**78 309**	74 011
– included in accounts receivable	**7 066**	8 563
(b) As reported on page 43, the company's internal audit function is undertaken on commercial terms by Anglo Platinum Management Services (Pty) Ltd		
– fees paid included in operating costs	**704**	938
– included in accounts payable	**365**	130
23 Segmental reporting		
The company's primary segment reporting format is by business segment and its 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.		
Geographic segment: by location of customers:		
Segment revenue		
Europe	**588 167**	716 271
Japan	**430 965**	309 041
North America	**364 440**	509 396
South Africa	**170 929**	185 691
	1 554 501	1 720 399
Segment debtors		
Europe	**8 751**	7 447
Japan	**4 563**	3 998
North America	**19 816**	13 488
South Africa	**49 873**	54 273
	83 003	79 206

NORTHAM PLATINUM LIMITED

		2005	2004

24 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.

During the year, in order to mitigate the effects of the strengthening rand commodity prices, the company entered into various hedging contracts.

The net fair value of the hedging contracts that were outstanding at year end is recognised as a financial instrument in terms of IAS 39.

At year end the aggregate outstanding contracts were as follows:

		2005	2004
– period		**July 2005 to August 2005**	July 2004 to September 2004
– average dollars hedged per month	– US$000	**3 000**	2 000
– average contract exchange rate	– US$ = R	**6.32**	7.05
– exchange rate at year end	– US$ = R	**6.69**	6.20
– unrealised gain/(loss) recognised	– R000	**(1 797)**	4 078

In addition the company has hedged its commitment in respect of the importation of certain consumable items. At year end the outstanding contracts were as follows:

			2005	2004
(a)	– month		**July 2005**	Not applicable
	– Euros hedged	– € 000	**80**	–
	– contract rate	– € = R	**8.49**	–
	– exchange rate at year end	– € = R	**8.07**	–
	– unrealised loss	– R 000	**(33)**	–
(b)	– month		**July 2005**	Not applicable
	– Euros hedged	– € 000	**140**	–
	– contract rate	– € = R	**8.23**	–
	– exchange rate at year end	– € = R	**8.07**	–
	– unrealised loss	– R 000	**(6)**	–

		2005	2004
24 Financial instruments (continued)			
At year end the foreign currency value of items under their respective balance sheet clasifications was as follows:			
		R000	R000
– accounts receivable	– US$	**4 956**	4 022
– cash and cash equivalents	– US$	**1 004**	2 389
– accounts payable	– €	**941**	793
Exchange rates at year end			
Rand/Dollar		**6.69**	6.20
Rand/Euro		**8.07**	7.55

(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. During the year, in order to mitigate the effects of anticipated declines in the commodity prices, the company entered into various hedging contracts.

The net fair value of the hedging contracts that were outstanding at year end is recognised as a financial instrument in terms of AC 133 (IAS 39).

		2005	2004
Palladium			
– period		**July 2005**	Not applicable
– quantity hedged	– oz	**1 000**	–
– contract price	– US$/oz	**200.00**	–
– fair value price at year end	– US$/oz	**181.31**	–
– unrealised gain recognised	– US$ 000	**19**	–
	– R 000	**127**	–

(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.

The granting of credit is made on application and is approved by the chief executive. 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.

NOTICE OF ANNUAL GENERAL MEETING

Date: 10 November 2005

Time: 12:00

Place: Oleander Room
Sandton Sun and Towers
Fifth Street
Sandown
Sandton

Notice is hereby given that the annual general meeting of members of Northam Platinum Limited will be held in the Oleander Room, Sandton Sun and Towers, Fifth Street, Sandown, Sandton on Thursday, 10 November 2005 at 12:00 for the following purposes:

1 Annual financial statements

To receive and consider the annual financial statements for the year ended 30 June 2005.

2 Election of directors

To elect directors in place of Messrs E Molobi, T M G Sexwale, R H H van Kerckhoven and M J Willcox 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 pages 45 and 47 of the annual report of which this notice forms part.

3 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, 1973 (Act 61 of 1973), as amended, and the Listings Requirements of the JSE Limited (JSE).

4 Payments to shareholders

To consider, and if deemed fit, to pass the following resolution as an ordinary resolution:

"RESOLVED 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 be and are 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.

5 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 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 agreed; and

8 The company may not enter the market to proceed with the acquisition of its ordinary shares until the company's sponsor has confirmed, in writing to the JSE, that the company's working capital is adequate for the purposes of acquiring the company's shares."

The reason for special resolution number 1 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 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 4 and 5 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 45 to 47;
Major shareholders of the company – see page 56;
Directors' interests in the company's securities – see page 55;
Share capital – see page 50.
Directors' intention regarding the use of the general authority to acquire shares – see page 51

In addition, the following disclosures are required:

Litigation statement
The directors of the company, whose names appear on pages 45 and 47 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 pages 45 and 47 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 4 and 5 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.
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, 9 September 2005

SHAREHOLDERS' DIARY

Salient dates for 2006 financial year

Interim report published	February
Interim dividend – declared	February
Interim dividend – paid	March
Financial year end	30 June
Preliminary announcement of results published	August
Final dividend – declared	August
Final dividend – paid	September
Annual report issued	September
Annual general meeting	October/November

Forward-looking statements

Certain forward looking statements are contained in this report which may include, without limitation, expectations regarding platinum group metal prices, estimates of platinum group metal production, operating expenditure, capital expenditure and projections regarding the completion of capital projects as well as the financial position of the company.

Although Northam believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be accurate.

Accordingly, results could differ materially from those projected as a result of, among other factors, changes in economic and market conditions, changes in the regulatory environment and other business and operational risks.

Produced by Russell & Associates

NORTHAM PLATINUM LIMITED

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)

(Share 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, 10 November 2005 at 12:00, in the Oleander Room, Sandton Sun and Towers, Fifth Street, Sandown, Sandton 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 – election of Mr E Molobi as a director			
Ordinary resolution – election of Mr T M G Sexwale as a director			
Ordinary resolution – election of Mr R H H van Kerckhoven as a director			
Ordinary resolution – election of Mr M J Willcox as a director			
Ordinary resolution – placement of unissued shares under the control of the directors			
Ordinary resolution – 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 8 November 2005.

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 the proxy form.

NORTHAM

PLATINUM LIMITED

Instructions on completion 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.

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 12:00 on Tuesday, 8 November 2005.

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