NORTHAM
PLATINUM LIMITED

ANNUAL REPORT | 2004

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Vision

To grow into a major, long-life PGM producer with a reliable and independent supply of quality metals to a geographically diversified customer base

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
- Exploring refining alternatives

Values

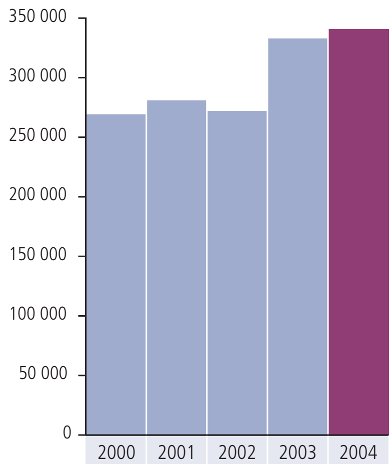
- Being a responsible employer, offering opportunities for training and development
- Commitment to creating opportunities based on the principles of equity and transparency
- Defending employees' rights to a safe working environment
- Pursuing the values of good corporate citizenship in the community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

Key features

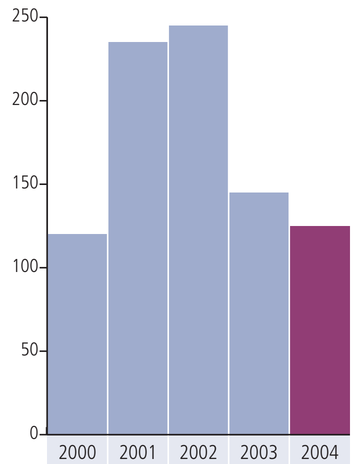
Operational robustness sustained
Output reaches *340,000 oz* level
Resilience in the face of *strong SA currency*
Leveraging *enhanced BEE* status
Dramatically *improved* long term *prospects*
Seizing opportunities for operational diversification

Results at a glance

	2004	2003
Production – metal in concentrate		
Platinum (oz)	**212 003**	205 732
Palladium (oz)	**102 884**	100 407
Rhodium (oz)	**18 424**	19 869
Gold (oz)	**7 236**	6 880
3PGE+Au (oz)	**340 547**	332 888
Operational results		
Development metres	**12 403**	14 743
Square metres mined	**436 205**	432 050
Tonnes milled	**2 232 587**	2 219 138
Head grade (g/t)	**5.5**	5.3
Financial highlights		
Average price realized* (R/kg)	**130 874**	145 273
Cash costs* (R/kg)	**99 352**	96 880
Sales revenues (R000)	**1 720 399**	1 471 999
Cost of sales (R000)	**1 331 614**	1 086 571
Operating profit (R000)	**388 785**	385 428
Headline earnings (R000)	**253 563**	274 560
Headline earnings per share (cents)	**109.5**	118.7
Cash distribution (cents per share)	**125.0**	145.0



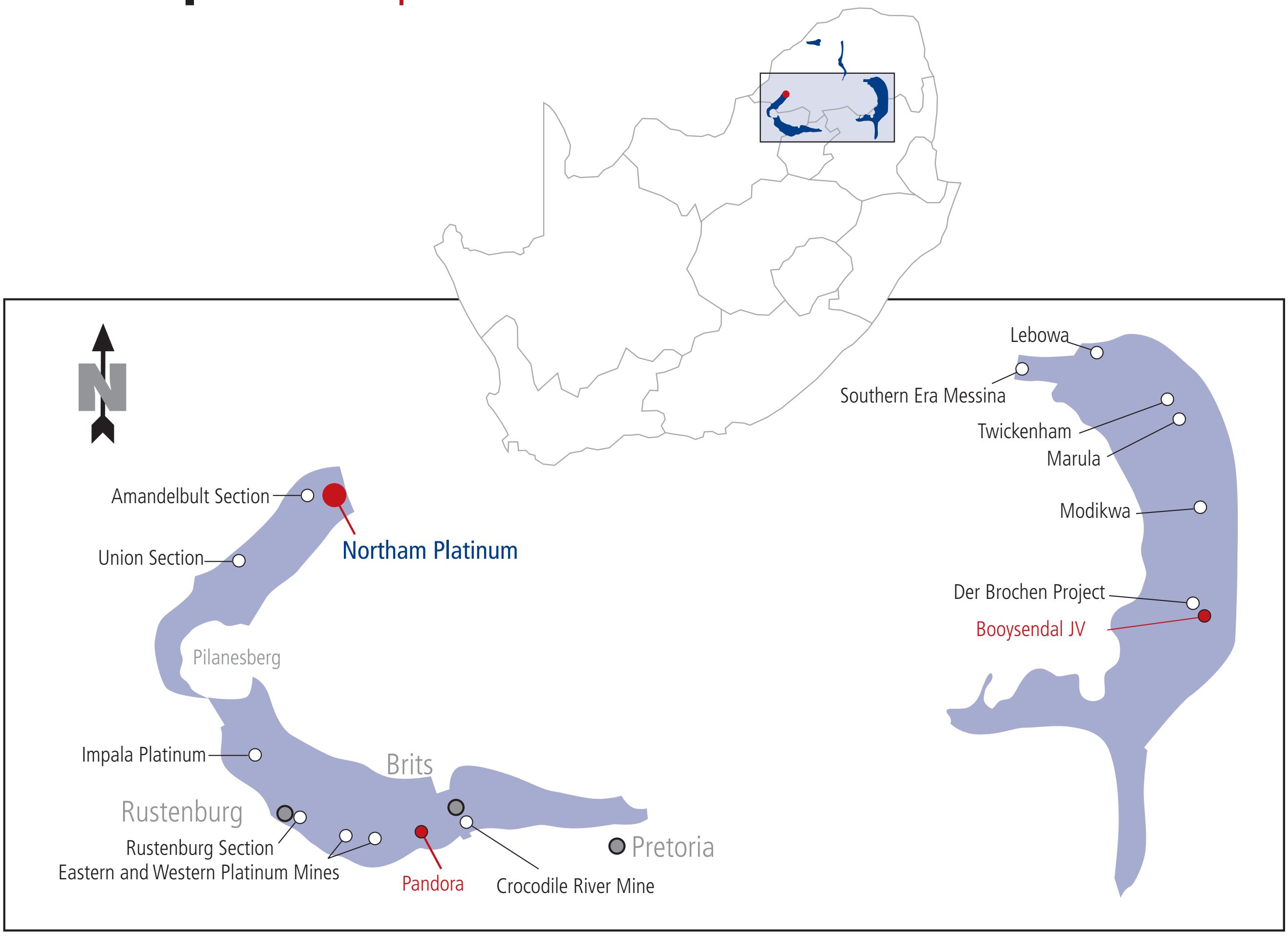
5 year production build-up*
(oz)



Distributions per share over 5 years
(cents)

*** 3PGE + Au**

Corporate profile



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 Bushveld Complex's eastern limb.

Annual metal production amounts to 340 000 oz of platinum, palladium, rhodium and gold (3PGE + Au). Within the Northam lease area reserves are measured at 10.5 Moz within a total resource base of 19 Moz.

Current mining operations are centred on the Merensky and UG2 reefs from a twin shaft system at an average depth of 1 670 metres. 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, leveraging opportunities for growth while continuing to reward shareholders with dividends.

The company's shares are listed on the JSE Securities Exchange South Africa (JSE).

NORTHAM
PLATINUM LIMITED

Northam Platinum Limited
Registration number: 1977/003282/06
Incorporated in the Republic of South Africa
Share code: NHM; ISIN ZAE 000030912

Chairman's statement

Underpinning our vision are the following key strategies:

- 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
- **Exploring** refining alternatives

It is with a deep sense of sadness and regret that we have to report, at the beginning of a new financial year, the loss of nine of our colleagues in the most serious mining accident to ever have occurred at Northam after a fire at the mine in September 2004.

On behalf of the board I have extended my condolences to the families, friends and colleagues who have lost their loved ones here in South Africa, Lesotho and Mozambique.

At the time of going to print the cause of the fire is the subject of an inquiry led by the Department of Minerals and Energy. The company is fully committed to working together with the departmental inspectors and the unions in establishing the exact cause of the fire, and to implementing appropriate remedial steps to avoid any such accidents ever happening again.

We have in the past recorded excellent safety achievements at this mine. I have no doubt that with the requisite motivation, dedication and focus from all parties involved, we will recover from this tragedy and in the years ahead will resume our prior excellent safety performances.

Looking back at the year under review, Northam has continued in 2004 to prove its operational robustness, with output of platinum group metals, at 340 547 oz, another record level for the mine, and up 2.3% on last year's production.

This sound operational performance translated into creditable financial results – particularly when taking into account the stronger South African currency, which appreciated by 18% during the period under review. Overall the average Rand basket price for our metals was 10% lower than in the previous year, largely offsetting the effect of the 20% increase in the US$ basket price to US$597/oz. With unit sales growing by 28% to 377 239 oz, sales revenues were boosted to R1 720 million, some 17% higher than in 2003. A sustained focus on cost control resulted in total operating costs increasing by 5.3%, translating into a 2.7% rise in unit cash costs.

The company reported attributable profit of R253.7 million (F2003: R274.9 million). In line with our policy of paying out excess cash to shareholders, we paid a final dividend of 60 cents per share, together with a capital repayment of 20 cents to shareholders, bringing the total distributions for the year to 125 cents per share.

Having reached this stage of sustained operational robustness, together with world-class infrastructure and proven management expertise in mining and metallurgical processing, we have laid a solid foundation for Northam to embark on its next stage of development to become a long-life, major, world-class PGM producer with a reliable supply of quality metals to a geographically diversified customer base.

Underpinning our vision are the following key strategies:

- 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
- Exploring refining alternatives

The first step in our growth phase is the planned acquisition of 50% of the world-class Booysendal project (a JV with Anglo Platinum) on the eastern limb of the Bushveld Complex from Mvelaphanda Resources Limited (Mvela). This transaction, announced in February this year, promises to be company-transforming for Northam. The total consideration payable by your company to Mvela amounts to some R460 million (US$66.7 million), in a combination of cash, Northam deferred ordinary shares and new Northam ordinary shares, and translates into a unit cost of R7.38 (US$1.07 at an exchange rate of R6.90 at the time of the transaction) per total attributable PGE resource ounce, a price which compares extremely favourably with other transactions concluded on the eastern limb. At the time of the related-party Booysendal transaction, Alan Wright and Ken Maxwell were engaged by the board as independent advisers to ensure that the transaction is fair and reasonable.

With this single transaction your company will have the opportunity of emerging from a lease bound, stand-alone mining operation with limited capacity to grow its production base. At the same time the transaction will:

- Enhance Northam's **empowerment** credentials, with a **BEE equity** stake of some 34%
- Materially **increase Northam's resource base** to 81.2 Moz (attributable; 3PGE + Au)
- Provide the opportunity for Northam to **reduce its costs**

Importantly, the increase in empowerment equity participation to 34% paves the way for your company to further flex its empowerment muscle. As a consequence of the Department of Minerals and Energy's (DME) revised level of BEE participation required in the Pandora JV (with Anglo Platinum, Lonmin and the Bapo-ba-Mogale community) to 15%, Northam has vested its 7.5% interest in the project directly in Mvela. Once Northam has reached and indeed exceeded the level of HDSA equity participation required, we have the opportunity of acquiring this interest from Mvela at cost, and we gain access to lower cost ounces which will go some way towards reducing our cost structure.

While we continue to explore further prospects for growing our production base, we have also been vigorously pursuing alternative refining solutions, so to assure our well-established customer base of continued quality supply well into the future. Much good work has already been done in this respect and I am optimistic that we will reach a solution in the near future which will satisfy the majority of our stakeholders, and will complement our long-term strategic objectives.

A further highlight for your company during the year was Northam's admission to the JSE Securities Exchange South Africa's Socially Responsible Investment Index (SRI) in May this year – an achievement which recognizes our continuing endeavours to build the triple bottom line approach into our business practices. We remain committed to regular and transparent communication with our stakeholder audiences. These efforts were rewarded during the year when Northam was one of five finalists in the BDFM awards for best investor websites.

Useful meetings with international investors were conducted during the year, while further initiatives to reach a broader base of shareholders and investors are being considered.

During the year we bade farewell to Simon Malone, who resigned from the board in March. In August Dorian Emmett resigned from the board, and has since been replaced by Robin Mills. I would like to thank both Simon and Dorian for their contributions over the years. Robin Mills has an excellent track record in the mining industry, and we look forward to drawing on his immense experience in the sector. We have also identified a number of individuals to be considered for appointment to the board in a non-executive capacity. Shareholders will be kept informed of developments.

I wish to extend my thanks to my colleagues on the board, management and employees for their enormous efforts during the year which have firmly established Northam as a vehicle for growth in this exciting sector.

Tokyo Sexwale
Chairman
21 September 2004

Nine year statistical review

	2004	2003	2002	2001	2000	1999	1998	1997	1996
Operating performance									
Merensky									
Tons milled	**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*	**6.0**	5.9	6.1	5.8	6.0	6.1	6.2	6.1	6.1
UG2									
Tons milled	**691 353**	636 717	643 286	371 374	–	–	–	–	–
Head grade – g/ton*	**4.3**	4.0	3.8	3.9	–	–	–	–	–
Combined									
Tons milled	**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*	**5.5**	5.3	5.3	5.4	6.0	6.1	6.2	6.1	6.1
Precious metals in concentrates produced – kg*	**10 592**	10 354	8 458	8 725	8 372	9 197	8 977	8 443	8 144
Precious metals sold – kg*	**11 733**	9 174	8 944	8 306	9 331	9 222	8 764	9 216	7 505
Revenue – R/kg*	**130 874**	145 273	160 367	172 733	100 701	70 502	54 656	44 404	41 256
Operating costs – R/kg*	**109 052**	105 600	105 426	93 848	70 110	57 170	55 081	52 819	48 578
Cash costs – R/kg *	**99 532**	96 880	94 861	83 750	67 366	56 431	53 068	51 711	47 644
Precious metals in concentrates produced – oz *	**340 547**	332 888	271 931	280 516	269 156	295 695	288 617	271 448	261 835
Precious metals sold – oz*	**377 239**	294 947	287 546	267 042	299 997	296 501	281 769	296 301	241 291
Price realised – US$/oz*	**597**	498	497	706	492	364	379	306	333
Operating costs – US$/oz*	**491**	363	325	383	343	295	382	363	392
Cash costs – US$/oz*	**449**	333	292	342	329	291	368	356	385
Sales per metal – oz									
Platinum	**236 792**	179 108	177 580	168 294	188 597	189 404	176 324	184 995	155 189
Palladium	**108 648**	89 086	86 758	79 558	88 690	85 222	82 739	89 081	69 911
Rhodium	**23 849**	20 744	17 325	13 295	15 565	14 770	15 662	15 116	9 971
Gold	**7 950**	6 009	5 883	5 895	7 145	7 105	7 044	7 109	6 220
Total*	**377 239**	294 947	287 546	267 042	299 997	296 501	281 769	296 301	241 291
Prices realised – US$/oz									
Platinum	**782**	605	491	590	441	359	431	387	417
Palladium	**216**	265	407	773	463	310	260	138	139
Rhodium	**574**	621	1 076	1 952	1 389	727	441	267	350
Gold	**390**	322	292	268	285	285	332	364	396
Basket*	**597**	498	497	706	492	364	379	306	333
Prices realised – R/kg									
Platinum	**171 534**	175 249	159 696	144 493	90 083	70 050	62 175	56 273	51 670
Palladium	**47 123**	79 415	130 256	189 351	94 605	60 384	37 491	20 021	17 165
Rhodium	**123 701**	183 221	339 741	478 194	283 640	141 727	63 649	38 875	43 311
Gold	**85 892**	97 172	96 450	65 781	58 111	55 677	47 950	52 921	48 975
Basket*	**130 874**	145 273	160 367	172 733	100 701	70 502	54 656	44 404	41 256
US Dollar/Rand exchange rate									
– average	**6.90**	9.05	10.13	7.60	6.35	6.05	4.49	4.52	3.85
– at year end	**6.20**	7.57	10.27	8.04	6.77	6.01	5.92	4.53	4.33
Financial performance									
Operating margin – %	**22.6**	26.2	37.5	50.3	34.2	17.1	(1.5)	(23.5)	(28.1)
Effective tax rate – %	**35.0**	41.9	39.4	37.0	31.8	–	–	–	–
Return on shareholders' equity – %	**16.4**	16.1	20.7	27.1	15.6	9.8	2.0	(6.0)	(5.0)
Return on total assets – %	**11.7**	13.1	17.4	24.4	13.0	8.9	1.9	(5.7)	(4.7)
Share performance									
Average number of shares in issue – 000	**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	**231 544**	231 539	230 915	230 565	230 147	184 060	184 032	184 032	184 032
Operating cash flow per share – cents	**221.5**	168.6	323.9	347.7	208.1	92.1	23.2	(4.6)	(25.4)
Earnings per share – cents	**109.6**	118.8	172.8	227.6	129.3	75.8	14.8	(44.4)	(38.6)
Headline earnings per share – cents	**109.5**	118.7	176.1	234.1	129.3	81.6	14.8	(44.4)	(38.6)
Dividends per share – cents	**105.0**	90.0	170.0	235.0	120.0	25.0	–	–	–
Capital repayments per share – cents	**20.0**	55.0	75.0	–	–	–	–	–	–
Net asset value per share – cents	**684.0**	655.0	820.0	852.0	826.0	803.0	737.0	722.0	767.0
Share price (cents)									
– high	**1 345**	2 210	2 000	1 860	950	640	340	500	550
– low	**825**	955	1 000	765	455	175	130	200	225
– at year end	**890**	1 230	1 665	1 525	780	484	268	230	475
Platinum sector index at year end	**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 – %	**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	**4 916**	4 906	8 014	11 054	6 735	1 909	901	585	409
Annual liquidity (%)	**2.1**	25.4	41.7	57.6	40.7	12.5	5.9	3.8	2.7

* 3PGEs + Au

Nine year financial review

	2004 R000	2003 R000	2002 R000	2001 R000	2000 R000	1999 R000	1998 R000	1997 R000	1996 R000
Income statement									
Sales revenue	**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	**1 331 614**	1 086 571	975 549	779 501	691 925	596 285	547 449	580 444	481 222
Operating costs	**1 057 568**	1 004 327	803 514	731 826	586 938	525 797	475 168	443 131	394 285
Concentrates purchased	**14 632**	–	–	–	–	–	–	–	–
Refining and other costs	**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	**97 527**	89 059	99 451	86 999	59 474	55 302	65 940	72 916	79 648
Change in metal stocks	**115 467**	(89 513)	31 190	(68 925)	13 445	(20 556)	(25 886)	24 434	(23 315)
Operating profit	**388 785**	385 428	585 136	788 382	360 028	123 212	(8 170)	(110 502)	(105 599)
Net investment income	**38 174**	64 140	52 023	39 714	27 199	17 908	4 348	5 213	9 992
Net sundry revenue/(expenditure)	**(36 392)**	23 946	20 793	4 256	(1 591)	(1 980)	2 542	(182)	3 090
Profit before tax and exceptional items	**390 567**	473 514	657 952	832 352	385 636	139 140	(1 280)	(105 471)	(92 517)
Exceptional items	**–**	–	–	–	–	15 262	–	–	–
Profit before tax	**390 567**	473 514	657 952	832 352	385 636	123 878	(1 280)	(105 471)	(92 517)
Tax	**136 869**	198 601	259 121	308 143	122 817	(15 589)	(28 488)	(23 816)	(21 399)
Net income for the year	**253 698**	274 913	398 831	524 209	262 819	139 467	27 208	(81 655)	(71 118)
Headline earnings	**253 563**	274 560	406 427	539 066	262 819	150 150	27 208	(81 655)	(71 118)
Balance sheet									
Fixed assets	**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	**12 744**	10 645	8 741	7 310	6 040	4 953	6 280	11 619	19 499
	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	**804 015**	747 907	1 038 062	882 506	661 781	398 161	254 859	225 176	263 005
Inventories	**223 187**	339 156	249 252	284 214	212 596	210 414	190 619	168 429	190 061
Accounts receivable	**79 206**	113 776	57 497	54 083	70 760	31 805	28 635	35 182	28 006
Cash and cash equivalents	**501 622**	294 975	731 313	544 209	378 425	155 942	35 605	21 565	44 938
Total assets	**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	**1 583 642**	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	**332 395**	330 323	249 103	69 723	–	–	–	–	–
Long term liabilities and provisions	**15 151**	11 442	9 393	8 179	6 835	29 514	49 587	51 818	53 542
Current liabilities	**241 336**	235 482	145 173	107 634	112 138	68 169	53 349	58 591	49 970
Total equity and liabilities	**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	**512 808**	390 040	747 481	800 873	423 098	169 455	42 629	(8 432)	(46 782)
Investing cash flow	**(118 496)**	(172 171)	(87 575)	(167 325)	(343 389)	(11 318)	(32 843)	(20 062)	(18 936)
Financing cash flow	**(187 665)**	(654 207)	(472 802)	(467 764)	142 774	(37 800)	4 254	5 121	3 967
Dividends paid	**(104 194)**	(439 449)	(472 942)	(460 682)	(73 638)	(18 403)	–	–	–
Share premium repaid	**(81 394)**	(219 606)	–	–	–	–	–	–	–
Other financing cash flows	**(2 077)**	4 848	140	(7 082)	216 412	(19 397)	4 254	5 121	3 967
Net cash flow	**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	**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	**501 622**	294 975	731 313	544 209	378 425	155 942	35 605	21 565	44 938

General manager's review

Results of operations

Output of precious metals in concentrate marginally exceeded last year's level by 2.3%, rising to 340 547 PGM oz. With the higher output and a reduction in the metals inventory, sales volumes increased sharply by 27.9% to 377 239 oz.

The higher sales volumes and a 19.9% increase in the US$ basket price to US$597/oz were partly offset by the strongly performing South African currency over the period. This had an anticipated effect on sales revenues, capping the increase at 16.9% to R1 720 million.

A **strong focus** on **cost control** was maintained and **yielded a positive result**, with total operating costs rising by **5.3%**, translating into a **marginal rise of 2.7%** in unit cash costs to R99 532/kg. Cost of sales was higher at R1 332 million and includes an amount of R15 million for concentrates purchased to **optimise smelter efficiencies**, and a credit of R14 million relating to metal leased during the previous financial year, and returned in F2004.

Profit attributable to shareholders at R 253.7 million was 7.7% lower than in F2003. A final dividend of 60 cents per share was declared, together with a capital repayment of 20 cents per share. Combined with an interim dividend of 45 cents declared in February, the total distribution for the year was 125 cents per share (F2003: 145 cents per share)

Production

Output of precious metals in concentrate (3PGE + Au) in the second half of the year was some 14% or 25 000 oz lower than that achieved in the first half as a consequence of variations in facies types mined, the effects of public holidays, and hoisting delays encountered subsequent to the installation of newly designed skips, which were introduced for safety considerations. The higher than expected incidence of potholing and poor ground conditions encountered impacted on stoping productivity, resulting in a marginal increase of 0.96% in overall stoping production to 436 205 m^2.

Tonnage milled in the year was marginally higher than in F2003 at 2.23 Mt (F2003: 2.22 Mt). However, an improvement in the head grade, from both the Merensky and UG2 reef, resulted in the average combined head grade increasing to 5.5 g/t (F2003: 5.3 g/t).

Work continues on improving extraction rates on the UG2 reef horizon, by selective mining of some highly stressed areas below the Merensky reef pillars, using backfill as support. The increase in the stoping width on the UG2 reef from 135 cm to 150 cm, by extracting the Leader 2 chromitite, has created more favourable mining conditions without any negative impact on the headgrade.

Development

Total development metres were 15.9% lower than the previous year owing primarily to delays experienced in the sealing and support of footwall drives traversing the major faults and water bearing fissures. However, good acceptance of cementitious grout and chemicals to seal primarily the 20 line fissure fault to the west of the mine, bodes well for the development programme in the future.

Expenditure incurred in opening up new reserves in the upper levels of the mine, as well as the sealing of the 20 line fissure fault, is capitalised. All other development to maintain production is included in operating costs.

A total of 2.5 km of mining face was lost during the year due to potholing and poor ground conditions, resulting in the ore reserve availability on the Merensky reef decreasing to 15 months at the end of June 2004 from 20 months at the end of the previous financial year. The UG2 ore reserve decreased to 24 months' availability as planned.

Metallurgical processes

Recovery rates in the metallurgical complex remained at satisfactory levels during the year under review:

- Merensky concentrator: 88.4% (F2003: 88.6%)
- UG2 concentrator: 79.8% (F2003: 80.3%)

The smelter feed was 7.2% higher for the year at 90 295 tonnes of concentrate, with very good recoveries of 3PGEs and gold. This included 1 632 tonnes of custom material.

The base metals removal plant (BMR) performed in line with expectations.

Metallurgical R&D work at the UG2 concentrator resulted in the introduction of an external sparger column cell as a final concentrate cleaner. This has been a successful innovation, contributing to improved concentrate upgrade ratios and reducing the total chrome content in the smelter feed. A patent has since been registered for the sparger column cell.

Summary of results

Merensky reef	F2004	F2003
Development metres	**10 713**	13 596
Square metres mined	**322 451**	317 677
Tonnes mined	**1 853 220**	1 896 010
Tonnes milled	**1 541 234**	1 582 421
Head grade (g/t)	**6.0**	5.9
Metals in concentrate produced (kg)	**8 190**	7 937
Ore reserve availability (months)	**15**	20
UG2 reef		
Development metres	**1 690**	1 147
Square metres mined	**113 754**	114 373
Tonnes mined	**687 382**	638 614
Tonnes milled	**691 353**	636 717
Head grade (g/t)	**4.3**	4.0
Metals in concentrate produced (kg)	**2 402**	1 968
Ore reserve availability (months)	**24**	38
Combined reefs		
Development metres	**12 403**	14 743
Square metres mined	**436 205**	432 050
Tonnes mined	**2 540 602**	2 534 624
Tonnes milled	**2 232 587**	2 219 138
Head grade (g/t)	**5.5**	5.3
Metals in concentrate produced (kg)	**10 592**	10 354

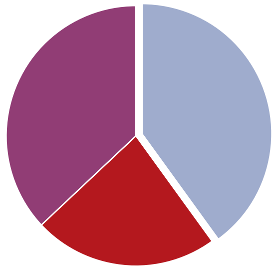
Overview of the market

Platinum
For the year under review, demand for platinum continued its increasing trend as auto companies purchased metal to re-stock their inventories which were depleted during the previous year. Sales of diesel vehicles grew rapidly, particularly in Europe, prompting strong demand growth in this sector.

In contrast however, demand for platinum jewellery dropped off markedly, particularly in Japan and China. In China, a market which has flourished dramatically in recent years, the upward surge in the price of platinum has had a two-fold effect, firstly, exerting immense pressures on fabrication margins and secondly, initiating a movement amongst some manufacturers to substitute palladium for platinum as the metal of choice.

Faced with strong overall demand for platinum and attractive prices, platinum producers have increased the volumes of metal delivered to the market. South African mine expansions, although less than initially anticipated, nevertheless continued to enhance global supplies. In addition, Russian sales of metal increased as producers globally sought to take advantage of higher sales prices.

During recent months, the platinum price has performed well, driven by the bouyant demand and the spectre of on-going supply deficits. In addition, the heightened interest and focussed activities of global commodity funds has further fuelled the upward price trend, at the same time creating the risk of marked price corrections and the potential for high-momentum volatility.



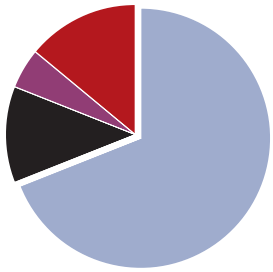
Platinum demand by application
Total in 2003: 6.52 million oz

Autocatalyst (net)	40%
Industrial	23%
Jewellery	37%

Source: Johnson Matthey 2004

Palladium
Compared to the lacklustre performance of palladium during 2002, the metal was able to show some demand recovery during this period of review. Demand during 2003 thus rose by some 10% to approximately 5.3 million oz (Johnson Matthey), reflecting a modest phase of recovery. Supplies of metal however, picked up significantly; South African mines brought more metal to mill as ratios of UG2 production increased, whilst Russian supplies to the market remained steady.

More so than for platinum, palladium's recent price movements have been driven by the feverish interest in palladium futures markets by fund groups, especially on the New York and Tokyo exchanges. From a price of $193.00 at the end of December 2003 the market moved to a high of $333 during mid-April 2004. However, fuelled now by speculative interest, the price has since retraced to a modest $205, on the back of profit-taking as funds sought to liquidate their long positions.



Palladium demand by application
Total in 2003: 5.26 million oz

Autocatalyst (net)	69%
Other	12%
Dental	5%
Electronics	14%

Source: Johnson Matthey 2004

Auto manufacturers such as DaimlerChrysler have responded to the need for cleaner air by investing in various technologies to reduce exhaust emissions. In August 2004 DaimlerChrysler delivered its first fuel cell cars to customers in Germany, Japan, Singapore and the US in the largest practical fleet testing program for fuel cell vehicles worldwide. In 2003 auto manufacturers purchased over 3Moz of platinum for use in autocatalysts.

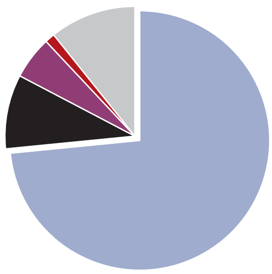
Financial review

Income statement

Sales

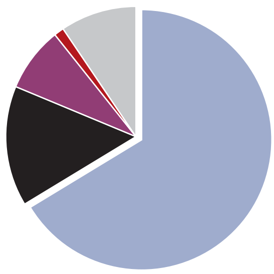
As set out in the accompanying table, unit sales increased by 27.9% to 11 733kg (3PGE+Au). Despite a 19.9% increase in the US$ basket price to US$597 per ounce (see graph on page 12), the sustained strength of the Rand resulted in the average Rand basket price declining by 9.9% to R130 874 per kg. The net result was that sales revenues for the current year increased by 16.9% to R1 720 million.

	F2004 Units sold kg	F2004 Average price Received R/kg	F2004 Revenue R000	F2003 Units sold kg	F2003 Average price received R/kg	F2003 Revenue R000
Platinum	7 365	171 534	1 263 358	5 571	175 249	976 290
Palladium	3 379	47 123	159 243	2 771	79 415	220 049
Rhodium	742	123 701	91 759	645	183 221	118 223
Gold	247	85 892	21 239	187	87 172	18 159
Sub-total – 3PGE + Au	11 733	130 874	1 535 599	9 174	145 273	1 332 721
Nickel			152 135			106 261
Copper			14 586			11 626
Other by-product revenue			18 079			21 391
Total sales revenue			**1 720 399**			**1 471 999**



Sales revenue
F2004

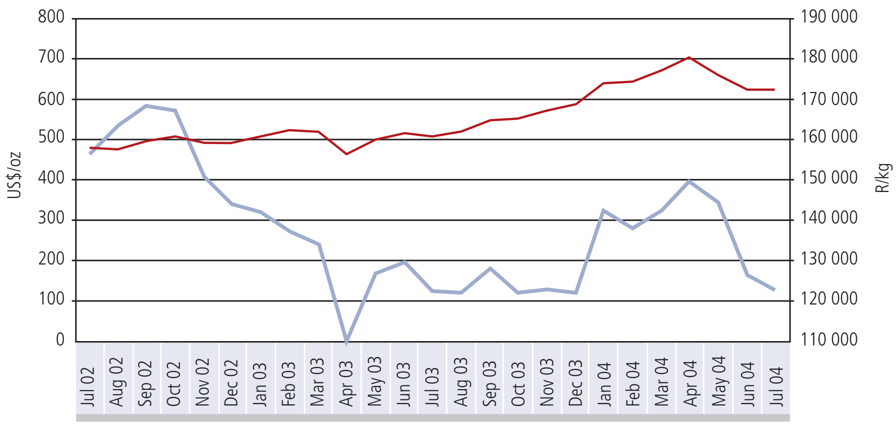
Platinum	73.4%
Palladium	9.3%
Rhodium	5.3%
Gold	1.2%
Other	10.8%



Sales revenue
F2003

Platinum	66.3%
Palladium	15.0%
Rhodium	8.0%
Gold	1.2%
Other	9.5%

Basket prices



3PGE+Au

Cost of sales

Cost of sales increased by 22.6% in line with the higher sales volumes, as shown in the table below.

	F2004 R000	F2003 R000
Labour	445 665	401 860
Stores	353 272	346 201
Utilities	85 588	81 217
Sundries	169 732	173 822
Decommissioning and restoration	3 311	1 227
Total operating costs	1 057 568	1 004 327
Concentrates purchased	14 632	–
Refining and realisation	60 569	68 549
Leased metal costs	(14 149)	14 149
Depreciation and impairments	97 527	89 059
Change in metal inventories	115 467	(89 513)
Cost of sales	1 331 614	1 086 571

Operating costs

Total operating costs increased by 5.3% compared to the previous year. Labour costs were 10.9% higher, in line with the F2003 wage increases, whilst stores costs increased marginally by 2.0%. The increase in the decommissioning and restoration costs follows a reassessment of both the remaining life of mine, which is now estimated at 18 years, as well as a reassessment of the total costs.

Concentrate purchases

During the year the company purchased concentrates at a cost of R15 million in order to optimise smelter efficiencies.

Refining and realisation costs

Refining and realisation costs decreased by 11.6%, returning to more normal levels after the higher costs incurred in toll refining the concentrates during the smelter shutdown in the previous year.

Leased metal costs

The metal that was leased during the previous year was returned in the current year, resulting in a credit of R14 million.

Depreciation and impairments
The depreciation charge increased following a reassessment of the estimated life of the mine referred to above.

Change in inventories
The change in metal inventories is as a result of the higher unit sales volumes.

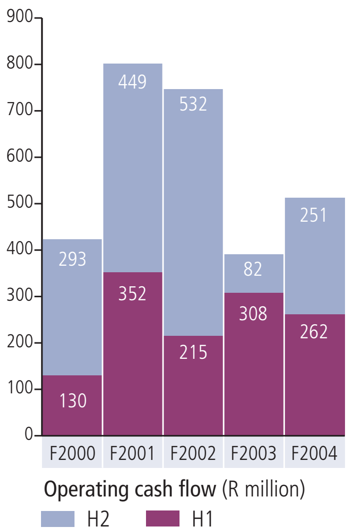
Investment income
Net investment income declined to R38 million as a consequence of the lower average cash balance and lower interest rates.

Net sundry revenue/(expenditure)
Metal hedging losses, partially offset by currency hedging gains, were primarily responsible for the net sundry expenditure increasing to R36 million compared to net sundry revenue of R24 million during the previous year.

Hedging
During the previous year the company embarked on a hedging programme to protect its revenues from any potential decline in the prices of platinum and palladium. This programme was continued during the current year, with a further 51 500 oz of platinum being hedged at an average price of US$674.87. The programme was suspended in December 2003 when the anticipated decline did not materialize. The platinum and palladium contracts that matured during the year resulted in a net loss of R49 million. There were no outstanding metal hedging contracts at year end.

In addition, the company hedged a portion of its foreign currency revenue in order to partially mitigate the effects of the continued strength of the rand. A realised gain of R6 million is included in net sundry revenue/(expenditure), and in terms of AC 133 – Financial Instruments: Recognition and Measurement, the currency hedging instruments outstanding at year end have been recognised at fair value at the end of the period, with a gain of R4 million being included in net sundry revenue/(expenditure).

Tax charge
The total tax charge of 35%, compared to the standard rate of 30%, is accounted for by Secondary Tax on Companies – 3.3%, permanent differences – 1.1% and a prior year adjustment of 0.6%.



Operating cash flow (R million)

Net income
The profit attributable to shareholders fell by 7.7% to R254 million compared to R275 million in the previous year.

Cash flow

Operating cash flow
The company generated strong cash flows, with operating cash flow amounting to R513 million compared to R390 million in F2003. The cash generated from operations declined by R46 million to R454 million whilst interest income declined from R63 million in F2003 to R37 million as a consequence of the lower average cash balance and lower interest rates. Working capital decreased by R139 million compared to an increase of R98 million in F2003. This decrease was primarily as a result of the decrease in metal inventories. Tax payments amounted to R118 million (F2003 – R76 million).

Investing cash flow

The net investing cash flow was R118 million (F2003 – R172 million), and comprised capital expenditure of R123 million, and sundry disposals of R5 million. The development programme (R38 million); access infrastructure to 1 level and 14.5 level (R20 million); improvements to hoisting arrangements (R12 million) and additional refrigeration plants (R15 million) were the major contributors to the capital expenditure of R123 million.

Planned capital expenditure for 2005 amounts to a total of R136 million and includes the following major items: the development programme (R33 million); development through the 20 line fissure fault (R11 million); furnace slag treatment facility (R12 million); additional backfill facilities (R10 million); and access infrastructure to 1 level and 14.5 level (R33 million).

Financing cash flows

In line with its policy of maximising distributions to shareholders, the company made a repayment of share premium of 35 cps, absorbing R81 million and paid an interim dividend of 45 cps, absorbing some R104 million, and has declared a final dividend of 60 cps. In addition, a further repayment of share premium of 20 cps will be made.

Balance sheet

The company's balance sheet remains strong, with cash and cash equivalents at the year end of R502 million (F2003 – R295 million) and net current assets of R563 million (F2003 – R512 million). The net environmental decommissioning and restoration liability is R3 million (F2003 – R1 million). Apart from this liability and the deferred tax provision of R332 million (F2003 – R330 million) the company has no debt.

Glyn Lewis
General manager
21 September 2004

Mineral resource and mineral reserve statement

Overview

In reporting on the company's reserves and resources for the year ended 30 June 2004, Northam complies with the reporting standards of the South African Resource Committee Code (SAMREC), published under the auspices of the South African Institute of Mining and Metallurgy.

These estimates were audited for compliance by the international mining consulting firm Steffen, Robertson and Kirsten (SRK) in August 2004.

The Merensky reef and the UG2 are well-recognized ore bodies, with well established lateral continuity across the mine property. The Merensky reef displays a wide range of lateral reef type variations that are interpreted by means of prospect drilling. 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.

Estimation and reporting of mineral reserves

- All mineral resource and mineral reserve estimates are based on underground operations only.
- The measured and indicated mineral resources 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 2004.

Mineral resource tonnages and grades are in-situ estimates. The most reasonable mining width has been assumed, in conjunction with the three platinum group elements (platinum, palladium and rhodium) and gold association (3 PGE+ Au) grade, and specific gravity. Estimates, derived from kriging parameters, were applied to the mining areas to estimate tonnage and metal content. Data used to derive kriging parameters is drawn from an extensive database containing individual sample information.

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 sub-facies are evident at Northam:

- The Normal Merensky reef;
- the Regional pothole.

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, FWP2, is not considered to be a primary mining target due to the undulating nature of the reef which adversely affects dilution and the resultant grade.

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 2004 to 2.10 Mt (541 koz) compared to the previous year's estimate of 2.55 Mt (676 koz) - a decrease of 17.6%. The main factor contributing to this decline is a lower extraction ratio which is currently calculated at 64%. Furthermore, the percentage of NP2 reef, which is a lower grade reef, has increased towards the eastern side of the lease area and is being exploited at a lower stoping width. The incidence of 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 an overall lower extraction rate and influences the quality of the ore sent for processing.

The reduction in the measured resource can also be attributed to the development program not attaining the desired targets. This led to fewer newly developed raises becoming available for mining.

UG2 reef

Mining on the UG2 reef is successful within the limitations created by the overstoping of the Merensky reef. Safe extraction of this reef and the prevention of falls of ground continues to be of paramount importance, and is supported by using a method where the stoping cut includes both the leader stringers that occur above the main member chromitite. This extraction method ensures a more stable hanging wall, contributing to a safer working environment. The UG2 reef has been found to be remarkably consistent and reef disturbances are currently insignificant.

The classification on the availability of the UG2 reef only includes those resources that are in de-stressed areas. UG2 raises developed in areas where the Merensky reef has not yet been extracted were not considered for the measured resource.

The measured resource on the UG2 has therefore decreased from 2.2 Mt (326 koz) in F2003 to 1.1 Mt (171 koz) in F2004.

Diagrammatic illustration of Northam lease area and mine plan

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 2004.

Mineral resource and mineral reserve statement

Merensky reef	Mineral reserve category				Mineral resource category				
	Tonnes Mt	MHG* g/t	Metal kg (000)	Metal koz		Tonnes Mt	In situ g/t	Metal kg (000)	Metal koz
Proved Northern boundary					**Measured** Northern boundary				
to 13 level	2.5	6.0	15	483	to 13 level	2.1	8.0	17	541
Sub total	**2.5**	**6.0**	**15**	**483**	**Sub total**	**2.1**	**8.0**	**17**	**541**
Probable Northern boundary					**Indicated** Northern boundary				
to 14 level	25.9	6.1	159	5 119	to 14 level	21.8	8.2	179	5 738
Shaft pillar					Shaft pillar	1.8	7.3	13	421
14 level to 18 level					14 level to 18 level	12.5	7.7	97	3 119
Sub total	**25.9**	**6.1**	**159**	**5 119**	**Sub total**	**36. 1**	**8.0**	**289**	**9 278**
Total	**28.4**	**6.1**	**174**	**5 602**	**Total**	**38.2**	**8.0**	**306**	**9 819**
At 30 June 2003									
Total	**27.2**	**6.1**	**165**	**5 306**		**44.8**	**7.5**	**337**	**10 829**

UG2 reef	Mineral reserve category				Mineral resource category				
	Tonnes Mt	MHG* g/t	Metal kg (000)	Metal koz		Tonnes Mt	In situ g/t	Metal kg (000)	Metal koz
Proved Northern boundary					**Measured** Northern boundary				
to 12 level	1.1	4.1	5	148	to 12 level	1.1	4.9	5	169
Sub total	**1.1**	**4.1**	**5**	**148**	**Sub Total**	**1.1**	**4.9**	**5**	**169**
Probable Northern boundary					**Indicated** Northern boundary				
to 12 level	36.9	4.1	150	4 822	to 12 level	35.4	4.9	173	5 510
Shaft pillar					Shaft pillar	2.1	4.9	11	333
					12 level to 18 level	20.9	4.9	102	3 247
Sub total	**36.9**	**4.1**	**150**	**4 822**	**Sub total**	**58.4**	**4.9**	**286**	**9 090**
Total	**38.0**	**4.1**	**155**	**4 970**	**Total**	**59.5**	**4.9**	**291**	**9 259**
At 30 June 2003									
Total	**46.4**	**4.0**	**187**	**5 988**		**63.9**	**4.7**	**298**	**9 480**

* Mill head grade

Northam's resources and reserves statement has been compiled by a professional team comprising:

JC Roberts MSc – Chief Surveyor with 12 years experience in platinum valuation.

D Smith BSc (Hons), Geology, MSc Geology, Pr. Sci.Nat. 400 323/04 – Chief Geologist with 9 years experience in the Bushveld Complex.

Sustainable development

"Business cannot flourish in an ocean of poverty"

Tokyo Sexwale, Chairman of the Business Chapter of the WSSD, Johannesburg 2002

With Northam's continuing transformation, it is placing a renewed focus on those aspects of its business which foster and promote sustainability. We continue to be vigilant about minimising any potential negative impacts of our business on our employees, neighbouring communities and the environment. At the same time, we have also made some modest progress in integrating the elements of sustainable development into our business practices.

The company's economic performance is reported in the preceding pages of this report. Further information on employment practices, training and development is provided in the Empowerment Scorecard on page 26, where we continue to report on progress on the provisions of the Broad-based Socio-Economic Charter for the Mining Industry (the Mining Charter).

This section of the company's annual review seeks to report on Northam's social and environmental performance. Taking into account the nature of the company's business, the disciplines of safety and health remain the primary focus area to measure social performance.

Safety

The good progress made in 2004 in halting some deterioration in the 2003 safety statistics was almost entirely obliterated by the single largest underground mining accident at Northam some three months into the 2005 financial year.

In the early hours of the morning of Monday 20 September 2004, a fire was detected on a conveyer belt between 13 and 14 levels, some 2 100 metres underground. Rescue teams successfully evacuated 46 people from the affected area and extinguished the fire. Tragically however, a further nine employees working in a development end on 14 level, who could not be rescued in time, died as a result of the accident.

At the time of going to print the exact cause of the fire is still the subject of a full departmental inquiry.

Any loss of life at work is unacceptable. But it is to be hoped that the scale of this tragedy will result in some deep introspection amongst the entire workforce and all parties involved. Along with the appropriate remedial actions that will result from the investigations, we will all need to take a hard look at ourselves to ensure that nothing like this happens at Northam ever again.

There has been good progress in halting the disturbing trend in safety performance in 2003. Nevertheless, the death of four employees at our operation during the year is unacceptable, and further work remains to be done in changing attitudes towards safety throughout all the levels of our organisation.

New standards have been set for **safety training** with **clear targets** and **measurable outcomes**.

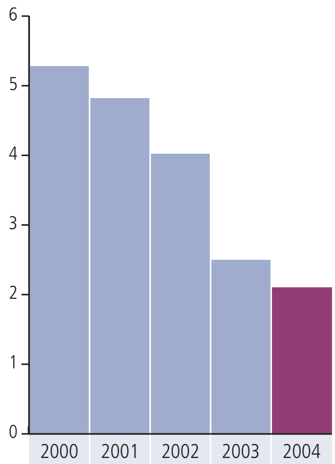
At the beginning of the year the main causes of underground mining accidents were falls of ground (FOG). With the continuing FOG prevention campaign (described more fully below) this trend appears to be diminishing. Towards the end of the financial year at-risk behaviour, as opposed to at-risk conditions, started manifesting as the main cause of accidents.

During the year Northam had 11 inspectorate visits from the Department of Minerals and Energy (DME). In certain cases these visits have shown up some shortcomings in safety practices and procedures. These shortcomings, most of which have been isolated incidents, have since been addressed. On a positive note, the visits have also elicited good feedback with regard to support standards and underground ventilation and air flow. Good compliance (between 80 and 100%) has been achieved with regard to the distance of backfill and pre-stress elongate support from the workface – which is set at 1.5 metres. Next year's target is to get all support to a minimum of 90% compliance and to maintain it at that level.

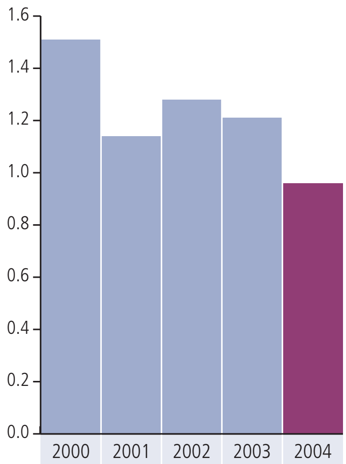
Progress on safety initiatives

- Training in the effectiveness of accident investigations focused on the ABC (Activators, Behaviours, Consequences) cause analysis techniques. Shift bosses, mine overseers and underground managers received training in this technique with the ongoing implementation of the behaviour based safety (BBS) programme.
- New standards have been set for safety training with clear targets and measurable outcomes.
- The SOS fall of ground prevention campaign has yielded considerable success with a number of sections qualifying for the 150 FOG free day category. The number of falls of ground is steadily decreasing. Results are clearly communicated and a 34% decrease had been measured when comparing the last six months with the first half of the year. Most significant was the decline in the lost time and reportable injuries.
- The BBS training, known at Northam as Sizanani (to help one another), was launched in August 2003. Training for team coaches started in January, and by the end of the year 500 team coaches had been trained. The Behaviour Intervention Action Plans (BIAPs) were completed in the third quarter of the year and have been implemented in all the sections.

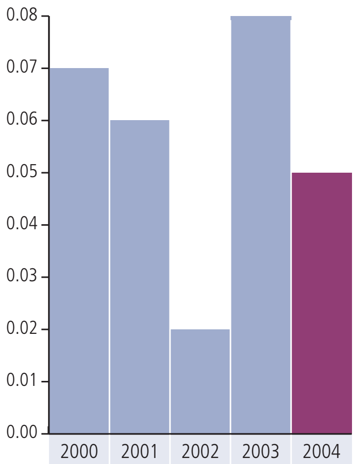
Primary safety indicators



LTIIR
Lost time injury incidence rate



RIIR
Reportable injury incidence rate



FIIR
Fatal injury incidence rate

(rates per 200 000 man hours)

- Behaviour Intervention Assessors' training was completed for safety officers, who are directly involved in the implementation, monitoring and measuring of targets.
- Industrial theatre has been proven to be a valuable tool in an integrated approach to safety awareness. This is used frequently at the mine, with employees also being used in the productions.
- Safety awareness extends to off-job hours with campaigns to improve road safety.
- An accident management system has been introduced which includes improved communication of information on all aspects of safety, including accident investigations.

Occupational health

Northam's mining and processing environment holds relatively few occupational health hazards. Employees are subjected to regular medical examinations in order to detect any possible manifestation of illness and disease. In line with legislation, tests are performed for Chronic Obstructive Airways Disease (COAD – including silicosis and pneumoconiosis), noise induced hearing loss (NIHL) and tuberculosis (TB). In addition, and exceeding the legal requirements, medical staff perform random tests for cholera.

No cases of COAD have been reported at Northam in the past five years. However, 75 employees were compensated for noise-induced hearing loss (NIHL) in the current reporting period. Although this number is slightly higher than in previous years, it is largely attributable to employees' prior exposure to underground pneumatic drilling equipment at other mines. To date all cholera tests have also been negative. However, medical staff will continue to perform these tests, which take into account employees' places of origin.

Medical examinations performed

	Full time employees	Contractors
Initial	704	1 474
Annual	6 051	724
Exit	294	1 004

The increased incidence of TB remains a matter of concern. During the period under review 94 new cases of TB were diagnosed, although the number does not indicate any specific trend. Given that underground work is a known risk factor for contracting pulmonary TB, and that the working environment has remained unchanged, the higher prevalence could be ascribed to the incidence of HIV. Also of concern is that HIV positive patients who are treated with prophylactic antibiotics are more susceptible to developing multi-drug resistant TB.

Medical staff maintain regular contact with TB patients to ensure that they adhere to their treatment regimens. Counselling and follow-ups continue.

Renewed emphasis was placed on the reduction of preventable workplace accidents; this has been complemented by medical staff's focus on promoting the use of personal protective equipment (PPE), while encouraging employees to take in adequate fluids and maintain a healthy diet.

Northam plays an **active role** in the area through **partnerships** with **government agencies, NGOs** and other **businesses**.

Since April 2004 the company's outsourced medical services reside within Platinum Health, a reputable and well-resourced provider which has extensive infrastructure and readily available medical expertise.

Northam has also engaged the services of a medical rescue company, Netcare 911, particularly to deal with

A recent development in the local area, the **Hope Crisis Centre** is a **unique initiative** started by **volunteers** in the **community**, to provide further **care, counselling, training** and **education** with a specific **focus** on **individuals** who are both **infected** and **affected** by **HIV/AIDS**, and **victims** of various forms of **trauma** and **abuse**.

medical emergencies such as mine accidents. This has resulted in considerably improved response times in emergency situations. Debriefing/counselling sessions for bystanders in emergency situations have also improved with the expansion of the employee assistance programme (EAP).

Dealing with the scourge of HIV/AIDS

Since July 2001, 325 cases of HIV have been identified. Tests continue to be conducted on a voluntary basis, and include both pre- and post-test counselling. Although there are some signs that employees are making better use of the voluntary counselling and testing (VCT) provided, there is still not adequate uptake of these services, in all likelihood still owing to the stigma of the disease. The prevalence phase of the epidemic is still evident at Northam, and there is a need for prevalence testing to ascertain more reliable information on disease levels at the company.

A matter of concern is the absence of any real decline in repeat sexually transmitted infections despite continuous efforts to change behaviour patterns. Renewed efforts to raise awareness and change behaviour patterns have begun, with a specific focus on induction training for foreign workers, who, in their places of origin, do not always have access to this education. Peer education is now well established at Northam and in the surrounding communities. Frequent block to block visits are conducted throughout the Madiba Village and in local hotspots.

Northam plays an active role in the area through partnerships with a number of organisations, including the provincial and local government authorities, NGOs and other businesses active in the region in promoting HIV/AIDS awareness and in fighting the spread of the epidemic.

In September 2003 Northam participated in the North West Province provincial council on HIV/AIDS. This structure advises the government on AIDS related issues in the province. Northam has also been active in the partnership campaign hosted by the Thabazimbi local municipality, which was initiated by the Waterberg district municipality. Other participants were Kumba Resources, Amandelbult, various NGOs and government departments.

During the year an HIV information and learning centre was established on the mine. The focus at the centre is on new recruits and ex-leave employees, but the centre is also accessible to the broader employee body and to the neighbouring community. Induction courses run on a weekly basis. The centre offers the following services:

- Life threatening diseases education material
- Pre and post test counselling sessions for HIV
- Information and counselling on STIs and TB
- Visual education – videos, slides, posters and books
- One-on-one consultation

Circle of Hope community initiative

Northam has recently become a participating member of the Circle of Hope. This is a community initiative, managed by the CSIR, and is a partnership with local and provincial government, Anglo Platinum, NGOs, faith-based organisations and traditional leaders. The Circle of Hope actively engages with communities through peer education, managing STIs and TB, VCT and wellness, home-based care, and socio-economic empowerment initiatives.

The new domestic science centre at the Naletsana School boasts kitchen counters made from recycled material from the mine. Northam has contributed to the upgrade of this and other facilities at the school, making available resources, material and funding.

Hope Crisis Centre

A recent development in the local area, the Hope Crisis Centre is a unique initiative started by volunteers in the community, to provide further care, counselling, training and education with a specific focus on individuals who are both infected and affected by HIV/AIDS, and victims of various forms of trauma and abuse. The centre is a response to years of underdevelopment, lack of information and the inadequate awareness among communities of their human rights. Of particular relevance among the services are the provision of places of safety, and care homes and shelters. Northam is making available both facilities and resources to support and grow this initiative.

Uplifting local communities

The company's corporate social investment (CSI) programme was formalised in 2003 and is administered by a CSI committee chaired by the manager: financial services.

The main focus of CSI expenditure and activity in the past financial year has been on education. Northam's operations are in a fairly remote area of the country in the Limpopo Province, where schools are relatively isolated, and learners frequently need to travel long distances to and from schools. For a number of years now Northam has provided transport by bus for children to and from school, and in 2003 Northam made available R1 million for the Northam Comprehensive School, which is a Nelson Mandela Schools project.

One of the most important criteria when allocating funding and resources for projects is their sustainability, the level of community initiative, support and buy-in, and what difference the project would make to people's lives. An example of such a project is the Naletsana School at Koedoeskop. Although Northam is not the main sponsor of this school, the company has made available resources, material and equipment for a domestic science classroom, which will be a multi-purpose venue also for art classes and science. The school serves some 500 learners from the local farming community, and provides technical education and vocational training to Grade 10 level, together with hands-on training and knowledge/skills transfer for teachers. Parents of the learners are also engaged in the upgrading of the school's facilities.

Also on the educational front, Northam is a partner with the Telkom Foundation in the Ntsime Secondary School, where some 20 computers and workstations have been provided.

In line with the spirit of volunteerism which is coming to the fore in this remote area, Northam's human resources department has become engaged in other initiatives, such as providing legal resources amongst the local community. In addition, the company is making available skills training for a number of unemployed people in the community at the Itereleng training centre in Thabazimbi.

Environment

Northam's environmental programme continues to focus on minimising the impacts of its operations on both ground and surface water and air quality, while also protecting and preserving the area's biodiversity.

The company's environmental management programme report (EMPR) remains the blueprint for monitoring and control, and is regularly reviewed in consultation with the relevant regulatory authorities.

In addition, independent audits are performed to ensure compliance, while environmental staff keep abreast of technological advances to pursue further mitigation of potential environmental impacts.

The two watercourses in the vicinity of the Northam operations, the Bierspruit and the Crocodile River, have to date manifested minimal adverse effects emanating from the mine's activities. These watercourses are an important focus area of the company's biodiversity programme, and Northam continues to monitor the level of impairment, if any, on their water quality.

Recycling of water remains an important strategy in Northam's continuing drive to minimise water usage. Total consumption of 12 837 megalitres (F2003: 15 058 megalitres) was measured in the year under review. The amount of water supplied from the Magalies Water Board remained constant at 3 816 megalitres; the balance of 9 021 megalitres having been recycled.

The mine's integrated water strategy is up and running. Groundwater monitoring is performed on a quarterly basis to determine the impact of operations on the subterranean environment. In general, the quality of the groundwater has been found to be of an acceptable standard. There is no evidence of heavy metal contamination, and, while the salinity of the groundwater is high, in most cases this can be accounted for by the hydrogeology of the region. Some sample wells manifested unacceptably high nitrate concentrations, but this was largely confined to the domestic waste area, the concentrator plant and around the waste dump. This could increase the risk of plume algae at surface water discharge points, but the risk was largely mitigated by the low phosphate levels in all the samples taken.

Tests and analyses undertaken during the year have indicated that neither the waste rock dump nor the ore stockpile represent a significant risk of either acid or heavy metal contamination of the groundwater.

The environmental department continues to work towards preparing for applications for water user licences in terms of the South African National Water Act.

Waste management

Significant improvements have been made in terms of the re-use of reclaimed material and the management of the waste sorting facilities.

The licensed domestic waste disposal site continues to be well managed. Biannual audits are conducted by independent assessors. In certain cases some insignificant and isolated areas of non-compliance were identified. These have since been addressed.

Containing air pollution

The main potential threats to air quality at Northam are sulphur dioxide emissions (SO_2) from the smelter, particulates (dust) from the tailings dams, transportation and materials handling, and carbon dioxide emanating from surface transport vehicles. Northam maintains a strict air quality management programme, and in the reporting period SO_2 levels remained at levels well below the allowable threshold.

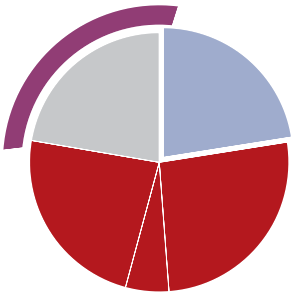
The installation of a wet scrubber system downstream of the electrostatic precipitator has eliminated dust emissions at the smelter. With the grassing of the tailings dams dust levels are negligible, as is the case in the underground hydropowered workings.

With the conversion of the refrigeration plant to acceptable R134a refrigerants, ozone-depleting substances (CFCs) have been phased out.

Empowerment scorecard

Key performance area | **Current status and remarks**

Ownership and joint ventures

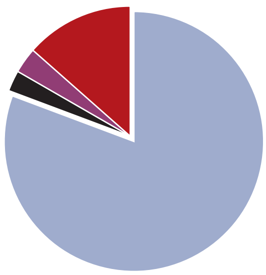


Ownership profile

Mvela	22.3%
Anglo Platinum	22.5%
Free float (including Allan Gray 26.3% and Stanlib 5.4%)	55.2%
BEE stake post Booysendal transaction	34%

- Mvelaphanda Resources Limited, a BEE company, owns 22.3% of Northam's issued share capital, rendering Northam one of the foremost empowerment companies in the platinum sector. With Northam's planned acquisition of a 50% interest in the Booysendal Project from Mvela, Mvela's BEE stake in Northam is set to grow to approximately 34%.

Human resource development



Union and association membership

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

The company employs some 6,800 people, excluding contractors, which number approximately 1 200.

Efforts to transform the company's workforce to reflect more accurately the demographic profile of the country remain constrained by a lack of appropriate skills on the one hand and on the other by competition for the same skills from other mining companies. Northam's single mine status is a further impediment in this regard.

- With the continuing success and popularity of the adult basic education and training (ABET) programme, capacity has expanded with the addition of ten computers, while further classrooms are planned to accommodate employees on the waiting list.
- The Northam ABET centre is recognized by the Mine Qualification Authority (MQA) and the National Education Department as an educational provider to the equivalent of Grade 9 level.
- Functional literacy tests undertaken during the year identified a 59% functional literacy level (i.e ABET level 2 English).
- Since 2001 the ABET pass rate has improved by almost 50%, from a rate of 67% in 2001 to 100% in 2004, with 428 passes. Also encouraging is the increasing number of employees enrolled and succeeding in the subjects of numeracy, new technology and science.
- The focus remains on training to develop skills and raise educational levels of HDSAs.

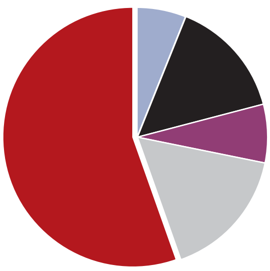
Key performance area	Current status and remarks

Nevertheless, training remains a critical component of the human resources development effort. Some R16.5 million was allocated to training during the year, equivalent to 3.7% of total labour costs.

Experiential training opportunities are provided for bursars at tertiary institutions. Currently there are 24 learnership positions, while six bursars have completed their training in disciplines such as engineering, mining and metallurgy.

- Employees are encouraged to advance their educational and professional qualifications. The company has made available R100 000 in interest-free study loans to employees for this purpose.
- Northam currently employs 88 women in service departments. Measures to integrate women into the underground working environment are being considered.

Migrant labour



Employee profile by origin

	Swaziland	6.07%
	Lesotho	14.84%
	Botswana	7.28%
	Mozambique	16.40%
	South Africa	55.41%

- No discrimination against migrant and/or foreign labour is tolerated. Employees are drawn from the local area and from neighbouring countries. The ratio of foreign vs local employees stands at about 45:55 with deliberately integrated work teams.

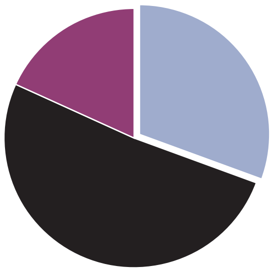
Mine community and rural development

- Continuing assistance is provided for local schools. The Northam/Telkom joint project at the Ntsime School is ongoing, and the school already has 20 additional computers and workstations.

Key performance area	Current status and remarks
Mine community and rural development (continued)	Northam has made R1 million available for the new Northam Comprehensive School, and is actively involved in improving facilities at the Naletsana School in Koedoeskop. (See page 22 and 23 for further information on these and other rural development initiatives). • The company participates in the local and provincial authorities' growth and economic development programmes.
Housing and living conditions 	• Continuous improvements have been made to the Madiba village, where the majority of the employees live, while the promotion of home ownership remains a focus. A housing forum, with representation from management, the employee body and the unions has been established as a consultative forum to plot a way forward. The results of a housing survey indicate that most employees prefer to live in their own houses in their home towns or place of origin. Others prefer to live in their own homes in Thabazimbi and Northam. • To date a few employees have taken advantage of the Greenstart/Modjateng housing project, while the company is making further significant progress in discussions with formalized financing and developer institutions in identifying the most appropriate home ownership options. • Further consultations are also underway with the local and provincial authorities on the purchase of land to build houses for Northam employees. • Improvements to the Madiba Village in 2003 included the upgrading of canteen facilities and in the quality of nutrition for employees. During the current reporting period further improvements have been made. Three meals, each offering two menus, are served on a daily basis to some 4 800 residents. Strict quality control of nutritional intake continues, with visits by dieticians from Platinum Health and inspectors from the Department of Health on a regular basis.

Key performance area	Current status and remarks

Procurement from HDSA suppliers



HDSAs are categorized as follows

Between 5 and 25% HDSA ownership	30.6%
Between 25 and 50% HDSA ownership	51.2%
Above 50% HDSA ownership	18.2%

- Northam is a member of the South African Preferential Procurement Forum which has been tasked by the Department of Trade and Industry to compile a list of HDSA companies as defined by the Mining Charter. In turn Northam is allowed to access and draw from this database. During the year the company put systems in place to evaluate its own supplier database in terms of HDSA compliance.
- Northam's procurement expenditure with HDSA suppliers currently stands at 24.6%, growing from 6% in 2003.

Beneficiation

- Studies are in progress with regard to expanding Northam's refining capacity in South Africa.

Employment Equity F2004

Occupational level	2004 White Male	2004 HDSA	2004 HDSA%	2005 Target HDSA%
Managers and senior officials	66	5	7.0	17.6
Skilled technical and academically qualified	336	224	40.0	52.0
Semi-skilled and discretionary decision making	51	5 360	99.1	98.2
Unskilled and defined decision making	30	724	96.0	96.8
Total	**483**	**6 313**	**92.9**	**93.9**

The Northam Comprehensive School. The company contributed R1 million to this Nelson Mandela Schools Project initiative.

Corporate governance report

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 ensures 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. The directors are mindful of the fact that the company currently has no independent non-executive directors and is taking steps to remedy this situation.

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

On 6 August 2003, the board 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.

As reported last year, the company had developed an integrated risk management framework which identified 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 and South African Statements of Generally Accepted Accounting Practice. These financial statements incorporate full and responsible disclosure and are based on appropriate accounting policies that have been consistently applied, except where otherwise reported, and which are supported by reasonable and prudent estimates and judgements.

The external auditors, whose report appears on page 39, are responsible for reporting on these financial statements in conformity with 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 eight non-executive directors, details of whom appear on pages 36 and 37.

With the resignation from the board of directors of the company of Mr A S Malone during March 2004, and the subsequent appointment of Mr M E Beckett to the board of Mvelaphanda Resources Limited (one of the company's major shareholders) the company no longer has any independent directors.

Although there is currently no executive director, Mr G T Lewis, the general manager, fulfils the role of chief executive officer. He attends all board meetings and reports directly to the board. In addition he attends all board appointed committee meetings and reports directly to such committees.

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.

The board has established four standing committees, namely the Audit Committee, the Health, Safety and Environmental Committee, the Nomination Committee and the Remuneration 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
R H H van Kerckhoven
M J Willcox

The Audit Committee comprises three non-executive directors. 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.

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 no longer regarded as an independent non-executive director (having been appointed to the board of Mvelaphanda Resources, one of the company's major shareholders, during the year) 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.

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
R G Mills (Alternate: Dr J R Johnston)

The Health, Safety and Environmental Committee comprises three non-executive directors. The committee, which is scheduled to meet four times a year, is tasked with overseeing 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, 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.

Nomination Committee

T M G Sexwale – Chairman
R Havenstein
E Molobi

This committee was established last year, and comprises three non-executive directors. The committee, which meets at least once a year, 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. Mr A S Malone, having resigned as a director of the company on 1 March 2004, automatically relinquished his membership of the committee. No meetings were held during the reporting period.

Remuneration and Employee Equity Committee

E Molobi – Chairman
R Havenstein
T M G Sexwale

The Remuneration and Employee Equity Committee comprises three 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.

Mr A S Malone, the chairman of this committee and an independent non-executive director, resigned from the board of directors of the company on 1 March 2004 and accordingly his membership of the committee terminated. Mr E Molobi was appointed chairman in place of Mr Malone on 29 March 2004. Although Mr Molobi is not an independent non-executive director, 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.

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. Communications with employees and other stakeholders are in the form of an in-house news publication and regular briefings.

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 for both current and future generations;
- Applying the highest ethical standards in its dealings with customers and suppliers;
- Supporting communities to improve the quality of their lives;
- 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

Closed periods

The company maintains a closed period of six weeks 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.

Attendance at board and committee meetings

The attendance by the directors at board meetings and the various committee meetings during the year under review is reflected in the following table:

	Board meetings	**Audit Committee meetings**	**HSE Committee meetings**	**Remuneration and Employment Equity Committee meetings**
Number of meetings held	5	5	4	2
Attendance per director				
M E Beckett	4	4	3	n/a
D T G Emmett	5	n/a	4	n/a
R Havenstein	5	n/a	n/a	2
A S Malone (1)	1	n/a	n/a	1
E Molobi	4	n/a	n/a	1
T M G Sexwale	5	n/a	n/a	1
R H H van Kerckhoven	5	4	n/a	n/a
B R van Rooyen	5	n/a	4	n/a
M J Willcox	5	1	n/a	n/a
J R Johnston (2)	n/a	n/a	1	n/a

(1) Mr A S Malone resigned as a director on 1 March 2004.
(2) Alternate member to Mr D T G Emmett on the Health, Safety and Environmental Committee.

T M G Sexwale
Chairman

M E Beckett
Chairman – Audit Committee

Johannesburg
21 September 2004

Directorate and senior management

Directors

Michael Edward Beckett (68) (British) BSc, FIMM
Non-executive director.
Joined the board in 1999.
Chairman of Oxus Gold plc, director of Orica Pty, London Clubs International plc and My Travel plc. A geologist by training, Michael was formerly managing director of Consolidated Gold Fields plc. He also, until recently, served as Chairman of Ashanti Goldfields plc and Clarkson plc.

Ralph Havenstein (48) MSc (Chemical Engineering), B Comm
Non-executive director.
Joined the board in 2003.
Prior to his appointment as Chief Executive Officer of Anglo Platinum, 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.

Robin Mills (56) 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.

Eric Molobi (59) 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 Bank Limited, Imperial Holdings Limited, Metropolitan Holdings Limited, Mvelaphanda Resources Limited, National Housing Finance Corporation, Rembrandt Group Limited, N M Rothschild and Sons (South Africa) (Proprietary) Limited and Steffen, Robertson and Kirsten (South Africa) (Proprietary) Limited and a member of the Council of the University of Stellenbosch.

Tokyo Mosima Gabriel Sexwale (51) Cert Bus Studies (Univ Botswana, Lesotho and Swaziland)
Non-executive director.
Joined the board in 2000 and appointed chairman later that year.
Chairman of Mvelaphanda Holdings (Proprietary) Limited, Mvelaphanda Resources Limited Rand Mutual assurance Company Limited and Trans Hex Group Limited and a director of ABSA Group Limited and Gold Fields Limited. Trustee of The Nelson Mandela Foundation, The Business Trust and serves as Honorary Consul General of Finland. A former political prisoner on Robben Island, Tokyo served on the national executive committee of the African National Congress. He is a former premier of Gauteng Province and chaired the Business Co-ordinating Forum for the Johannesburg World Summit on Sustainable Development in 2002.

Roeland Herman Hendrik van Kerckhoven (52) (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 in 1994, Roeland held various financial positions within Johannesburg Consolidated Investment Company Limited.

Bernard Renier van Rooyen (70) BA LLB
Non-executive director.
Joined the board in 1999.
Deputy chairman of Mvelaphanda Resources Limited and Trans Hex Group Limited and director of Banro Corporation, Gold Fields Limited, Rand Water, Societe Aurifere du Kivu et du Manieme SARL and The Cementation Company (Africa) Limited. Bernard was previously an executive director at Gold Fields of South Africa Limited with responsibilities at various times for new business and corporate finance.

Mark John Willcox (34) 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 Resources Limited and Trans Hex Group Limited. A lawyer by training, Mark started his career with a major investment house based in the United States.

Senior management

Glyn Lewis (47) BSc (Mining Engineering), MBA
General manager
Appointed mine manager in 2001; promoted to general manager in 2002.

Peter Badenhorst (49) NHD (Mining)
Manager – production
Joined Northam in 1993; appointed manager – production in 1999

Mario Gericke (37) BSc (Mining Engineering)
Manager – production
Joined Northam in 1994; appointed to current position in 2002

Tinus Fourie (47) B Comm
Manager – financial services
Joined Northam in 2001 in current position

Rob Kendall (49) Pr Eng
Manager – engineering services
Employed at Northam since 1990 in various engineering capacities; appointed manager – engineering services in 2001

Danie Minnaar (48) Pr Eng, B Eng (Metallurgy), B Comm
Manager – metallurgical operations
Appointed manager – metallurgical operations in 2001

Rene Rautenbach (47) NHD (Mining)
Manager – projects
Joined the company in 2001 as project analyst. Appointed manager in 2002

Moffat Thekiso (58) DipSw, MDP, DPLR
Manager – Human Resources
Appointed manager – human resources in 2003.

Derek Wolstenholme (54) CA (SA)
Corporate Finance Manager
Appointed corporate finance manager in 1999.

Annual financial statements

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The financial statements set out on pages 40 to 69 were approved by the board of directors on 21 September 2004, and are signed on its behalf by:

T M G Sexwale
Chairman

B R van Rooyen
Director

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

21 September 2004

Report of the independent auditors

To the members of Northam Platinum Limited

We have audited the annual financial statements for the year ended 30 June 2004 as set out on pages 40 to 69. These financial statements are the responsibility of the 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 2004 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

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

Johannesburg
21 September 2004

Directors' report

The directors have pleasure in submitting their report for the year ended 30 June 2004. The operational performance of the company is set out in the general manager's report, whilst the nature of business is described in the corporate profile on the inside front cover.

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 30.

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, cash flow statement, statement of changes in equity and notes to the financial statements, on pages 49 to 69, reflect the financial results and position of the company.

Dividends

Dividends totalling 105 cents per share (F2003: 90 cents per share) absorbing R243 124 000 (F2003: R208 385 000) were declared. Details are as follows:

Interim dividend (No 10) – 45 cents per share

Declaration date:	4 February 2004
Last day to trade cum div:	20 February 2004
Commencement of trading ex div:	23 February 2004
Record date:	27 February 2004
Payment date:	1 March 2004

Final dividend (No 11) – 60 cents per share

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

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 (F2003: R3 500 000) divided into 350 000 000 (F2003: 350 000 000) shares of one cent each.

During the year 5 000 shares were allotted and issued to participants of the Northam Share Option Scheme, for an aggregate consideration of R24 000, resulting in the issued share capital at 30 June 2004 being 231 543 500 (2003: 231 538 500) shares of one cent each.

Since the balance sheet date a further 5 000 shares have been allotted and issued in terms of the rules of the aforementioned scheme.

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

Capital repayment No 3 – 35 cents per share

At a general meeting held on 1 October 2003, shareholders approved the repayment of share premium in the amount of 35 cents per share. Salient details are as follows:

Date of general meeting:	1 October 2003
Last day to trade cum distribution:	10 October 2003
Commencement of trading ex distribution:	13 October 2003
Record date:	17 October 2003
Payment date:	20 October 2003

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, referred to below, the directors resolved 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 6 November 2003 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 Securities Exchange South Africa 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 70.

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 6 November 2003 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 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 special resolution, as well as the reasons therefor and the effects thereof, appears in the notice of annual general meeting on page 70, 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 Securities Exchange South Africa 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 Securities Exchange South Africa 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 926 000 shares.

During the year the exercise price of certain outstanding options was amended, in term of Clause 6.2 of the rules of the Scheme, so as to take into account the effects of the recent repayments of share premium. The relevant changes are as follows:

	Original exercise price – cents	Revised exercise price – cents
Offer dated 9 November 1999	600	470
Offer dated 7 November 2000	1 500	1 370
Offer dated 20 November 2001	1 200	1 070
Offer dated 18 November 2002	2 000	1 945
Offer dated 23 January 2003	1 730	1 675

The revised exercise prices as set out above will be further reduced by 20 cents per share, in terms of the rules of the Scheme, to take into account the effects of Capital Repayment No 4.

A summary of the shares held under option at 30 June 2004 is as follows:

Earliest and latest exercise date	Price per share (cents)	Total number of options
9 November 2001 and 8 November 2004	470	35 000
7 November 2002 and 6 November 2005	1 370	218 000
20 November 2003 and 19 November 2006	1 070	1 275 000
18 November 2004 and 17 November 2007	1 945	3 080 000
23 January 2005 and 22 January 2008	1 675	60 000

Number of options held at 30 June 2003	4 668 000
New options granted during the year at R10.80 per share	1 402 000
Number of options forfeited during the year	504 500
Number of options exercised during the year	5 000
Number of options held at 30 June 2004	5 560 500

At 30 June 2004 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 2004	Options exercisable in F2005	Options exercisable thereafter
9 November 2001 and 8 November 2004	470	30 000	30 000	–	–
7 November 2002 and 6 November 2005	1 370	206 500	206 500	–	–
20 November 2003 and 19 November 2006	1 070	1 170 000	585 000	585 000	–
18 November 2004 and 17 November 2007	1 945	2 780 000	–	1 390 000	1 390 000
23 January 2005 and 22 January 2008	1 675	60 000	–	30 000	30 000
14 October 2005 and 13 October 2009	1 080	1 314 000	–	–	1 314 000
		5 560 500	821 500	2 005 000	2 734 000

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
11 February 2004	5 000	4.70	24
Total	5 000		24

Directors' report

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 July 2003 – Mr R Havenstein was appointed a non-executive director in place of Mr B E Davison who resigned with effect from 30 June 2003.

1 March 2004 – Mr A S Malone resigned as director.

1 September 2004 – Mr R G Mills was appointed a non-executive director in place of Mr D T G Emmett who resigned with effect from 30 August 2004.

The composition of the board of directors, as well as of board appointed committees, at the date of this report, is reflected on pages 32, 33 and 36.

The directors retiring by rotation in terms of the provisions of the company's articles of association are Messrs M E Beckett and B R van Rooyen who, being eligible and available, offer themselves for election. Furthermore, any director appointed during the course of a year shall retain office until the next annual general meeting. As Mr R G Mills was appointed a director on 1 September 2004, members will be requested at the forthcoming annual general meeting to consider resolutions providing for the election and re-appointment of Messrs Beckett, Mills and van Rooyen as non-executive directors of the company.

Brief summaries of their curricula vitae appear on pages 36 and 37.

Directors' fees

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

Board fees

- Board chairman – R80 000 per annum.
- Board members – R40 000 per annum.
- Board meeting attendance fees – R3 000 per meeting.

Board appointed committees

- Committee chairmen – R40 000 per annum.
- Committee members – R20 000 per annum.
- Committee meeting attendance fees – R2 000 per meeting.

The current level of directors' fees was set in 1999, and in order to recognise the additional duties imposed with greater levels of corporate governance, it is proposed to increase the fees by an average of 25%, equivalent to an annual increase of 3.8%, as set out below:

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 was as follows:

	Fees R000	Remune-ration package R000	Perfor-mance bonus R000	Gain on exercise of options R000	Total R000
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**
2003					
Executive					
I C Watson	–	1 439*	103	2 363	3 905
Non-executive					
M E Beckett	106	–	–	–	106
B E Davison	73	–	–	–	73
D T G Emmett	83	–	–	–	83
A S Malone	76	–	–	–	76
E Molobi	76	–	–	–	76
T M G Sexwale	141	–	–	–	141
R H H van Kerckhoven	103	–	–	–	103
B R van Rooyen	145	–	–	–	145
M J Willcox	81	–	–	–	81
	884	1 439	103	2 363	4 789

* Includes leave pay

Service contracts

None of the directors has a service contract with the company.

Directors' report

(CONTINUED)

Directors' interests

According to information available to the company after reasonable inquiry, the interests of the directors and their families in the shares of the company at 30 June 2004 were as follows:

	30 June 04				**30 June 03**		
	Direct beneficial holding	**Indirect beneficial holding**	**Ind. non-beneficial holding**	**Total**	Direct beneficial holding	Ind. non-beneficial holding	Total
M E Beckett	**30 000**	**–**	**–**	**30 000**	30 000	–	30 000
A S Malone*	**–**	**–**	**–**	**–**	55 000	–	55 000
T M G Sexwale	**–**	**2 093**	**4 284 629**	**4 286 722**	–	6 757 959	6 757 959
R H H van Kerckhoven	**5 145**	**–**	**–**	**5 145**	5 145	–	5 145
B R van Rooyen	**37 462**	**–**	**–**	**37 462**	37 462	–	37 462
M J Willcox	**–**	**1 048**	**1 252 958**	**1 254 006**	–	1 351 592	1 351 592
	72 607	**3 141**	**5 537 587**	**5 613 335**	127 607	8 109 551	8 237 158

* Mr A S Malone resigned as a director with effect from 1 March 2004.

At 30 June 2004, there were no direct non-beneficial holdings by directors.

Since 30 June 2004 and up to the date of this report, there have been no changes to the directors' shareholdings.

Analysis of shareholders at 30 June 2004

Shareholding range	Number of holders	Total shareholding	Percentage holding
1 – 5 000	6 305	5 653 783	2.4
5 001 – 10 000	377	2 883 470	1.3
10 001 – 50 000	367	8 431 492	3.6
50 001 – 100 000	64	4 786 316	2.1
100 001 – 1 000 000	169	48 896 528	21.1
1 000 001 and over	31	160 891 911	69.5
Total	7 313	231 543 500	100.0

Category of shareholder	Number of holders	Total shareholding	Percentage holding
Individuals	7 152	21 377 205	9.2
Companies	2	103 835 593	44.8
Pension and provident funds	64	52 304 652	22.6
Banks and insurance companies	14	13 146 011	5.7
Unit trusts and other managed funds	72	38 835 899	16.8
Investment trusts and other corporate bodies	9	2 044 140	0.9
Total	7 313	231 543 500	100.0

Major shareholders at 30 June 2004

To the best of the knowledge of the directors, and after reasonable enquiry, shareholders' holdings and holdings under management in excess of five per cent of the share capital of the company were as follows:

Owner	Number of shares	Percentage
Anglo American Platinum Corporation Limited	52 097 288	22.5
Mvelaphanda Resources Limited	51 738 305	22.3

Fund manager	Number of shares	Percentage
Allan Gray Limited	60 824 771	26.3
Stanlib Limited	12 567 353	5.4

Shareholder spread

The company's shareholder spread is set out below.

Shareholder type	Number of shareholders	Percentage holding
Public	7 308	55.12
Directors	3	0.03
Other (any who fall outside the scope of the above)	2	44.85
Total	7 313	100.00

Northam Platinum Restoration Trust 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 3 and 7 of the notes to the financial statements.

In addition, the company has registered a bond over certain areas of its property in favour of the Fund in order to secure payment of its obligations.

Subsequent to 30 June 2004 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 7 of the notes to the financial statements.

Special resolutions

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

Directors' report

(CONTINUED)

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 letter and general manager's report, as well as the company's present financial resources, the directors believe that the company is a going concern. 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 page 74 of this report.

Transfer secretaries

Following the restructuring of the Computershare group of companies in South Africa during the year, the company's transfer secretaries are now known as Computershare Investor Services 2004 (Proprietary) Limited.

Listing

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

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.

Accounting policies

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 and South African Statements of Generally Accepted Accounting Practice. The financial statements incorporate the following accounting policies which have been applied on a basis consistent with the previous year.

1 Mining and other fixed assets

1.1 Mining assets

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

1.2 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 recognised 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.

1.3 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.

1.4 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.

1.5 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.

1.6 Land

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

1.7 Impairment

An annual impairment review of mining and non-mining assets is carried out by comparing the net book value of assets with their recoverable amount. 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.

Where the recoverable amount is less than the book value of the assets the impairment, when identified, is charged against income to reduce the carrying amount of the affected assets to their recoverable amounts.

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

2 Financial instruments

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

2.1 Investments

Investments are carried at fair value, or at cost less impairments where fair value cannot be reliably measured.

2.2 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.

2.3 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.

2.4 Accounts payable

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

2.5 Borrowings

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

2.6 Derivative instruments

In the ordinary course of its operations, the company is exposed to fluctuations in metal prices, volatility of 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 and currency 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 recognised and included in net sundry revenue at the time that the contracts expire.

3 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 recognised in the financial period when the risks and rewards of ownership of such items have passed.

4 Inventories

4.1 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.

4.2 Metal on hand

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

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

6 Provisions

6.1 Environmental rehabilitation provisions

6.1.1 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 mining asset is recognised, 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 recognised as an expense.

6.1.2 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 recognised as an expense.

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

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

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.

6.2 Other provisions

Provisions are recognised 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.

7 Foreign currencies

Transactions in foreign currencies are translated into South African rand at the rates of exchange ruling at the transaction date. Monetary assets or liabilities denominated in foreign currencies are translated at rates prevailing at the balance sheet date. Profits and losses arising on the translation of foreign currencies, whether realised or unrealised, are credited to or charged against income.

8 Revenue recognition

Revenue is recognised 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.

8.1 Metal sales

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

8.2 Interest income

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

9 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.

10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or development of a fixed asset that requires a substantial period of time to prepare for its intended use are capitalised. Other borrowing costs are recognised as an expense when incurred.

11 Employee benefits

11.1 Short-term employee benefits

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

11.2 Equity compensation plans

Where employees exercise options in terms of the rules of the Northam Share Option 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.

11.3 Retirement benefits

Eligible employees are members of various defined contribution schemes.

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

11.4 Medical benefits

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

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

12 Operating leases

Operating lease rentals are recognised as an expense when due for payment.

13 Taxation

13.1 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 recognised within equity.

13.2 Deferred tax

Deferred tax is provided at current rates as more fully set out in note 5, Deferred tax, of the accounting policies.

13.3 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.

14 Dividends declared

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

Balance sheet

AS AT 30 JUNE 2004

	Note	2004 R000	2003 R000
Non current assets			
Fixed assets	1	**1 355 765**	1 334 203
Unlisted investments	2	**181**	183
Northam Platinum Restoration Trust Fund	3	**12 563**	10 462
		1 368 509	1 344 848
Current assets		**804 015**	747 907
Inventories	4	**223 187**	339 156
Accounts receivable	21	**79 206**	113 776
Cash and cash equivalents		**501 622**	294 975
TOTAL ASSETS		**2 172 524**	2 092 755
Financed by			
Share capital	5	**1 996 759**	2 078 129
Accumulated loss		**(413 117)**	(562 621)
Shareholders' equity		**1 583 642**	1 515 508
Non-current liabilities		**347 546**	341 765
Deferred tax	6	**332 395**	330 323
Long term provisions	7	**15 151**	11 442
Current liabilities		**241 336**	235 482
Accounts payable		**161 855**	173 032
Tax		**79 481**	62 450
TOTAL EQUITY AND LIABILITIES		**2 172 524**	2 092 755

Income statement

FOR THE YEAR ENDED 30 JUNE 2004

	Note	2004 R000	2003 R000
Total revenue	8	**1 770 777**	1 562 801
Sales revenue	21	**1 720 399**	1 471 999
Cost of sales		**1 331 614**	1 086 571
– operating costs	9	**1 057 568**	1 004 327
– purchase cost custom material		**14 632**	–
– refining and other costs		**60 569**	68 549
– leased metal cost		**(14 149)**	14 149
– depreciation and impairments	10	**97 527**	89 059
– change in metal inventories		**115 467**	(89 513)
Operating profit		**388 785**	385 428
Investment income	11	**38 174**	64 140
Net sundry revenue/(expenditure)	12	**(36 392)**	23 946
Profit before tax		**390 567**	473 514
Tax	13	**136 869**	198 601
Net income for the year		**253 698**	274 913
		cents	cents
Earnings per share	14	**109.6**	118.8
Fully diluted earnings per share	14	**109.6**	118.8
Headline earnings per share	14	**109.5**	118.7
Dividends per share		**105.0**	90.0

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2004

	Share Capital R000	Share Premium R000	Accumulated loss R000	Total R000
Balance at 30 June 2002	2 309	2 288 684	(398 085)	1 892 908
Net income for the year			274 913	274 913
Dividends distributed			(439 449)	(439 449)
Repayment of share premium		(219 606)		(219 606)
Issue of new shares	6	6 736		6 742
Balance at 30 June 2003	2 315	2 075 814	(562 621)	1 515 508
Net income for the year			253 698	253 698
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	(413 117)	1 583 642
Note	5	5		

Cash flow statement

FOR THE YEAR ENDED 30 JUNE 2004

	Note	2004 R000	2003 R000
Cash generated by operating activities		**512 808**	390 040
Cash generated from operations	15	**454 070**	500 170
Interest income		**37 142**	63 125
Change in working capital	16	**139 362**	(97 701)
Tax paid	17	**(117 766)**	(75 554)
Cash utilised in investing activities		**(118 496)**	(172 171)
Property, development and equipment			
– additions to maintain operations		**(122 925)**	(175 758)
– disposals		**4 427**	3 597
Investments			
– additions		**–**	(14)
– disposals		**2**	4
Cash generated by operating and investing activities		**394 312**	217 869
Cash effects of financing activities		**(187 665)**	(654 207)
Net proceeds of share issue		**24**	6 742
Share premium repaid		**(81 394)**	(219 606)
Dividends paid		**(104 194)**	(439 449)
Increase in Restoration Trust Fund		**(2 101)**	(1 894)
Net cash flow		**206 647**	(436 338)
Cash and cash equivalents at beginning of year		**294 975**	731 313
Cash and cash equivalents at end of year		**501 622**	294 975

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2004

	Mining properties R000	Plant and equipment R000	Decom-missioning asset R000	Motor vehicles R000	**Total R000**
1. Fixed assets					
30 June 2004					
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 fixed assets					
– 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 7)			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**
30 June 2003					
Property, plant and equipment					
– at cost	262 953	2 201 005	6 943	12 337	**2 483 238**
– accumulated depreciation	45 010	1 099 617	2 054	2 354	**1 149 035**
	217 943	1 101 388	4 889	9 983	**1 334 203**
Reconciliation of movement in fixed assets					
– balance at beginning of year	228 573	1 010 007	4 292	6 902	**1 249 774**
– additions	236	167 207		8 315	**175 758**
– present value of decommissioning asset capitalised (note 7)			822		**822**
– disposals				(5 044)	**(5 044)**
– depreciation charged for the year	(10 866)	(75 826)	(225)	(2 142)	**(89 059)**
– depreciation on disposals during the year				1 952	**1 952**
– balance at end of year	217 943	1 101 388	4 889	9 983	**1 334 203**

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 3).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2004

	2004 R000	2003 R000
2. Unlisted investments		
Book value	**181**	183

The unlisted investments, comprising equity investments in various mining industry service organisations, are valued by the directors at R181 000 (2003 – R183 000)

3. 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:

	2004 R000	2003 R000
– balance at beginning of year	**10 462**	8 568
– contributions made during the year	**1 069**	879
– net income earned during the year (note 11)	**1 032**	1 015
– balance at end of year	**12 563**	10 462

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

4. Inventories

	2004 R000	2003 R000
Metals on hand and in transit	**189 518**	304 985
Consumable stores	**33 669**	34 171
	223 187	339 156

5. Share capital

	2004 R000	2003 R000
Authorised		
350 000 000 (2003 – 350 000 000) shares of 1 cent each	**3 500**	3 500
Issued		
231 543 500 (2003: 231 538 500) shares of 1 cent each	**2 315**	2 315
Share premium	**1 994 444**	2 075 814
	1 996 759	2 078 129

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.

	2004 R000	2003 R000
6. Deferred tax		
The principal components of the deferred tax liability/(asset) are as follows:		
Deferred tax liability		
– fixed assets	**339 138**	328 869
– metal stocks	**5 492**	7 358
– accounts receivable	**1 223**	5 010
	345 853	341 237
Deferred tax asset		
– employee benefits	**12 682**	10 620
– decommissioning and environmental restoration	**776**	294
	13 458	10 914
Net deferred tax liability	**332 395**	330 323
The change in the deferred tax balance is reconciled as follows:		
Deferred tax liability at beginning of year	**330 323**	249 103
– charge for the year	**2 072**	81 220
– temporary differences in respect of fixed assets	**10 269**	77 992
– depreciation component included in metals on hand and in transit	**(1 866)**	191
– temporary difference in respect of accounts receivable	**(3 787)**	5 010
– temporary difference in respect of employee benefits	**(2 062)**	(1 926)
– temporary difference in respect of long-term provisions	**(482)**	(47)
Deferred tax liability at end of year	**332 395**	330 323

	2004 R000	2003 R000

7. Long term provisions

	2004 R000	2003 R000
Provision for decommissioning costs		
– balance at beginning of year	**10 966**	9 025
– present value of decommissioning asset capitalised (note 1)	**398**	822
– unwinding of discount (note 9)	**768**	632
– charged to operating costs (note 9)	**1 357**	487
– balance at end of year	**13 489**	10 966
Provision for restoration costs		
– balance at beginning of year	**476**	368
– unwinding of discount (note 9)	**33**	26
– charged to operating costs (note 9)	**1 153**	82
– balance at end of year	**1 662**	476
Environmental rehabilitation obligation at year end	**15 151**	11 442
Environmental rehabilitation obligation before funding	**15 151**	11 442
Less: Northam Platinum Restoration Trust Fund (note 3)	**12 563**	10 462
Net environmental obligation	**2 588**	980
Future value of decommissioning obligation	**42 609**	42 435
Future value of restoration obligation	**6 448**	4 314
Future value of rehabilitation obligation	**49 057**	46 749

The future value of the environmental rehabilitation obligation will be paid over to the Northam Platinum Restoration Trust Fund (note 3) over the remaining life of the mine, which is currently estimated at 18 years.

The present value of the environmental restoration obligation is determined by applying a pre-tax discount rate of 10% over the remaining life of the mine.

Subsequent to the year end the company has procured the issue of an insurance guarantee for R18.2 million in respect of certain unfunded decommissioning and restoration costs.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)

	2004 R000	2003 R000
8. Total revenue		
Total revenue comprises:		
– sales revenue	**1 720 399**	1 471 999
– net investment income	**38 174**	64 140
– sundry revenue	**12 204**	26 662
	1 770 777	1 562 801
9. Operating costs		
Operating costs comprise mining and concentrating costs, excluding depreciation, and consist of the following principal categories:		
– labour	**445 665**	401 860
– stores	**353 272**	346 201
– utilities	**85 588**	81 217
– sundries	**169 732**	173 822
– provision for decommissioning and restoration costs (note 7)		
– unwinding of discount	**801**	658
– inflation adjustment	**806**	569
– revisions	**1 704**	–
	1 057 568	1 004 327
Operating costs include the following:		
External audit fees		
– current year	**620**	574
– special projects	**804**	–
– prior year adjustment	**–**	73
– expenses	**17**	26
Internal audit fees		
– current year	**938**	1 694
– expenses	**35**	68
Directors' remuneration		
– non executive fees	**1 005**	884
– executive remuneration	**–**	1 542
Operating lease rentals		
– office equipment	**206**	364
– premises	**525**	355

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

	2004 R000	2003 R000
10. Depreciation		
Depreciation of mining properties, plant and equipment consists of the following:		
– mining property	**11 463**	10 866
– plant and equipment	**83 213**	75 826
– decommissioning asset	**258**	225
– vehicles	**2 593**	2 142
	97 527	89 059
11. Investment income		
Investment income consists of the following:		
– interest received	**37 142**	63 125
– growth in Northam Platinum Restoration Trust Fund (note 3)	**1 032**	1 015
	38 174	64 140
12. Net sundry revenue/(expenditure)		
Net sundry revenue is arrived at as follows:		
– foreign currency hedging gains – realised	**5 534**	–
– foreign currency hedging gains – unrealised	**4 078**	–
– foreign currency transaction gains	**1 324**	(2 318)
– metal hedging gains/(loss) – realised	**(48 523)**	6 628
– metal hedging gains/(loss) – unrealised	**–**	16 700
– metal leasing costs	**(66)**	(280)
– profit on sale of fixed assets	**193**	505
– toll treatment revenue	**–**	1 263
– other	**1 068**	1 448
	(36 392)	23 946

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)

	2004 R000	2003 R000
13. Tax		
Non mining tax	**8 013**	22 757
Mining tax	**111 324**	39 693
Deferred tax	**2 072**	81 220
Current year's tax charge	**121 409**	143 670
Adjustment in respect of previous year	**2 436**	–
	123 845	143 670
Secondary tax on companies	**13 024**	54 931
	136 869	198 601
The tax charge is reconciled as follows:		
Tax at statutory rates	**117 170**	142 054
Adjustments for permanent differences		
– expenditure disallowed	**777**	167
– fixed assets	**3 360**	1 550
– other	**102**	(101)
	121 409	143 670

13.1 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 R1 055 630 000 (2003: R1 422 497 000) at 30 June 2004.

13.2 Mining tax

The current rate of mining tax applicable to the company is 30%.

13.3 Non-mining tax

Non-mining income is subject to a rate of 30%.

13.4 Deferred tax

Deferred tax is provided at the statutory rate of 30% for all temporary differences.

13.5 Secondary tax on companies

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

13.6 Capital gains tax

Capital gains tax at an effective rate of 15%, is payable on any gains realised on the disposal of mining properties.

	2004 R000	2003 R000

14. Earnings per share

Earnings and headline earnings per share is based on profit attributable to members and an average of 231 540 413 (2003: 231 313 068) shares in issue during the year. Headline earnings are reconciled to net income for the year as follows:

	2004 R000	2003 R000
Net income for the year	**253 698**	274 913
Profit on sale of fixed assets	**(193)**	(505)
Tax effect	**58**	152
Headline earnings	**253 563**	274 560

Fully diluted earnings per share is based on the profit attributable to members and an average of 231 556 027 (2003 : 231 386 607) shares in issue during the year.

The number of fully diluted shares are calculated as follows:

	2004	2003
Average number of ordinary shares in issue during the year	**231 540 413**	231 313 068
Average number of Northam Share Option Scheme options outstanding during the year	**15 614**	73 539
	231 556 027	231 386 607

15. Cash generated from operations

	2004 R000	2003 R000
Profit before taxation and interest paid	**390 567**	473 514
Adjusted for non-cash items		
– profit on disposal of fixed assets	**(193)**	(505)
– depreciation and impairments	**97 527**	89 059
– increase in long-term provisions	**3 311**	1 227
Interest received	**(37 142)**	(63 125)
	454 070	500 170

16. Change in working capital

	2004 R000	2003 R000
Inventories	**115 969**	(89 904)
Accounts receivable	**34 570**	(56 279)
Accounts payable	**(11 177)**	48 482
	139 362	(97 701)

17. Tax paid

	2004 R000	2003 R000
Balance owing at beginning of year	**62 450**	20 623
Charge per income statement, excluding deferred tax	**134 797**	117 381
Balance owing at end of year	**(79 481)**	(62 450)
	117 766	75 554

	2004 R000	2003 R000
18. Commitments		
Capital expenditure – plant and equipment		
Authorised but not contracted	**127 737**	106 387
Contracted	**8 399**	23 644
Information Technology Outsource Service Providers		
Due within one year	**8 346**	7 314
Due within two to five years	**29 607**	26 993
Thereafter	**–**	1 388
Operating lease rentals – office equipment		
Due within one year	**167**	167
Due within two to five years	**332**	438
Operating lease – premises		
Due within one year	**204**	390
Due within two to five years	**–**	204

19. 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:

	2004	2003
	38 401	33 849

20. Related parties

	2004	2003
(a) The company sold, under contract, nickel sulphate to Anglo American Platinum Corporation Limited, which holds an equity interest of 22.5% (2003 – 22.5%). The contract was concluded at arms length.		
– value of sales during the year	**74 011**	46 958
– included in accounts receivable	**8 563**	12 523
(b) The company treated, under a toll treatment contract, flotation concentrates for Anglo American Platinum Corporation Limited. The contract was concluded at arms length.		
– treatment revenue received during the year	**–**	4 599
(c) As reported on page 32, the company's internal audit function is undertaken on commercial terms by Anglo Platinum Management Services (Pty) Ltd		
– fees paid included in operating costs	**938**	1 160
– included in accounts payable	**130**	826

	2004 R000	2003 R000

21. Segmental reporting

The company's primary segment reporting format is by business segment and it's secondary reporting format by geographical location of customers. This reflects the predominant risks and rates of return that affect the company Business segment: The directors consider that there is only one business segment and accordingly the disclosures required by AC 115 (IAS 14), Segment Reporting, are given in the income statement, balance sheet and notes thereto.

Geographic segment: By location of customers:

	2004 R000	2003 R000
Segment revenue		
Europe	**716 271**	673 511
Japan	**309 041**	290 283
North America	**509 396**	390 318
South Africa	**185 691**	117 887
	1 720 399	1 471 999
Segment debtors		
Europe	**7 447**	23 883
Japan	**3 998**	–
North America	**13 488**	13 150
South Africa	**54 273**	76 743
	79 206	113 776

22. 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 reporting 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, 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).

			2004	2003
22.	**Financial instruments (continued)**			
(a)	Foreign currency risk management (continued) At year end the aggregate outstanding contracts were as follows:			
	– period		July 2004 to September 2004	Not applicable
	– average dollars hedged per month	– US$000	**2 000**	–
	– average contract exchange rate	– US$ = R	**7.05**	–
	– exchange rate at year end	– US$ = R	**6.20**	–
	– unrealised gain recognised	– R000	**4 078**	–

Subsequent to the end of the financial year the company has hedged a further US$3.0 million at an average exchange rate of US$1.00 = R6.25 for settlement during October and December 2004.

		R000	R000
At year end the foreign currency value of items under their respective balance sheet classifications was as follows:			
– accounts receivable	– US$	**4 022**	2 853
– cash and cash equivalents	– US$	**2 389**	17
– accounts payable	– Euro	**793**	1 297
Exchange rates at year end			
Rand/Dollar		**6.20**	7.57
Rand/Euro		**7.55**	8.66

(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).

At year end there were no outstanding contracts.

		2004	2003

22. Financial instruments (continued)

(b) Commodity price risk

		2004	2003
Platinum			
– period		Not applicable	July 2003 to September 2003
– average quantity hedged per month	– oz	–	5 000
– average contract price	– US$/oz	–	661.45
– fair value price at year end	– US$/oz	–	660.92
– unrealised gain recognised	– US$000	–	8
	– R000	–	60
Palladium			
– period		Not applicable	July 2003 to February 2004
– average quantity hedged per month	– oz	–	4 250
– average contract price	– US$/oz	–	244.43
– fair value price at year end	– US$/oz	–	179.74
– unrealised gain recognised	– US$000	–	2 199
	– R000	–	16 640

(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 managing director. 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: 4 November 2004
Time: 12:00
Place: Ground Floor Auditorium
Glenhove Conference Centre
52 Glenhove Road, Melrose Estate
Johannesburg

Notice is hereby given that the annual general meeting of members of Northam Platinum Limited will be held in the Ground Floor Auditorium, Glenhove Conference Centre, 52 Glenhove Road, Melrose Estate, Johannesburg on Thursday, 4 November 2004 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 2004.

2 Election of directors

To elect directors in place of Messrs M E Beckett, R G Mills and B R van Rooyen 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 36 and 37 of the annual report of which this notice forms part.

3 Increase in directors' fees

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

"RESOLVED that in terms of article 51 of the company's articles of association, the following fees be payable to the directors of the company with effect from 1 July 2004:

Board
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."

4 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, as amended, and the Listings Requirements of the JSE Securities Exchange South Africa.

5 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 Securities Exchange South Africa and subject to the requirements of section 90 of the Companies Act, 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 Securities Exchange South Africa 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.

6 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 Securities Exchange South Africa ("JSE"), and subject further to the following terms and conditions:

1 Any repurchase 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 repurchase;

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 repurchase 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 repurchased 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 repurchases;

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 Repurchases 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 repurchase 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 repurchasing 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 and the JSE Listings Requirements, 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 Securities Exchange South Africa, 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 5 and 6 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 36 and 37;
Major shareholders of the company – see page 47;
Directors' interests in the company's securities – see page 46;
Share capital – see page 40.

In addition, the following disclosures are required:

Litigation statement
The directors of the company, whose names appear on page 36 and 37 of this annual report, are not aware of any legal or arbitration proceedings, pending or threatened against the company, which may have or have had, in the 12 months preceding the date of this notice, a material effect on the company's financial position.

Directors' responsibility statement
The directors, whose names appear on page 36 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 5 and 6 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 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
21 September 2004

Administration

Registered office
Kenilworth House
Rutherford Estate
1 Scott Street
Waverley 2090
Johannesburg
South Africa

PO Box 37160
Birnam
2015

Company secretary
Sybrand J van der Spuy
Kenilworth House
Rutherford Estate
1 Scott Street
Waverley 2090
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PO Box 37160
Birnam
2015
Telephone: +27 11 440 8811
Facsimile: +27 11 440 5944
e-mail: svanderspuy@corp.norplats.co.za

Bankers
Standard Bank of South Africa Limited
PO Box 61029
Marshalltown 2107
South Africa

Auditors
Ernst and Young
Wanderers Office Park
52 Corlett Drive
Illovo
Johannesburg
South Africa

Website
www.northam.co.za

Transfer secretaries
Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street
Johannesburg 2001
South Africa

PO Box 61051
Marshalltown
2107
Telephone: +27 11 370 5000
Facsimile: +27 11 688 7716

Sponsor
Barnard Jacobs Mellet Corporate Finance (Proprietary) Limited
Barnard Jacobs Mellet House
5 Sturdee Avenue
Rosebank
2196
Johannesburg
South Africa

Investor relations
Russell & Associates
PO Box 1457
Parklands
2121
Johannesburg
South Africa
Telephone: +27 11 880 3924
e-mail: general@rair.co.za

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)

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, 4 November 2004 at 12:00, and at any 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 M E Beckett as a director			
Ordinary resolution – election of Mr R G Mills as a director			
Ordinary resolution – election of Mr B R van Rooyen as a director			
Ordinary resolution – increase in directors' fees			
Ordinary resolution – placement of unissued shares under the control of the directors			
Ordinary resolution – payments to shareholders			
Special resolution number 1 – 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 2 November 2004.

Signature Date

Instructions overleaf

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.

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, decreased 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, 2 November 2004.

Shareholders' diary

	2005
Salient dates for 2005 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

Jewellery courtesy of Shemer Jewellers

NORTHAM
PLATINUM LIMITED

www.northam.co.za