

REVIEWED INTERIM RESULTS

Report for the six months ended 31 December 2013

KEY FEATURES



Strike impacts
output at
Zondereinde



First operating
loss recorded
since 1998



Booyensdal
ramp-up
on track



R1 billion raised
in successful
fund raising

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Commentary on results

NORTHAM

PLATINUM LIMITED

“THE TOTAL COMPREHENSIVE LOSS OF R92.7 MILLION FOR THE REPORTING PERIOD IS LARGELY ATTRIBUTABLE TO THE PROTRACTED INDUSTRIAL ACTION AT THE ZONDEREINDE MINE”



Scan the QR barcode with your smart device to download the full PDF of the Northam Platinum Interim Results. Alternatively go to the Northam website at www.northam.co.za

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(Incorporated in the Republic of South Africa)
(Registration number 1977/003282/06)
Share code: NHM ISIN: ZAE000030912
Debt issuer code: NHMI
("Northam Platinum" or "the group")

		Reviewed Six months ended 31 December 2013	Reviewed Six months ended 31 December 2012	Audited Year ended 30 June 2013
	% Change	R000	R000	R000

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Sales revenue	3.7	2 291 183	2 209 058	4 420 977
Cost of sales	23.0	2 390 727	1 943 035	3 813 301
Operating costs	20.6	1 747 778	1 449 829	2 826 094
Concentrates purchased	(8.2)	242 478	264 034	657 540
Refining and other costs	60.1	162 163	101 318	161 591
Depreciation and write-offs	153.6	224 037	88 337	234 690
Change in metal inventories	(63.9)	14 271	39 517	(66 614)
Operating (loss)/profit	(137.4)	(99 544)	266 023	607 676
Share of earnings from associate and joint venture	33.8	3 154	2 357	13 783
Investment revenue	59.4	27 762	17 420	33 434
Finance charges	210.8	(100 639)	(32 382)	(17 946)
Sundry expenditure	(5.5)	(10 287)	(10 886)	(28 254)
Sundry income	198.8	55 035	18 421	88 362
(Loss)/profit before tax	(147.7)	(124 519)	260 953	697 055
Taxation		(32 845)	114 184	169 054
(Loss)/profit for the period	(162.5)	(91 674)	146 769	528 001
Other comprehensive income				
Items that will be reclassified subsequently to profit and loss		(996)	(1 558)	(4 145)
Share of associate's exchange differences on translating foreign operations		(989)	(1 519)	(4 105)
Share of associate's fair value adjustment on available-for-sale financial assets		(7)	(39)	(40)
Total comprehensive income for the period		(92 670)	145 211	523 856
(Loss)/profit attributable to:				
Owners of the parent		(96 252)	136 236	504 907
Non-controlling interests		4 578	10 533	23 094
(Loss)/profit for the period		(91 674)	146 769	528 001
Total comprehensive income attributable to:				
Owners of the parent		(97 248)	134 678	500 762
Non-controlling interests		4 578	10 533	23 094
Total comprehensive income for the period		(92 670)	145 211	523 856

	Reviewed Six months ended 31 December 2013	Reviewed Six months ended 31 December 2012	Audited Year ended 30 June 2013
	R000	R000	R000

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME continued

Reconciliation of headline (loss)/earnings and per share information				
(Loss)/profit attributable to shareholders		(96 252)	136 236	504 907
Loss/(profit) on sale of property, plant and equipment		349	109	(1 769)
Profit on sale of associate's property, plant and equipment		(13)	(2 077)	(2 118)
Profit on sale of associate's listed investment		–	(16)	–
Impairment of investment in associate		–	6 053	–
Property, plant and equipment written-off		–	–	33 000
Insurance claim		–	(2 229)	(4 318)
Tax effect on above		(94)	731	(7 520)
Headline (loss)/earnings	(169.2)	(96 010)	138 807	522 182
(Loss)/earnings per share - cents	(170.2)	(25.0)	35.6	132.0
Fully diluted (loss)/earnings per share - cents	(169.9)	(24.9)	35.6	132.0
Headline (loss)/earnings per share - cents	(168.9)	(25.0)	36.3	136.5
Fully diluted headline (loss)/earnings per share - cents	(168.3)	(24.8)	36.3	136.5
Dividends per share - cents		–	–	–
Weighted average number of shares in issue		384 461 090	382 536 125	382 560 902
Fully diluted number of shares in issue		387 026 914	382 536 125	382 560 902
Number of shares in issue		397 586 090	382 586 090	382 586 090

	Reviewed Six months ended 31 December 2013	Reviewed Six months ended 31 December 2012	Audited Year ended 30 June 2013
	R000	R000	R000

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows from operating activities	271 468	249 414	524 200
(Loss)/profit before taxation	(124 519)	260 953	697 055
Depreciation and write-offs	224 037	88 337	234 690
Change in working capital	54 965	(89 078)	(281 104)
Change in short-term provisions	14 217	5 848	8 204
Share-based payment expense	65 125	22 464	(2 290)
Taxation paid	(59 156)	(70 292)	(139 303)
Interest paid	100 639	32 382	123 703
Other	(3 840)	(1 200)	(116 755)
Cash flows utilised in investing activities	(383 752)	(959 097)	(1 703 238)
Property, plant, equipment and mining properties and mineral reserves			
Additions to maintain operations	(243 563)	(220 944)	(363 914)
Additions to expand operations	(270 100)	(761 848)	(1 383 200)
Proceeds relating to pre-production expenditure	137 005	–	–
Disposal proceeds	1 716	2 884	4 497
Investment in associate - cash distributed	34	16 696	16 740
Land and township development			
Additions	(1 539)	(10 405)	(17 683)
Disposals proceeds	5 867	10 281	45 979
Increase in investments held by Northam Platinum Restoration Trust Fund	(1 251)	(1 101)	(5 259)
Increase in investments held by Environmental Contingency Fund	(1 866)	(1 023)	(6 687)
Increase in investment held in Buttonshope Conservancy Trust	(179)	(176)	(351)
Acquisition of non-controlling interest	(10 000)	–	–
Acquisition of subsidiary net of cash acquired	–	6 416	6 416
Dividends received	124	123	224
Cash flows generated from financing activities	990 012	1 223 626	1 372 638
Proceeds from issue of shares	579 053	2 007	2 007
Finance charges	(100 639)	(32 382)	(123 703)
Dividends paid	(6 501)	(13 979)	(21 747)
(Decrease)/increase in long-term loans	(1 901)	17 980	16 081
Revolving credit facilities utilised	400 000	–	250 000
Domestic medium-term notes issued	120 000	1 250 000	1 250 000
Increase in cash and cash equivalents	877 728	513 943	193 600
Cash and cash equivalents at beginning of period	298 580	104 980	104 980
Cash and cash equivalents at end of period	1 176 308	618 923	298 580

	Reviewed 31 December 2013	Reviewed 31 December 2012	Audited 30 June 2013
	R000	R000	R000

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS			
Non-current assets			
Property, plant and equipment	6 084 829	5 511 311	6 222 226
Mining properties and mineral resources	5 704 490	4 532 862	5 708 825
Interest in associate and joint ventures	496 538	488 219	495 498
Unlisted investment	6	6	6
Land and township development	11 225	17 441	15 553
Long-term receivables	93 456	78 486	87 400
Investments held by Northam Platinum Restoration Trust Fund	42 197	36 790	40 948
Environmental Guarantee Investment	44 273	36 743	42 407
Buttonshope Conservancy Trust	10 305	9 951	10 126
	12 487 319	10 711 809	12 622 989
Current assets	2 639 057	1 758 285	1 734 675
Inventories	1 170 897	778 196	878 530
Trade and other receivables	283 992	351 758	547 920
Cash and cash equivalents	1 176 308	618 923	298 580
South African Revenue Service	7 860	9 408	9 645
Mineral resources classified as held for sale	–	1 180 300	–
Land and township development classified as held for sale	–	26 532	–
Total assets	15 126 376	13 676 926	14 357 664

	Reviewed 31 December 2013	Reviewed 31 December 2012	Audited 30 June 2013
	R000	R000	R000

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

EQUITY AND LIABILITIES			
Equity			
Stated capital/Share capital and share premium	9 178 708	8 599 655	8 599 655
Retained earnings	2 117 397	1 759 069	2 220 477
Equity compensation reserve	–	225 098	–
Other comprehensive income from associate	(15 009)	(11 426)	(14 013)
Equity attributable to owners of the parent	11 281 096	10 572 396	10 806 119
Non-controlling interests	4 421	4 723	9 516
Total equity	11 285 517	10 577 119	10 815 635
Non-current liabilities			
Deferred tax liability	412 749	534 363	476 053
Long-term provisions	137 380	129 848	133 267
Long-term loans	45 663	49 464	47 564
Long-term share-based payment liability	94 929	–	90 942
Domestic medium term notes	1 370 000	1 250 000	1 250 000
Current liabilities	1 780 138	1 136 132	1 544 203
Current portion of long-term loans	3 801	3 801	3 801
Short-term share-based payment liability	77 803	–	16 665
Revolving credit facilities	650 000	–	250 000
South African Revenue Service	126 480	116 626	156 963
Trade and other payables	803 167	913 374	1 012 104
Short-term provisions	118 887	102 331	104 670
Total equity and liabilities	15 126 376	13 676 926	14 357 664
Net asset value - cents per share	2 837	2 763	2 824

	Share capital	Share premium	Stated capital	Equity compensation reserve	Retained earnings	Other comprehensive income from associate	Non-controlling interests	Total
	R000	R000	R000	R000	R000	R000	R000	R000

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Balance at 1 July 2012	3 825	8 593 823	–	202 634	1 622 833	(9 868)	–	10 413 247
Share based payment expense	–	–	–	22 464	–	–	–	22 464
Non-controlling interest arising on a business combination	–	–	–	–	–	–	8 169	8 169
Total comprehensive income for the period	–	–	–	–	136 236	(1 558)	10 533	145 211
Profit for the period	–	–	–	–	136 236	–	10 533	146 769
Other comprehensive income for the period	–	–	–	–	–	(1 558)	–	(1 558)
Dividends declared *	–	–	–	–	–	–	(13 979)	(13 979)
Issue of new shares	1	2 006	–	–	–	–	–	2 007
Balance at 31 December 2012 **	3 826	8 595 829	–	225 098	1 759 069	(11 426)	4 723	10 577 119
Share based payment expense	–	–	–	(8 657)	–	–	–	(8 657)
Transfer of equity compensation reserve to share-based payment liability	–	–	–	(123 704)	–	–	–	(123 704)
Transfer of equity compensation reserve to retained earnings	–	–	–	(92 737)	92 737	–	–	–
Total comprehensive income for the period	–	–	–	–	368 671	(2 587)	12 561	378 645
Profit for the period	–	–	–	–	368 671	–	12 561	381 232
Other comprehensive income for the period	–	–	–	–	–	(2 587)	–	(2 587)
Transfer of share capital and share premium to stated capital	(3 826)	(8 595 829)	8 599 655	–	–	–	–	–
Dividends declared *	–	–	–	–	–	–	(7 768)	(7 768)
Balance at 30 June 2013	–	–	8 599 655	–	2 220 477	(14 013)	9 516	10 815 635
Acquisition of non-controlling interest	–	–	–	–	(6 828)	–	(3 172)	(10 000)
Total comprehensive income for the period	–	–	–	–	(96 252)	(996)	4 578	(92 670)
(Loss)/profit for the period	–	–	–	–	(96 252)	–	4 578	(91 674)
Other comprehensive income for the period	–	–	–	–	–	(996)	–	(996)
Dividends declared *	–	–	–	–	–	–	(6 501)	(6 501)
Issue of new shares	–	–	579 053	–	–	–	–	579 053
Balance at 31 December 2013 **	–	–	9 178 708	–	2 117 397	(15 009)	4 421	11 285 517

* Non-controlling interest's portion of dividends declared by entities within the Northam group.

** Reviewed

	Reviewed 31 December 2013	Reviewed 31 December 2012	Audited 30 June 2013
	R000	R000	R000

CAPITAL COMMITMENTS*

Booyssendal Mine			
Authorised but not contracted	80 488	576 605	54 801
Contracted	234 132	361 240	477 281
Total	314 620	937 845	532 082
Zondereinde Mine			
Authorised but not contracted	107 765	178 517	223 071
Contracted	87 711	76 476	127 085
Total	195 476	254 993	350 156

OTHER COMMITMENTS

Information Technology - outsource service provider			
Due within one year	10 000	9 434	9 710
Due within two to five years	26 632	36 632	31 753
Operating lease rentals - office equipment			
Due within one year	514	1 489	1 117
Due within two to five years	915	1 575	915
Operating lease rentals - premises			
Due within one year	3 209	2 862	3 116
Due within two to five years	13 972	12 990	11 098
More than five years	4 293	8 472	11 900
Employee housing development			
Authorised	–	–	4 000
Bank guarantees issued	78 680	133 685	73 210

* These commitments will be funded from a combination of internal retentions and debt.

Six months ended 31 December 2013	Six months ended 31 December 2012	Year ended 30 June 2013
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% Change

ZONDEREINDE MINE

OPERATING STATISTICS*

Merensky

Development metres	(8.3)	3 219	3 510	6 604
Tonnes mined	(23.6)	477 137	624 438	1 130 683
Tonnes milled	(27.5)	387 597	534 316	958 211
Head grade - g/ton (3 PGEs + Au)	1.7	5.9	5.8	5.8
Available ore reserves - months		20	20	20

UG2

Development metres	(54.5)	459	1 009	1 596
Tonnes mined	(29.5)	442 513	627 467	1 144 545
Tonnes milled	(29.1)	435 637	614 742	1 157 501
Head grade - g/ton (3 PGEs + Au)	(4.7)	4.1	4.3	4.2
Available ore reserves - months		24	24	24

Combined

Development metres	(18.6)	3 678	4 519	8 200
Tonnes mined	(26.5)	919 650	1 251 905	2 275 228
Tonnes milled	(28.4)	823 234	1 149 058	2 115 712
Head grade - g/ton (3 PGEs + Au)	-	5.0	5.0	4.9

FINANCIAL STATISTICS*

Precious metals in concentrates produced	kg	(28.9)	3 477	4 889	9 041
Precious metals in concentrates purchased	kg	(17.4)	589	713	1 633
Precious metals sold	kg	(16.4)	4 620	5 526	10 704
Average price realised	R/kg	8.1	383 258	354 385	365 217
Operating costs	R/kg	28.6	404 674	314 622	334 899
Cash costs	R/kg	28.9	373 266	289 516	309 421
Precious metals in concentrates produced	oz	(28.9)	111 789	157 183	290 675
Precious metals in concentrates purchased	oz	(17.3)	18 946	22 923	52 502
Precious metals sold	oz	(16.4)	148 551	177 655	344 128
Average price realised	US\$/oz	(8.0)	1 179	1 281	1 276
Operating costs	US\$/oz	8.5	1 255	1 157	1 181
Cash costs	US\$/oz	8.8	1 158	1 064	1 091
Average exchange rate realised	US\$1.00=R	18.6	10.03	8.46	8.82
Operating costs per tonne milled	R/tonne	27.6	1 709	1 339	1 447
Cash costs per tonne milled	R/tonne	28.0	1 577	1 232	1 322

* Not audited or reviewed

Six months ended 31 December 2013	Six months ended 31 December 2012	Year ended 30 June 2013
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% Change

BOOYSENDAL MINE

OPERATING STATISTICS**

UG2

Tonnes mined	–	615 676	–	–
Tonnes milled	–	870 072	–	–
Head grade - g/ton (3 PGEs + Au)	–	2.6	–	–
Available ore reserves - months*	–	–	–	–

FINANCIAL STATISTICS**

Precious metals in concentrates produced	kg	–	1 763	–	–
Precious metals sold	kg	–	1 138	–	–
Average price realised	R/kg	–	379 118	–	–
Operating costs	R/kg	–	298 684	–	–
Cash costs	R/kg	–	230 911	–	–
Precious metals in concentrates produced	oz	–	56 696	–	–
Precious metals sold	oz	–	36 589	–	–
Average price realised	US\$/oz	–	1 165	–	–
Operating costs	US\$/oz	–	926	–	–
Cash costs	US\$/oz	–	716	–	–
Average exchange rate realised	US\$1.00=R	–	10.03	–	–
Operating costs per tonne milled	R/tonne	–	605	–	–
Cash costs per tonne milled	R/tonne	–	468	–	–

* Booysendal mine still in build-up phase

** Not audited or reviewed

COMMENTARY ON RESULTS

FINANCIAL RESULTS

The total comprehensive loss of R92.7 million for the reporting period is largely attributable to the protracted industrial action at the Zondereinde mine which started on 3 November 2013 and continued beyond the end of the six month reporting period, and to the fact that the Booyensdal mine, currently still in ramp-up phase, is not yet in a position to contribute positively to the group's earnings.

The industrial action at Zondereinde mine, which continued to 21 January 2014, will have cost the group an estimated R750 million in unearned revenue for F2014.

Platinum group metal sales from Zondereinde mine declined by 16.4% to 4 620kg (H1 F2013: 5 526kg); this was partially offset by the contribution of metal sales of 1 138kg from the Booyensdal mine, and in combination with a higher average basket price of R383 258/kg compared to the previous period's R354 385/kg (attributable to a weakening of 18.6% in the average rate of exchange to R10.03/US\$) contributed to a marginal increase of 3.7% in group revenues to R2.3 billion.

A combination of higher operating costs, increases in refining and related costs associated with third party toll treatment, and an increase in the group's amortisation and depreciation charge owing to the inclusion of Booyensdal for the first time, led to the 23.0% increase in cost of sales to R2.4 billion (H1 F2013: R1.9 billion).

The significant increase in refining and related costs is a result of the temporary outsourcing of smelting and refining services to a third party during the smelter rebuild from June to October 2013. A total of 4 533kg (3PGE+Au) were treated by the third party during the period under review. With the smelter shutdown, the value of concentrate purchases fell by 8.2% to R242.5 million (H1 F2013: R264.0 million). The smelter was re-commissioned in October 2013 and is now fully operational.

The substantial increase in amortisation and depreciation charges to R224.0 million (H1 F2013: R88.3 million) reflects the effects of starting to depreciate the Booyensdal assets, given the mine's coming into production on 1 July 2013.

As a consequence of the marginal increase (3.7%) in revenue and a 23.0% increase in cost of sales, the operating loss of the group for the period is R99.5 million. Investment revenues were higher on the back of the R1 billion raised in terms of the group's fund raising programme, of which R600 million was raised in cash from shareholders before taking costs of R21.0 million into account. A further R120 million was raised through a tap issue on the Domestic Medium Term Notes Programme. Finance charges increased substantially to R100.6 million (H1 F2013: R32.4 million) owing to the increased borrowings of the group as well as the fact that finance charges were previously capitalised as borrowing costs during the construction of Booyensdal mine prior to the mine coming into production on 1 July 2013. The increase in sundry revenue is largely reflective of the increased foreign exchange gains occasioned by the rand weakening against the US dollar during the current period.

The tax credit of R32.8 million stems from deferred tax benefits that are likely to accrue in future as a consequence of capital expenditure incurred during the development of the Booyensdal mine. Consequently, a net comprehensive loss of R92.7 million was incurred for the current period (H1 F2013: profit of R145.2 million).

Despite the adverse effects of the industrial action at Zondereinde mine, cash flows from operating activities amounted to R271.5 million compared to R249.4 million in the previous comparable period, owing primarily to the inclusion of sales from Booyensdal and a decrease in working capital.

Cash flows utilised in investing activities fell from R959.1 million in H1 F2013 to R383.8 million for the current period largely owing to reducing capital expenditure at Booyensdal mine in the current period. Production at Booyensdal commenced on 1 July 2013.

Cash flow generated from financing activities fell by 19.1% to R990.0 million (H1 F2013: R1.2 billion) due to the relatively lower quantum of finance raised in the current period compared to the previous one.

OPERATIONS REVIEW

Zondereinde mine

Safety

Management and employees continue to apply considerable efforts to reduce the number and severity of injuries on the mine. The total number of injuries was lower year on year owing to the effect of the strike. Injury rates however, deteriorated slightly because fewer man hours were worked during the strike. There were no safety related production stoppages during the period under review.

The lost time injury incidence rate (LTIIR) for the period was 1.75 and the reportable injury incidence rate (RIIR) 0.76.

Operating performance

The smelter rebuild, prompted by the unexpected erosion of the refractory bricks comprising the walls of the smelter in proximity to the slag level interface, was completed as planned by the end of October 2013, using a different brick specification.

Zondereinde's operating performance was severely impacted by the 11 week strike, with employees only returning to work in the new calendar year.

The combined tonnes milled fell by 28.4% to 823 234 tonnes (H1 F2013: 1 149 058 tonnes). Merensky reef contributed 387 597 (H1 F2013: 534 316 tonnes) at a head grade of 5.9g/t (3PGE+Au) and the UG2 reef 435 637 (H1 F2013: 614 742 tonnes) at 4.1g/t. The combined head grade remained constant at 5.0g/t. Ore reserves currently available are unchanged at 20 months for Merensky and 24 months for UG2.

Production of metals in concentrate fell by 28.9% to 3 477kg (H1 F2013: 4 889kg), whilst volume of metals in concentrate purchased declined by 17.4% from 713kg to 589kg owing to the smelter disruptions. Unit operating and cash costs of R1 709 and R1 577 per tonne milled respectively were skewed by the lower production volumes.

Mining conditions at Zondereinde continue to be impacted by poor ground conditions particularly on the Merensky reef. This has been exacerbated by the downtime occasioned by the strike and has necessitated slow and careful mining start-up activities. Steady progress has been made with the decline project including initial stopping from 15 level.

Labour relations

Wage negotiations at Zondereinde started on 31 July 2013. From the outset the negotiations were challenging, and marked by disputes. Following the intervention of third party facilitators and extensive talks, the NUM was granted a certificate of non-resolution and proceeded with strike action with effect from 3 November 2013. The strike continued beyond the end of the reporting period until 21 January 2014.

The board and management of Northam have extended their appreciation to the efforts of the CCMA in assisting to bring the strike to a conclusion. In terms of the settlement reached wage increases granted ranged between 7.5% and 9.5% along with a once-off *ex gratia* payment of R3 000 per employee.

Capital expenditure

A total of R243.6 million (H1 F2013: R221.0 million) was spent to maintain operations during the current period. This included R54.0 million for the smelter rebuild. Forecast capital expenditure for the remainder of F2014 is expected to be R195.5 million.

Township and land development

A further 28 housing units were sold during the current period, bringing the total number of housing units sold since inception of the Zondereinde employee housing scheme to 364.

Booyssendal mine

Safety

A total of three lost time injuries were recorded in the current reporting period and the LTIIR and RIIR were measured at 0.35 and 0.23 respectively. There were no safety-related work stoppages during the period.

Operating performance

The mine came into production on 1 July 2013. Mined tonnage during the reporting period totalled 615 676 tonnes whilst a total of 870 072 tonnes were milled at a head grade of 2.6g/t (3 PGE+Au) to produce 1 763kg of metals in concentrate. At 31 December 2013 the surface stockpile contained 197 878 tonnes of run of mine ore.

Unit operating and cash costs at Booyssendal were R605 and R468 per milled tonne respectively. This is not a true reflection of the performance at Booyssendal as the unit costs have been positively influenced by the addition of tonnage from the pre-production stockpile. A more realistic assessment of unit costs will be obtained as the mine ramps up to steady state production and the initial stockpile is depleted.

Labour relations

There was no industrial action at Booyssendal during the current period.

Capital expenditure

A total of R270.1 million (H1 F2013: R761.8 million) was spent in the current period on the development of Booyssendal mine. A further R314.6 million is forecast to be spent in the remainder of F2014.

The total capital expenditure for the development of Booyssendal mine since inception is R4.3 billion against a projected total expenditure of R4.6 billion. The original capital budget for Booyssendal was R3.9 billion in June 2010 terms.

FINANCING ARRANGEMENTS

The group announced on 20 September 2013 that it had successfully raised a total of R1 billion in additional cash and financing facilities through a R600 million claw back rights offer underwritten by Coronation Asset Management Proprietary Limited and a R400 million additional revolving credit facility from Nedbank Limited. In addition, certain covenant conditions have been relaxed until December 2014. R120 million was also raised through a tap issue on the Domestic Medium Term Notes Programme during the period.

CORPORATE ACTIVITY

Shareholders are referred to the announcement dated Friday, 3 August 2012 wherein they were advised of a restructuring of the group's BEE shareholding. The group has continued to consult with the Department of Mineral Resources in this regard and shareholders will be advised of developments as they occur.

OTHER ASSETS

The group continues to consider optimal ways of realising value from assets that were acquired through the acquisition of Mvelaphanda Resources Proprietary Limited (formerly Mvelaphanda Resources Limited) in June 2011. These assets comprised a 50% interest in the Dwaalkop Platinum Project, a 20.3% interest in the issued share capital of Trans Hex Group Limited, a diamond producing and marketing company listed on the Johannesburg Stock Exchange and a 51% initial participatory interest in the Kokerboom Joint Venture which is a greenfields iron oxide/gold/copper and massive sulphide exploration project.

The group has acquired a further 10% of Northam Chrome Producers Proprietary Limited (NCP) for R10 million with effect from 1 July 2013 bringing its total holding in that subsidiary to 80%. NCP produces chrome from Zondereinde's UG2 tailings, and has contributed an after tax profit of R24.0 million in the current period.

MINERAL RESOURCES AND RESERVES

The mineral resource and reserve estimation is an annual process. Management is not aware of any material changes to the inputs to the resource and reserve estimation process.

PROSPECTS

Social and economic uncertainty coupled with labour turbulence is likely to continue to influence the long term sustainability of the platinum industry in the foreseeable future. Barring any disruptions to Northam's operations in the second half of the financial year, the Zondereinde mine is expected to recover to a steady state of production and the Booyssendal mine to continue its production build-up. The financial performance of the company for the full year however, will be negatively impacted by the 11 week strike which ended on 21 January 2014.

AUDITOR'S REVIEW

The financial results of the group have been reviewed under the supervision of Mr M Herbst CA (SA), registered auditor of Ernst & Young Inc., the group's auditors. A copy of their unmodified review report is available for inspection at the company's registered office.

Accounting Policies – basis of preparation

The interim financial statement has been prepared on the historical cost basis, except for financial instruments that are stated at fair value. The Group Financial Statements for the half year ended 31 December 2013 have been prepared in accordance with IAS 34 – Interim Financial Reporting as well as AC500 Standards, as issued by the Accounting Practices Board or its successor, and incorporate the accounting policies which are consistent with those adopted in the financial year ended 30 June 2013, with the exception of the adoption of the following amendments, standards or interpretations with effect from 1 July 2013:

Standard	Subject
IFRS 1	First time adoption of International Financial Reporting Standards – Government Loans (Amendment)
IFRS 1	First time adoption of International Financial Reporting Standards – Application of IFRS 1 for previous IFRS reporters (Annual Improvements Project 2012)
IFRS 1	First time adoption of International Financial Reporting Standards – Borrowing costs capitalised under previous GAAP (Annual Improvements Project 2012)
IFRS 10	Consolidated Financial Statements
IFRS 10	Consolidated Financial Statements – Transition guidance amendments (Amendment)
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 11 and 12	Joint Arrangements and Disclosure of Interests in Other Entities – Transition guidance amendments (Amendment)
IFRS 13	Fair Value Measurement
IAS 16	Property, Plant and Equipment – Classification of servicing equipment (Annual Improvements Project 2012)
IAS 19	Employee Benefits (Revised)
IAS 27	Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (as amended in 2011)
IAS 28	Investments in Associates and Joint Ventures (Amendment)
IAS 32	Financial Instruments: Presentation – Tax effect of distributions (Annual Improvements Project 2012)
IFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment)
IAS 34	Interim Financial Reporting – Interim Financial Reporting and segment information for total assets and liabilities (Annual Improvements Project 2012)
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

The adoption of these amendments resulted in changes only in the way in which the interim financial results statements are presented, as well as additional disclosures in the annual financial statements. They did not impact any amounts disclosed in the interim consolidated statement of comprehensive income or preliminary consolidated statement of financial position.

RELATED PARTIES

In the ordinary course of business, the group enters into various sale, purchase and lease transactions with a large number of entities, some of whom are related parties. All transactions covered in this set of results were concluded on an arm's length basis, except for the waste ore processed into chrome by the subsidiary NCP, which is disposed of by Northam at no cost.

SEGMENTAL REVIEW

The group's most significant segments are Booyendal mine and Zondereinde mine. In the current year, capital expenditure of R270.1 million was incurred on the development of Booyendal mine (H1 F2013: R761.8 million). The loss for the current period incurred by Booyendal mine amounts to R168.3 million (H1 F2013: profit of R1.6 million) with profits earned by Zondereinde mine resulting in a loss of R91.7 million for the group. Revenue relates to external customers of the group's metal production of which R337.1 million was earned by Booyendal mine and R1 954.1 million by Zondereinde mine.

Total assets in respect of the Booyendal mine amount to R9.4 billion (H1 F2013: R9.1 billion). These are allocated to property, plant and equipment, mining properties, mineral reserves, inventories and receivables of Booyendal. The other assets relate to Zondereinde mine.

GOING CONCERN

Mining operations have a finite life by nature and their operations are dependent on, amongst other things, geological, technical as well as economic factors such as commodity prices and exchange rates. The outlook for the local as well as the global economy remains uncertain. Although there are signs that the United States and Europe are emerging out of recession, the Chinese economy seems to be slowing. The mining sector in South Africa remains subject to social and labour instability which could pose a threat to operations.

The rate of exchange of the South African rand against the US dollar has weakened significantly recently. In addition average PGM prices in US dollar terms have also fallen.

Nevertheless, management believes that, assuming uninterrupted production and the availability of operational cash flows and borrowing facilities, the group remains a going concern.

PREPARATION

These reviewed interim results have been prepared under the supervision of the financial director, Mr AZ Khumalo CA (SA). The interim results of the group will be published on the company's website on Friday, 21 February 2014.

EVENTS AFTER THE REPORTING PERIOD

Save for the strike that ended on 21 January 2014, there have been no significant events subsequent to 31 December 2013 which require adjustment or additional disclosure to these interim financial results.

DIRECTORS

Ms NJ Dlamini (Dr) resigned as an independent non-executive director on 30 September 2013.

Mr PA Dunne has been appointed a director, and chief executive officer, with effect from 1 March 2014 in the place of Mr GT Lewis who has resigned as a director with effect from the same date.

DIVIDEND

Owing to the continued uncertainty prevailing in the mining industry and the continuing cash requirements at the Booyendal mine to complete the capital footprint, the board has resolved not to declare an interim dividend for F2014 (F2013: nil cents per share).

ON BEHALF OF THE BOARD

PL Zim

Chairman

GT Lewis

Chief executive officer

Johannesburg

19 February 2014

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