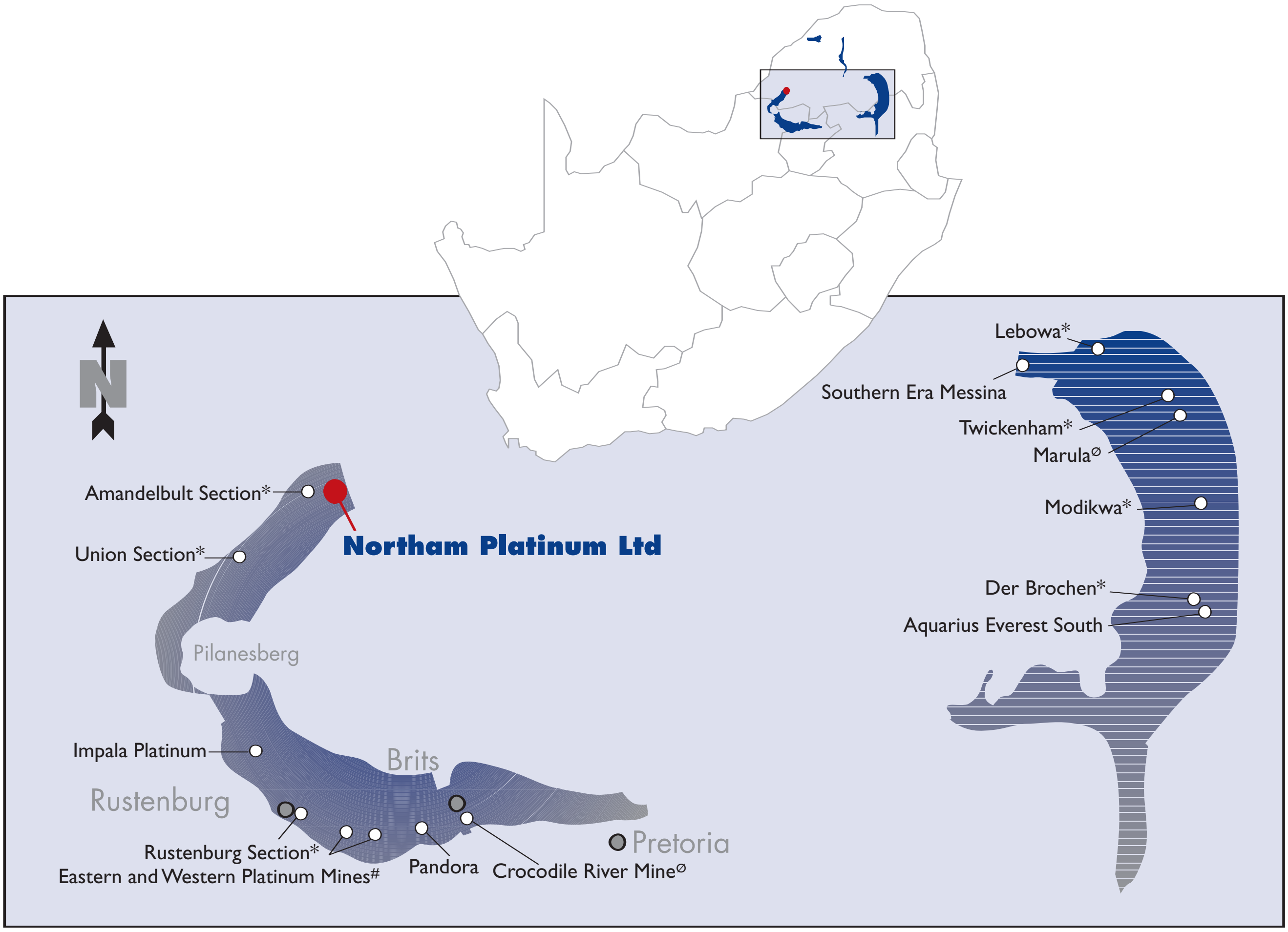
NORTHAM
PLATINUM LIMITED

Annual Report 2003



* (Anglo Platinum) # (Lonrho SA) ⌀ (Impala)

Corporate profile

Northam Platinum Limited, a broadly based black empowerment company, operates a platinum mine at the upper end of the western limb of South Africa's renowned Bushveld Complex. This complex accounts for more than 80% of the world's platinum group metals (PGM) resources.

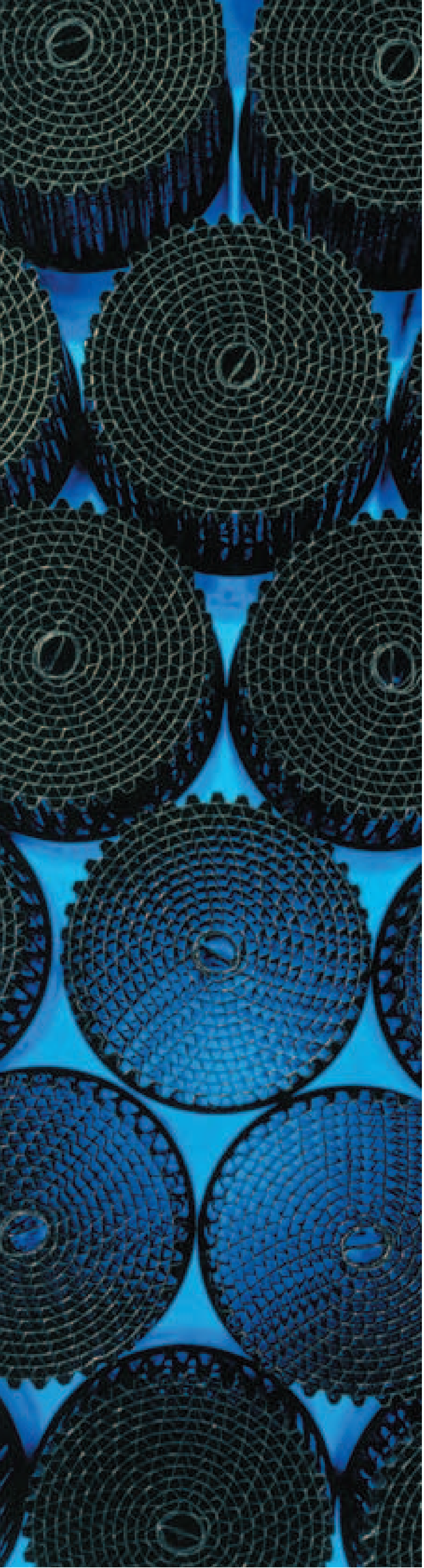
The company's annual metal production amounts to approximately 330 000 ounces of platinum, palladium, rhodium and gold (3PGE+Au). Northam has 11.3 million ounces of reserves in a total resource of 20.3 million ounces.

Northam mines both the Merensky and UG2 Reefs at an average depth of 1 670 metres, from a twin shaft system utilising state of the art hydropower technology. The company is actively pursuing opportunities to broaden its resource base and reduce its unit cost structure. As an independent producer of PGMs, Northam commands significant expertise in deep level mining and integrated flotation, smelting and base metal recovery and as a consequence is well placed to partner both major and junior companies in the industry.

The company is a reliable and independent supplier of metals of London and Zurich 'good delivery' quality with a geographically diversified PGM customer base; copper and nickel, the base metal by-products of PGMs, are readily transported to sales destinations within South Africa.

Northam is committed to maximising value for shareholders both by way of growing the company's share price and rewarding investors with dividends after having made provision for the company's continued sustainability.

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



Contents

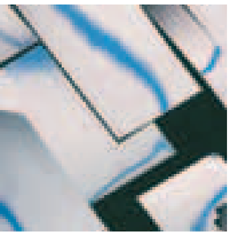
Northam Platinum Limited
Registration number 1977/003282/06
Incorporated in the Republic of South Africa
Share code: NHM
ISIN ZAE 000030912

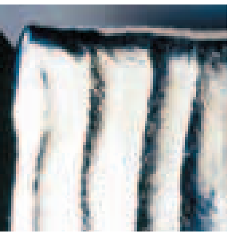
Cover picture:
Modern computer hard drive disks coated in platinum improve their data storage ability. Information is recorded and retrieved using a magnetic head mounted on a moveable arm which hovers over the rapidly spinning disk.

"We continue to fulfil our objective of delivering value, with total shareholder returns of 49% compounded over the past five years"

Tokyo Sexwale – Chairman

Message from the chairman





The past year has been a challenging one for your company characterised by difficult mining conditions and lower rand prices received for our metals. After some excellent safety achievements in the past, the tragic loss of eight of our colleagues in mining-related accidents is deeply disturbing. On behalf of the board, I would like to extend my condolences to the families, friends and colleagues of the deceased. With an aggressive new management focus on safety, and the cooperation of stakeholders in additional awareness initiatives, we have to and will reverse this troubling trend.

In view of the poor mining and ground conditions encountered during the year, management did well in recording output of more than 330 000oz of metals in concentrate – the highest production levels ever recorded at Northam. This was indeed a sterling effort and came at a critical time with the strengthening of the rand against the US dollar having a predictable adverse effect on sales revenue, which nevertheless was contained to a decline of 6% to R1.47 billion.

Further operational achievements were the successful recommissioning of the smelter in March after the planned shutdown and rebuild at a capital cost of R35 million. During the rebuild, Northam's concentrate was toll treated by Impala Refining Services.

In terms of our precious metals refining requirements in the medium term, we will continue our partnership with Heraeus, with whom we have established a long and sound relationship. We remain conscious however, of the government's approach to local downstream beneficiation, and we are committed to finding a solution to our long-term precious metals refining requirements which will address the concerns of our stakeholders.

Last year we observed that, in transforming the South African business environment, government needed to take account of the need to maintain a world-class, competitive mining industry, sufficiently stable to continue to attract foreign investment. The Mining Charter Scorecard's empowerment targets have now been set, and are largely achievable, with the legislation reflecting the empowerment initiatives which we have already progressed significantly at Northam, and in which I take a personal interest.

The draft Minerals and Petroleum Royalty Bill released in March this year, could, in its current form, jeopardise the achievement of many of these empowerment initiatives, and on the face of it, could inhibit future investment in the minerals sector. Of particular concern is the number of resources which will be rendered almost unpayable, with the resultant loss of thousands of potential jobs. Increases in the total taxes payable to the state will also make it extremely difficult to finance empowerment participation other than in high operating margin mines. Based on these considerations Northam has submitted its views to the National Treasury and we look forward to further debate on the matter.

Now that the entire suite of transforming minerals legislation is close to being finalised, we are better placed to plan for growth, evidenced in the recent announcement of our intention to acquire a substantial PGE resource on the Eastern Limb of the Bushveld Complex, along with the finalisation of our participation in the Pandora JV earlier in the year. Further news on these developments will be communicated to shareholders in due course.

In terms of our primary objective of delivering value for shareholders, we believe that we continue to fulfil our promises, with total shareholder returns of 49% compounded over the past five years.

Turning to the markets, the past year has been characterised by widespread economic gloom and depressed global markets. Platinum has nevertheless enjoyed a period of buoyant demand and rising prices. During calendar year 2002, the price climbed impressively from its lowest London fix of $449 on 1 February to a high of $607 in mid December. More recently the uncertainties associated with the SARS virus and the Iraq war have dissipated, and platinum has been trading around the $700 level, fuelled by brisk demand for the metal. The on-going push for ever more stringent exhaust emission standards continues to sustain growth in the autocatalyst sector. In the jewellery sector the promotional efforts of the Platinum Guild International (PGI) continue to foster sustained platinum demand despite higher manufacturing and retail prices and the competition presented by sales of white gold.

Palladium, by contrast, has fared less spectacularly. For a metal that rose to unprecedented price highs during 2001, hindsight makes clear that such levels were unsustainable in the wake of extreme price volatility and erratic supplies. The average palladium price during 2002 was $337 and has since declined steadily to its current level of around $200/oz as the market remains dogged by diminished demand and ample supplies. Looking ahead therefore, whilst the fundamental demand for platinum remains solid, the outlook for palladium is less certain. Our hedging programmes have provided some protection from the vagaries of metal prices, and we continue to watch both the market and currency movements closely to avoid any potential erosion of value.

In December 2002 we bade farewell to Ian Watson, managing director of Northam since 1998 and intimately involved with the company for the past 14 years. I would like to extend my appreciation to Ian for his indefatigable efforts and for the role he played in turning around the fortunes of the company. Glyn Lewis, who has already made his mark in the company, was appointed general manager in December 2002 and reports directly to the board.

In June this year, Barry Davison retired from the board and was replaced by Ralph Havenstein, reflecting their changing roles at Anglo Platinum. I would like to pay tribute to the enormous experience and knowledge that he brought to the company. In Ralph Havenstein we have a worthy successor. Northam has much to gain from his fresh insights.

Looking to the year ahead, we will be hard pressed to maintain earnings if the rand basket price for our metals remains at current levels. With the strong management and operational team in place I remain confident that production will be maintained at current levels, while safety improvements and cost containment will continue to be core areas of focus.

In conclusion I would like to extend my appreciation, and that of the board, to the management team and staff, without whom Northam would not be the thriving company that it is today.

Tokyo Sexwale
Chairman 12 September 2003

Eight year statistical review

	F2003	F2002	F2001	F2000	F1999	F1998	F1997	F1996
Operating performance								
Merensky								
Tons milled	**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*	**5.9**	6.1	5.8	6.0	6.1	6.2	6.1	6.1
UG2								
Tons milled	**636 717**	643 286	371 374	–	–	–	–	–
Head grade – g/ton*	**4.0**	3.8	3.9	–	–	–	–	–
Combined								
Tons milled	**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*	**5.3**	5.3	5.4	6.0	6.1	6.2	6.1	6.1
Precious metals in concentrates produced – kg *	**10 354**	8 458	8 725	8 372	9 197	8 977	8 443	8 144
Precious metals sold – kg *	**9 174**	8 944	8 306	9 331	9 222	8 764	9 216	7 505
Revenue – R/kg *	**145 273**	160 367	172 733	100 701	70 502	54 656	44 404	41 256
Operating costs – R/kg *	**105 600**	105 426	93 848	70 110	57 170	55 081	52 819	48 578
Cash costs – R/kg *	**96 880**	94 861	83 750	67 366	56 431	53 068	51 711	47 644
Precious metals in concentrates produced – oz *	**332 888**	271 931	280 516	269 156	295 695	288 617	271 448	261 835
Precious metals sold – oz *	**294 947**	287 546	267 042	299 997	296 501	281 769	296 301	241 291
Price realised – US$/oz *	**498**	497	706	492	364	379	306	333
Operating costs – US$/oz *	**363**	325	383	343	295	382	363	392
Cash costs – US$/oz *	**333**	292	342	329	291	368	356	385
Financial performance								
Operating margin – %	**26.2**	37.5	50.3	34.2	17.1	(1.5)	(23.5)	(28.1)
Effective tax rate – %	**41.9**	39.4	37.0	31.8	–	–	–	–
Return on shareholders' equity – %	**16.1**	20.7	27.1	15.6	9.4	2.0	(6.0)	(5.0)
Return on total assets – %	**13.1**	17.4	24.4	13.0	8.4	1.9	(5.7)	(4.7)
US Dollar/Rand exchange rate								
– average	**9.05**	10.13	7.60	6.35	6.05	4.49	4.52	3.85
– at year end	**7.57**	10.27	8.04	6.77	6.01	5.92	4.53	4.33
Share perfomance								
Average number of shares in issue – 000	**231 313**	230 744	230 311	203 283	184 036	184 032	184 032	184 032
Number of shares at year end – 000	**231 539**	230 915	230 565	230 147	184 060	184 032	184 032	184 032
Operating cash flow per share – cents	**168.6**	323.9	347.7	208.1	92.1	23.2	(4.6)	(25.4)
Earnings per share – cents	**118.8**	172.8	227.6	129.3	72.0	14.8	(44.4)	(38.6)
Headline earnings per share – cents	**118.7**	176.1	234.1	129.3	77.8	14.8	(44.4)	(38.6)
Dividends per share – cents	**90.0**	170.0	235.0	120.0	25.0	–	–	–
Capital repayments per share – cents	**55.0**	75.0	–	–	–	–	–	–
Net assets value per share – cents	**655.0**	820.0	852.0	826.0	803.0	737.0	722.0	767.0
Share price (cents)								
– high	**2 210**	2 000	1 860	950	640	340	500	550
– low	**955**	1 000	765	455	175	130	200	225
– at year end	**1 230**	1 665	1 525	780	484	268	230	475
Average monthly volume of shares traded – 000	**4 906**	8 014	11 054	6 735	1 909	901	585	409
Annual liquidity (%)	**25.4**	41.7	57.6	40.7	12.5	5.9	3.8	2.7

* 3PGE+Au

Summarised financial results

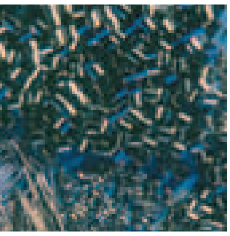
Eight year financial review

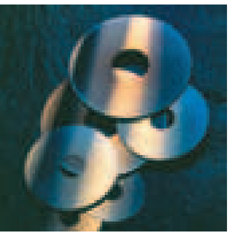
	F2003 R000	F2002 R000	F2001 R000	F2000 R000	F1999 R000	F1998 R000	F1997 R000	F1996 R000
Income statement								
Sales revenue	**1 471 999**	1 560 685	1 567 883	1 051 953	719 497	539 279	469 942	375 623
Cost of sales	**1 086 571**	975 549	779 501	691 925	596 285	547 449	580 444	481 222
Operating costs	**1 004 327**	803 514	731 826	586 938	525 797	475 168	443 131	394 285
Refining and other costs	**68 549**	41 394	29 601	32 068	35 742	32 227	39 963	30 604
Leased metal costs	**14 149**	–	–	–	–	–	–	–
Depreciation	**89 059**	99 451	86 999	59 474	55 302	65 940	72 916	79 648
Change in metal stocks	**(89 513)**	31 190	(68 925)	13 445	(20 556)	(25 886)	24 434	(23 315)
Operating profit	**385 428**	585 136	788 382	360 028	123 212	(8 170)	(110 502)	(105 599)
Net investment income	**64 140**	52 023	39 714	27 199	17 908	4 348	5 213	9 992
Net sundry revenue/(expenditure)	**23 946**	20 793	4 256	(1 591)	(1 980)	2 542	(182)	3 090
Profit before tax and exceptional items	**473 514**	657 952	832 352	385 636	139 140	(1 280)	(105 471)	(92 517)
Exceptional items	**–**	–	–	–	15 262	–	–	–
Profit before tax	**473 514**	657 952	832 352	385 636	123 878	(1 280)	(105 471)	(92 517)
Tax	**198 601**	259 121	308 143	122 817	(8 687)	(28 488)	(23 816)	(21 399)
Net Income for the year	**274 913**	398 831	524 209	262 819	132 565	27 208	(81 655)	(71 118)
Headline earnings	**274 560**	406 427	539 066	262 819	143 248	27 208	(81 655)	(71 118)
Balance sheet								
Fixed assets	**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	**10 645**	8 741	7 310	6 040	4 953	6 280	11 619	19 499
	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	**747 907**	1 038 062	882 506	661 781	398 161	254 859	225 176	263 005
Total assets	**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	**1 515 508**	1 892 908	1 965 439	1 900 201	1 477 862	1 356 693	1 329 485	1 411 140
Deferred tax	**330 323**	249 103	69 723	–	–	–	–	–
Long term liabilities and provisions	**11 442**	9 393	8 179	6 835	29 514	49 587	51 818	53 542
Current liabilities	**235 482**	145 173	107 634	112 138	68 169	53 349	58 591	49 970
Total equity and liabilities	**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 statements								
Operating cash flow	**390 040**	747 481	800 873	423 098	169 455	42 629	(8 432)	(46 782)
Investing cash flow	**(172 171)**	(87 575)	(167 325)	(343 389)	(11 318)	(32 843)	(20 062)	(18 936)
Financing cash flow	**(654 207)**	(472 802)	(467 764)	142 774	(37 800)	4 254	5 121	3 967
Dividends paid	**(439 449)**	(472 942)	(460 682)	(73 638)	(18 403)	–	–	–
Share premium repaid	**(219 606)**	–	–	–	–	–	–	–
Other financing cash flows	**4 848**	140	(7 082)	216 412	(19 397)	4 254	5 121	3 967
Net cash flow	**(436 338)**	187 104	165 784	222 483	120 337	14 040	(23 373)	(61 751)
Cash and cash equivalents at beginning of year	**731 313**	544 209	378 425	155 942	35 605	21 565	44 938	106 689
Cash and cash equivalents at end of year	**294 975**	731 313	544 209	378 425	155 942	35 605	21 565	44 938

PGMs are used extensively in catalytic converters which convert the pollutants in gasoline and diesel engines into less harmful carbon dioxide, nitrogen and water vapour.

General Manager's Report

The year at a glance





Overall results for the year under review were mixed at Northam's mining operation. Building on the safety successes achieved in the previous year, the company had the distinction of achieving two million fatality free-shifts in September 2002. However, since that achievement eight employees tragically lost their lives in mining related accidents. Management is deeply concerned about this disappointing performance and has initiated the implementation of a behaviour based safety programme to complement existing safety initiatives.

Operationally the company produced solid results under difficult mining conditions. Metals in concentrate produced increased by 22.4% to 10 354kg (3PGE+Au). Sales however, were only 2.6% higher than the previous year at 9 174kg (3PGE+Au) owing to a build-up of inventory totalling 890kg (3PGE+Au) following the successful completion of the smelter rebuild in March this year.

The basket price for metals sold remained relatively constant in US dollar terms averaging US$498/oz for the year (F2002: US$497/oz). In R/kg terms however, the average basket price declined by 9.4% from R160 367/kg in F2002 to R145 273/kg as a result of the strength of the rand against the US dollar, particularly in the second half of the year. By year end, the basket price in terms of R/kg had declined to R129 546 having peaked at R168 384 early in the financial year. Consequently sales revenue was 5.7% lower than the previous year at R1 472 million.

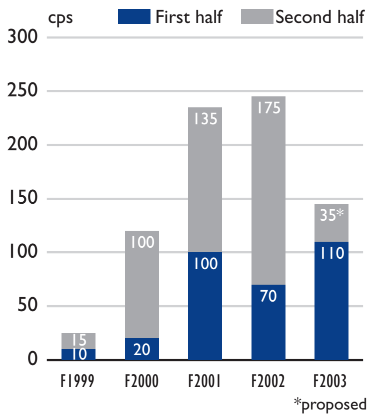
Unit cash costs were well contained increasing by 2.1% to R96 880/kg (3PGE+Au). Net income of R275 million was reported for the year (F2002: R399 million).

Headline earnings at R275 million for the year were 31% lower than in F2002.

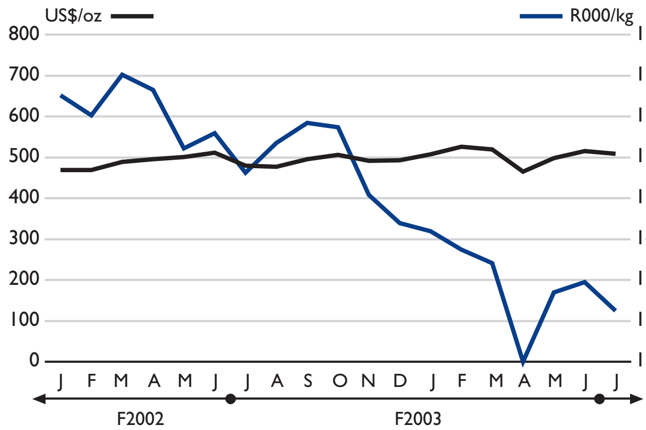
A cash distribution of 35 cents per share to be effected by way of a reduction of share premium has been proposed. Added to the interim distribution of 110 cents per share paid in respect of the first half of the year, the total return to shareholders amounts to 145 cps (F2002: 245 cps).

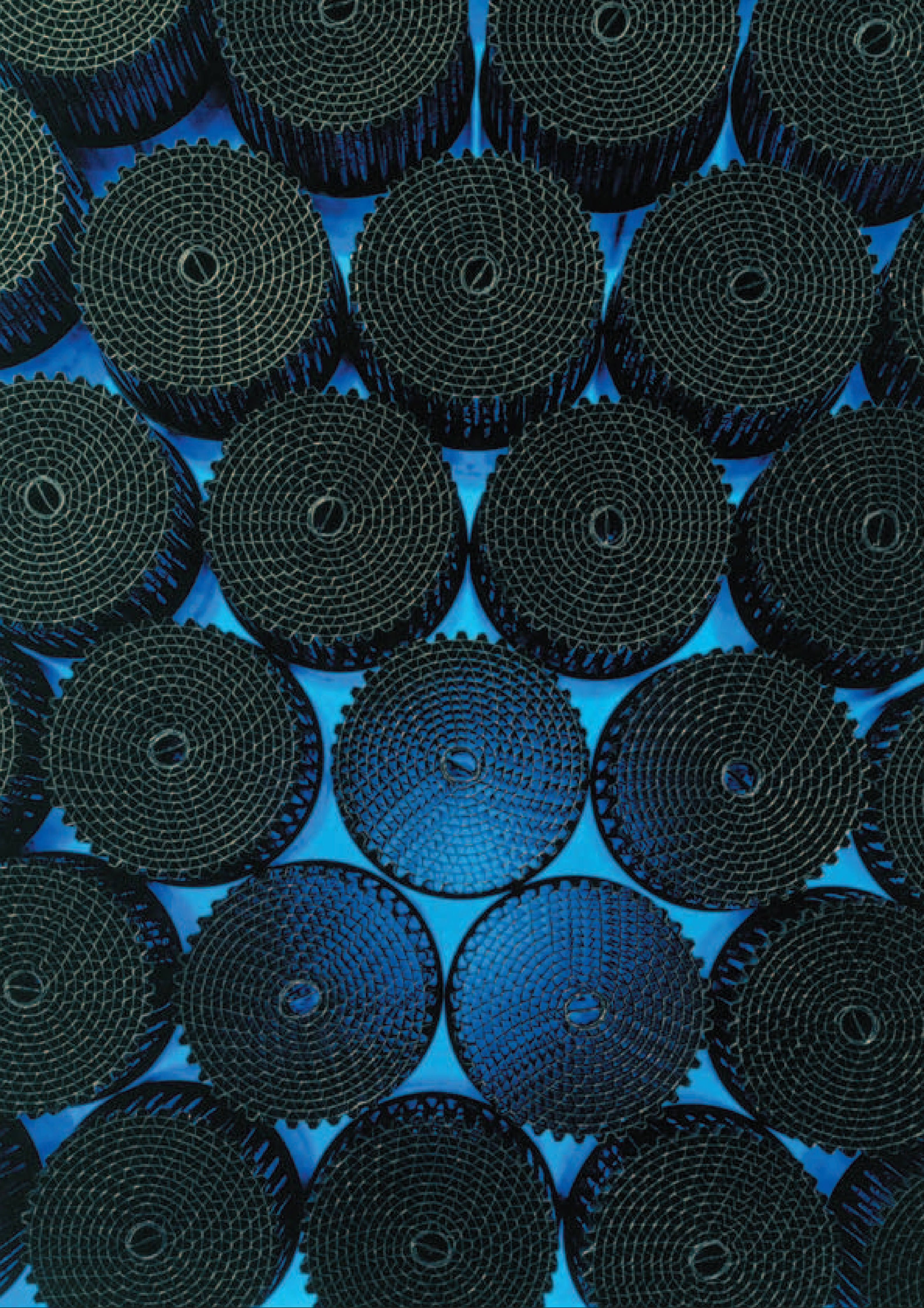
The year ahead will see a renewed drive to reduce the number and severity of accidents at our mining operation, a continued focus on costs as well as on increasing the ore reserve position on the Merensky reef horizon in order to benefit from improved mining flexibility in the difficult ground conditions.

Cash distributions



Basket prices (3PGE+Au)

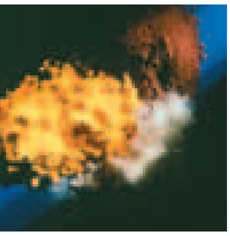


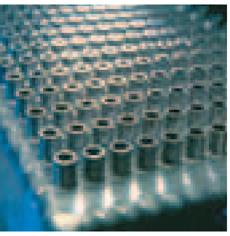


Palladium, with its lower density and less metal weight is used as an alternative to gold for plating material which is used to join the electronic components in circuit boards.

GENERAL MANAGER'S REPORT

Mining





Mining conditions during the past year have been particularly difficult as a result of negotiating major structural geological features on the eastern and western extremities of current mining areas. This has had the effect of slowing the rate of development and reducing the extraction ratios in stoping operations.

Total development metres were 12% lower than the previous year owing to delays resulting from additional work required to support and seal footwall drives traversing the faults and water bearing fissures. Nevertheless, progress continues to be made as evidenced by the increase in Merensky ore reserves from 17 months last year to 20 months at the end of this financial year. It is anticipated that the target of 24 months ore reserve on the Merensky horizon will be achieved by the end of financial 2004.

Overall stoping production increased by 13.3% to 432 050 m^2 year on year. Production from the higher grade Merensky reef was prioritised, particularly during the second half of the year, to maximise metal production. The average Merensky head grade however, declined from 6.1g/t to 5.9g/t owing to increased dilution as a result of higher than normal ledging activity, a higher than expected incidence of potholing and poor ground conditions associated with major faults. On the UG2 reef horizon, production was comparable to the previous year, but the average head grade improved from 3.8g/t to 4.0g/t and is expected to be maintained at this level in the coming year.

Stoping productivity improved by 20% in the year under review and is expected to show further gains as the ore reserve position and associated mineable face length improves. On the UG2 horizon productivity improvements will be focused on increasing the overall extraction rate of this reef by re-evaluating regional pillar designs and optimising panel lengths and layouts.

Results of operations

Merensky reef	F2003	F2002
Development metres [1]	**13 596**	14 622
Square metres mined	**317 677**	264 463
Tonnes mined	**1 896 010**	1 612 101
Tonnes milled	**1 582 421**	1 288 141
Head grade – g/t [2]	**5.9**	6.1
Metals in concentrate produced – kg [2,3]	**7 937**	6 596
Ore reserves – months	**20**	17

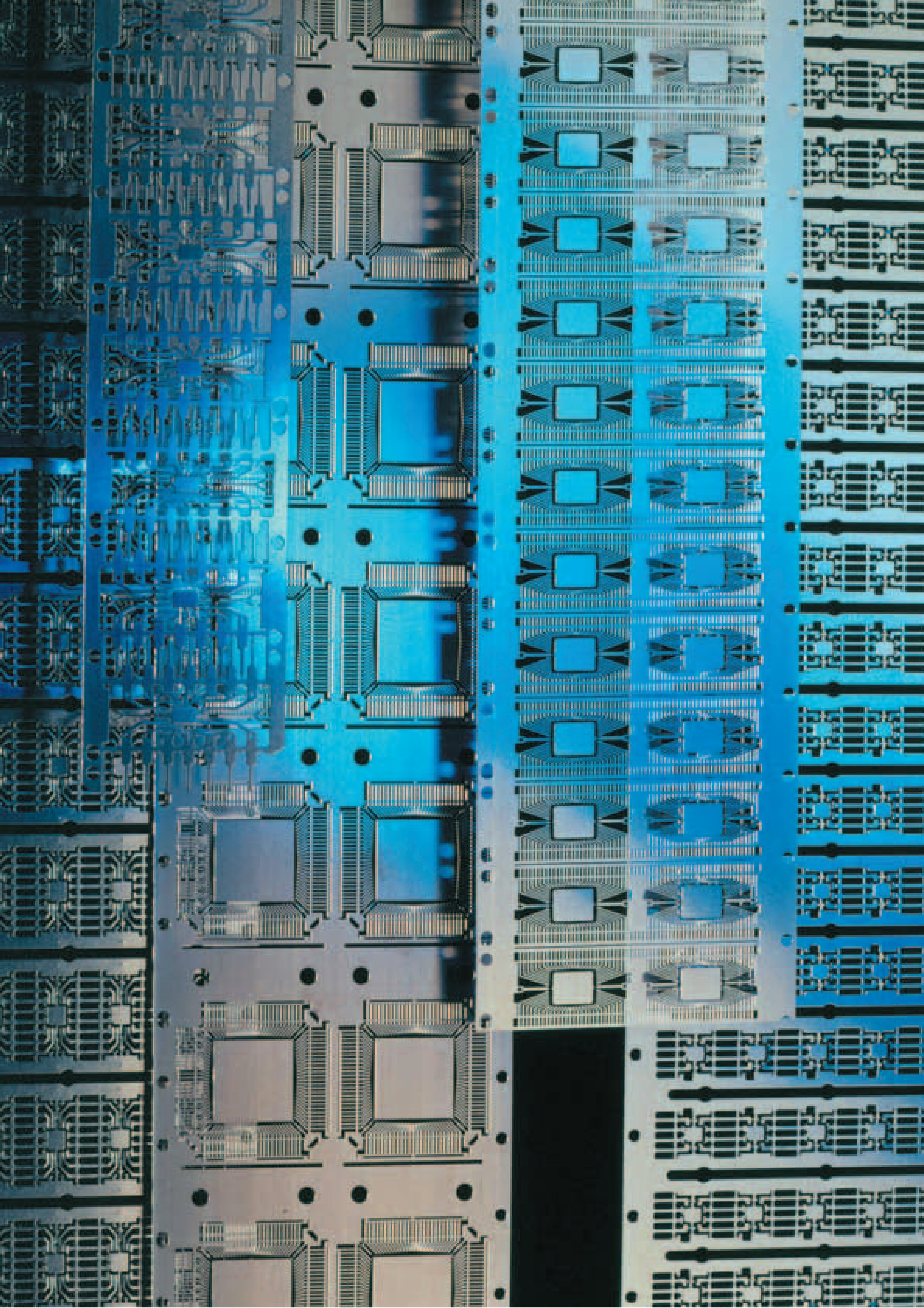
UG2 reef	F2003	F2002
Development metres	**1 147**	2 148
Square metres mined	**114 373**	116 931
Tonnes mined	**638 614**	664 362
Tonnes milled	**636 717**	643 286
Head grade – g/t [2]	**4.0**	3.8
Metals in concentrate produced – kg [2,3]	**1 968**	1 862
Ore reserves – months	**38**	36

Combined reefs	F2003	F2002
Development metres	**14 743**	16 770
Square metres mined	**432 050**	381 394
Tonnes mined	**2 534 624**	2 276 463
Tonnes milled	**2 219 138**	1 931 427
Head grade – g/t [2]	**5.3**	5.3
Metals in concentrate produced – kg [2,3]	**9 905**	8 458

1 *Includes 4 502 metres on the accelerated development programme*

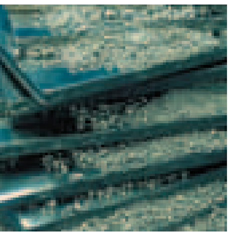
2 *3PGE+Au.*

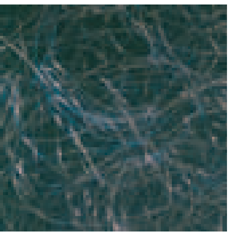
3 *Metals in concentrate from underground mining. Total metals in concentrate produced was 10 354 kg (3PGE+Au) which included 449 kg from metal gains and reverts processed subsequent to the smelter shutdown.*



Bridal rings crafted from platinum-struck washers. Demand for the white metal in China has surged since 1995, especially among young urban women seeking the modern style that platinum jewellery represents.

Metallurgy





Total metals in concentrate produced at the mine increased by 22.4% to 10 354 kg (3PGE+Au) compared to the previous year. Sales of refined metal however, increased by only 2.6% to 9 174 kg as a result of a build-up in inventory of 890 kg in the refining pipeline subsequent to re-commissioning the smelter.

The Merensky concentrator operated as planned achieving an average recovery for the year of 88.6% (F2002: 88.6%). The average recovery at the UG2 concentrator during the year improved to 80.3% from 79.5% the previous year.

Smelter feed was 7.5% higher for the year at 84 200 tonnes of concentrate which included 6 900 tonnes of Anglo Platinum toll material. In January the smelter was shut down for a complete furnace rebuild after operating continuously for the past eleven years. The entire project was successfully completed and the plant was recommissioned during March 2003. During the shutdown period, some 8 500 tonnes of Northam concentrates were toll treated by Impala Refining Services.

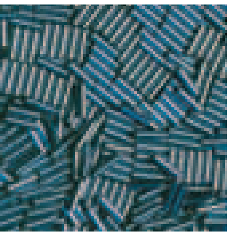
The Base Removal Plant operated satisfactorily during the year achieving very good average recovery rates. Good use was made of the time during the smelter shutdown to carry out maintenance work on this plant.

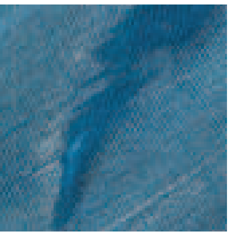
Metallurgical research and development in the forthcoming year will be focused on achieving optimal liberation of PGMs, a reduction of chrome in concentrate and improved concentrate grades.

Refined precious metals produced in concentrate	**F2003**		F2002	
	kg	**oz**	kg	oz
Platinum	**6 399**	**205 732**	5 202	167 248
Palladium	**3 123**	**100 407**	2 516	80 891
Rhodium	**618**	**19 869**	562	18 069
Gold	**214**	**6 880**	178	5 723
Total (3PGE+Au)	**10 354**	**332 888**	8 458	271 931
Other PGMs	**1 617**	**51 987**	1 313	42 214
Copper (tonnes)	**864**	**–**	825	–
Nickel (tonnes)	**1 508**	**–**	1 352	–

Refined precious metal sales	**F2003**		F2002	
	kg	**oz**	kg	oz
Platinum	**5 571**	**179 108**	5 523	177 580
Palladium	**2 771**	**89 086**	2 699	86 758
Rhodium	**645**	**20 744**	539	17 325
Gold	**187**	**6 009**	183	5 883
Total (3PGE+Au)	**9 174**	**294 947**	8 944	287 546
Other PGMs	**1 464**	**47 072**	1 120	36 009
Copper (tonnes)	**864**	**–**	825	–
Nickel (tonnes)	**1 508**	**–**	1352	–

Resources and reserves





Overview

This overview of Northam's Reserves and Resources is reported in terms of the South African Resource Committee (SAMREC) Code, published under the auspices of the South African Institute of Mining and Metallurgy.

The definitions and terminology used to present the Resource and Reserve statements for auditing are those reflected and stated in the March 2000 edition of the SAMREC code.

The Resource and Reserve statements were audited for compliance by the international mining consulting firm of Steffen, Robertson and Kirsten (South Africa) (Pty) Limited in July 2003.

All Mineral Resource and Mineral Reserve estimates are based on underground operations. The grade refers to three platinum group elements (platinum, palladium and rhodium) and associated gold (3PGE+Au).

Mineral Resource tonnages and grades are estimated in situ. The most practical mining width was assumed, in conjunction with the 3PGE+Au grade and specific gravity estimates, derived from kriging parameters to estimate tonnage and content. An extensive database containing information pertaining to individual samples and their associated analytical information exists from which the data is drawn to derive the kriging parameters. The database consists of approximately 21 500 Merensky reef sample intersections on an average grid size of 12 metres by 12 metres (172 000 individual samples) and 3 600 UG2 reef sample intersections on an average grid size of 11 metres by 11 metres (25 200 individual samples).

The Merensky reef and the UG2 are well-recognised ore bodies, with lateral continuity well-established across the mine property. The Merensky reef displays a wide range of lateral reef type variations that are interpreted by means of prospect drilling in excess of 1 900 metres per month with an average of 30 reef intersections from the footwall development infrastructure.

The interpretation of detailed variations on the Merensky reef, on reef development as well as stoping faces are logged by sampling personnel and are mapped geologically on an ongoing basis.

Estimation and Reporting of Mineral Reserves.

- The Measured and Indicated Mineral Resources include Proved and Probable Mineral Reserves.
- All Mineral Reserves are quoted as at 1 July 2003.
- All Mineral Reserves are quoted at a Run-of-Mine (ROM) grade and tonnages as delivered to the metallurgical processing facilities on site and are therefore fully diluted.

Merensky Reef

The Merensky reef is not a specific delineated reef but rather a zone of mineralisation, which straddles the base of the unconformity at the base of the Merensky Cyclic Unit. The Merensky Cyclic Unit is divided into facies, subfacies and reef types. Two different facies types are recognised at Northam. They are the Normal Merensky Reef Facies and the Regional Pothole Facies. The Regional Pothole is further divided into three different reef types of which the NP2 and P2 are the main sources of ore. The third reef type, FWP2, is not considered to be a primary target due to the undulating nature of the reef. Mining the FWP2 reef results in excessive dilution, which reduces the grade of this reef type to below the pay limit.

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 exploitation. The Measured Resource increased in 2003 to 2.55 Mt (676 koz) compared with the previous year's estimate of 2.00 Mt (508 koz). This equates to an increase of 27.5%. Factors contributing to this are the accelerated development programme which has allowed access to new ground for mining. In addition, the minimum mining width of the P2 reef on the eastern side of the mine was increased to 140 centimetres, due to the mineralisation model and physical characteristics of the reef in the area. Prospect drilling increased the confidence of the reef type delineation, which allowed for more precise area demarcation and reef type ratio estimates.

UG2 Reef

Mining on the UG2 reef was critically reviewed during the year and an emphasis was placed on the safe extraction of this reef and the prevention of falls of ground. The stoping width was increased to include both the leader stringers that occur above the main member chromitite. This should improve hangingwall conditions and allow for a safer working environment.

The total resource on the UG2 has therefore increased from 50.37 Mt (8 129 koz) to 63.9 Mt (9 479 koz), which translates to a 26.8% increase. The Measured Resource also increased in 2003 to 2.20 Mt (326 koz) which is an improvement of 8.7% compared with the previous year's estimate of 1.86 Mt (300 koz).

Audited mineral resource and mineral reserve statement

Merensky Reef

Mineral Reserve Category	Tonnes Mt	MHG* g/t	Metal 000kg	Metal 000oz	Mineral Resource Category	Tonnes Mt	In Situ g/t	Metal 000kg	Metal 000oz
Proved					**Measured**				
Northern boundary					Northern boundary				
to 13 Level	3.0	6.26	19	604	to 13 Level	2.6	8.24	21	676
Sub total	**3.0**	**6.26**	**19**	**604**	**Sub total**	**2.6**	**8.24**	**21**	**676**
Probable					**Indicated**				
Northern boundary					Northern boundary				
to 13 Level	24.2	6.05	146	4 702	to 13 Level	20.6	7.94	163	5 251
Shaft Pillar					Shaft Pillar	1.8	7.29	13	421
13 Level to 18 level					13 Level to 18 level	19.8	7.05	140	4 481
Sub total	**24.2**	**6.05**	**146**	**4 702**	**Sub total**	**42.2**	**7.49**	**316**	**10 153**
Total	**27.2**	**6.07**	**165**	**5 306**	**Total**	**44.8**	**7.54**	**337**	**10 829**

UG2 Reef

Mineral Reserve Category	Tonnes Mt	MHG* g/t	Metal 000kg	Metal 000oz	Mineral Resource Category	Tonnes Mt	In Situ g/t	Metal 000kg	Metal 000oz
Proved					**Measured**				
Northern boundary					Northern boundary				
to 13 Level	2.4	4.01	10	308	to 13 Level	2.2	4.66	10	326
Sub total	**2.4**	**4.01**	**10**	**308**	**Sub total**	**2.2**	**4.66**	**10**	**326**
Probable					**Indicated**				
Northern boundary					Northern boundary				
to 13 Level	44.0	4.01	177	5 680	to 13 Level	40.5	4.66	189	6 007
Shaft Pillar					Shaft Pillar	2.1	4.66	10	310
					13 Level to 18 level	19.1	4.66	89	2 837
Sub total	**44.0**	**4.01**	**177**	**5 680**	**Sub total**	**61.7**	**4.66**	**288**	**9 154**
Total	**46.4**	**4.01**	**187**	**5 988**	**Total**	**63.9**	**4.66**	**298**	**9 480**

* Mill head grade

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

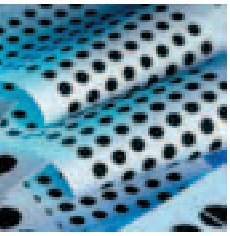
H C Boshoff – Chief Surveyor registered with PLATO with over 10 years' platinum experience.

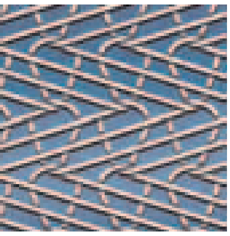
J **C Roberts** MSc – Mineral Resource specialist with 11 years' experience in platinum valuation.

D Smith MSc – Chief Geologist with 7 years' experience in the Bushveld Complex.

R G Viring BSc (Hons) Pr Sci Nat, GDE – Manager, mineral resources with 9 years' Bushveld Complex experience.

Financial review





Sales

Although the average basket price received for our metals in US dollars remained relatively constant, averaging US$498 for the year, the substantial strengthening of the Rand particularly in the second half of the year resulted in the Rand basket price received declining by some 9% to R145 273/kg. However, unit sales increased by 2.6% to 9 174kg (3PGE+Au) resulting in total revenue for the year under review declining by only 5.6% to R1 472 million from R1 561 million in the previous year.

Cost of sales

Cost of sales increased by 11.4% as shown in detail in the accompanying table:

	F2003	F2002
Labour	**401 860**	331 903
Stores	**346 201**	260 471
Utilities	**81 217**	74 832
Sundries	**173 822**	135 155
Decommissioning and restoration	**1 227**	1 153
Total cash operating costs	**1 004 327**	803 514
Refining and realisation	**68 549**	41 394
Leased metal costs	**14 149**	–
Depreciation and impairments	**89 059**	99 451
Change in metal inventories	**(89 513)**	31 190
Cost of sales	**1 086 571**	975 549

Operating costs

Total operating costs increased by 25% year on year. Labour costs increased by 21.1% of which the F2002 wage increases accounted for 12.2% and an increase in labour complements accounted for 6.2%. UIF and additional contributions to the Mineworkers' Provident Fund made up the balance. Stores costs increased by 14% in line with the 13.3% increase in stoping production. The company had to absorb above inflation increases in the prices of imported steel and chemicals. Sundries increased by 28% largely as a result of increased insurance costs, and costs associated with the toll refining during the smelter rebuild.

Refining and realisation costs

Refining and realisation costs increased by 65.6% from R41.3 million to R68.5 million in the year under review. A large portion of this increase, representing 25.4%, is attributed to the toll treatment of ore by Impala Refining Services during the smelter rebuild, and to the cost of treating Northam's nickel production, which was previously netted off the nickel sales revenue.

Leased metal costs

This cost represents the equivalent cost of production of metal leased during the year to meet marketing commitments during the smelter shutdown.

Depreciation and impairments

The depreciation and impairment charge reduced compared to F2002, as that period included an impairment charge of R11.2 million.

Change in inventories

Metal inventories increased as a result of the extended pipeline occasioned by the smelter rebuild. This metal will be released during the coming year.

Investment income

Investment income increased as a result of the higher interest rates received.

Net sundry revenue

Net sundry revenue comprises mainly gains from the hedging programme discussed on pages 57 and 58.

Net income

The decline in sales revenue, together with the increase in cost of sales, resulted in the operating profit declining by 34.1%. This was partially offset by an increase in investment income as a result of higher interest rates, resulting in net income declining by 31.1%.

Distribution to shareholders

In line with its policy of maximising distributions to shareholders, the company paid an interim dividend of 90 cps and a repayment of share premium of 20 cps at the half year stage, and is in addition proposing a further repayment of share premium of 35 cps.

Hedging

During the year the company embarked on a hedging programme to protect its revenues from a potential decline in the prices of platinum and palladium. At 30 June 2003 an average of 4 250 ounces of palladium per month until February 2004 had been hedged at an average price of US$244 per ounce. For July to September 2003, 5 000 ounces of platinum per month have been hedged at an average price of US$661 per ounce.

A realised gain of R6.6 million is included in net sundry revenue, and in terms of AC 133 – Financial Instruments: Recognition and Measurement, the hedging instruments outstanding at year end have been recognised at fair value at the end of the period, with a gain of R16.7 million being included in net sundry revenue.

Capital expenditure

The development programme (R42 million), the smelter rebuild (R35 million) and additional refrigeration plants (R31 million) were the major contributors to the capital expenditure of R176 million.

Planned capital expenditure for 2004 amounts to a total of R130 million and includes the following major items: the development programme (R49 million); additional refrigeration plants (R20 million); safety improvements to the hoisting arrangements (R12 million), and access infrastructure to 1 level (R10 milion).

Safety, health and environment

Safety

The excellent safety performances at Northam reported in the past couple of years have been tragically marred by the death of eight employees. This was particularly disappointing taking into account the 2 million fatality-free shift achievement in September 2002.

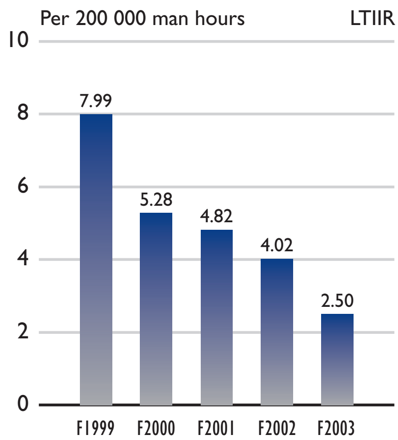
Of some relief were the improved statistics for the lost time injury incidence rate and the reportable injury incidence rate (measured per 200 000 man-hours) which dropped from 4.02 to 2.05 and from 1.28 to 1.21 respectively. Also encouraging were the 1 million fatality-free shifts achieved by one of the four underground managers sections and the 2 million fatality-free shifts at the metallurgical plants. Nevertheless, the overall performance is of serious concern to management. Much work remains to be done to reduce the frequency and severity of accidents and in further sensitising employees to hazards in the workplace.

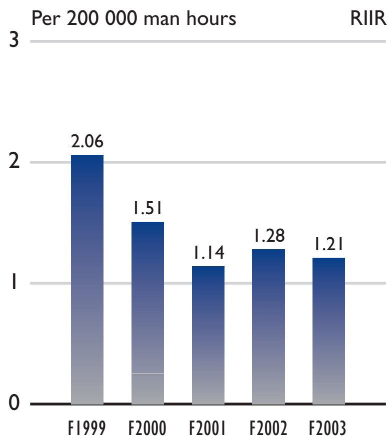
A number of safety initiatives have been introduced, among them accident prevention videos, and a permanent communiciation centre known as Radio Vuka, which provides for on-site presentations by team leaders. Further behaviour-based safety campaigns will be initiated during the new financial year to effect long-term attitudinal change in the workplace.

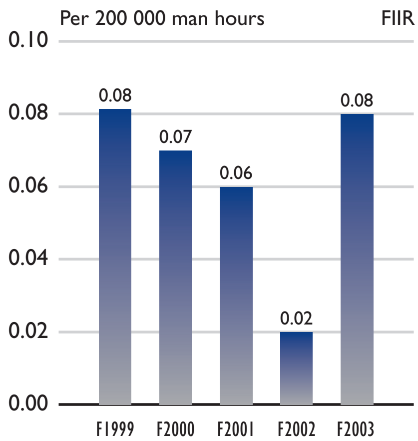
Falls of ground (FOG) and tramming remain the most serious causes of accidents. Although poor ground conditions have been the cause of a number of the FOG accidents, we are intensively and continuously monitoring our support standards. The principle of no work taking place further than 1.5 metres from any support remains intact, and will be more strictly enforced.

Safety targets for F2004 per 200 000 manhours:

LTIIR:	3.0
RIIR:	0.85
FIIR:	Nil







Health

As anticipated, the results of the regular occupational health screening have not indicated any negative trends in diseases associated with platinum mining and smelting. This is largely attributable to the continuing benefits associated with the hydropower used underground, which largely eliminates noise in underground working areas and further minimises the already low dust levels.

An exception to these trends was the increase in the number of employees compensated for noise-induced hearing loss (NIHL), with 64 cases reported during the year largely as a result of previous exposure to pneumatic machines on other mines.

Number of medical examinations performed

	Northam	Contractors
Initial	940	1 445
Annual	5 286	831
Exit	252	192

Tuberculosis continues to be on the increase, with a total of 139 cases reported during the year, probably reflecting the impact of HIV. HIV positive patients who are being treated with prophylactic antibiotics for secondary symptoms are also more prone to developing multi-drug resistant tuberculosis. The medical department maintains regular contact with patients, and counselling is provided for patients who renege on their treatment.

Some progress has been made in the battle against HIV/AIDS. Northam's efforts to contain the spread of the pandemic continue to focus on three key areas:

- Peer education and awareness campaigns
- Controlling the incidence of sexually transmitted infections (STIs)
- Encouraging voluntary testing and counselling

The peer educator project continues, with a total of 38 peer educators in three local villages and 24 on-mine educators. Further training will continue, with the aim of increasing these numbers to 75 and 25 respectively by October 2003. Quarterly high-profile AIDS awareness days are held on the mine, complemented by continuous small-scale campaigns, which address issues such as life-threatening diseases (including tuberculosis), the benefits of HIV testing, the matter of confidentiality and disclosure and the promotion of a safer workplace.

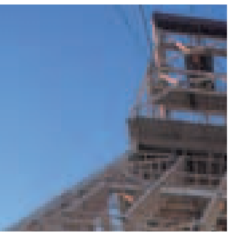
Treating sexually transmitted infections (STIs) is crucial to containing the spread of HIV. On-mine statistics indicate a declining trend in first-time STIs with the incidence of repeat infections remaining constant. This pattern points to the difficulty in changing sexual behaviour.

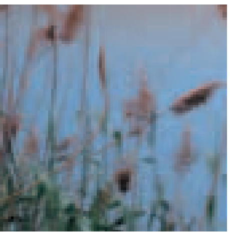
An AIDS coordinator has been appointed to assist with pre and post-test counselling, and an AIDS committee has been established. This has resulted in more people making use of the Voluntary Counselling and Testing (VCT) programme and has led to the establishment of a support group for those infected and affected by the disease.

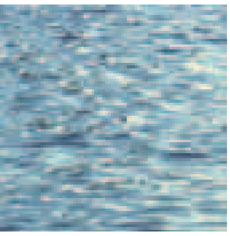
Plans are in place to conduct a Knowledge, Attitudes and Practice (KAP) survey among the workforce to ascertain the effectiveness of the company's prevention and education campaigns.

Environment

Northam Platinum is committed to ensuring that impacts on the environment in which it operates are managed effectively to promote sustainable development in the area where it operates. In order to achieve this, the company's mandatory environmental management programme is constantly reviewed in consultation with various regulatory bodies.







The management of the environmental programme is enhanced by:

- Regular audits by independent specialists to ensure compliance with both mandatory and self-regulatory requirements
- Quarterly surveys to monitor performance in key areas
- A continuing focus on advancing technology to address impacts effectively
- Increasing awareness and knowledge of environmental requirements

Biodiversity

Northam's mining property lies adjacent to the Crocodile River to the east, and the Bierspruit to the west. These rivers are an important focus area of the mine's environmental monitoring systems. Biomonitoring surveys are conducted at three pollution control dams on the mine property as well as at points both up and downstream of the Bierspruit and Crocodile River.

In order to determine the level of impairment of the water quality in the rivers, the environmental department is currently compiling an inventory of aquatic organisms. The biomonitoring survey can determine, qualitatively, the level of impairment on water quality based on the presence and abundance of these organisms. To date the two rivers have indicated minimal adverse effects, although the pollution control dams have shown rising salinity levels.

The layout of mining infrastructure was designed to minimise land usage. A nature reserve, comprising 810ha, has been established on the surrounding land to preserve the area's biodiversity; the balance is used for farming purposes.

Alien invasive vegetation is sometimes a problem in areas where soils have been disturbed. This alien vegetation is regularly removed and the areas are treated with registered herbicides to prevent their regrowth.

Water management

Northam's water management programme is based on the following tenets:

- Ensuring compliance with relevant legislation including the National Water Act, the National Environmental Act and the Minerals Act
- Optimising the use of water from supply authorities to minimise demand
- Recycling water for a number of uses and regular monitoring of the quality of industrial water
- Preventing discharge of polluted industrial water into adjacent receiving water bodies

Water consumption is monitored at each of the strategic consumer points (shafts, processing plants, housing and amenities). For the period under review the total water consumption was 15 058 megalitres, of which only 3 816 megalitres were supplied by the Magalies Water Board; the balance of 11 242 megalitres having been recycled.

Surface and industrial water

Northam makes use of three pollution control dams to contain run-off water from the shaft and processing plants as well as fissure water encountered in underground workings. The dams are lined with clay to avoid seepage. Similarly, overflow in the rainy season is avoided since the dams' design maximises the surface area of the water, thereby promoting evaporation. Pumping facilities to route water from these dams to a central dam near the concentrator plant have been completed. The water is re-used in the plant.

Additional pumping facilities have been installed at the tailings return water dam to ensure that no overflow runs into the Crocodile River.

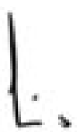
In order to comply with the provisions of the current water use permits, and in preparation for applications for water user licences in terms of the SA National Water Act, Northam is moving towards quantifying waste loads (salt levels) of the surface and ground water regimes. This will enable an assessment of the cumulative impact of the operation on the downstream environment.

Ground water management

The mine's ground water monitoring programme has been boosted by an additional 12 boreholes drilled during the first half of the year. The first samples have been analysed and have been found to be of an acceptable standard, with no evidence of heavy metal contamination, and only slightly raised salinity levels attributable to the hydrogeology of the region.

Air quality management

Emissions	Management control mechanisms
Sulphur dioxide (SO_2) and particulates (dust) from the smelter processes	15 monitoring stations are situated on and around the property to determine the potential impact of emissions. Current readings of SO_2 are 20 times lower than the threshold of 50 parts per billion (ppb). Dust emissions have been eliminated since the installation of a wet scrubber downstream of the electrostatic precipitator.
Particulates from tailings dams, transportation and materials handling	The tailings have been largely grassed and covered by natural vegetation, resulting in minimal dust levels.
Carbon dioxide	The use of vehicles is restricted to a very small fleet of transport vehicles. Ore is hauled either by battery or electrically-driven transport.
Ozone-depleting substances (CFCs)	Two refrigeration machines have been converted to the acceptable R134a refrigerant. Extensions to the refrigeration plant will also comply with this standard. During the year four tonnes of CFCs were contained and disposed of. Their transportation is being monitored by the United States' Environmental Protection Agency.



Glyn Lewis
General Manager

12 September 2003

"I believe fuel cells will finally end the 100-year reign of the internal combustion engine."

Bill Ford – Chairman, Ford Motor Company

The Fuel Cell —

Pointing the way to a more sustainable future

The need for clean power

The century-old dominance of the internal combustion engine may be coming to an end as the 21st century world endeavours to come to terms with the challenges of pollution and global warming – and the gradual, though inexorable, depletion of its oil reserves.

Tightening clean-air legislation in the world's major industrial nations has helped curb the growth in emissions of carbon monoxide (CO), hydrocarbons (HC) and oxides of nitrogen (NO_x), chiefly through the use of the PGMs platinum, palladium and rhodium in autocatalysts to clean up vehicle exhaust emissions. But because of burgeoning vehicle ownership, particularly in the developing world, and the continuing rise in demand for electrical power, it is proving difficult to reduce total emissions.

In addition, there is the problem of carbon dioxide (CO_2), which is generated by the burning of fossil fuels and by both petrol- and diesel-powered engines – road transport accounts for nearly 25% of CO_2 emissions – and which is thought to be the major cause of global warming. Emissions of CO_2 can be substantially reduced by lower consumption of fossil fuels, allied to changes in the fuel source of road vehicles.

How a fuel cell works

Fuel cells work by combining two of the most abundant of the earth's elements, oxygen and hydrogen, to create a clean source of power and heat. In a fuel cell, electricity is generated via an electro-chemical reaction in which hydrogen and oxygen combine to form water. Hydrogen fuel is fed to the positive electrode (anode), while oxygen is supplied to the negative electrode (cathode). A platinum catalyst on the anode splits the hydrogen into protons and electrons. Electrons flow from the anode to the cathode, generating electricity; meanwhile, the protons travel through an electrolyte to the cathode, where they combine with the electrons and the oxygen to form water.

While there are several types of fuel cell, proton exchange membrane (PEM) technology leads the way in automotive, as well as some stationary, applications. In a PEM fuel cell, the electrolyte is currently a solid polymer membrane made from flurosis resin (though researchers at Japan's Nagoya Institute of Technology have developed a glass-based electrolyte that may in time become the industry standard) that is sandwiched between two electrodes. The electrodes are made from a carbon-based substrate coated with a platinum catalyst.

Fuel cells – the benefits

Fuel cells are in the forefront in man's efforts to develop a clean, efficient power source of the future. Fuel cell technology looks likely to be a principal component of the emerging 'hydrogen economy', bringing about a revolution in the way we power vehicles, houses and offices and house and office equipment. They have the potential to double the efficiency of cars and power generators while drastically cutting down air pollution.

A fuel cell produces virtually no pollution: the only by-product is pure water. The electro-chemical reaction means that fuel cells do not burn the fuel like conventional power sources; therefore, they produce no or negligible exhaust emissions such as NO_2, hydrocarbons and particulate emissions – which cause smog and are linked to serious respiratory disorders, cancer and heart disease. As, the electro-chemical reaction that drives a fuel cell is more energy-efficient than combustion, so CO_2 output is lower too. The fuel is also free of sulphur – thus, no sulphur dioxide (SO_2) is produced.

The International Platinum Association (IPA) estimates that fuel cells could more than halve CO_2 emissions that arise from coal and other fossil fuels. By the IPA's calculations, fuel cells powered from natural gas-based hydrogen can reduce greenhouse gases, a principal culprit in global warming and overall climate change, by 40% compared with the average petrol-powered internal combustion engine. In stationary applications, the use of fuel cells for combined heat and power generation would bring even more benefits compared with conventional technologies; using co-generation can boost efficiencies of fuel use by around 90%.

Fuel cell technology would simultaneously reduce mankind's dependence on oil, promote the development of renewable energy and cut down greenhouse gas emissions. The US Department of Energy predicts that if only 10% of vehicles in the United States used fuel cells, regulated air pollutants would drop by 1 million tonnes a year and greenhouse gases by 60 million tonnes.

Fuel cell developments

Although very much in the early days of the ramp-up phase to commercial application, by around 2010 fuel cells may start to play a significant role in transport in urban environments. Eventually, too, fuel cell technology will be designed for use with any appliance or system requiring power – from generators to laptop computers. Recent developments include:

Over the next five years, the United States plans to spend $1.7 billion on hydrogen power development under the Freedom Fuel Initiative and the FreedomCar programme;

Japan and China are undertaking practical demonstrations of vehicles, with the Japanese government determined to see sales of commercial hydrogen fuel cell vehicles (FCVs) start in 2005 and have 50,000 vehicles on the road and 2.1 gigawatt installed stationary generation capacity by 2010;

The European Commission has established a new high-level advisory group for hydrogen and fuel cell issues;

Every major auto manufacturer is now investing in the development of commercial fuel cell vehicles. Honda,Toyota, Ford and General Motors have already announced they would begin testing and demonstrating FCVs from 2003. General Motors is planning production-ready FCVs by 2004 and expects to mass produce fuel cell cars by 2010. In a joint venture, Nissan and Renault are investing c. $700 million over the next five years on FCV research. In late 2002, Honda and Toyota delivered the first 'commercial' fuel cell cars to government agencies and universities in Japan and the United States. Ford has announced the fuel cell version of the Ford Focus will be in mass production by 2004, BMW has recently brought out a hydrogen-powered 7 Series, while DaimlerChrysler's FCV NECAR 5 drove across the United States in June 2002;

The European Union has committed to funding research for 27 fuel cell powered buses under the Clean Urban Transport for Europe (CUTE) project targeting nine European cities. This will be the world's largest fleet of fuel cell commercial buses. The first bus was delivered in Madrid in mid-2003;

In Japan, US-based Ballard Power Systems and Osaka Gas are collaborating in the development of stationary PEM-technology generators for residential application. Household-use fuel cell systems are being tested at more than 30 locations across the country;

US-based NEC, a world leader in broadband networking and mobile internet, wants to put fuel cell powered electronic products on the market in 2005. Companies such as Smart Fuel Cell and Toshiba are working on fuel cell powered laptop computers, while Toshiba has announced plans to market a fuel cell powered notebook computer by 2004;

In New York City, the Long Island Power Authority has installed 55 fuel cells to prove the benefits of the new technology.

Sources:
Anglo Platinum
California Fuel Cell Partnership
Fuel Cell Europe
Fuel Cell Today
International Platinum Association
Johnson Matthey
Optima

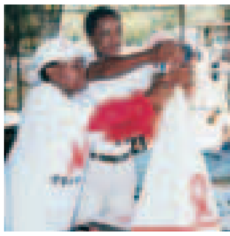
Scorecard

for the Broad Based Socio-economic Empowerment Charter for the South African mining industry

Northam is committed to achieving the targets as identified in the new minerals legislation. Significant progress has been made in a number of areas, as indicated in the table below. The Scorecard remains a living document within the company to chart progress and to identify shortcomings. Northam will continue to report on these areas to stakeholders both in its annual report and on the company's website at www.northam.co.za

Key performance area	Current status and remarks
Ownership and joint ventures	■ BEE company Mvelaphanda Resources currently holds 22.3% of the company's issued share capital
Equitable people development opportunities	■ Literacy and numeracy training in place using modern training methods based on e-learning. Adult Basic Education and Training (ABET) is an important component of the company's overall training initiatives and is contributing to the development of historically disadvantaged South Africans (HDSA) employees ■ A pool of 81 HDSAs has been selected for career fast-tracking ■ HDSA management currently stands at 12.5% The 5 and 10 year targets are 14.3% and 40% respectively ■ The training department has received ISO 9000 accreditation, and has received provisional accreditation from the Education and Training Qualification Authority (ETQA) ■ Bursary students at tertiary institutions have access to experiential training at Northam as a result of the company's participation in industry initiatives for skills development ■ Training expenditure in the past financial year increased by 27% and in the next financial year will approximate R10 million, equivalent to over 2% of the company's total payroll
Mine community and rural development	■ The company's corporate social investment (CSI) programme has recently been formalised. Projects are informed by a multi-stakeholder engagement process

Mine community and rural development (continued)	■ The Northam Schools Project is now in its third year, and focuses on building capacity and facilities at local educational institutions. The CSI programme has recently allocated R1million to the Mandela Schools Programme ■ Northam supports the local Mashapile community AIDS project to fight the disease in the surrounding community ■ The company is a partner in TEBA's rural home-based care programme for AIDS patients in the labour-sending areas
Procurement from HDSA companies	■ HDSA companies are given preferred status, although the company is vigilant about avoiding empowerment "frontage" and has implemented steps to verify suppliers' empowerment status ■ Currently some 6% of the total value of the company's procurement expenditure is allocated to verified empowerment vendors. The target for HDSA procurement in the medium to longer term is 50% ■ During the coming year all vendors will have their credentials verified
Housing and living conditions	■ The past year has seen vast improvements in the quality of nutrition for employees. A catering supervisor has been appointed and a dietician pays regular monitoring visits ■ Improvements in employees' accommodation are planned for the year ahead, with further work being required to fast-track a housing project and providing for living-out allowances.



Employment Equity

	2003	2003	2003	2005
	Actual	Actual	Actual	Target
Occupational level	White male	HDSA	HDSA %	HDSA %
Managers and senior officials	75	4	5.1	20.6
Skilled technical and academically qualified	325	209	39.1	53.2
Semi-skilled and discretionary decision making	29	3 950	99.3	98.9
Unskilled and defined decision making	26	2 123	98.8	97.5
Total	**455**	**6 286**	**93.3**	**94.4**

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 of the view that the company now substantially complies with the provisions thereof, and will, where necessary, take appropriate steps to further enhance compliance in terms of the recommendations.

All 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.

During the year the company 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 it 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 30, 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 nine non-executive directors, details of whom appear on page 28.

Two of the directors, Messrs M E Beckett and A S Malone are independent non-executives.

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 chairman of the board, is not an independent non-executive 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.

In keeping with the recommendations of King 2, Mr M E Beckett, an independent non-executive director was appointed Chairman in the place of Mr R H H van Kerckhoven on 6 August 2003.

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
D T G Emmett (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 chair the committee.

Nomination Committee

T M G Sexwale – Chairman
R Havenstein
A S Malone
E Molobi

In line with the recommendations of King 2, this committee was established on 6 August 2003, and comprises four non-executive directors. The committee, which will meet 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.

Remuneration and Employee Equity Committee

A S Malone – Chairman
R Havenstein
E Molobi
T M G Sexwale

The Remuneration and Employee Equity Committee comprises four non-executive directors and is scheduled to meet four times a year. The committee in consultation, where necessary, with management, ensures that the company's employees are fairly rewarded for their contribution to the company's performance. The company's remuneration philosophy is to ensure salaries and related benefits are competitive relative to other mining companies. Specifically, the committee, on behalf of the board, approves the employment contracts and remuneration packages of senior management, ratifies the appointment of senior management other than directors, and approves any short-term incentive schemes and bonuses, including the offer of options in terms of the rules of the Northam Share Option Scheme. In addition, the committee approves the mandate in regard to negotiations with trade unions and oversees implementation of and compliance with the requirements of the Employment Equity Act and the administration of the company's share incentive scheme.

In keeping with the recommendations of King 2, Mr A S Malone, an independent non-executive director, was appointed chairman in the place of Mr T M G Sexwale on 6 August 2003.

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	Health, Safety and Environmental Committee meetings	Remuneration and Employment Equity Committee meetings
Number of meetings held	5	5	4	3
Attendance per director				
M E Beckett	4	4	3	n/a
B E Davison [1]	2	n/a	n/a	2
D T G Emmett	5	n/a	4	n/a
R Havenstein [2]	n/a	n/a	n/a	n/a
A S Malone	4	n/a	n/a	2
E Molobi	4	n/a	n/a	2
T M G Sexwale	5	n/a	n/a	3
R H H van Kerckhoven	5	4	n/a	n/a
B R van Rooyen	5	n/a	4	n/a
I C Watson [3]	2	3	2	1
M J Willcox	4	2	n/a	n/a
J R Johnston [4]	n/a	n/a	1	n/a

[1] Mr B E Davison resigned as a director with effect from 30 June 2003.
[2] Mr R Havenstein was appointed a director on 1 July 2003.
[3] Mr I C Watson retired as a director on 16 December 2002.
[4] Alternate member to Mr D T G Emmett on the Health, Safety and Environmental Committee.

T M G Sexwale
Chairman
Johannesburg
12 September 2003

M E Beckett
Chairman – Audit Committee

Directorate and senior management

Directors

Michael Edward Beckett (67) *(British) BSc, FIMM*
Independent non-executive director.
Joined the board in 1999.
Chairman of Ashanti Goldfields plc, Clarkson plc and Oxus Gold plc. Director of Orica Pty and Queens Moat House plc.

Dorian Theodore Gerald Emmett (51) *BSc (Elec Eng) Wits, MBL (cum laude)*
Non-executive director.
Joined the board in 2001.
Chief operating officer, Anglo Platinum.

Ralph Havenstein (47) *MSc (Chemical Engineering)*
Non-executive director.
Joined the board in 2003.
Chief executive officer, Anglo Platinum.

Anthony Simon Malone (59) *BSc, MBL*
Independent non-executive director.
Joined the board in 1999.
Executive chairman of Metorex Limited.

Eric Molobi (58) *BA*
Non-executive director.
Joined the board in 2000.
Executive Chairman of Kagiso Trust Investment Company (Proprietary) Limited. Director of Imperial Bank Limited, Imperial Holdings Limited, Mvelaphanda Resources Limited, Rembrandt Group Limited and a number of other companies. A member of the Council of the University of Stellenbosch.

Tokyo Mosima Gabriel Sexwale (50) *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 Resources Limited and Trans Hex Group Limited and a director of ABSA Group Limited and Gold Fields Limited. Trustee of the Nelson Mandela Foundation, Business Trust and serves as Honorary Consul General of Finland.

Roeland Herman Hendrik van Kerckhoven (51) *(Belgian) BCom, MBL*
Non-executive director.
Joined the board in 2000.
Executive director: finance and corporate development, Anglo Platinum.

Bernard Renier van Rooyen (69) *BA LLB*
Non-executive director.
Joined the board in 1999.
Deputy Chairman of Trans Hex Group Limited and director of Banro Corporation, Gold Fields Limited, Mvelaphanda Resources Limited, Rand Water and The Cementation Company (Africa) Limited.

Mark John Willcox (33) *BA, LLB, Post Grad Dip Tax*
Non-executive director. Joined the board in 2000.
Director of Mvelaphanda Resources Limited and Trans Hex Group Limited.

Senior Management

Glyn Lewis (46) *BSc (Mining Engineering), MBA*
General manager. Joined Northam in 2001.
Appointed general manager in 2002.

Peter Badenhorst (48) *NHD (Mining)*
Manager – production. Joined Northam in 1993.
Appointed manager – production in 1999.

Mario Gericke (36) *BSc (Mining Engineering)*
Manager – production. Joined Northam in 1994.
Appointed in current position in 2002.

Tinus Fourie (46) *BCom*
Manager – financial services.
Appointed to the company as manager – financial services in 2001.

Rob Kendall (48) *Pr Eng*
Manager – engineering services. Joined Northam in 1990. Appointed in current position in 2001.

Danie Minnaar (47) *Pr Eng, B Eng (Metallurgy), BCom*
Manager – metallurgical operations.
Joined Northam in current position in 2001.

Rene Rautenbach (46) *NHD (Mining)*
Manager – projects. Joined the company in 2001.
Appointed in current position in 2002.

Richard Viring (49) *BSc (Hons), Pr Sci Nat, GDE*
Manager – mineral resources.
Joined the company in 1994 and was appointed manager – mineral resources in 2000.

Derek Wolstenholme (53) *CA (SA)*
Corporate finance manager.
Appointed to the company as corporate finance manager in 1999.

Annual financial statements

The financial statements set out on pages 31 to 58 were approved by the board of directors on 12 September 2003 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
12 September 2003

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 2003 as set out on pages 31 to 58. 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 2003 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

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

Johannesburg
12 September 2003

Directors' report

The directors have pleasure in submitting their report for the year ended 30 June 2003. 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. The directors are of the view that the company now substantially adheres to the Code of Corporate Practices and Conduct contained in King 2, as is more fully explained in the corporate governance report on page 24.

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 39 to 58 reflect the financial results and position of the company.

Dividends

Dividends totalling 90 cents per share (F2002: 170 cents per share) absorbing R208 385 000 (F2002: R392 646 000) were declared. Details are as follows:

Interim dividend (No 9) – 90 cents per share

Declaration date:	5 February 2003
Last day to trade cum div:	21 February 2003
Commencement of trading ex div:	24 February 2003
Record date:	28 February 2003
Payment date:	3 March 2003

No final dividend was declared.

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 (F2002: R3 500 000) divided into 350 000 000 (F2002: 350 000 000) shares of one cent each.

During the year 624 000 shares were allotted and issued to participants of the Northam Share Option Scheme, for an aggregate consideration of R6 742 000, resulting in the issued share capital at 30 June 2003 being 231 538 500 (2002: 230 914 500) shares of one cent each.

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.

Repayment of share premium

At the annual general meeting that was held on 7 November 2002, shareholders ratified the repayment of Share Premium in the amount of 75 cents per share (Capital Repayment No 1). Subsequent to this repayment, the following repayments of share premium have taken place:

Directors' report

Capital repayment No 2 – 20 cents per share

Last day to trade cum distribution:	2 May 2003
Commencement of trading ex distribution:	5 May 2003
Record date:	9 May 2003
Payment date:	12 May 2003

Proposed capital repayment

No 3 – 35 cents per share

Shareholders are referred to the circular to be mailed to shareholders on or about 15 September 2003 regarding the proposed capital repayment. The 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

At the forthcoming annual general meeting shareholders will be asked to grant the directors 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. The text of the resolution appears in the notice of annual general meeting on page 59.

Proposed 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 the directors have agreed to propose that shareholders be requested at the forthcoming annual general meeting to consider a special resolution granting the company a general authority to repurchase its own shares.

The text of the proposed special resolution, as well as the reasons therefor and effect thereof, appears in the notice of annual general meeting on page 59, which forms part of this report. A statement by the directors regarding the effect of the maximum repurchase permitted, also appears in the said notice. The general authority, if granted, will be subject to certain terms and conditions as set out in the aforementioned special resolution and will provide the directors 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.

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)

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.

Proposed amendment to articles of association

It is proposed to amend article 78 of the company's articles of association as certain provisions contained in this article, as it now stands, are no longer required. At the forthcoming annual general meeting of the company shareholders will accordingly be requested to approve a special resolution to amend this article.

The text of the proposed special resolution, as well as the reasons therefor and effect thereof, appears in the notice of annual general meeting on page 59, which forms part of this report.

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.

A summary of the shares held under option at 30 June 2003 is as follows:

Earliest and latest exercise date	Price per share (cents)	Total number of options
1 March 2001 and 29 February 2004	420	25 000
10 March 2001 and 9 March 2004	400	15 000
29 July 2001 and 28 July 2004	520	25 000
9 November 2001 and 8 November 2004	600	142 000
7 November 2002 and 6 November 2005	1500	345 000
20 November 2003 and 19 November 2006	1200	1 491 000
Number of options held at 30 June 2002		2 043 000
New options granted during the year		
– at R12.00 per share		109 000
– at R20.00 per share		3 420 000
– at R17.30 per share		60 000
Number of options forfeited during the year		340 000
Number of options exercised during the year		624 000
Number of options held at 30 June 2003		4 668 000

At 30 June 2003, 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 2003**	**Options exercisable in F2004**	**Options exercisable thereafter**
9 November 2001 and 8 November 2004	600	35 000	35 000	–	–
7 November 2002 and 6 November 2005	1 500	218 000	64 000	154 000	–
20 November 2003 and 19 November 2006	1 200	1 275 000	–	637 500	637 500
18 November 2004 and 17 November 2007	2 000	3 080 000	–	–	3 080 000
23 January 2005 and 22 January 2008	1 730	60 000	–	–	60 000
		4 668 000	99 000	791 500	3 777 500

Directors' report

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
July 2002	15 000	4.00	60
August 2002	25 000	5.20	130
August 2002	15 000	6.00	90
August 2002	75 000	12.00	900
August 2002	20 000	15.00	300
November 2002	45 000	6.00	270
November 2002	82 500	15.00	1 237
December 2002	25 000	4.20	105
December 2002	24 500	6.00	147
December 2002	250 000	12.00	3 000
December 2002	24 500	15.00	368
February 2003	22 500	6.00	135
Total	624 000		6 742

Included in the tables above are the following regarding options issued and exercised by directors during the year:

	Balance at 1 July 2002		Granted during the year		Exercised during the year		Forfeited during the year	
	No of options	Price R	No of options	Price R	No of options	Price R	No of options	Price R
I C Watson	25 000	4.20			25 000	4.20		
	17 000	6.00			17 000	6.00		
	17 000	15.00			17 000	15.00		
	141 000	12.00	109 000	12.00	250 000	12.00		
			300 000	20.00			300 000	20.00
	200 000		409 000		309 000		300 000	

Gains realised by directors on options exercised during the year:

	Number of shares	Subscription price – cents	Market price – cents	Share option gain R000
I C Watson	25 000	420	1 885	366
	17 000	600	1 885	219
	17 000	1 500	1 885	65
	250 000	1 200	1 885	1 713
	309 000			2 363

Directorate

The following changes have taken place since the publication of the 2002 annual report dated 26 September 2002:

16 December 2002 – Mr I C Watson retired as managing director.

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

The composition of the board of directors, as well as of board appointed committees, at the date of this report, is reflected on pages 25, 26 and 28.

The directors retiring by rotation in terms of the provisions of the company's articles of association are Messrs. E Molobi, R H H van Kerckhoven and M J Willcox who, being eligible and available, offer themselves for re-election. Furthermore, any director appointed during the course of a year shall retain office only until the next annual general meeting. Accordingly, members will be requested at the forthcoming annual general meeting, to consider resolutions providing for the re-election of Messrs. R Havenstein, E Molobi, R H H van Kerckhoven and M J Willcox.

Brief summaries of their curricula vitae appear on page 28.

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.

These fees are waived by executive directors.

Directors' report

Directors' remuneration

The directors' remuneration for the year was as follows:

	Fees R000	Remuneration package R000	Performance bonus R000	Gain on share options exercised R000	Total R000
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
2002					
Executive					
I C Watson	–	1 250	188	–	1 438
Non-executive					
M E Beckett	111				111
B E Davison	77				77
D T G Emmett	81				81
A S Malone	81				81
E Molobi	73				73
T M G Sexwale	141				141
R H H van Kerckhoven	105				105
B R van Rooyen	133				133
M J Willcox	99				99
	901	1 250	188	–	2 339

* Includes leave pay

Service contracts

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

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 2003 were as follows:

	30 June 2003			30 June 2002		
Name	Direct Beneficial Holding	Indirect non-beneficial holding	Total	Direct beneficial holding	Indirect non beneficial holding	Total
M E Beckett	**30 000**	**–**	**30 000**	30 000	–	30 000
A S Malone	**55 000**	**–**	**55 000**	40 432	–	40 432
T M G Sexwale	**–**	**6 757 959**	**6 757 959**	–	6 155 536	6 155 536
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	**–**	**1 351 592**	**1 351 592**	–	1 230 516	1 230 516
	127 607	**8 109 551**	**8 237 158**	113 039	7 386 052	7 499 091

At 30 June 2003, there were no indirect beneficial nor any direct non-beneficial holdings by directors.

Since 30 June 2003 and up to the date of this report, there have been no changes to the directors' shareholdings.

Analysis of shareholders at 30 June 2003

Shareholding range	Number of holders	Total Shareholding	Percentage holding
1 – 5 000	6 609	5 602 947	2.4
5 001 – 10 000	382	2 960 385	1.3
10 001 – 50 000	388	8 849 730	3.8
50 001 – 100 000	66	4 686 964	2.0
100 001 – 1 000 000	172	51 538 582	22.3
1 000 001 and over	29	157 899 892	68.2
	7 646	231 538 500	100.0

Category of shareholder	Number of holders	Total Shareholding	Percentage holding
Individuals	7 466	19 879 402	8.6
Companies	2	103 823 821	44.8
Pension and provident funds	64	50 209 873	21.7
Banks and insurance companies	12	12 602 376	5.4
Unit trusts and other managed funds	77	36 953 007	16.0
Investment trusts and other corporate bodies	25	8 070 021	3.5
Total	7 646	231 538 500	100.0

Directors' report

Major shareholders at 30 June 2003

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 holding
Anglo American Platinum Corporation Limited	52 095 516	22.5
Mvelaphanda Resources Limited	51 728 305	22.3

Fund manager	Number of shares	Percentage holding
Allan Gray Limited	58 417 914	25.2
Stanlib Limited	18 174 553	7.8

Shareholder spread

The company's shareholder spread is set out below.

	Number of shareholders in SA		Number of shareholders other than in SA		Total shareholders	
Shareholder type	Nominal number	Percentage holding	Nominal number	Percentage holding	Nominal number	Percentage holding
Public	7 115	54.83	525	0.28	7 640	55.11
Directors	3	0.04	1	0.01	4	0.05
Other (any who fall outside the scope of the above)	2	44.84			2	44.84
Total	7 120	99.71	526	0.29	7 646	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.

Special resolutions

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

Going concern

Mining entities have a finite life that depends on geological and technical factors as well as commodity prices and other economic factors. Taking account of the outlook for these factors as contained in the chairman's 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 64 of this report.

Transfer secretaries

During the year the company's transfer secretaries, Computershare Investor Services Limited changed its name to Computershare Limited – Investor Services Division.

Listing

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

Post balance sheet events

Shareholders are referred to the cautionary announcement published in the press on Thursday 7 August 2003. Shareholders will be informed of further developments in due course.

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. Accounting policies have been added for the accounting treatment of derivative instruments and leased metal, as the company entered into derivative instrument and metal leasing arrangements for the first time during 2003.

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 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.

Value in use 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.

Accounting policies

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 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 the economic hedging of a portion of these exposures through the use of derivative financial instruments. Forward sales contracts and option contracts are utilized 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 recognized 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 recognized in the financial period when they are delivered into.

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 (3PGE + 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 recognized when it is probable that future taxable profits will be available against which the deferred tax assets can be utilized 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 current liability. On the maturity of the lease the liability is credited to cost of sales.

Accounting policies

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 recognized as an expense when due for payment.

13 Dividends declared

Dividends proposed and related taxation thereon are recognised in the period in which the dividend is declared.

AS AT
30 JUNE 2003

Balance sheet

	Note	2003 R000	2002 R000
Non-current assets			
Fixed assets	1	**1 334 203**	1 249 774
Unlisted investments	2	**183**	173
Northam Platinum Restoration Trust Fund	3	**10 462**	8 568
		1 344 848	1 258 515
Current assets		**747 907**	1 038 062
Inventories	4	**339 156**	249 252
Accounts receivable		**113 776**	57 497
Cash and cash equivalents		**294 975**	731 313
TOTAL ASSETS		**2 092 755**	2 296 577
Financed by			
Share capital	5	**2 078 129**	2 290 993
Accumulated loss		**(562 621)**	(398 085)
Shareholders' equity		**1 515 508**	1 892 908
Non-current liabilities		**341 765**	258 496
Deferred tax	6	**330 323**	249 103
Long term provisions	7	**11 442**	9 393
Current liabilities		**235 482**	145 173
Accounts payable		**173 032**	124 550
Tax		**62 450**	20 623
TOTAL EQUITY AND LIABILITIES		**2 092 755**	2 296 577

FOR THE YEAR ENDED 30 JUNE 2003

Income statement

	Note	2003 R000	2002 R000
Total revenue	8	**1 562 801**	1 633 560
Sales revenue	21	**1 471 999**	1 560 685
Cost of sales		**1 086 571**	975 549
– operating costs	9	**1 004 327**	803 514
– refining and other costs		**68 549**	41 394
– leased metal cost		**14 149**	–
– depreciation and impairments	10	**89 059**	99 451
– change in metal inventories		**(89 513)**	31 190
Operating profit		**385 428**	585 136
Investment income	11	**64 140**	52 023
Net sundry revenue	12	**23 946**	20 793
Profit before tax		**473 514**	657 952
Tax	13	**198 601**	259 121
Net income for the year		**274 913**	398 831
		Cents	Cents
Earnings per share	14	**118.8**	172.8
Fully diluted earnings per share	14	**116.9**	171.4
Headline earnings per share	14	**118.7**	176.1
Dividends per share		**90.0**	170.0

FOR THE
YEAR ENDED
30 JUNE 2003

Statement of changes in equity

	Share capital R000	Share premium R000	Accumulated loss R000	Total R000
Balance at 30 June 2001	2 306	2 287 107	(323 974)	1 965 439
Net income for the year			398 831	398 831
Dividends distributed			(472 942)	(472 942)
Issue of new shares	3	1 577		1 580
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
Note	5	5		

Cash flow statement

	Note	2003 R000	2002 R000
Cash generated by operating activities		**390 040**	747 481
Cash generated from operations	15	**500 170**	706 849
Interest income		**63 125**	51 286
Change in working capital	16	**(97 701)**	58 522
Tax paid	17	**(75 554)**	(69 176)
Cash utilised in investing activities		**(172 171)**	(87 575)
Property, development and equipment			
– additions to maintain operations		**(175 758)**	(90 170)
– disposals		**3 597**	2 645
Investments			
– additions		**(14)**	(50)
– disposals		**4**	–
Cash generated by operating and investing activities		**217 869**	659 906
Cash effects of financing activities		**(654 207)**	(472 802)
Net proceeds of share issue		**6 742**	1 580
Share premium repaid		**(219 606)**	–
Increase in Restoration Trust Fund		**(1 894)**	(1 440)
Dividends paid		**(439 449)**	(472 942)
Net cash flow		**(436 338)**	187 104
Cash and cash equivalents at beginning of year		**731 313**	544 209
Cash and cash equivalents at end of year		**294 975**	731 313

Notes to the financial statements

	Mining properties R000	Plant and equipment R000	Decommissioning asset R000	Motor vehicles R000	Total R000
1. Fixed assets					
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					
– balace 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
30 June 2002					
Property plant and equipment					
Property plant and equipment					
– at cost	262 717	2 033 798	6 121	9 066	2 311 702
– accumulated depreciation	34 144	1 023 791	1 829	2 164	1 061 928
	228 573	1 010 007	4 292	6 902	1 249 774
Reconciliation of movement in fixed assets					
– balance at beginning of year	239 431	1 011 701	4 434	5 593	1 261 159
– reallocations		628		(628)	
– additions		84 185		5 985	90 170
– present value of decommissioning of asset capitalised (note 7)			61		61
– disposals		(49)		(3 490)	(3 539)
– depreciation charged for the year	(10 858)	(75 231)	(203)	(1 912)	(88 204)
– depreciation on disposals during the year		20		1 354	1 374
– impairments		(11 247)			(11 247)
– balance at end of year	228 573	1 010 007	4 292	6 902	1 249 774

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

	2003 R000	2002 R000
2. Unlisted investments		
Book value	**183**	173

The unlisted investments comprising equity investments in various mining industry service organisations are valued by the directors at R183 000 (2002 – R173 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:

	2003 R000	2002 R000
– balance at beginning of year	**8 568**	7 128
– contributions made during the year	**879**	703
– net income earned during the year	**1 015**	737
– balance at end of year	**10 462**	8 568

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.

	2003 R000	2002 R000
4. Inventories		
Metals on hand and in transit	**304 985**	215 472
Consumable stores	**34 171**	33 780
	339 156	249 252
5. Share capital		
Authorised		
350 000 000 (2002 – 350 000 000) shares of 1 cent each	**3 500**	3 500
Issued		
231 538 500 (2002 : 230 914 500) shares of 1 cent each	**2 315**	2 309
Share premium	**2 075 814**	2 288 684
	2 078 129	2 290 993

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.

	2003 R000	2002 R000
6. Deferred tax		
The principal components of the deferred tax liability/(asset) are as follows:		
Deferred tax liability		
– fixed assets	**328 869**	250 877
– metal stocks	**7 358**	7 167
– other assets	**5 010**	–
	341 237	258 044
Deferred tax asset		
– employee benefits	**10 620**	8 694
– decommissioning and environmental restoration	**294**	247
	10 914	8 941
Net deferred tax liability/(asset)	**330 323**	249 103
The change in the deferred tax balance is reconciled as follows:		
Deferred tax liability at beginning of year	**249 103**	69 723
– charge for the year	**81 220**	179 380
– temporary differences in respect of fixed assets	**77 992**	181 714
– depreciation component included in metals on hand and in transit	**191**	(1 189)
– temporary difference in respect of accounts receivable	**5 010**	(109)
– temporary difference in respect of employee benefits	**(1 926)**	(1 104)
– temporary difference in respect of long-term provisions	**(47)**	68
Deferred tax liability at end of year	**330 323**	249 103

Notes to the financial statements

	2003 R000	2002 R000
7. Long term provisions		
Provision for decommissioning costs		
– balance at beginning of year	**9 025**	7 903
– present value of decommissioning asset capitalised (note 1)	**822**	61
– unwinding of discount (note 9)	**632**	553
– charged to operating costs (note 9)	**487**	508
– balance at end of year	**10 966**	9 025
Provision for restoration costs		
– balance at beginning of year	**368**	276
– unwinding of discount (note 9)	**26**	19
– charged to operating costs (note 9)	**82**	73
– balance at end of year	**476**	368
Environmental rehabilitation obligation at year end	**11 442**	9 393
Environmental rehabilitation obligation before funding	**11 442**	9 393
Less: Northam Platinum Restoration Trust Fund (note 3)	**10 462**	8 568
Net environmental obligation	**980**	825
Future value of decommissioning obligation	**42 435**	37 370
Future value of restoration obligation	**4 314**	4 070
Future value of rehabilitation obligation	**46 749**	41 440

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 20 years.

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

	2003 R000	2002 R000
8. Total revenue		
Total revenue comprises:		
– sales revenue	**1 471 999**	1 560 685
– net investment income	**64 140**	52 023
– sundry revenue	**26 662**	20 852
	1 562 801	1 633 560
9. Operating costs		
Operating costs comprise mining and concentrating costs excluding depreciation and consist of the following principal categories:		
– labour	**401 860**	331 903
– stores	**346 201**	260 471
– utilities	**81 217**	74 832
– sundries	**173 822**	135 155
– provision for decommissioning and restoration costs (note 7)		
– unwinding of discount	**658**	572
– inflation adjustment	**569**	581
	1 004 327	803 514
Operating costs include the following:		
Auditors remuneration		
– external audit fees – current year	**574**	425
– external audit fees – prior year adjustment	**73**	51
– internal audit fees	**1 694**	2 279
– expenses	**94**	223
Directors' remuneration		
– non executive fees	**884**	901
– executive remuneration	**1 542**	1 438
Operating lease rentals		
– office equipment	**364**	357
– premises	**355**	552

Details of directors' remuneration are contained in the directors' report on page 36

Notes to the financial statements

	2003 R000	2002 R000
10. Depreciation and impairments		
Depreciation of mining properties plant and equipment consists of the following:		
– mining property	**10 866**	10 858
– plant and equipment	**75 826**	75 231
– decommissioning asset	**225**	203
– vehicles	**2 142**	1 912
Impairments		
– plant and equipment	**–**	11 247
	89 059	99 451
11. Investment income		
Investment income consists of the following:		
– interest received	**63 125**	51 286
– growth in Northam Platinum Restoration Trust Fund	**1 015**	737
	64 140	52 023
12. Net sundry revenue		
Net sundry revenue is arrived at as follows:		
– impairment of unlisted investments	**–**	(59)
– gain/(loss) on translation of foreign currencies	**(2 318)**	16 775
– hedging profits (realised)	**6 628**	–
– hedging profits (unrealised)	**16 700**	–
– metal leasing costs	**(280)**	–
– profit on sale of fixed assets	**505**	480
– toll treatment revenue – net	**1 263**	2 452
– other	**1 448**	1 145
	23 946	20 793

	2003 R000	2002 R000
13. Tax		
Non mining tax	**22 757**	20 623
Mining tax	**39 693**	
Deferred tax	**81 220**	179 380
	143 670	200 003
Secondary tax on companies	**54 931**	59 118
	198 601	259 121
The tax charge is reconciled as follows:		
Tax at statutory rates	**142 054**	197 386
Other adjustments	**1 616**	2 617
	143 670	200 003

13.1 State's share of profit

The formula for determining the State's share of profit is:

$$Y = 15 - \frac{120}{X}$$

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 422 497 000 (2002: R1 714 552 000) at 30 June 2003.

13.2 Mining tax

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

No provision was made for mining tax in 2002 as the company had estimated unredeemed capital expenditure of R171 886 000

13.3 Non-mining tax

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

13.4 Secondary tax on companies

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

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

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

Notes to the financial statements

	2003 R000	2002 R000
14. Earnings per share		
Earnings and headline earnings per share is based on profit attributable to members and an average of 231 313 068 (2002: 230 744 049) shares in issue during the year. Headline earnings are reconciled to net income for the year as follows:		
Net income for the year	**274 913**	398 831
Impairments – plant and equipment	**–**	11 247
Impairments – unlisted investments	**–**	59
Profit on sale of fixed assets	**(505)**	(480)
Tax effect	**152**	(3 230)
Headline earnings	**274 560**	406 427
Fully diluted earnings per share is based on the profit attributable to members and an average of 235 108 275 (2002: 232 696 600) shares in issue during the year.		
The number of fully diluted shares are calculated as follows:		
Average number of ordinary shares in issue during the year	**231 313 068**	230 744 049
Average number of Northam Share Option Scheme options outstanding during the year	**3 795 207**	1 952 551
	235 108 275	232 696 600
15. Cash generated from operations		
Profit before taxation and interest paid	**473 514**	657 952
Adjusted for non cash items		
– impairment of unlisted investment	**–**	59
– profit on disposal of fixed assets	**(505)**	(480)
– Depreciation and impairments	**89 059**	99 451
– Increase in long-term provisions	**1 227**	1 153
Interest received	**(63 125)**	(51 286)
	500 170	706 849
16. Change in working capital		
Inventories	**(89 904)**	34 962
Accounts receivable	**(56 279)**	(3 414)
Accounts payable	**48 482**	26 974
	(97 701)	58 522

	2003 R000	2002 R000
17. Tax paid		
Balance owing at beginning of year	**20 623**	10 058
Charge per income statement	**117 381**	79 741
Balance owing at end of year	**(62 450)**	(20 623)
	75 554	69 176
18. Commitments		
Capital expenditure – plant and equipment		
Authorised but not contracted	**106 387**	89 760
Contracted	**23 644**	7 259
Information Technology Outsource Service Providers		
Due within one year	**7 314**	6 661
Due within two to five years	**26 993**	25 524
Thereafter	**1 388**	7 666
Operating lease rentals – office equipment		
Due within one year	**167**	184
Due within two to five years	**438**	465
Thereafter	**–**	19
Operating lease – premises		
Due within one year	**390**	355
Due within two to five years	**204**	594

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 Fund Act of 1956.

Contributions made during the year were as follows :	**33 849**	24 844

Notes to the financial statements

	2003 R000	2002 R000
20. Related parties		
(a) The company sold under contract nickel sulphate to Anglo American Platinum Corporation Limited who holds an equity interest of 22.5% (2002 – 22.5%). The contract was concluded at arms length.		
– value of sales during the year	**46 958**	38 512
– included in accounts receivable	**12 523**	4 229
(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**	8 796
– included in accounts receivable	**–**	2 277
(c) As reported on page 25, the company's internal audit function is undertaken on commercial terms by Anglo Platinum Management Services (Pty) Limited.		
– fee paid included in operating costs	**1 160**	–

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:

	2003 R000	2002 R000
Segment revenue		
Europe	**673 511**	706 013
Japan	**290 283**	304 342
North America	**390 318**	451 893
South Africa	**117 887**	98 437
	1 471 999	1 560 685
Segment debtors		
Europe	**23 883**	16 250
North America	**13 150**	4 943
South Africa	**76 743**	36 304
	113 776	57 497

	2003	2002

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. No forward exchange contracts were entered into during the year. At the year end the company did not consider that there was any significant foreign currency risk.

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

	2003	2002
– accounts receivable – US$	**2 853**	2 045
– cash and cash equivalents – US$	**17**	3 310
– accounts payable – Euro	**1 297**	881

Exchange rates at year end

	2003	2002
Rand/Dollar	**7.57**	10.27
Rand/Euro	**8.66**	10.25

(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 asset in terms of AC 133 (IAS 39).

At year end the aggregate outstanding contracts were as follows:

Platinum	2003	2002
– period	July 2003 to September 2003	Not applicable
– 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	2003	2002
– period	July 2003 to February 2004	Not applicable
– 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**	–

Notes to the financial statements

	2003	2002

(b) Commodity price risk (continued)

Hedging

Subsequent to the end of the financial year the company has hedged a further 33 500 oz of platinum at an average price of $669/oz for delivery by the end of February 2004.

(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 general manager. 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.

23. Comparative figures

Certain comparative figures have been restated to facilitate comparisons.

Notice of annual general meeting

Date: 6 November 2003
Time: 12:00
Place: Ground Floor Auditorium
Glenhove Conference Centre
(Pharmaceutical Society of South Africa)
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 (Pharmaceutical Society of South Africa), 52 Glenhove Road, Melrose Estate, Johannesburg on Thursday, 6 November 2003 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 2003.

2. **Election of directors**
   To elect directors in place of Messrs R Havenstein, E Molobi, R H H van Kerckhoven and M J Willcox who retire in accordance with the provisions of the company's articles of association, and being eligible and available, have offered themselves for re-election.

   Brief curricula vitae of these gentlemen appear on page 28 of the annual report of which this notice forms part.

3. **Placement of unissued shares under the control of the directors**
   To place the authorised but unissued shares in the capital of the company, other than those unissued shares reserved for purposes of the Northam Share Option Scheme, under the control of the directors in terms of and subject to the provisions of the Companies Act, 1973, as amended, and the Listings Requirements of the JSE Securities Exchange South Africa.

4. **Payments to shareholders**
   To consider, and if deemed fit, to pass the following resolution as an ordinary resolution:

   "RESOLVED that in terms of the Listings Requirements of the JSE 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.

Notice of annual general meeting

5. Acquisition of company's own shares

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

   Special resolution number 1

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

   The directors are of the opinion that, after considering the effect of the maximum repurchase permitted and for a period of 12 months after the date of the notice of this annual general meeting:

   – the company will be able, in the ordinary course of business, to pay its debts as they become due;
   – the assets of the company will be in excess of the liabilities of the company, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements;
   – the working capital resources of the company will be adequate for its ordinary business purposes; and
   – the issued share capital and/or reserves of the company are adequate for the ordinary business purposes of the company.

   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 4. and 5. above.

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

Directors and management – see page 28;
Major shareholders of the company – see page 38;
Directors' interests in the company's securities – see page 37;
Share capital – see page 31.

In addition, the following disclosures are required:

Litigation statement
The directors of the company, whose names appear on page 28 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 28 of this annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the resolutions set out under the headings 4. and 5. above and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the said resolutions contain all information required.

Material change
Other than the facts and developments reported on in this annual report, there have been no material changes in the affairs, financial or trading position of the company since the balance sheet date and the date of this notice. It should be noted that the company's products are priced in US Dollars and therefore the recent strengthening of the Rand against the US Dollar will adversely affect the company's revenues should the currency continue to trade at its current levels.

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

   Special resolution number 2
   "RESOLVED, as a special resolution, that article 78 of the company's articles of association be and is hereby amended by:
   – replacing the words 'Dividends only out of profits' in the heading to the article with the words 'No interest'; and
   – deleting the words 'No dividend shall be payable except out of the profits of the company. The declaration of the directors as to the amount of the profits of the company shall be conclusive.' "

   The amended article 78 will therefore now read as follows:

   '78. No interest
   No dividends shall carry interest as against the company.'

   The reason for special resolution number 2 is to delete provisions of the company's articles of association which are no longer required and the effect of the special resolution will be to delete those provisions from the articles of association.

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

Notice of annual general meeting

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 members. 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 | 12 September 2003

Shareholders' diary

	2004
Salient dates for 2004 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

Administration

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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.

Proxy form

(for the use of registered members)

Northam Platinum Limited

(Registration No 1977/003282/06)
(Incorporated in the Republic of South Africa)

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, 6 November 2003 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 R Havenstein as a director			
Ordinary resolution – election of Mr E Molobi as a director			
Ordinary resolution – election of Mr R H H van Kerckhoven as a director			
Ordinary resolution – election of Mr M J Willcox as a director			
Ordinary resolution – placement of unissued shares under the control of the directors			
Ordinary resolution – payments to shareholders			
Special resolution number 1 – acquisition of company's own shares			
Special resolution number 2 – amendment to articles of association			

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 4 November 2003.

Signature ______________________ Date ______________________

Instructions overleaf

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.

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 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, 4 November 2003.

Grateful acknowledgement to Johnson Matthey and PGI for certain photographs in this report. Produced by Russell and Associates