NORTHAM
PLATINUM LIMITED

Annual Report 2002

Western Bushveld Complex

Front cover: A smiling Fastudo Matavele, shift supervisor, and Esau Nawa, an assistant electrician, preparing for a day's work.

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

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 300 000 ounces of platinum, palladium, rhodium and gold (3 PGEs+Au). Northam has 10.8 million ounces of reserves in a total resource of 19.2 million ounces.

Northam mines both the Merensky and UG2 Reefs from a twin shaft system at an average depth of 1 670 metres, utilising state of the art hydropower technology. The operation's world-class infrastructure includes two concentrator plants which treat both Merensky and UG2 ore, a smelter and base metals removal plant.

The company is a reliable and independent supplier of metals of London and Zurich 'good delivery' quality. PGM customers are spread across the major economic centres of the world; base metal by-products, copper and nickel, 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 of South Africa.

Code of ethics*

Relationships with the company's various stakeholder bodies are guided by a code of ethics which has been endorsed by the board of directors and communicated to all levels of employees. This document describes the fundamental principles which govern the business conduct of the company in its everyday dealings, and applies to directors and employees alike.

In promoting this code and our commitment to good corporate citizenship, we strive towards establishing an environment in which we will:

- Defend the rights of employees to a safe and healthy working environment
- Conduct our business in such a way that promotes the recognition of the environment as a strategic resource for both current and future generations
- Support communities to improve the quality of their lives
- Create a climate free of conflict, discrimination and harassment
- Engage constructively and creatively with government bodies, labour organisations and non-governmental organisations (NGOs)
- Apply the highest ethical standards in our dealings with customers and suppliers.

* The unabridged code of ethics appears on the company's website at www.northam.co.za

Motatane Rakhwale, transport assistant and Frans du Toit, shaft foreman. A new sense of purpose is emerging among the workforce following the strike.

Key features

- Revenues maintained above R1.5 billion despite five-week strike
- Free cash flow up 12% to R187 million
- Available Merensky ore reserves 50% up at 17 months
- Resilience in the face of lower metal prices
- Sustained growth in share price

ABET coordinator Violet Dube assisting Simon Dlamini in the company's modern training facility. E-learning has become an important component of Northam's new-look ABET programme. The primarily interactive nature of the course ensures high concentration levels and retention rates.

Tokyo Sexwale

Letter from the chairman

A seminal year

The past financial year has been a watershed in the life of your company. Despite significantly lower metal prices and a five-week strike, Northam entrenched itself as a resilient operator with sustainable margins.

Tragically two members of the Northam team lost their lives in work-related accidents during the year. Good progress has been made in improving safe working practices. Last year we called for greater involvement by labour in the promotion of safety and performance improvements. We have not been disappointed. Northam was awarded the Department of Minerals and Energy's (DME) most coveted safety prize for achieving one million fatality-free shifts on two occasions in the past financial year. The challenge now is to sustain this success.

The Northam team extended the immediately available reserve on the Merensky reef horizon from 11 to 17 months and I have no doubt that the ultimate target of 24 months will be achieved on schedule by November 2003.

Sustaining record returns to shareholders

Lower metal prices and the loss, through industrial action, of 1 200 kg of planned production of PGMs reduced earnings per share by some 24%. Northam's strong cash position, nevertheless permitted the distribution to shareholders to be maintained.

On a four year view, your company has produced a return for shareholders equivalent to 71%, compound, per annum. This has been achieved without compromising Northam's war chest. Year on year the cash balance improved by 34% to over R700 million.

A more realistic market

The metal price peaks of the previous year have returned to more realistic levels. A prominent consequence of phenomenally high palladium prices has been the rapid substitution of platinum for palladium in the autocatalyst sector.

Very high platinum prices in the previous year also constrained jewellery demand with global offtake shrinking by some 10%. In China, however, jewellery demand remained firm and picked up in the second half of the year under review. Northam continues to support the Platinum Guild International's (PGI) campaign to expand the market for our metals in China and India.

After two years of global deficit, the platinum market has moved closer to balance under the influence of increased supply and slower growth in the rate of demand. While metal demand must ultimately reflect fluctuations in the global economy, the immediate outlook for the principal demand sectors, autocatalysts and jewellery, remains robust. Increasingly stringent emission controls in respect of both petrol and diesel engines hugely underpin demand in the autocatalyst sector while jewellery demand in China and India flows from new and growing markets. On the supply side, both the Russian and South African producers pursue responsible marketing strategies. South Africa, moreover, has both the resources and the will to meet the predicted long-term growth in demand.

Empowered for growth

Amendments to the Mineral and Petroleum Resources Development Bill before it was passed by Parliament, reassured all stakeholders of Government's intention to promote Black Empowerment on a basis consistent

with the maintenance of a world class and globally competitive mining industry. The subsequent leak of the draft Mining Charter unfortunately engendered enormous uncertainty in regard to Government's objectives, particularly amongst offshore investors. However, negotiations in regard to attainable Mining Charter empowerment targets are now in progress and are likely to be concluded, to the satisfaction of all parties concerned, before the end of 2002.

The new dispensation will afford significant growth opportunities to broadly based empowerment companies such as Northam. We are engaged in negotiations for a stake in the Pandora Joint Venture. This project couples Anglo Platinum's mineral rights to the east of Lonmin's Eastern Platinum mine with the latter's mining infrastructure.

Northam is actively pursuing other opportunities, which will broaden our resource base and reduce our unit cost structure. As an independent PGM producer, we command expertise in deep level mining and integrated flotation, smelting and base metal recovery. We also have access to state of the art refining technology. We therefore have the capacity to partner both major and junior companies in our industry.

An exciting year to come

The year ahead promises to be an exciting one for your company. Our labour relations are much improved and are being complemented by an aggressive skills development programme. Further productivity improvements point to a 20% increase in metals production. Providing there are no significant adverse changes in the prevailing dollar metal prices, and without a dramatic strengthening of the South African currency against the US dollar, earnings should be proportionately higher and shareholders will be rewarded with a strong dividend flow.

The board extends its appreciation and thanks to the management and all employees for a good year. We shall strive to make the coming year even better.

Tokyo Sexwale
Chairman

26 September 2002

Seven year review

Summarised financial results	F2002 R000	F2001 R000	F2000 R000	F1999 R000	F1998 R000	F1997 R000	F1996 R000
Income statement							
Sales revenue	**1 560 685**	1 567 883	1 051 953	719 497	539 279	469 942	375 623
Cost of sales	**975 549**	779 501	691 925	596 285	547 449	580 444	481 222
Operating costs	**803 514**	731 826	586 938	525 797	475 168	443 131	394 285
Refining and other costs	**41 394**	29 601	32 068	35 742	32 227	39 963	30 604
Depreciation	**99 451**	86 999	59 474	55 302	65 940	72 916	79 648
Change in metal stocks	**31 190**	(68 925)	13 445	(20 556)	(25 886)	24 434	(23 315)
Operating profit	**585 136**	788 382	360 028	123 212	(8 170)	(110 502)	(105 599)
Net investment income	**52 023**	39 714	27 199	17 908	4 348	5 213	9 992
Net sundry revenue/(expenditure)	**20 793**	4 256	(1 591)	(1 980)	2 542	(182)	3 090
Profit before tax and exceptional items	**657 952**	832 352	385 636	139 140	(1 280)	(105 471)	(92 517)
Exceptional items	**–**	–	–	15 262	–	–	–
Profit before tax	**657 952**	832 352	385 636	123 878	(1 280)	(105 471)	(92 517)
Tax	**259 121**	308 143	122 817	(8 687)	(28 488)	(23 816)	(21 399)
Net income for the year	**398 831**	524 209	262 819	132 565	27 208	(81 655)	(71 118)
Balance sheet							
Fixed assets	**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	**8 741**	7 310	6 040	4 953	6 280	11 619	19 499
	1 258 515	1 268 469	1 357 393	1 177 384	1 204 770	1 214 718	1 251 647
Current assets	**1 038 062**	882 506	661 781	398 161	254 859	225 176	263 005
Total assets	**2 296 577**	2 150 975	2 019 174	1 575 545	1 459 629	1 439 894	1 514 652
Shareholders' equity	**1 892 908**	1 965 439	1 900 201	1 477 862	1 356 693	1 329 485	1 411 140
Deferred tax	**249 103**	69 723	–	–	–	–	–
Long-term liabilities and provisions	**9 393**	8 179	6 835	29 514	49 587	51 818	53 542
Current liabilities	**145 173**	107 634	112 138	68 169	53 349	58 591	49 970
Total equity and liabilities	**2 296 577**	2 150 975	2 019 174	1 575 545	1 459 629	1 439 894	1 514 652
Cash flow statement							
Operating cash flow	**747 481**	800 873	423 098	169 455	42 629	(8 432)	(46 782)
Investing cash flow	**(87 575)**	(167 325)	(343 389)	(11 318)	(32 843)	(20 062)	(18 936)
Financing cash flow	**(472 802)**	(467 764)	142 774	(37 800)	4 254	5 121	3 967
Distributions made	**(472 942)**	(460 682)	(73 638)	(18 403)	–	–	–
Other financing cash flows	**140**	(7 082)	216 412	(19 397)	4 254	5 121	3 967
Net cash flow	**187 104**	165 784	222 483	120 337	14 040	(23 373)	(61 751)
Cash and cash equivalents at beginning of year	**544 209**	378 425	155 942	35 605	21 565	44 938	106 689
Cash and cash equivalents at end of year	**731 313**	544 209	378 425	155 942	35 605	21 565	44 938

Seven year statistical review	F2002	F2001	F2000	F1999	F1998	F1997	F1996
Operating performance							
Merensky							
Tonnes milled	1 288 141	1 576 926	1 660 000	1 800 000	1 740 000	1 645 000	1 565 000
Head grade – g/ton*	6.1	5.8	6.0	6.1	6.2	6.1	6.1
UG2							
Tonnes milled	643 286	371 374	–	–	–	–	–
Head grade – g/ton*	3.8	3.9	–	–	–	–	–
Combined							
Tonnes milled	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	5.4	6.0	6.1	6.2	6.1	6.1
Precious metals in concentrates produced – kg*	8 458	8 725	8 372	9 197	8 977	8 443	8 144
Precious metals sold – kg*	8 944	8 306	9 331	9 222	8 764	9 216	7 505
Revenue – R/kg*	160 367	172 733	100 701	70 502	54 656	44 404	41 256
Operating costs – R/kg*	105 426	93 848	70 110	57 170	55 081	52 819	48 578
Cash costs – R/kg*	94 861	83 750	67 366	56 431	53 068	51 711	47 644
Financial performance							
Operating margin – %	37.5	50.3	34.2	17.1	(1.5)	(23.5)	(28.1)
Effective tax rate – %	39.4	37.0	31.8	(7.0)	–	–	–
Return on shareholders' equity – %	20.7	27.1	15.6	9.4	2.0	(6.0)	(5.0)
Return on total assets – %	17.4	24.4	13.0	8.4	1.9	(5.7)	(4.7)
US Dollar / Rand exchange rate							
– average	10.13	7.60	6.35	6.05	4.49	4.52	3.85
– at year end	10.27	8.04	6.77	6.01	5.92	4.53	4.33
Share performance							
Average number of shares in issue – 000	230 744	230 311	203 283	184 036	184 032	184 032	184 032
Number of shares at year end – 000	230 915	230 565	230 147	184 060	184 032	184 032	184 032
Operating cash flow per share – cents	323.9	347.7	208.1	92.1	23.2	(4.6)	(25.4)
Headline earnings per share – cents	172.8	227.6	129.3	77.8	14.8	(44.4)	(38.6)
Distribution per share – cents	245.0	235.0	120.0	25.0	–	–	–
Net asset value per share – cents	820.0	852.0	826.0	803.0	737.0	722.0	767.0
Share price (cents)							
– high	2 000	1 860	950	640	340	500	550
– low	1 000	765	455	175	130	200	225
– at year end	1 665	1 525	780	484	268	230	475
Average monthly volume of shares traded – 000	8 014	11 054	6 735	1 909	901	585	409
Annual liquidity (%)	41.7	57.6	40.7	12.5	5.9	3.8	2.7

* 3 PGEs+Au

Ian Watson

The year at a glance

A robust effort from management, employees and labour organisations alike to improve the operation's safety performance has demonstrated some gratifying successes. Shortly after the five-week strike early in the financial year, Northam won the DME's award for achieving a million fatality-free shifts in September 2001. This achievement was repeated in April this year when we received the award for the second time in the same financial year. Notwithstanding these successes, we deeply regret the loss of life of two employees during the year.

Operationally the company produced solid results despite the loss of 32 production days and potential metals output of 1 200 kg. The accelerated development programme is now also coming into its own, significantly improving the ore reserve position.

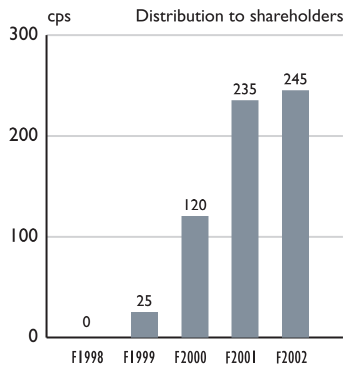
Production for the year totalled 8 458 kg of metals in concentrate (3 PGEs+Au), a year-on-year decline of 3% from 8 725 kg in the previous year. Nevertheless, metal sales were almost 8% higher at 8 944 kg.

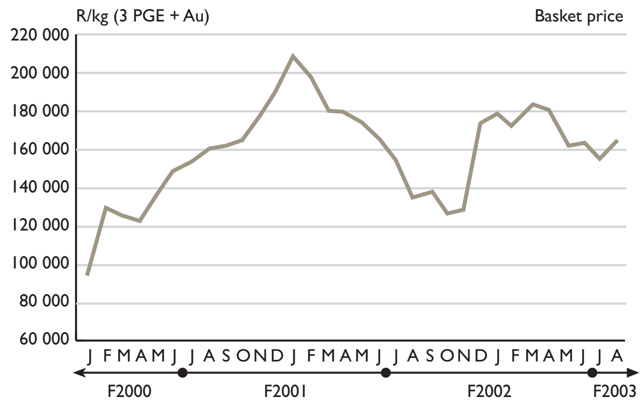
In US dollar terms metal prices over the reporting period were substantially lower, but were partially offset by the weaker South African currency. The basket price for metals was 7.2% lower at R160 367/kg (F2001: R172 733/kg). Revenues were maintained however above R1.5 billion, largely owing to the sale of metals from inventory. Earnings of R399 million were reported for the year (F2001: R524 million).

The company made a final distribution of 175 cps. Added to the interim distribution made at the half-year stage, the total return to shareholders amounts to 245 cps, an increase of 4.2% over the 235 cps paid in F2001.

Management has done well in containing the effects of the strike and in coming to grips with much lower metal prices. My thanks go to Glyn Lewis and his team at the mine for their exceptional effort and for sustaining focus in what has been a challenging year.

After a year of gains in safety performance, and some modest improvements in the labour relations climate, the advantages of the improved ore reserve position will start flowing through in F2003. Even though higher production volumes should translate into lower unit costs, our active cost control programme will be more vigorously applied in the year ahead. After these solid gains, and with an enthused management team in place, I look forward to an even better result in F2003.





Geologist Takalani Maphalu, a member of the strong team of technical experts at Northam, examining a geological plan. The geology department's valuable knowledge about the specific ground conditions has been critical in coming to grips with the geological disturbances in the area.

Market review

Marketing quality metals

Northam continues to maintain its status as a modest, yet independent supplier of high quality PGMs. Over the years we have developed sound and enduring business relationships with selected customers, and are well positioned to take advantage of the positive outlook for metal demand.

Northam continues to lend financial support to the jewellery promotion campaigns of the PGI. Given the intense competition from its gold and white metal counterparts, the efforts of the PGI to stimulate the global demand for platinum jewellery have ensured that this pillar of platinum demand will endure and expand into the years ahead.

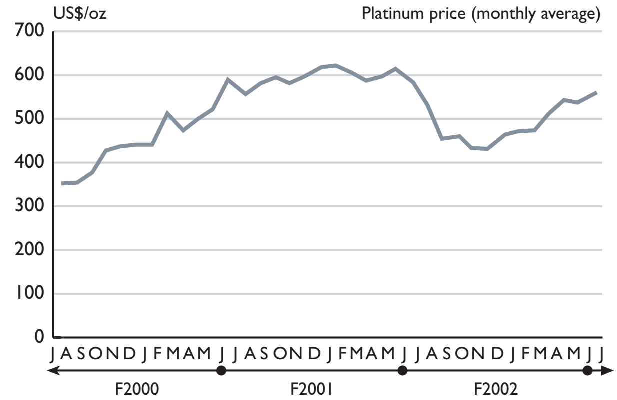
Sustained demand for our metals

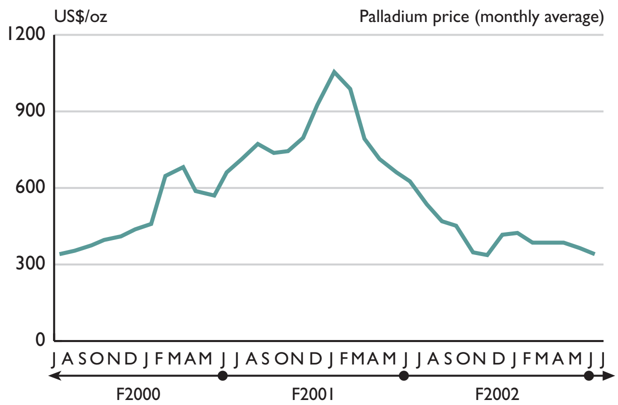
Platinum

Global demand for platinum in 2001 continued its upward trend to reach a total in excess of 6 million oz, an increase of some 8% on the previous year. Growth was strongest in the autocatalyst sector, where industry purchases of platinum continued to swell, totalling some 2.5 million oz for the year. Solid autocatalyst demand for platinum was underpinned by the increasing sales of diesel vehicles in Europe and, secondly, by a marked worldwide movement towards the substitution of palladium with higher platinum loadings.

Demand growth was also apparent, albeit at a slowing rate, in the industrial sector where demand for platinum reached a total in excess of 1.5 million oz. Growth was attributed to the renewed investment initiatives in fibreglass and speciality glass production facilities, together with the expansion of global petroleum refining capacities.

However, despite these positive areas of growth, global demand for platinum in the jewellery sector declined by an estimated 10% to 2.5 million oz. As platinum prices have trended upwards in recent years, so fabrication demand has been adversely affected, providing clear evidence of the price sensitive nature of this market. In Japan the market relinquished its 1 million oz status, as demand fell to a level slightly in excess of 700 000 oz for the year. Similarly, in the USA poorer economic conditions and reductions in retail inventories depressed demand. In Europe, the trends were less distinct; platinum demand into the Italian and German markets diminished, whilst the UK and Swiss retailers returned improved sales. Healthy growth in demand from China continued however, and indications are that the year ahead should see further inroads into this significant sector of the global market.





Palladium

Demand for palladium fell dramatically during 2001, as consumers reacted to the price highs of previous years. In the autocatalyst industry demand fell by 10% to 5 million oz as auto companies moved to draw down stocks and substitute platinum. Even more severe was the collapse in demand from the electronics sector where, once again, component manufacturers sought to use metal from stocks to fulfil their diminished order books. Total electronic demand for palladium fell from over 2 million oz in 2000, to an estimated 700 000 oz in 2001.

Despite the downward trend in the palladium price since the record highs approaching US$1 100/oz in January 2001, demand for palladium in the dental and chemical sectors also declined as consumers moved to substitute alternative metals.

Stabilisation in the metal trading ranges

In January 2001, the platinum price soared to US$645/oz, its highest since April 1987. In palladium, supply concerns and heavy consumer buying propelled the market to record levels, close to US$1 100. By August however, platinum's average monthly price had fallen dramatically to US$451. Weakening fundamentals in Japan, a faltering US economy and the dramatic drop in the palladium price prompted platinum's further decline as the price fixed at a low of US$406 in October 2001. Palladium, likewise, fell to a 26-month low of US$315 amid fears that the economic slowdown would deteriorate further when the US struck back in retaliation for last year's September 11 attacks.

By January 2002 however, platinum had recovered to US$472, and during August it was trading at highs in excess of US$550. In palladium, the unabated weakening in demand, and the prospect of ample supplies appear to have snuffed out any significant upside price potential for the metal.

The price volatility in 2000 and 2001 were clearly cause for concern in a market driven by the demand patterns of its principal sectors of consumption. The first months of calendar 2002 have shown a stabilisation in the trading ranges of both platinum and palladium, and it is likely that this trend will continue into the year ahead. Demand for platinum should remain robust, driven principally by an anticipated growth in the production of diesel vehicles and a continuation of platinum as a substitute for palladium.

The outlook for palladium is less appealing. Demand is likely to drop still further and, given the expansions already announced by major producers, the deficits seen in this market in recent years could diminish significantly. Uncertainty will continue to surround the marketing activities of Russian producers, but traditional consumer nervousness in anticipation of Russian restrictions on metal sales is likely to be less marked than in the past.

Total supplies of rhodium during 2001, at 600 000 oz, fell by some 20%, primarily on account of the lower volumes of Russian exports. Demand for metal also declined sharply as autocatalyst companies chose to draw down on accumulated metal inventories. The resulting surplus of metal created a severe slump in the price from close to US$2 300, to end the year at US$950. By August 2002, the market had softened still further, the spread then quoted at US$700-750. Regardless of the high level of price volatility, the actual application of rhodium in the autocatalyst sector has remained stable. Modest increases in rhodium loadings have recently been apparent, although it is likely that these will be limited by the ongoing improvements in autocatalyst technology that seeks to reduce the overall cost of PGM loadings per unit vehicle.

Glyn Lewis (centre) and team members with safety award

Review of operations

Mining

The programme of enhanced exploration drilling which started last year to better define reef types present in new areas before committing to mine layouts yielded positive results in:

- Minimising wasted development
- Targeting areas of conformable reef

Better mining conditions consequently led to an increase in Merensky reef head grade from 5.8 g/t to 6.1 g/t. The accelerated development programme to increase Merensky ore reserves will continue during the new financial year until the targeted 24 months of Merensky ore reserve availability is established by November 2003.

On the UG2 reef horizon the establishment of ore reserves has also progressed satisfactorily and by year end a total of 36 months of ore reserve was available. Mining from the UG2 horizon contributed 33% of total tonnes milled and 22% of metals produced. These ratios are expected to be maintained in the coming financial year. The average headgrade of 3.8 g/t achieved, is expected to be maintained in F2003.

The key to improved productivity at Northam lies in mining flexibility. Relatively modest productivity improvements of 10% in m^2 units per employee were achieved during the year under review as the ore reserve position and associated mineable face length improved. Further increases in mineable face length resulting from the accelerated development programme during F2003 will contribute to further productivity gains through improved face utilisation.

Management has gained some 18 months of experience in mining the UG2 reef at depth. We have now started certain design studies investigating the optimisation of panel lengths and improving panel layouts. The objective of this exercise is to improve the extraction rate of UG2 by some 20%, which will also contribute to better productivity on this reef horizon.

Results of operations

Merensky reef	**F2002**	F2001
Development metres	**14 622**	14 489
Square metres mined	**264 463**	315 161
Tonnes mined	**1 612 101**	1 941 338
Tonnes milled	**1 288 141**	1 576 920
Head grade (3 PGE+Au)	**6.1**	5.8
3 PGE+Au produced in concentrate (kg)	**6 596**	7 664
Ore reserves (months)	**17**	11

UG2 reef	**F2002**	F2001
Development metres	**2 148**	3 476
Square metres mined	**116 931**	66 863
Tonnes mined	**664 362**	432 441
Tonnes milled	**643 286**	371 380
Head grade	**3.8**	3.9
3 PGE+Au produced in concentrate (kg)	**1 862**	1 061
Ore reserves (months)	**36**	28

Results of operations (continued)

Combined reefs	**F2002**	F2001
Development metres	**16 770**	17 965
Square metres mined	**381 394**	382 024
Tonnes mined	**2 276 463**	2 373 779
Tonnes milled	**1 931 427**	1 948 300
Head grade	**5.3**	5.4
3 PGE+Au produced in concentrate (kg)	**8 458**	8 725

Metallurgy

	F2002		F2001	
Precious metals produced in concentrate	**kg**	**oz**	kg	oz
Platinum	**5 202**	**167 248**	5 503	176 925
Palladium	**2 516**	**80 891**	2 543	81 759
Rhodium	**562**	**18 069**	462	14 854
Gold	**178**	**5 723**	217	6 977
Total (3 PGE+Au)	**8 458**	**271 931**	8 725	280 515
Other PGMs	**1 313**	**42 214**	1 404	45 140
Copper (tonnes)	**825**	**–**	840	–
Nickel (tonnes)	**1 352**	**–**	1432	–

	F2002		F2001	
Refined metal sales	**kg**	**oz**	kg	oz
Platinum	**5 523**	**177 580**	5 234	168 294
Palladium	**2 699**	**86 758**	2 475	79 558
Rhodium	**539**	**17 325**	414	13 295
Gold	**183**	**5 883**	183	5 895
Total (3 PGE+Au)	**8 944**	**287 546**	8 306	267 042
Other PGMs	**1 120**	**36 009**	995	31 990
Copper (tonnes)	**825**	**–**	840	–
Nickel (tonnes)	**1 352**	**–**	1 432	–

1 kilogram = 32.15069 ounces

Review of operations (continued)

Metallurgy

Total metals in concentrate produced at the mine decreased by 3% to 271 937 oz (8 458 kg) compared to the previous year. Sales of refined metal however, increased by 7.7% to 287 546 oz (8 944 kg) as a result of a deliberate strategy to reduce inventories.

The Merensky concentrator recovery was marginally better than the previous year at 88.6%. (F2001: 88.0%). The UG2 concentrator achieved an average recovery of 79.5% for the year and is expected to improve to 82.0% in the coming year.

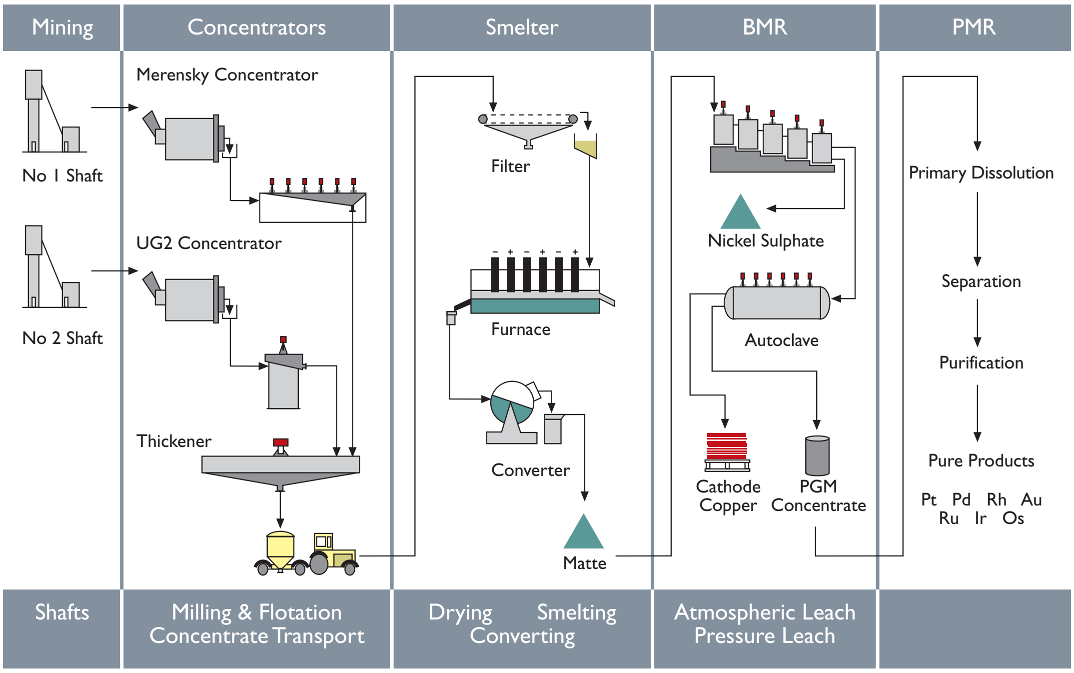
Smelter feed was 10.8% higher for the year at 78 381 tonnes, which included 12 500 tonnes of toll material. Overall smelter recovery improved to 98.7% (F2001: 98.1%).

The smelter has been operating continuously since 1992 and will be shut down for a scheduled furnace rebuild during the second half of F2003. We are currently in the final stages of assessing alternative arrangements for processing Northam's production during this period.

The Base Metals Removal Plant operated satisfactorily achieving an average recovery for the year of 98.0% (F2001: 98.0%).

Overall plant recoveries improved marginally to 83.8% (F2001: 83.3%).

Metallurgical research and development in the forthcoming year will be focused on improved milling and classification of ore for the optimum liberation of PGMs and the reduction of chromite (Cr_2O_3) in concentrate.



Financial review

Sales

The substantial decline in average metal prices from US$706/oz (3 PGE+Au) in F2001 to US$497/oz (3 PGE+Au) in F2002 was partially offset by the depreciation of the Rand from R7.60/US$ to R10.13/US$, resulting in the average Rand price realised only declining by 7.2% to R160 367/kg (3 PGE+Au). Notwithstanding the lower metal prices, a 7.7% increase in unit sales to 8 944 kg contributed to total sales revenue declining only marginally from R1 568 million in F2001 to R1 561 million in the year under review.

Cost of sales

Cost of sales increased by 25.2% as summarised below:

	F2002 R000	F2001 R000
Labour	**339 611**	291 795
Stores	**278 812**	274 507
Utilities	**75 316**	70 742
Sundries	**108 622**	93 682
Decommissioning and restoration	**1 153**	1 100
Total operating costs	**803 514**	731 826
Refining and realisation costs	**41 394**	29 601
Depreciation and impairments	**99 451**	86 999
Change in metal inventories	**31 190**	(68 925)
Cost of sales	**975 549**	779 501

Operating costs

Total operating costs were 9.8% higher, attributable to labour costs associated with UG2 production for a full year and the effects of imported inflation, reflecting the higher rand costs for imported materials such as steel and chemicals. Sundries increased disproportionately as a result of a substantial increase in insurance premiums.

The lost production and wasted overheads associated with the five-week strike in the first half of F2002 resulted in the cost per ton milled increasing by 10.6% to R416. The loss of production also resulted in the cash operating costs increasing by 13.2% to R94 861/kg (3 PGE+Au).

Refining and realisation costs

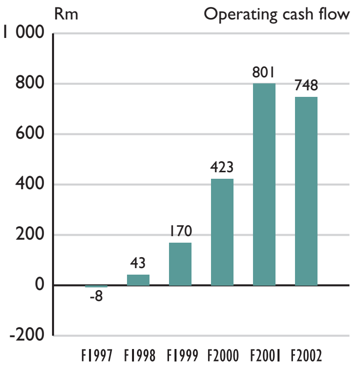
The increase of 39.8% was as a result of the depreciation of the Rand coupled with the 7.7% increase in unit sales.

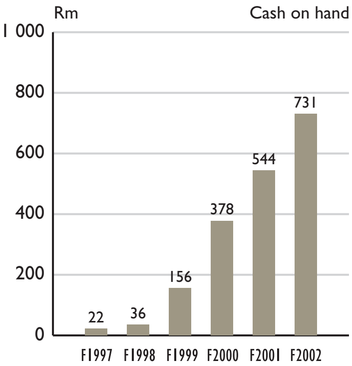
Depreciation and impairments

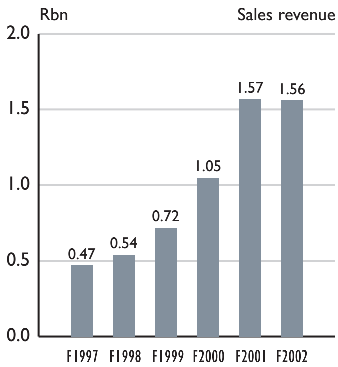
The depreciation charge, which includes an impairment charge of R11.2 million, increased as a result of certain capital projects which only came into production during F2001, being depreciated for a full year.

The impairment charge of R11.2 million has been raised as a result of a reassessment of the expected life of the smelter, which is to be rebuilt during the coming year.

Financial review (continued)







Change in metal inventories

Metal inventories were reduced by 12.6% in line with company strategy.

Net income

The marginal decline in sales revenue together with the 25% increase in cost of sales, resulted in operating profits declining by some 26%.

The increase in net investment income was attributable to an improved cash balance and higher interest rates, whilst the significant increase in sundry revenue was as a result of foreign currency gains following the weakening of the Rand during the year.

The result of the above was that net income declined by 24% to R399 million.

Distributions to shareholders

In line with the strong cash position, the board made a final distribution of 175 cps, which, together with the interim distribution of 70 cps made in January this year, resulted in a total of 245 cps for the year.

Capital expenditure

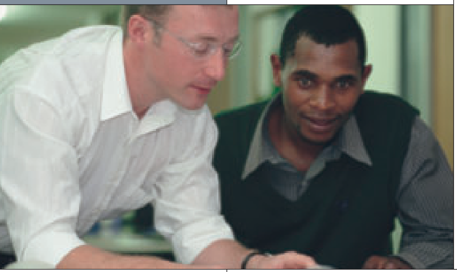
Total capital expenditure for the year amounted to R90 million.

Expenditure on the accelerated development programme amounted to R32 million, with underground equipment accounting for R4 million. Expenditure on other development amounted to R8 million, whilst a further R2 million was spent on facilities to mine ore from 13 level.

Upgrading of hydropower and backfill facilities absorbed R10 million, with improvements in underground ventilation costing R6 million.

Routine capital, which included R3 million on environmental improvements, accounted for R28 million.

Jacinto Dimande is an operator at the UG2 plant. The UG2 expansion is now fully integrated into Northam's operations and contributed some 22% of metals produced in F2002.



Resources and reserves

Overview

Northam's Mineral Resources and Mineral Reserves statement conforms to the South African Code for Reporting Mineral Resources and Mineral Reserves (SAMREC Code) published under the auspices of the South African Institute for Mining and Metallurgy. The definitions and terminology used to present the Resources and Reserves statement are those reflected in the March 2000 edition of the SAMREC Code. The following is an abstract of the full report which is available on the company's website: www.northam.co.za.

The statement of Resources and Reserves was audited for compliance by the international mining consultancy of Steffen, Robertson and Kirsten (South Africa) (Pty) Limited in July 2002.

All Mineral Resource and Mineral Reserve estimates are based on underground operations only.

Mineral Resource tonnages and grades are estimated *in situ*. The minimum practical mining width is assumed in conjunction with grade and specific gravity estimates obtained from kriging parameters. These parameters are derived from an extensive database of approximately 20 000 Merensky reef sampling intersections on an average grid size of 12x12 m (160 000 individual samples) and 2 900 UG2 reef sample intersections on an average grid size of 10x10 m (20 600 individual samples). Additional information for geological modeling on the Merensky reef is obtained from an average of 45 reef intersections per month drilled from footwall drives.

The Mineral Resource is inclusive of the Mineral Reserve, which has been upgraded to the Mineral Reserve via modifying factors derived from an internal ore accounting system. The system provides for all diluting factors which are applied to *in situ* estimates to derive run-of-mine tonnages and grades delivered to the concentrator.

The grade refers to three platinum group elements (platinum, palladium and rhodium) and gold association (3 PGE+Au).

Estimation and reporting of Mineral Reserves

- The Measured and Indicated Mineral Resources include those mineral resources modified to produce Proved and Probable Mineral Reserves.
- All Mineral Reserves are quoted as at 1 July 2002.
- All Mineral Reserves are quoted at run-of mine grade and tonnages and are therefore fully diluted.

Merensky reef

The total Mineral Resource estimate was decreased in 2002 to 43.8 Mt (11 082 koz) compared to the previous years estimate of 55.6 Mt (13 065 koz). The most significant reason for this change is the reviewed position of the Middelaagte Graben. The interpretation of new seismic data in conjunction with existing data has moved the Line of Intersection westwards, thereby reducing the area previously accepted as mineable. The Measured Resource estimate has however, increased by 47% in 2002 to 2.00 Mt (508 koz) balanced against the previous years estimate of 1.36 Mt (330 koz). The most significant factors contributing to this are, firstly, the success of the accelerated development programme providing access to new ground for mining and secondly, the increased confidence of reef type delineation resulting from a significant increase in the amount of underground prospect drilling. This allowed for more precise area demarcation and reef type ratio estimates. Areas previously excluded from the Measured Resource owing to low confidence in the expected reef type ratios are now included with a higher level of confidence. This resource estimate equates to a life of mine of 17 years using current infrastructure and includes Merensky Resources above 2 level.

Some of the Footwall P2 (FWP2) reef cannot be mined without incurring excessive dilution, reducing the recovered grade of this reef type to below the pay limit. On this basis, much of the FWP2 reef is not considered for the Mineral Reserve.

UG2 reef

The total Mineral Resource estimate was decreased in 2002 to 50.4 Mt (8 129 koz) balanced against the previous year's estimate of 71.0 Mt (10 803 koz). This reef horizon was also subjected to the same interpretation of the Middellaagte Graben, the position of which has moved westwards. The Measured Resource however, increased in 2002 to 1.86 Mt (300 koz) which is an improvement of 10.7% compared to the previous year's estimate of 1.68 Mt (255 koz). The most significant factor contributing to this increase was the increased rate of reef raising during the year.

Audited Mineral Resource and Mineral Reserve statement

This section reflects the company's audited Mineral Resources and Mineral Reserves statement for Merensky and UG2 Reef.

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
MERENSKY REEF									
Proved					**Measured**				
Northern boundary to 13 level	2.27	6.16	14	450	Northern boundary to 13 level	2.00	7.89	16	508
Sub total	2.27	6.16	14	450	**Sub total**	2.00	7.89	16	508
Probable					**Indicated**				
Northern boundary to 13 level	26.2	6.3	164	5 271	Northern boundary to 13 level	22.9	8.1	185	5 942
Shaft Pillar					Shaft Pillar	1.8	7.3	13	425
13 level to 18 level					13 level to 18 level	17.1	7.7	131	4 207
Sub total	26.2	6.3	164	5 271	**Sub total**	41.8	7.9	329	10 574
Total	28.4	6.3	178	5 721	**Total**	43.8	7.9	345	11 082
UG2 REEF									
Proved					**Measured**				
Northern boundary to 13 level	2.09	4.15	9	278	Northern boundary to 13 level	1.86	5.02	9	300
Sub total	2.09	4.15	9	278	**Sub total**	1.86	5.02	9	300
Probable					**Indicated**				
Northern boundary to 13 level	35.8	4.2	149	4 779	Northern boundary to 13 level	31.9	5.0	160	5 142
Shaft pillar					Shaft pillar	1.6	5.0	8	261
13 level to 18 level					13 level to 18 level	15.0	5.0	75	2 426
Sub total	35.8	4.2	149	4 779	**Sub total**	48.5	5.0	243	7 829
Total	37.9	4.2	158	5 057	**Total**	50.4	5.0	252	8 129

* Mill head grade.

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

HC Boshoff – Chief Surveyor with over 10 years' platinum experience, registered as a professional mine surveyor with PLATO.

JC 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.

Health, safety and environment

Towards safer working practices

Our vision to create a safe workplace:

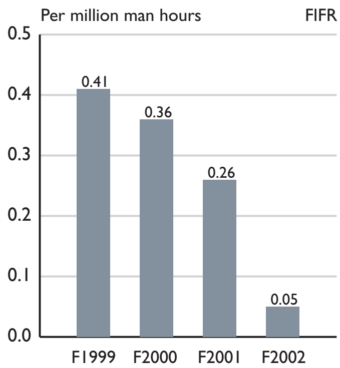
- All injuries are preventable and risk exposures can be controlled.
- Employees and management have equal responsibility in areas of health and safety.
- Training and continuous auditing are cornerstones of safety management.
- The health and safety of employees, contractors and suppliers at our operation is of paramount importance and takes precedence in all our business decisions.

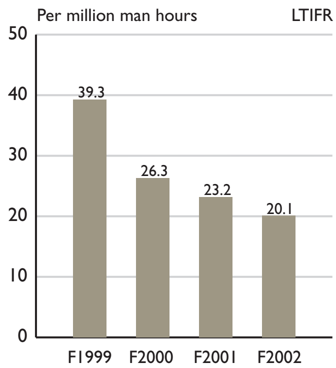
Achieving millionaire status twice in the past financial year was clearly an enormous safety achievement and has served as an incentive for further safety improvements. Apart from indicating that the integration of safety systems is beginning to bear fruit it is also an encouraging sign that the discipline required to work safely will start to manifest in other operational areas.

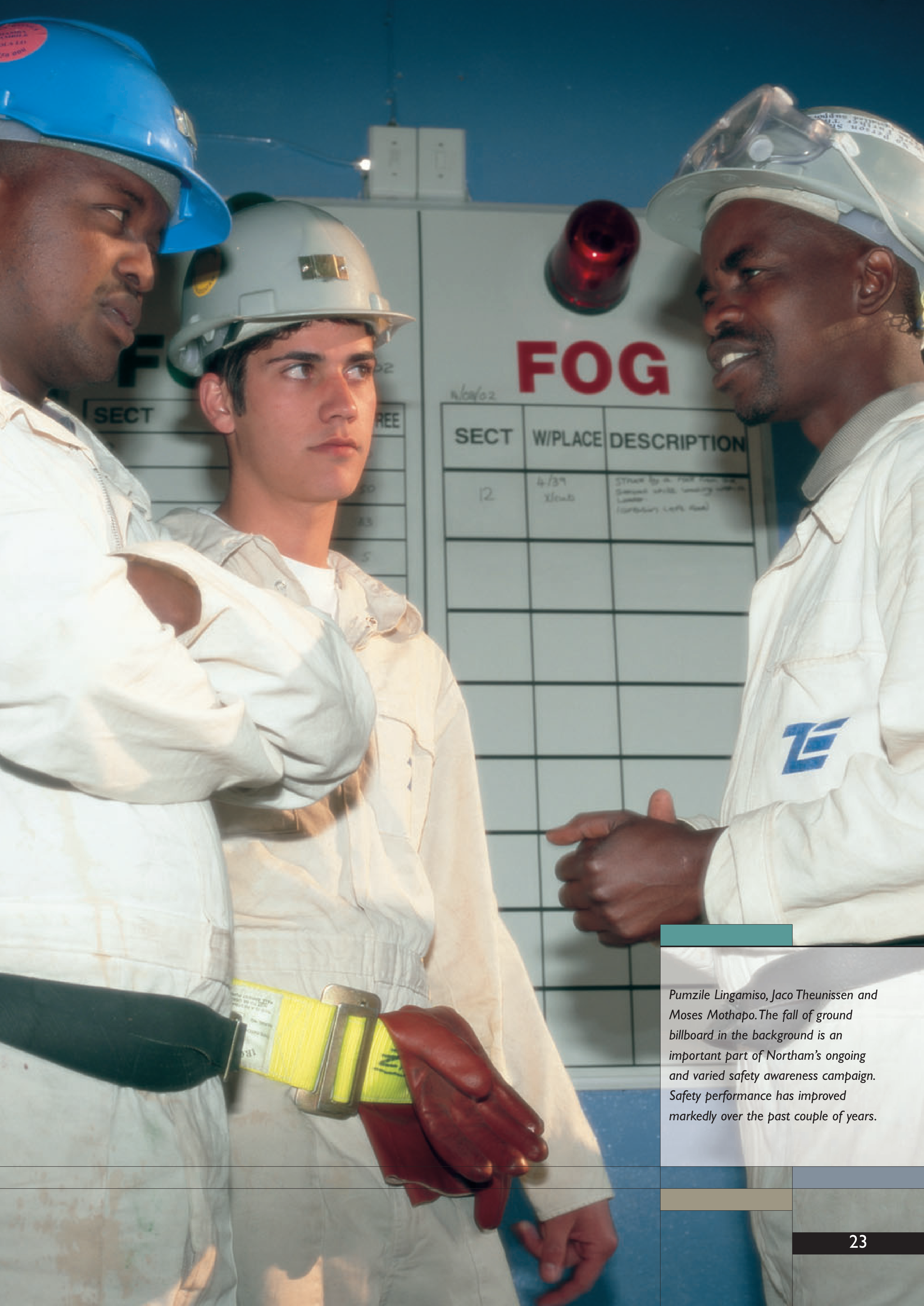
Sadly though, and in spite of these achievements, two employees died in mining-related accidents during the year. This number reflects a fatal injury frequency rate (FIFR) of 0.05. (F2001: 0.26). The lost time injury frequency rate (LTIFR) was 20.1, improving from 23.2 in the previous year. Disappointingly though, the reportable injury frequency rate (RIFR) was higher at 6.4 (F2001: 5.4).

Towards the end of the financial year the new standard procedures in terms of the Mine Health and Safety Act and Code of Practice Compliance were drafted. A control system was developed and put in place for Standard Procedures, Codes of Practice and Exemptions. These are now easily accessible from an integrated computerised system.

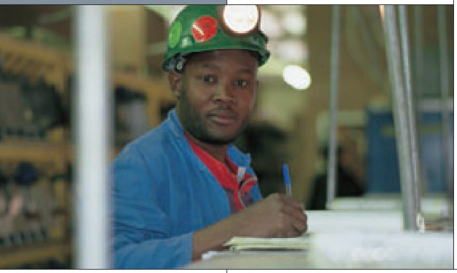
Since last year there has been a reduction in falls of ground (FOG) incidents. However, FOGs still account for some 40% of injuries. The introduction of FOG billboards displayed at the offices and shaft areas should go some way in maintaining awareness and further reducing these injuries.







Pumzile Lingamiso, Jaco Theunissen and Moses Mothapo. The fall of ground billboard in the background is an important part of Northam's ongoing and varied safety awareness campaign. Safety performance has improved markedly over the past couple of years.



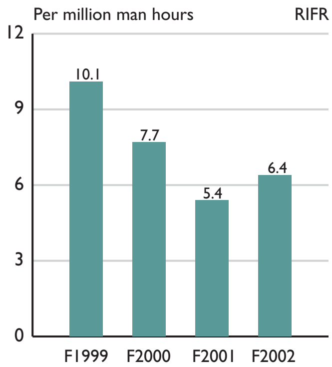
Health, safety and environment (continued)

Safety performance indicator	F1999	F2000	F2001	F2002
FIFR*	0.41	0.36	0.26	0.05
LTIFR**	39.3	26.3	23.2	20.1
RIFR***	10.1	7.7	5.4	6.4

*FIFR **Fatal injury frequency rate** – Injuries resulting in deaths per million man-hours worked.

LTIFR **Lost time injury frequency rate – Injuries resulting in one to 13 days' absence from work per million man-hours worked.

***RIFR **Reportable injury frequency rate** – injuries resulting in 14 or more days' absence from work per million man-hours worked.



The stepped up safety programme which started last year has been boosted by further initiatives to continuously encourage employees to become involved in the mine's safety programme. Key to employees' involvement and awareness is varying safety programmes in order to retain focus. These initiatives comprise:

- Positive reinforcement by way of award and reward
- Regular refresher training
- Daily safety briefings including television screening of safety messages relating to underground conditions
- Instilling responsibility and accountability for safety actions
- Safety indaba meetings where safety information is analysed and communicated down to shift supervisor level
- Using latest safety information to design appropriate training and awareness programmes
- The use of the 'None Other than Zero Injuries' (NOZI) campaign, comprising mascots, safety newsletters and competitions.
- The 'Stop and Fix' campaign, which relies on identifying areas of non-compliance, and prohibits resumption of work before the problem has been fixed. A follow-up and report-back procedure is in place to ensure optimal compliance.

Follow-up and accountability

Apart from the authorities' investigations into mining accidents, all lost time injuries are investigated by a team comprising the underground manager, mine overseer, shift supervisor, miner, safety representatives and the safety officer. This information is scrutinised to identify recurring problems and address their causes. In cases of non-compliance, disciplinary action is taken.

Operational management's responsibility for safety and health in the workplace is supported by the board sub-committee on Health, Safety and Environment, comprising three non-executive directors. This committee is tasked with overseeing compliance with

the various aspects of legislation relating to health, safety and the environment, as well as advising the board of related issues. Further information on the HSE committee appears on page 32 of this report.

Engineering appropriate health and safety solutions

In anticipating the harsh environmental conditions in mining at depth, Northam, from its inception, pioneered the use of hydropower technology. This now proven technology, which uses chilled water at high pressure in the underground workings, was an integral feature of the original mine design. Ongoing R&D efforts have focused on expanding the suite of hydropowered equipment, which includes rock drills, drill rigs, loaders and roof bolters. Having been used to power equipment, the water then becomes an effective cooling agent in the working environment.

To meet underground ventilation requirements, a refrigeration plant with the capacity of 42 MW provides downcast air, chilled to 10°C, at 750 m^3 per second. At the working face the average air velocity measures 0.8 m per second.

Underground support systems

Engineering and technology solutions have been designed around the specific geological and mining features in this deep platinum mine, with its severe geological disturbances. Taking this into account, support systems underground are extensive and varied. Backfill is placed in 65% of the mined out Merensky reef areas. In the UG2 area backfill accounts for up to 30% and is used in conjunction with stabilising pillars. Backfill provides a valuable means of regional support and also serves to control ventilation in working areas and reduces the transmission of heat from the surrounding rock.

Support standards are rigorously monitored, while the principle of no work further than 1.5 m away from any support is strictly controlled. In development ends the remotely operated roofbolter has been a valuable tool to support the hangingwall.

Managing occupational health impacts

These engineering solutions in underground mining areas have successfully reduced many of the occupational health impacts:

- Temperatures in underground working areas have been reduced to an average wetbulb temperature of 28.5°C. Health problems relating to heat stress have therefore largely been eliminated;
- The incidence of chronic obstructive airways disease, silicosis and pneumoconiosis is nil;
- The incidence of noise-induced hearing loss (NIHL) has stabilised.

The year ahead will see more emphasis on the use of personal protective equipment (PPEs) to effect a further improvement in the NIHL rate. A new programme to combat airborne pollutants is currently also being implemented to replace the gravimetric sampling programme. The new programme goes beyond just dust sampling and covers the entire spectrum of airborne pollutants, and includes dust, vapours and gases. All the risk assessments associated with the programme have been completed.

During the year Northam's medical facilities were upgraded and achieved a four star NOSA rating. The medical station performed 1 323 initial, 5 585 periodic and 372 exit medical examinations. Both full-time employees and contractors are subject to medical surveillance.

Containing the impact of HIV/AIDS

Northam's strategy to minimise the impact of HIV/AIDS on its employees and on the sustainability of its business is guided by best practice in the industry,

Health, safety and environment (continued)

while at the same time working within existing community structures and taking account of local realities in the area. Initiatives with local schools and clinics and partnerships with traditional healers therefore form an integral part of the company's drive to reduce the potential for the spread of the HI virus.

HIV prevalence levels amongst employees are estimated at approximately 22%. The higher incidence of tuberculosis also indicates the impact of HIV. Our on-mine HIV prevention campaign's primary goal is to eliminate new incidences of HIV infection as far as possible. New recruits and employees returning from leave are encouraged to attend intensive awareness training programmes offered by the medical staff.

The use of peer educators has been proven to be an effective way of raising awareness and of forging positive changes in sexual behaviour. Northam currently has 15 on-mine peer educators, who in turn train others. This programme is rapidly gaining momentum and by the end of the year should result in 80 on-mine peer educators. The target for the following year is 160 trained on-mine peer educators.

An important cornerstone in fighting HIV infection is the treatment of sexually transmitted infections (STIs). To date there is a clear reduction in the incidence of new STI infection, as well as in the overall rate of STIs amongst employees. Opportunistic secondary infections are treated using generic baseline antibiotics, with the objective of keeping the infected employees well for as long as possible. Although a service is available for voluntary counselling and testing (VCT), further work is required on progressing agreements with labour unions on an infectious diseases policy for the VCT to be comprehensively rolled out.

In the meantime, Northam contributes to a rural home-based care programme run by TEBA, a South African based mining recruitment and development agency. Good progress has been made with a clearly established referral procedure. The programme currently operates in the Eastern Cape, Northern Kwazulu-Natal, Lesotho and Gaza Province in Mozambique.

Involving the community

Northam's HIV/AIDS programme extends into the local community. The mine participates in the local Northam/Thabazimbi municipal HIV/AIDS strategy workshop. The objective is to develop a strategy for the local municipal area which seeks to coordinate the various initiatives.

In a tripartite initiative between Northam, Anglo Platinum's Amandelbult mine and the Department of Health, awareness and peer education programmes have been taken into the local community hotspots. The Masaphile community AIDS project was initiated at the beginning of the calendar year. In a period of only six months a social worker has been recruited to coordinate the project and to date 35 peer educators have been trained among a base of 58 recruits. Training takes place in recognised community gathering places such as taxi ranks and shebeens. Some successes have already been measured:

- Contact has been established with some 5 000 people – these are face-to-face encounters
- Traditional healers are included in the training programme, which they have embraced
- Condoms are distributed free of charge

In the year ahead we will be working closely with neighbouring mines to gain more knowledge of HIV/AIDS trends in the local area. The data should contribute to further focusing our fight against the disease and provide some indication of how best to assist infected employees. We

also intend, in the ensuing financial year, to report on the cost implications of managing the impact on the company.

Minimising environmental impact

Northam recognises that the environment represents an invaluable strategic resource for both current and future generations. We are committed to minimising the impact of our operations on the environment by applying appropriate, cost-effective measures to foster environmentally sustainable development. Stakeholder engagement on environmental issues is encouraged, and regular public participation meetings are held with members of the local community.

Surface water

Northam complies with the requirements granted to it in terms of its water permit issued by the Department of Water Affairs and Forestry.

Continuous monitoring is performed on all water outflows, while our systems are also being assessed to prevent any potential pollution. The first phase of a biomonitoring programme to quantify the collective impact of the mine's outflows into surrounding watercourses has been completed.

Air quality

An important requirement of the mine's Environmental Management Program (EMP) is to manage sulphur dioxide (SO_2) and particulate emissions. SO_2 emissions are currently monitored by way of sulphation plates. Similarly dust emissions are controlled by maintaining the electrostatic precipitator and by limiting the mobilisation of dust from the tailings dams. With the installation of a Dyna Jet Scrubber at the smelter, which acts in concert with the existing electrostatic precipitator, air quality has improved significantly over the year. The highest sulphation plate values reported for Northam as measured by CSIR Envirotek for the past year were only 3.9 parts per billion (ppb) while the new recommended maximum allowable average concentrations of ambient SO_2 is 19 ppb.

Dust from the tailings dams is seldom a problem, given the fact that the tailings dam is now almost completely vegetated.

Environmental responsibility is addressed in the company's code of ethics. An objective for the year ahead is to institute for employees some environmental awareness training to instil a sense of accountability and responsibility. Also to be addressed in the year ahead are improvements in the ground water monitoring system.

Human resources

Aligning human resources with the business strategy

Transforming the company's workforce has been a challenging and sometimes difficult process. The past financial year started off with a five-week strike owing to disagreement with the National Union of Mineworkers (NUM) over wages and other benefits. Typically, the strike had serious effects for employees and the company alike, but in many ways has been a watershed for the company. Having included a two-year wage agreement in settling the strike, extensive effort has gone into mending the damage caused, with a focus on three key areas:

- Improving relationships between management, unions and employees by way of planned interactions using joint employee/management forums with a focus on enhanced conditions of employment
- A more proactive approach to engaging with employees and communicating the fundamentals of the continued sustainability and competitiveness of the company
- Education and training by stepping up the Adult Basic Education programme (ABET) and increasing the number of students

On a broader scale, some progress has been made in aligning the human resources plan with the company's business strategy. Fundamental to this process is securing for the company access to the appropriate skills and intellectual capital. However, having made the appropriate selection decisions, the challenge then lies in retaining skills. The presence of more juniors in the local industry has stepped up the demand for skills and human capital in a sector already stretched; Northam has felt the effects of this competitive climate acutely, with a higher than usual turnover in some senior management positions.

The level of participation in the employment equity programmes was affected by the industrial action of last year and the subsequent need to focus on relationship building. However, the participation of all recognised trade unions in the equity forum has progressed. A Department of Labour visit to examine the company's progress on employment equity resulted in the confirmation of the approach undertaken by the company. The table below summarises the company's employment equity position at 30 June 2002.

Forging better communication

An effective two-way briefing system has come into its own after some teething problems and initial resistance. The system provides a systematic, face-to-face communication channel through line management by which groups of employees are informed both verbally and in writing of aspects of the working environment. The system provides for both top-down and bottom-up communication.

Employment equity

Occupational level	Number of employees White male	Number of employees Designated	Designated Actual % 2002	Designated Target % 2002	Designated Target % 2005
Managers and senior officials	75	2	2.6	5.4	20.6
Skilled technical and academically qualified	283	160	36.1	36.3	53.2
Semi-skilled and discretionary decision-making	59	4 110	98.5	98.3	98.9
Unskilled and defined decision-making	25	1 484	98.3	96.8	97.5
Total	442	5 756	92.9	92.7	94.4

Management has also embarked on a programme to inform and update employees and labour unions of the company's business performance. This programme has been well received and will gain further impetus in the year ahead.

Training to develop our people

Training is the cornerstone of our people development programme. One of the successful collaborations with trade unions was the revitalisation of the ABET programme which currently comprises a large e-learning component based on a self development methodology. Course materials range from English communication and numeracy tuition to business education and technology. The first results for level 1, 2, 3 and oral examinations produced 100% pass rates.

Progress in skills development has continued and is borne out by the increased investment targeted mainly at designated groups. In the next year this will increase by an additional 20%. A number of assessors have been registered with the Mining Qualifications Authority to provide a solid base for developing practical skills enhancement in the workplace.

Social investment to enhance community life

For a number of years the company has contributed to local community initiatives. Up to now these have been ad hoc and have focused on education and self-help projects, such as sewing classes in Setaria village and our involvement in community AIDS projects such as the Mashapilo project (see page 26 for more detail).

A more formalised corporate social investment programme has been approved, and governance structures are currently being put in place to ensure compliance with strict ethical standards. A mine-based committee will be established to approve expenditure. The committee's approach to funding criteria will be guided by the findings of a needs analysis currently under way in the area.

During the year some progress was made in exploring improvements to the on-mine accommodation. A joint pilot project is aimed at growing home ownership among employees. An independent survey to provide more comprehensive information to determine employees' housing needs has commenced. Future housing strategy will be based on these findings.

I C Watson
Managing Director
26 September 2002

Corporate governance

The board affirms its commitment to the principles of openness, integrity and accountability and is committed to providing timeous, relevant and meaningful reporting to all stakeholders. It ensures that the company's business is conducted in accordance with high standards of corporate governance and with local and internationally accepted 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) as issued by the King Committee on Corporate Governance (King I) and considers that the company complies with the provisions thereof. The company has taken cognisance of the contents and recommendations of the second report of the King Committee on Corporate Governance (King II) which was released during March 2002, and will, where necessary, take appropriate steps to 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:

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 coming year, and in line with the recommendations of King II the company will be developing an integrated risk management framework which will further assist the board in the discharge of its responsibilities.

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 Accounting 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 36, 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 company has a unitary board that comprises one executive and nine non-executive directors.

All the directors bring to the board a wide range of professional and commercial experience and, in the case of the non-executive directors, independent perspectives and judgments. Mr T M G Sexwale, chairman of the board, is a non-executive director.

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, other than the executive director who holds a service contract, 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 a number of standing committees namely the Audit Committee, the Health, Safety and Environmental 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

R H H van Kerckhoven, *Chairman*
M E Beckett
M J Willcox

The Audit Committee comprises three non-executive directors. The external and internal auditors have free access to this committee. The committee meets 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.

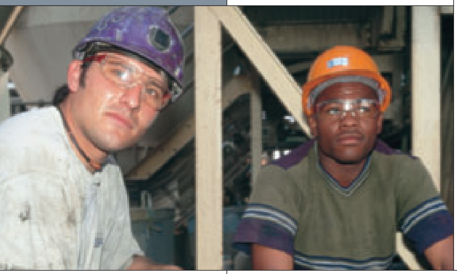
Internal audit function

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.

During the year under review the internal audit function was undertaken by Ernst & Young, who are also the company's external auditors. However, with effect from 1 July 2002 this function is being 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



Corporate governance (continued)

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.

Health, Safety and Environmental Committee

B R van Rooyen, *Chairman*
M E Beckett
D T G Emmett
J R Johnston (Dr) *(alternate)*

The Health, Safety and Environmental Committee comprises three non-executive directors. The committee, which meets 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.

Remuneration and Employee Equity Committee

T M G Sexwale, *Chairman*
B E Davison
A S Malone
E Molobi

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 committee also oversees implementation of and compliance with the requirements of the Employment Equity Act and the administration of the company's share incentive scheme.

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.

Closed periods

The company maintains a closed period prior to the publication of its interim and final results. During this time and other periods as determined, directors and employees are precluded from dealing in the company's shares.

* The code of ethics appears on the company's website www. northam.co.za

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 Employee Equity Committee meetings
Number of meetings held	5	5	4	3
Attendance per director				
M E Beckett	5	4	4	n/a
B E Davison	5	n/a	n/a	1
D T G Emmett	5	n/a	1	n/a
A S Malone	5	n/a	n/a	3
E Molobi	3	n/a	n/a	2
T M G Sexwale	5	n/a	n/a	3
R H H van Kerckhoven	5	5	n/a	n/a
B R van Rooyen	3	n/a	2	n/a
I C Watson	5	5	4	3
M J Willcox	5	2	n/a	n/a
J R Johnston(1)	n/a	n/a	2	n/a

(1) Alternate member to D T G Emmett on the Health, Safety and Environmental committee.

Directorate and senior management

Directors

Michael Ernest Beckett (66) *(British) BSc (Geol), FIMM*
Joined the board in 1999.
Chairman of Ashanti Goldfields plc and Clarkson plc. Director of BPB plc, Orica Pty and Queens Moat House plc.

Barry Erskine Davison (57) *BA*
Joined the board in 2000.
Executive Chairman of Anglo American Platinum Corporation Limited. Director of Anglo American plc, Nedcor Investment Bank Holdings Limited and President of the Chamber of Mines of South Africa.

Dorian Theodore Gerald Emmett (50) *BSc (Elec Eng) MBL (cum laude)*
Joined the board in 2001.
Chief Operating Officer, Anglo American Platinum Corporation Limited.

Anthony Simon Malone (58) *BSc (Min Eng), MBL*
Joined the board in 1999.
Executive Chairman of Metorex Limited.

Eric Molobi (57) *BA*
Joined the board in 2000.
Executive Chairman of Kagiso Trust Investment Company (Proprietary) Limited. Director of Imperial Holdings Limited, Nedcor Investment Bank Holdings Limited and Rembrandt Group Limited.

Tokyo Mosima Gabriel Sexwale (49) *Cert Bus Studies (Univ Botswana, Lesotho and Swaziland)*
Joined the board in 2000 and appointed chairman later that year.
Chairman of Mvelaphanda Resources Limited, Trans Hex Group Limited; 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 (50) *(Belgian) BCom, MBL*
Joined the board in 2000.
Executive Director: Finance and Corporate Development, Anglo American Platinum Corporation Limited.

Bernard Renier van Rooyen (68) *BA, LLB*
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.

Ian Clyde Watson (59) *Pr Eng*
Joined the board as Managing Director in 1998.

Mark John Willcox (32) *BA, LLB, Post Grad Dip Tax*
Joined the board in 2000.
Director of Mvelaphanda Resources Limited and Trans Hex Group Limited.

Senior Management

Glyn Lewis (45) *BSc (Min Eng), MBA*
Mine Manager. Appointed in 2001.

Peter Badenhorst (47) *NHD Mining*
Production Manager. Appointed in 1999.

Mario Gericke (35) *BSc (Min Eng)*
Production Manager. Appointed in 2002.

Tinus Fourie (45) *BCom*
Financial Manager. Appointed in 2001.

Rob Kendall (47) *Pr Eng*
Engineering Manager. Appointed in 2001.

Danie Minnaar (46) *Pr Eng, B Eng (Metallurgy) BCom*
Metallurgical Manager. Appointed in 2001.

René Rautenbach (45) *NHD Mining*
Project Analyst. Appointed in 2001.

Richard Viring (48) *Pr Sci Nat, BSc Geology (Hons), GDE*
Mineral Resources Manager. Appointed in 1994.

Derek Wolstenholme (52) *CA (SA)*
Corporate Finance Manager. Appointed in 1999.

Annual financial statements

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The financial statements set out on pages 37 to 63 were approved by the board of directors on 26 September 2002, and are signed on its behalf by:

T M G Sexwale
Chairman

I C Watson
Managing 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

26 September 2002

Report of the independent auditors

To the members, Northam Platinum Limited

We have audited the annual financial statements of Northam Platinum Limited for the year ended 30 June 2002 as set out on pages 37 to 63. 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 2002 and the results of its operations and cash flows for the year then ended in accordance with International Accounting Standards and South African statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

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

Johannesburg 26 September 2002

Directors' report

The directors have pleasure in submitting their report for the year ended 30 June 2002. The operational performance of the company is set out in the managing director's report, whilst the nature of business is described in the corporate profile on page 2.

Mining authorisation

The company is the holder of Mining Licence 8/98 for precious metals over an area of approximately 6 851 hectares situated on the farms Aapieskraal 377 KQ, Grootkuil 376 KQ, Kopje Alleen 422 KQ, Middeldrift 379 KQ, Vrugbaar 381 KQ and 387 KQ, Witvley 423 KQ and Zondereinde 384 KQ.

The company is the holder of Mining Licence 1/2000 for platinum group metals together with metals and minerals found in association therewith over an area of approximately 460 hectares on Mineral Area 1 of the farm Amandelbult 383 KQ and approximately 314 hectares on Mineral Area 3 of the farm Elandsfontein 386 KQ.

The company's exemption from its mining licence requirement to refine precious metals in South Africa has been extended to 30 June 2003. Discussions are in progress regarding the company's future precious metals refining arrangements.

Mineral rights

At year end, the company held mineral rights over 6 068 hectares of portions of the farms Aapieskraal 377 KQ, Elandsfontein 386 KQ, Grootkuil 376 KQ, Kromdraai 424 KQ, Middeldrift 379 KQ and Vrugbaar 381 KQ and 387 KQ. Certain of these mineral rights are held over the same area as are denoted under the Mining Licence.

Property

The company owns freehold property aggregating 5 173 hectares over the adjoining farms Kopje Alleen 422 KQ, Middeldrift 379 KQ, Zondereinde 384 KQ and Vrugbaar 381 KQ and 387 KQ, as well as the townships of Setaria, Setaria Extension 1 and 2, collectively measuring approximately 113 hectares. The company also owns two stands in the town of Thabazimbi.

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 46 to 63 reflect the financial results and position of the company.

Dividends

Dividends totalling 245 cents per share (F2001: 235 cents) absorbing R565 955 000 (F2001: R541 874 000) were declared. Details are as follows:

Interim dividend (No 7) – 70 cents per share

Declaration date:	30 January 2002
Last day to trade *cum div*:	15 February 2002
Commencement of trading *ex div*:	18 February 2002
Record date:	22 February 2002
Payment date:	27 February 2002

Final dividend (No 8) – 175 cents per share

Declaration date:	7 August 2002
Last day to trade *cum div:*	23 August 2002
Commencement of trading *ex div*:	26 August 2002
Record date:	30 August 2002
Payment date:	2 September 2002

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.

Subsequent to the declaration and payment of dividend number 8, the board obtained legal opinion which confirmed that its interpretation of the company's articles of association, read in conjunction with Section 90 of the Companies Act, was not correct in that the amount included a capital repayment of 75 cents per share. In terms of Article 3 of the articles of association, capital repayments require the approval of shareholders.

Shareholders will thus be asked, at the forthcoming annual general meeting, to ratify the reduction of share premium of 75 cents per share included in the distribution of 175 cents per share.

The text of the necessary resolution is contained in the notice of annual general meeting on page 64.

The following additional information, pertaining to the said reduction of share premium, is furnished in terms of the Listings Requirements of the JSE Securities Exchange South Africa:

Rationale

In view of the aforegoing, the directors propose that the shareholders ratify the reduction of share premium equivalent to the payment of 75 cents per share (absorbing R173 298 000) that was made on 2 September 2002.

Reason for the reduction of the share premium

The company has a substantial share premium account, equivalent to R9.91 per share, that has arisen from previous rights issues, and under current market conditions it generates cash funds that are surplus to its operational requirements.

Financial effect on earnings per share and net asset value per share of the repayment of the share premium

	Note	Before the repayment (cents)	After the repayment (cents)	Percentage decrease
Repayment of 75 cents per share				
Earnings per share	1	172.8	172.8	–
Headline earnings per share	1	172.8	172.8	–
Net asset value per share	1	820.0	745.0	9.1

Note 1. Using financial information as at 30 June 2002.

Litigation statement

After making reasonable enquiries, the directors warrant that they are not aware of any current legal or arbitration proceedings involving the company, nor are they aware of any proceedings which are pending or threatened, nor any circumstances that could give rise to any proceedings, the effect of which could have a detrimental effect on the company.

Directors' responsibility statement

The directors, whose names appear on page 34 of this annual report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief that there are no other facts, the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts.

Share capital

The authorised share capital of the company remains unchanged at R3 500 000 (F2001: R3 500 000) divided into 350 000 000 (F2001: 350 000 000) shares of one cent each.

During the year 350 000 shares were allotted and issued to participants of the Northam Share Option Scheme, for an aggregate consideration of R1 580 000, resulting in the issued share capital at 30 June 2002 being 230 914 500 (2001: 230 564 500) shares of one cent each.

Since the balance sheet date, a further 150 000 shares have been allotted and issued in terms of the rules of the aforementioned Scheme.

At the forthcoming annual general meeting, members will be asked to place the authorised but unissued shares in the capital of the company, other than those shares that are reserved for purposes of the Northam Share Option Scheme, under the control of the directors in terms of Section 221(3) of the Companies Act, 1973 and the Listing Requirements of the JSE Securities Exchange South Africa.

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 last year. 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 will not be good for delivery (in the event of a sale) unless the shares have been dematerialised.

Proposed amendments to articles of association

Article 3A – Unclaimed distributions

It is proposed to insert a new clause in the articles of association providing for the forfeiture, after a period of five years, of unclaimed distributions made in terms of the provisions of article 3.2.

Shareholders will accordingly be asked, at the forthcoming annual general meeting, to approve a special resolution to insert a new clause into the company's articles of association which provides for the forfeiture of unclaimed distributions for the benefit of the company after a period of five years after the date of payment of such distributions.

The reason for the special resolution is set out above, and the effect of the special resolution will be that distributions may be declared forfeited for the benefit of the company if unclaimed for a period of five years from the date of payment of such distribution.

The text of the necessary special resolution is contained in the notice of annual general meeting on page 64.

Article 82 – Unclaimed dividends

Article 82 of the company's articles of association provides that dividends may be declared forfeited for the benefit of the company if unclaimed for a period of twelve years from the date of payment of such dividend. In order to reduce the administrative burden of keeping records of unclaimed dividends for this period, it is proposed to reduce the period to five years.

Shareholders will accordingly be asked, at the forthcoming annual general meeting to approve a special resolution to reduce the period after which dividends can be declared forfeited for the benefit of the company to five years.

The reason for the special resolution is set out above, and the effect of the special resolution will be that dividends may be declared forfeited for the benefit of the company if unclaimed for a period of five years from the date of payment of such dividend.

The text of the necessary special resolution is contained in the notice of annual general meeting on page 65.

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.

A summary of the shares held under option at 30 June 2002 is as follows:

Maximum number of options which may be allocated	8 000 000
Number of options held at 30 June 2001	1 227 000
New options granted during the year at R12.00 per share	1 851 000
Number of options forfeited during the year	685 000
Number of options exercised during the year	350 000
Number of options held at 30 June 2002	**2 043 000**

At present the rules of the Scheme provide, *inter alia*, that a maximum of 8 000 000 shares may be reserved for participants. In addition, the number of options which any one participant may hold at any one time is limited to 200 000 options.

During the year consultants were engaged to re-evaluate the Scheme in order to ensure that it remained a viable incentive mechanism, and certain recommendations were subsequently made. Accordingly at the forthcoming annual general meeting members will be asked to consider and approve amendments to the rules of the Scheme as set out below:

- the aggregate number of unissued shares which may be reserved for participants of the scheme to be increased and be set at a maximum of 11 550 000 shares, representing some 5% of the present issued share capital of the company;

- the maximum number of options which any one participant may hold to be increased but be 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 share capital equated to 924 000 shares.

The abovementioned amendments, if approved, will allow the board a degree of flexibility to adjust employees' entitlements, within the laid down parameters, should circumstances be deemed to warrant it, without the need to revert to members. Adjustments, if any, during a financial year will be reported in the annual report for that year.

The text of the proposed resolution is contained in the notice of annual general meeting on page 64.

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
August 2001	25 000	5.20	130
August 2001	30 000	3.50	105
August 2001	10 000	6.00	60
November 2001	85 000	6.00	510
December 2001	10 000	6.00	60
February 2002	122 500	3.50	429
February 2002	15 000	6.00	90
March 2002	30 000	3.50	105
April 2002	17 500	3.50	61
April 2002	5 000	6.00	30
Total	**350 000**		**1 580**

At 30 June 2002, 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 2002	Options exercisable in F2003	Options exercisable thereafter
1 March 2001 and 29 February 2004	420	25 000	25 000	–	–
10 March 2001 and 9 March 2004	400	15 000	15 000	–	–
29 July 2001 and 28 July 2004	520	25 000	–	25 000	–
9 November 2001 and 8 November 2004	600	142 000	26 000	116 000	–
7 November 2002 and 6 November 2005	1500	345 000	–	172 500	172 500
20 November 2003 and 19 November 2006	1200	1 491 000	–	–	1 491 000
		2 043 000	66 000	313 500	1 663 500

No options were exercised by directors during the year.

Directorate

There were no changes to the board of directors during the year under review and up to the date of this report.

The composition of the board of directors, as well as of board appointed committees, at the date of this report, is reflected on pages 31, 32 and 34.

In terms of the provisions of the company's articles of association, Messrs B E Davison, A S Malone and T M G Sexwale retire by rotation at the forthcoming annual general meeting and, being eligible and available, offer themselves for re-election.

Directors' fees

The current level of fees paid to non-executive 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.

Full details regarding the fees paid to directors during the year under review are contained in note 12 of the notes to the financial statements on page 59.

Directors' remuneration

Full details regarding the remuneration paid to directors during the year under review are contained in note 12 of the notes to the financial statement on page 59.

Service contracts

The managing director has a service contract with the company which expires by effluxion of time in December 2002. None of the other 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 2002 were as follows:

	30 June 2002			30 June 2001		
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	**40 432**	**–**	**40 432**	176 000	–	176 000
T M G Sexwale	**–**	**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	**–**	**1 230 516**	**1 230 516**	–	–	–
	113 039	**7 386 052**	**7 499 091**	248 607	–	248 607
Options						
I C Watson(1)	**200 000**	**–**	**200 000**	59 000		59 000
	200 000	**–**	**200 000**	59 000	–	59 000

(1) During the year I C Watson was allocated a further 141 000 options, and at 30 June 2002 held the following options:

Exercisable between 1 March 2001 and 28 February 2004 – 25 000 options at R4.20 each
Exercisable between 9 November 2001 and 8 November 2004 – 17 000 options at R6.00 each
Exercisable between 7 November 2002 and 6 November 2005 – 17 000 options at R15.00 each
Exercisable between 20 November 2003 and 19 November 2006 – 141 000 options at R12.00 each

At 30 June 2002, there were no indirect beneficial nor any direct non-beneficial holdings by directors.
Since 30 June 2002 and up to the date of this report, there have been no changes to the directors' shareholdings.

Analysis of shareholders at 30 June 2002

Shareholding range	Certificated register		STRATE register		Total		
	No of holders	Share-holding	No of holders	Share-holding	No of holders	Share-holding	%
1 – 5 000	1 664	871 038	4 963	5 230 475	6 627	6 101 513	2.6
5 001 – 10 000	22	164 067	336	2 558 667	358	2 722 734	1.2
10 001 – 50 000	28	680 223	248	5 201 231	276	5 881 454	2.5
50 001 – 100 000	–	–	40	2 893 663	40	2 893 663	1.3
100 001 – 1 000 000	2	418 532	87	27 959 249	89	28 377 781	12.3
1 000 001 and over	3	91 945 489	24	92 991 866	27	184 937 355	80.1
	1 719	94 079 349	5 698	136 835 151	7 417	230 914 500	100.0

Category of shareholder	Number of holders	Number of shares	Percentage holding
Individuals	7 261	20 364 719	8.8
Companies	2	103 684 133	44.9
Pension and provident funds	52	45 651 610	19.8
Banks and insurance companies	11	12 048 722	5.2
Unit trusts and other managed funds	76	41 676 622	18.1
Investment trusts and other corporate bodies	15	7 488 694	3.2
	7 417	230 914 500	100.0

Major shareholders at 30 June 2002

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	51 955 828	22.5
Mvelaphanda Resources Limited	51 728 305	22.4

Fund manager	Number of shares	Percentage holding
Allan Gray Limited	52 523 041	22.7
Stanlib Limited	15 627 947	6.8

Shareholder spread

The company's shareholder spread is set out below.

Shareholder type	Number of shareholders in SA		Number of shareholders other than in SA		Total shareholders	
	Nominal number	Percentage holding	Nominal number	Percentage holding	Nominal number	Percentage holding
Public	6 836	54.77	575	0.28	7 411	55.05
Directors	3	0.04	1	0.01	4	0.05
Other (any who fall outside the scope of the above)	2	44.90			2	44.90
Total	6 841	99.71	576	0.29	7 417	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 markets. Taking account of the outlook for these factors as contained in the chairman's letter and managing director'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 66 of this report.

Transfer secretaries

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

Listing

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

Post balance sheet events

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

Accounting policies

The financial statements have been prepared on the historical cost basis in accordance with International Accounting 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.

Early adoption of AC 133

The Company has adopted AC 133 *Financial Instruments: Recognition and Measurement*, ahead of its effective date. In terms of this accounting standard, reporting enterprises should apply hedge accounting when and only when all requirements set by the standard have been met, otherwise financial instruments should be accounted for on a fair value basis. The fair value basis of accounting was adopted and the accounting policy is more fully set out in note 2, Financial instruments, of the accounting policies. The early adoption of this standard had no material effect on past earnings.

1 Mining and other fixed assets

1.1 Mining assets

Mining assets are recorded at cost of acquisition less impairment 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 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 proved and probable mineral reserves.

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 proved and probable mineral reserves 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 proved and probable ore reserves.

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 impairment 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 and borrowings.

Financial instruments are initially measured at cost, including transaction costs, when the company becomes a party to its contractual arrangements. The subsequent measurement of financial instruments is dealt with below.

2.1 Unlisted investments

Unlisted investments are shown at fair value, or at cost where fair value cannot be reliably measured.

2.2 Accounts receivable

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

2.3 Cash and cash equivalents

Cash and cash equivalents comprise demand and time deposits with banking institutions and money market instruments readily convertible to known amounts of cash subject to insignificant risk of changes in value. Current account balances only are 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.

3 Inventories

3.1 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.

3.2 Metal on hand

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

4 Deferred tax

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

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

5 Provisions

5.1 Environmental rehabilitation provisions

5.1.1 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.

5.1.2 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.

5.2 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.

6 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.

7 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.

7.1 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.

7.2 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.

8 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.

9 Employee benefits

9.1 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.

9.2 Equity compensation plans

Where employees exercise options in terms of the rules of the Northam Share Option Scheme, shares are issued to participants as beneficial owners. The directors procure a listing of these shares on the stock exchange where the company's shares are listed and quoted. In exchange, employees pay in cash a consideration equal to the option price allocated to them. The nominal value of the shares is credited to share capital and the difference between the nominal value and the option price is credited to share premium.

9.3 Retirement benefits

Eligible employees are members of various defined contribution schemes.

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

9.4 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.

9.5 Post-retirement medical benefits

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

10 Operating leases

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

11 Dividends declared

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

Balance sheet

at 30 June 2002

	Note	2002 R000	2001 R000
Non-current assets			
Fixed assets	1	**1 249 774**	1 261 159
Unlisted investments	2	**173**	182
Northam Platinum Restoration Trust Fund	3	**8 568**	7 128
		1 258 515	1 268 469
Current assets		**1 038 062**	882 506
Inventories	4	**249 252**	284 214
Accounts receivable	22	**57 497**	54 083
Cash and cash equivalents		**731 313**	544 209
TOTAL ASSETS		**2 296 577**	2 150 975
Share capital	5	**2 290 993**	2 289 413
Accumulated loss		**(398 085)**	(323 974)
Shareholders' equity		**1 892 908**	1 965 439
Non-current liabilities		**258 496**	77 902
Deferred tax	6	**249 103**	69 723
Long-term provisions	7	**9 393**	8 179
Current liabilities		**145 173**	107 634
Accounts payable		**124 550**	97 576
Tax		**20 623**	10 058
TOTAL EQUITY AND LIABILITIES		**2 296 577**	2 150 975

Income statement

for the year ended 30 June 2002

	Note	2002 R000	2001 R000
Total revenue	8	**1 633 560**	1 617 460
Sales revenue	22	**1 560 685**	1 567 883
Cost of Sales		**975 549**	779 501
– operating costs	9	**803 514**	731 826
– refining and other costs		**41 394**	29 601
– depreciation and impairments	10	**99 451**	86 999
– change in metal inventories		**31 190**	(68 925)
Operating profit		**585 136**	788 382
Investment income	11	**52 023**	39 714
Sundry revenue		**20 852**	9 863
Sundry expenditure		**(59)**	(5 607)
Profit before tax	12	**657 952**	832 352
Tax	13	**259 121**	308 143
Net income for the year		**398 831**	524 209
		Cents	Cents
Earnings per share	14	**172.8**	227.6
Fully diluted earnings per share	14	**171.4**	226.2
Headline earnings per share	14	**172.8**	227.6
Distribution per share		**245.0**	235.0

Statement of changes in equity

for the year ended 30 June 2002

	Share capital R000	Share premium R000	Accumulated loss R000	Total R000
Balance at 30 June 2000	2 301	2 285 401	(387 501)	1 900 201
Net income for the year			524 209	524 209
Distributions			(460 682)	(460 682)
Issue of new shares	5	1 706		1 711
Balance at 30 June 2001	2 306	2 287 107	(323 974)	1 965 439
Net income for the year			398 831	398 831
Distributions			(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
Notes	5	5		

Cash flow statement

for the year ended 30 June 2002

	Note	2002 R000	2001 R000
Cash generated by operating activities		**747 481**	800 873
Cash generated from operations	15	**706 849**	886 196
Interest income		**51 286**	39 119
Change in working capital	16	**58 522**	(53 393)
Interest paid		**–**	(586)
Tax paid	17	**(69 176)**	(70 463)
Cash utilised in investing activities		**(87 575)**	(167 325)
Property, development and equipment			
– additions to maintain operations		**(90 170)**	(83 909)
– additions to expand operations		**–**	(79 423)
– disposals		**2 645**	535
Investments			
– additions		**(50)**	(93 088)
– disposals		**–**	88 560
Cash generated by operating and investing activities		**659 906**	633 548
Cash effects of financing activities		**(472 802)**	(467 764)
Net proceeds of share issue		**1 580**	1 711
Increase in Northam Platinum Restoration Trust Fund		**(1 440)**	(1 269)
Decrease in long-term liabilities		**–**	(7 524)
Distributions paid		**(472 942)**	(460 682)
Net cash flow		**187 104**	165 784
Cash and cash equivalents at beginning of year		**544 209**	378 425
Cash and cash equivalents at end of year		**731 313**	544 209

	Mining properties R000	Plant and equipment R000	Decommissioning asset R000	Motor vehicles R000	Total R000
1. Fixed assets					
30 June 2002					
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 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
– impairment	–	(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).

	Mining properties R000	Plant and equipment R000	Decommissioning asset R000	Motor vehicles R000	Total R000
30 June 2001					
Property, plant and equipment					
– at cost	262 717	1 948 877	6 060	7 356	2 225 010
– accumulated depreciation	23 286	937 176	1 626	1 763	963 851
	239 431	1 011 701	4 434	5 593	1 261 159
Reconciliation of movement in fixed assets					
– balance at beginning of year	255 467	924 113	4 386	902	1 184 868
– additions	434	156 169		6 729	163 332
– present value of decommissioning asset capitalised (note 7)			244		244
– disposals		(5)		(281)	(286)
– depreciation charged for the year	(5 966)	(68 576)	(196)	(1 757)	(76 495)
– impairment	(10 504)				(10 504)
– balance at end of year	239 431	1 011 701	4 434	5 593	1 261 159

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).

		2002 R000	2001 R000
2.	**Unlisted investments**		
	Book value	**173**	182

The unlisted investments, comprising equity investments in various mining industry service organisations, are valued by the directors at R173 000 (2001: R182 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:

	2002 R000	2001 R000
– balance at beginning of year	**7 128**	5 859
– contributions made during the year	**703**	674
– net income earned during the year	**737**	595
– balance at end of year	**8 568**	7 128

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

4. Inventories

	2002 R000	2001 R000
Metals on hand and in transit	**215 472**	246 662
Consumable stores	**33 780**	37 552
	249 252	284 214

5. Share capital

	2002 R000	2001 R000
Authorised		
350 000 000 (2001: 350 000 000) shares of 1 cent each	**3 500**	3 500
Issued		
230 914 500 (2001: 230 564 500) shares of 1 cent each	**2 309**	2 306
Share premium	**2 288 684**	2 287 107
	2 290 993	2 289 413

The unissued shares, other than those reserved for the Northam Share Option Scheme, are under the control of the directors until the date of the next annual general meeting.

Details of shares held by the directors are contained in the Directors' Report.

	2002 R000	2001 R000
6. Deferred tax		
The principal components of the deferred tax liability/(asset) are as follows:		
Deferred tax liability		
– fixed assets	**250 877**	69 163
– metal stocks	**7 167**	8 356
– other assets	**–**	109
	258 044	77 628
Deferred tax asset		
– employee benefits	**8 694**	7 590
– decommissioning and environmental restoration	**247**	315
	8 941	7 905
Net deferred tax liability/(asset)	**249 103**	69 723
The change in the deferred tax balance is reconciled as follows:		
Deferred tax liability/(asset) at beginning of year	**69 723**	(166 485)
– charge for the year	**179 380**	236 208
– temporary differences in respect of fixed assets	**181 714**	236 631
– depreciation component included in metals on hand and in transit	**(1 189)**	2 954
– temporary difference in respect of accounts receivable	**(109)**	(1 066)
– temporary difference in respect of employee benefits	**(1 104)**	(2 288)
– temporary difference in respect of long-term provisions	**68**	(23)
Deferred tax liability at end of year	**249 103**	69 723

		2002 R000	2001 R000
7.	**Long-term provisions**		
	Provision for decommissioning costs		
	– balance at beginning of year	**7 903**	6 659
	– present value of decommissioning of expansion projects (note 1)	**61**	244
	– unwinding of discount (note 9)	**553**	466
	– charged to operating costs (note 9)	**508**	534
	– balance at end of year	**9 025**	7 903
	Provision for restoration costs		
	– balance at beginning of year	**276**	176
	– unwinding of discount (note 9)	**19**	12
	– charged to operating costs (note 9)	**73**	88
	– balance at end of year	**368**	276
	Environmental rehabilitation obligation at year end	**9 393**	8 179
	Environmental rehabilitation obligation before funding	**9 393**	8 179
	Less: Northam Platinum Restoration Trust Fund (note 3)	**8 568**	7 128
	Net environmental obligation	**825**	1 051
	Future value of decommissioning obligation	**37 370**	35 015
	Future value of restoration obligation	**4 070**	3 840
	Future value of rehabilitation obligation	**41 440**	38 855

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.

The present value of the enviromental restoration obligation is determined by applying a post-tax discount rate of 7% over the remaining life of the mine.

		2002 R000	2001 R000
8.	**Total revenue**		
	Total revenue comprises:		
	– sales revenue	**1 560 685**	1 567 883
	– net investment income	**52 023**	39 714
	– sundry revenue	**20 852**	9 863
		1 633 560	1 617 460

		2002 R000	2001 R000
9.	**Operating costs**		
	Operating costs comprise mining and concentrating costs, excluding depreciation, and consist of the following principal categories:		
	– labour	**339 611**	291 795
	– stores	**278 812**	274 507
	– utilities	**75 316**	70 742
	– sundries	**108 622**	93 682
	– provision for decommissioning and restoration costs (note 7)		
	– unwinding of discount	**572**	478
	– inflation adjustment	**581**	622
		803 514	731 826
10.	**Depreciation and impairments**		
	Depreciation of mining properties, plant and equipment consists of the following:		
	– mining property	**10 858**	5 966
	– plant and equipment	**75 231**	68 576
	– decommissioning asset	**203**	196
	– vehicles	**1 912**	1 757
	Impairments		
	– mining properties	**–**	10 504
	– plant and equipment	**11 247**	–
		99 451	86 999
11.	**Investment income**		
	Investment income consists of the following:		
	– interest received	**51 286**	39 119
	– growth in Northam Platinum Restoration Trust Fund	**737**	595
		52 023	39 714
12.	**Profit before tax**		
	Profit before tax is arrived at after taking into account the following:		
	Auditors' remuneration		
	– external audit fees – current year	**425**	330
	– external audit fees – prior year adjustment	**51**	77
	– internal audit fees	**2 279**	1 538
	– expenses	**223**	213
	Directors' remuneration		
	– non executive fees	**901**	907
	– executive remuneration	**1 438**	1 706
	Impairment of unlisted investment	**59**	–
	Loss on disposal of investments	**–**	4 527
	Operating lease expenses		
	– office equipment	**280**	306
	– premises	**649**	480
	Profit on disposal of fixed assets	**480**	249
	Profit arising on the translation of foreign currencies	**16 775**	8 249
	Interest paid	**–**	586

	2002 R000	2001 R000
12. Profit before tax (continued)		
Details of directors' remuneration		
Non-executive fees		
M E Beckett	**111**	90
B E Davison	**77**	73
D T G Emmett	**81**	16
E Ford	**–**	46
A S Malone	**81**	91
E Molobi	**73**	55
A H Munro	**–**	46
T M G Sexwale	**141**	104
M J Tagg	**–**	29
R H H van Kerckhoven	**105**	77
B R van Rooyen	**133**	145
M J Willcox	**99**	77
A J Wright	**–**	58
	901	907
Executive remuneration		
I C Watson		
Basic remuneration package	**1 250**	1 090
Performance bonuses	**188**	–
Gain on exercising of options	**–**	320
D R Wolstenholme (Alternate*)		
Basic remuneration package	**–**	262
Benefits	**–**	34
	1 438	1 706

* D R Wolstenholme's appointment as an alternate director terminated on 1 November 2000.

		2002 R000	2001 R000
13.	**Tax**		
	Non mining tax	**20 623**	14 350
	Deferred tax	**179 380**	236 208
		200 003	250 558
	Secondary tax on companies	**59 118**	57 585
		259 121	308 143
	The tax charge is reconciled as follows:		
	Tax at statutory rates	**197 386**	249 706
	Other adjustments	**2 617**	852
		200 003	250 558

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 714 552 000 (2001: R2 223 315 000) at 30 June 2002.

13.2 Mining tax

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

No provision has been made for mining tax as the company had estimated unredeemed capital expenditure of R171 886 000 (2001: R776 318 000) at 30 June 2002.

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.

	2002 R000	2001 R000
14. Earnings per share		
Earnings and headline earnings per share are based on profit attributable to members and an average of 230 744 049 (2001: 230 310 897) shares in issue during the year. Headline earnings are reconciled to net income for the year as follows:		
Net income for the year	**398 831**	524 209
Headline earnings	**398 831**	524 209
Fully diluted earnings per share is based on the profit attributable to members and an average of 232 696 600 (2001: 231 696 160) share 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	**230 744 049**	230 310 897
Average number of Northam Share Option Scheme options outstanding during the year	**1 952 551**	1 385 263
	232 696 600	231 696 160
15. Cash generated from operations		
Profit before tax and interest paid	**657 952**	832 352
Interest paid	**–**	586
Adjusted for non cash items		
– impairment of unlisted investment	**59**	–
– loss on disposal of investments	**–**	4 527
– profit on disposal of fixed assets	**(480)**	(249)
– depreciation and impairment	**99 451**	86 999
– increase in long-term provisions	**1 153**	1 100
Interest received	**(51 286)**	(39 119)
	706 849	886 196
16. Change in working capital		
Inventories	**34 962**	(71 618)
Accounts receivable	**(3 414)**	16 677
Accounts payable	**26 974**	1 548
	58 522	(53 393)
17. Tax paid		
Balance owing at beginning of year	**10 058**	8 586
Charge per income statement	**79 741**	71 935
Balance owing at end of year	**(20 623)**	(10 058)
	69 176	70 463

	2002 R000	2001 R000
18. Commitments		
Capital expenditure – plant and equipment		
Authorised but not contracted	**89 760**	87 419
Contracted	**7 259**	11 126
Information technology outsource service provider		
Due within one year	**6 661**	–
Due within two to five years	**25 524**	–
Thereafter	**7 666**	–
Operating lease rentals – office equipment		
Due within one year	**184**	342
Due within two to five years	**465**	68
Thereafter	**19**	–
Operating lease – premises		
Due within one year	**292**	480
Due within two to five years	**489**	–

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.

	2002 R000	2001 R000
Contributions made during the year were as follows:	**24 844**	14 039

20. Financial instruments

(a) Foreign currency risk management.
The company incurs currency risk as a result of sales and refining cost transactions which are denominated in a currency other than the company's functional 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.

(b) Credit risk management.
The company only deposits surplus cash with major banks of high quality credit standing.

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

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

(c) 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

(d) Fair value
Management is of the opinion that the book value of financial instruments approximates fair value.

	2002 R000	2001 R000
21. Related parties		
(a) The company sold, under contract, nickel sulphate to Anglo American Platinum Corporation Limited, who holds an equity interest of 22.4% (2001 – 22.4%). The contract was concluded at arms length.		
– value of sales during the year	**38 512**	31 638
– included in accounts receivable	**4 229**	5 022
(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	**8 796**	1 723
– included in accounts receivable	**2 277**	1 802

22. 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 segments by location of customers:

	2002 R000	2001 R000
Segment revenue		
Europe	**706 013**	678 400
Japan	**304 342**	325 278
North America	**451 893**	467 184
South Africa	**98 437**	97 021
	1 560 685	1 567 883
Segment debtors		
Europe	**16 250**	12 454
North America	**4 943**	6 867
South Africa	**36 304**	34 762
	57 497	54 083

23. Comparative figures

Certain comparative figures have been restated to facilitate comparisons.

Notice of annual general meeting

Date: 7 November 2002
Time: 12:00
Place: Ground Floor Auditorium
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, Pharmaceutical Society of South Africa, 52 Glenhove Road, Melrose Estate, Johannesburg on Thursday, 7 November 2002 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 2002.

2. **Election of directors**
To elect directors in place of those directors retiring in accordance with the provisions of the articles of association.

3. **Amendments to Northam Share Option Scheme**
To consider proposed amendments to the rules of the Northam Share Option Scheme and accordingly, if deemed fit, to pass the following resolution as an ordinary resolution:

"RESOLVED, as an ordinary resolution, that the draft amended rules of the Northam Share Option Scheme, as tabled at this meeting, be and are adopted as the revised rules of the scheme."

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

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

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

5. **Reduction of share premium**
To ratify the repayment of share premium and accordingly, if deemed fit, to pass the following resolution as an ordinary resolution:

"RESOLVED, as an ordinary resolution, that the reduction of share premium amounting to 75 cents per share, included in the distribution of 175 cents per share made to shareholders on 2 September 2002, be ratified, and further that the reduction of the company's share premium account by an amount of R173 298 000 be ratified."

6. **Amendments to articles of association**
To consider proposed amendments to the company's articles of association and accordingly, if deemed fit, to pass the following resolutions as special resolutions:

Special resolution number 1
"RESOLVED, as a special resolution, that the company's articles of association be amended by the insertion of the following new article 3A:

'3A. All unclaimed distributions made in terms of the provisions of article 3.2 may be invested or otherwise made use of by the directors for the benefit of the company until claimed, provided that distributions unclaimed for a period of not less than five years from the date on which such distributions became payable and not previously forfeited may be declared to be forfeited by the directors for the benefit of the company.'"

Special resolution number 2

"RESOLVED, as a special resolution, that the company's articles of association be amended by the deletion of the words "twelve years" in article 82 and the insertion of the words "five years" in place thereof, the revised article 82 therefore to now read as follows:

'82. Unclaimed dividends

All unclaimed dividends may be invested or otherwise made use of by the directors for the benefit of the company until claimed, provided that dividends unclaimed for a period of not less than five years from the date on which such dividends became payable and not previously forfeited may be declared to be forfeited by the directors for the benefit of the company.' "

The reason for special resolution number 1 is to provide for the forfeiture of unclaimed distributions made in terms of article 3.2 of the company's articles of association. The effect of special resolution number 1 will be that distributions may be declared forfeited to the company for its own benefit if unclaimed for a period of five years after payment of such distribution.

The reason for special resolution number 2 is to ease the administrative and costly burden of maintaining records of unclaimed dividends for a period of twelve years after payment. The effect of special resolution number 2 will be that dividends may be declared forfeited to the company for its own benefit if unclaimed for a period of five years after payment of such dividend.

A copy of the amended articles of association may be inspected at the company's registered office or at the offices of the London secretaries of the company during normal working hours on any business day prior to the holding of the 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 applicable, 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 South African transfer secretaries or the United Kingdom registrar not less than 48 hours before the time set down for the meeting. If required, additional proxy forms may be obtained from the South African transfer secretaries or the United Kingdom registrar.

By order of the board

S J van der Spuy
Company Secretary

Johannesburg
26 September 2002

Administration

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e-mail: general@rair.co.za

Form of proxy

(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, 7 November 2002 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 – adoption of annual financial statements			
Ordinary resolution – election of Mr B E Davison as a director			
Ordinary resolution – election of Mr A S Malone as a director			
Ordinary resolution – election of Mr T M G Sexwale as a director			
Ordinary resolution – amendment of the rules of the Northam Share Option Scheme			
Ordinary resolution – placement of unissued shares under the control of the directors			
Ordinary resolution – reduction of share premium			
Special resolution number 1 – amendment of articles of association			
Special resolution number 2 – amendment of 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 5 November 2002.

Signature Date

Instructions overleaf

Instructions on signing and lodging the proxy form

Please read the notes below:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company.
2. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration must be signed, not initialled.
3. You may insert the names of any person(s) whom you wish to appoint as your proxy in the blank space(s) provided for that purpose.
4. When there are joint holders of shares, the vote of a senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.
5. The completion and lodging of this form will not preclude the member who grants this proxy from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
6. If the proxy form is signed under the authority of a power of attorney or on behalf of a company or other juristic person, then it must be accompanied by such power of attorney or a certified copy of the relevant enabling resolution or other authority of such company or other juristic person, unless proof of the authority of the juristic person(s) signing has been recorded by the company.
7. If the signatory does not indicate in the appropriate place on the face hereof how he/she wishes his/her proxy to vote in respect of a particular resolution, the proxy will be entitled to vote as he/she deems fit in respect of that resolution.
8. The chairman of the meeting may, in his absolute discretion, reject any proxy form that is completed other than in accordance with these instructions.
9. Forms of proxy should be deposited at the office of the South African transfer secretaries, Computershare Investor Services Limited, 70 Marshall Street, Johannesburg, 2001 (or posted to PO Box 61051, Marshalltown, 2107), or deposited at or posted to the office of the United Kingdom Registrar, Courtney Road Services Limited, 4 Courtney Road, Colliers Wood, London, SW19 2ED, England, so as to be received not less than 48 hours before the time set down for the meeting.

Shareholders' diary

	2003
Salient dates for 2003 financial year	
Interim report published	February
Interim dividend – declared	February
– paid	March
Financial year end	30 June
Preliminary announcement of results published	August
Final dividend – declared	August
– paid	September
Annual report issued	September
Annual general meeting	October/November

Forward-looking statements

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

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

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

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