Annual financial statements

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

T M G Sexwale
Chairman

B R van Rooyen
Director

Company secretary's confirmation

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

S J van der Spuy
Company secretary

21 September 2004

Report of the independent auditors

To the members of Northam Platinum Limited

We have audited the annual financial statements for the year ended 30 June 2004 as set out on pages 40 to 69. These financial statements are the responsibility of the directors. Our responsibility is to express an opinion on the financial statements based on our audit.

Scope

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

An audit includes:

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

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

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company at 30 June 2004 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

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

Johannesburg
21 September 2004

Directors' report

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

Corporate governance

The directors endorse the Code of Corporate Practices and Conduct set out in the second King Report on Corporate Governance (King 2) that was released in March 2002. Further details on the company's corporate governance practices are set out in the Corporate Governance Report on page 30.

Mining licences

The company's mining licences cover an area of approximately 7 625 hectares on the farms Aapieskraal 377 KQ, Amandelbult 383 KQ, Elandsfontein 386 KQ, Grootkuil 376 KQ, Kopje Alleen 422 KQ, Middeldrift 379 KQ, Vrugbaar 381 KQ and 387 KQ, Witvley 423 KQ and Zondereinde 384 KQ.

Property

A register of land and buildings is available for inspection at the registered office of the company during normal business hours.

Financial results

The accounting policies, balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the financial statements, on pages 49 to 69, reflect the financial results and position of the company.

Dividends

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

Interim dividend (No 10) – 45 cents per share

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

Final dividend (No 11) – 60 cents per share

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

Shareholders who have dematerialised their shares receive payment electronically as provided for by STRATE. For those shareholders who have not yet dematerialised their shares, or who may intend not to do so, the company operates an electronic funds transmission service, whereby dividends may be electronically transferred to members' accounts. These shareholders are encouraged to mandate this method of payment for all future dividends.

Share capital

The authorised share capital of the company remains unchanged at R3 500 000 (F2003: R3 500 000) divided into 350 000 000 (F2003: 350 000 000) shares of one cent each.

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

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

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

Capital repayment No 3 – 35 cents per share

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

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

Capital repayment No 4 – 20 cents per share

In terms of the general authority granted to the directors at the annual general meeting on 6 November 2003, referred to below, the directors resolved to effect a further reduction in the company's share capital by means of a repayment of share premium of 20 cents per share to shareholders. Details are as follows:

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

Repayments of share capital

At the annual general meeting held on 6 November 2003 shareholders passed a resolution granting the directors of the company a general authority to distribute up to a maximum of 20% of the company's issued share capital in terms of the Listings Requirements of the JSE Securities Exchange South Africa and subject to the requirements of Section 90 of the Companies Act, 1973, as amended. This general authority is valid until the company's next annual general meeting or for fifteen months from the date of the aforementioned resolution, whichever period is the shorter. The directors have proposed that this general authority be renewed for a further period and accordingly the text of the necessary resolution appears in the notice of annual general meeting on page 70.

Acquisition of company's own shares

The Companies Act permits a company and its subsidiaries to acquire its own shares and for such subsidiaries to acquire shares of its holding company. Accordingly, at the annual general meeting held on 6 November 2003 shareholders passed a special resolution granting the company a general authority to repurchase its own shares. This general authority provides the directors, subject to certain terms and conditions as set out in the said special resolution, with the necessary flexibility to procure the repurchase of the company's shares from time to time should such repurchase, in view of prevailing market conditions, be opportune and be deemed to be in the best interests of the company. This general authority is valid until the company's next annual general meeting or for fifteen months from the date of the aforementioned resolution, whichever period is the shorter. The directors have proposed that this general authority be renewed for a further period, and accordingly the text of the necessary special resolution, as well as the reasons therefor and the effects thereof, appears in the notice of annual general meeting on page 70, which forms part of this report.

Borrowing powers

In terms of the articles of association, the directors may borrow for purposes of the company, such sums as they deem fit.

STRATE (Share Transactions Totally Electronic)

Shareholders are once again reminded that the company transferred to the STRATE environment during September 2001. Shareholders who have not already dematerialised their shares (certificated shareholders) are strongly urged to do so as soon as possible (unless it is their explicit intention not to do so) in order to enable them to trade in such shares.

It is most important for certificated shareholders to note that their shares may not be traded on the JSE Securities Exchange South Africa unless the shares have been dematerialised.

Northam Share Option Scheme (the Scheme)

The Scheme was established on 4 January 1995 with the objective of attracting and retaining employees with appropriate levels of ability and expertise who make a significant contribution to the operations of the company.

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

In terms of the rules of the Scheme, 11 550 000 unissued shares are reserved for participants of the scheme, and the maximum number of options that any one participant may hold is limited to 0.4% of the issued share capital of the company prevailing from time to time. At the date of this report, 0.4% of the issued capital equated to 926 000 shares.

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

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

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

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

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

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

At 30 June 2004 the outstanding options were exercisable as follows:
Earliest and latest exercise date

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

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

Exercise date	Number of options exercised	Exercise price R	Consideration R000
11 February 2004	5 000	4.70	24
Total	5 000		24

Directors' report

Directorate

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

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

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

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

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

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

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

Directors' fees

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

Board fees

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

Board appointed committees

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

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

Board fees

- Board chairman – R100 000 per annum.
- Board members – R50 000 per annum.
- Board meeting attendance fees – R4 000 per meeting.

Board appointed committees

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

Directors' remuneration

The directors' remuneration for the year was as follows:

	Fees R000	Remuneration package R000	Performance bonus R000	Gain on exercise of options R000	Total R000
2004					
Non-executive					
M E Beckett	**194**	**–**	**–**	**–**	**194**
D T G Emmett	**83**	**–**	**–**	**–**	**83**
R Havenstein	**97**	**–**	**–**	**–**	**97**
A S Malone	**68**	**–**	**–**	**–**	**68**
E Molobi	**99**	**–**	**–**	**–**	**99**
T M G Sexwale	**155**	**–**	**–**	**–**	**155**
R H H van Kerckhoven	**85**	**–**	**–**	**–**	**85**
B R van Rooyen	**147**	**–**	**–**	**–**	**147**
M J Willcox	**77**	**–**	**–**	**–**	**77**
	1 005	**–**	**–**	**–**	**1 005**
2003					
Executive					
I C Watson	–	1 439*	103	2 363	3 905
Non-executive					
M E Beckett	106	–	–	–	106
B E Davison	73	–	–	–	73
D T G Emmett	83	–	–	–	83
A S Malone	76	–	–	–	76
E Molobi	76	–	–	–	76
T M G Sexwale	141	–	–	–	141
R H H van Kerckhoven	103	–	–	–	103
B R van Rooyen	145	–	–	–	145
M J Willcox	81	–	–	–	81
	884	1 439	103	2 363	4 789

* Includes leave pay

Service contracts

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

Directors' report

(CONTINUED)

Directors' interests

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

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

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

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

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

Analysis of shareholders at 30 June 2004

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

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

Major shareholders at 30 June 2004

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

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

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

Shareholder spread

The company's shareholder spread is set out below.

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

Northam Platinum Restoration Trust Fund

The Northam Platinum Restoration Trust Fund was established in 1996 to assist the company in making financial provision for the environmental rehabilitation of the mine, in terms of the Minerals Act, 1991, upon cessation of its mining operations.

Details of the contributions made and provisions raised are disclosed in notes 3 and 7 of the notes to the financial statements.

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

Subsequent to 30 June 2004 the company has procured the issue of a guarantee for R18.2 million in respect of certain unfunded environmental restoration costs, as more fully disclosed in note 7 of the notes to the financial statements.

Special resolutions

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

Directors' report

(CONTINUED)

Going concern

Mining entities have a finite life that depends on geological and technical factors as well as commodity prices and other economic factors. Taking account of the outlook for these factors as contained in the chairman's letter and general manager's report, as well as the company's present financial resources, the directors believe that the company is a going concern. The annual financial statements have accordingly been prepared on this basis.

Company secretary

Mr S J van der Spuy continues in office as company secretary. Relevant details appear on page 74 of this report.

Transfer secretaries

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

Listing

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

Post balance sheet events

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

Accounting policies

The financial statements have been prepared on the historical cost basis, except for financial instruments that are fairly valued, in accordance with International Financial Reporting Standards and South African Statements of Generally Accepted Accounting Practice. The financial statements incorporate the following accounting policies which have been applied on a basis consistent with the previous year.

1 Mining and other fixed assets

1.1 Mining assets

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

1.2 Mine development costs

Capitalised mine development costs include expenditure incurred to develop new ore bodies, to define further mineralisation in existing ore bodies and to expand the capacity of the mine. Costs include interest capitalised during the construction period until commercial production is reached where financed by borrowings and the net present value of future decommissioning costs. Depreciation is first charged on new mining ventures from the date on which the mining venture reaches commercial production quantities. Development costs to maintain production are recognised as an expense when incurred. Mine development costs are depreciated on a straight-line basis, over the estimated economic life of the mine, based on measured and indicated resources.

1.3 Mining plant and equipment

Mining plant and equipment, including the decommissioning asset, is depreciated on a straight-line basis over the lesser of the estimated economic life of the mine based on measured and indicated resources or their expected useful lives in five-year bands.

1.4 Mineral rights and mineral leases

Mineral rights and mineral leases are depreciated on a straight-line basis over the estimated economic life of the mine based on measured and indicated resources.

1.5 Office equipment, furniture and vehicles

Office equipment, furniture and vehicles are depreciated using varying rates, ranging between 10 and 20% on a straight-line basis over their expected useful lives.

1.6 Land

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

1.7 Impairment

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

The value in use of mining assets is determined by applying a discount rate to the anticipated pre-tax cash flow for the remaining useful life of the assets. The discount rate used is the company's weighted average cost of capital as determined by the capital asset pricing model.

The value of non-mining assets is determined with reference to market values.

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

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

Accounting policies

2 Financial instruments

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

2.1 Investments

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

2.2 Accounts receivable

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

2.3 Cash and cash equivalents

Cash and cash equivalents comprise demand and time deposits with banking institutions and money market instruments readily convertible to known amounts of cash subject to insignificant risk of changes in value. Current account balances are only netted off when set-off would apply or when the balances are with the same banking institution.

The book value of cash and cash equivalents approximates their fair value. Negotiable instruments are recorded initially at cost and marked to market at reporting intervals. Any gain or loss arising from the mark to market or a change from book value to fair value is included in the determination of investment income.

2.4 Accounts payable

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

2.5 Borrowings

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

2.6 Derivative instruments

In the ordinary course of its operations, the company is exposed to fluctuations in metal prices, volatility of exchange rates and changes in interest rates. The company engages in a number of activities to manage these risks. These activities include economic hedging of a portion of these exposures through the use of derivative financial instruments. Forward sales contracts and option contracts are utilised to manage metal and currency exposures. The company does not speculate, acquire, hold or issue derivative instruments for trading purposes, and does not apply hedge accounting.

Derivatives are initially measured at cost and associated transaction costs are charged to the income statement when incurred. Subsequently these instruments are measured as set out below:

- All forward and option contracts outstanding at financial reporting dates are marked to market and any changes in their fair value is included in net sundry revenue.
- Gains and losses on all other contracts not spanning a financial reporting date are recognised and included in net sundry revenue at the time that the contracts expire.

3 Commodity contracts

Contracts that are entered into and continue to meet the company's expected purchase, sale or usage requirements that were designated for that purpose at their inception and are expected to be settled by delivery are recognised in the financial period when the risks and rewards of ownership of such items have passed.

4 Inventories

4.1 Stores

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

4.2 Metal on hand

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

5 Deferred tax

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

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

6 Provisions

6.1 Environmental rehabilitation provisions

6.1.1 Decommissioning provision

Provision is made for the present value of the estimated future decommissioning costs at the end of the mine's life. When this provision gives rise to future economic benefits, a mining asset is recognised, otherwise the costs are charged to the income statement.

The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

The increase in the decommissioning provision due to the passage of time is recognised as an expense.

6.1.2 Environmental restoration provision

Provision is made for the estimated cost to be incurred on long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the mine.

The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

The increase in the restoration provision due to the passage of time is recognised as an expense.

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

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

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

6.2 Other provisions

Provisions are recognised where the company has a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

7 Foreign currencies

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

8 Revenue recognition

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

8.1 Metal sales

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

8.2 Interest income

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

9 Leased metal

When metal is leased to fulfil marketing commitments, the equivalent cost of production is charged to cost of sales in the income statement and is reflected in the balance sheet as a liability. On the maturity of the lease the liability is credited to cost of sales.

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

10 Borrowing costs

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

11 Employee benefits

11.1 Short-term employee benefits

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

11.2 Equity compensation plans

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

11.3 Retirement benefits

Eligible employees are members of various defined contribution schemes.

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

11.4 Medical benefits

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

11.5 Post-retirement medical costs

Eligible employees are members of a defined contribution scheme established to assist those employees to meet post retirement medical costs.

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

12 Operating leases

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

13 Taxation

13.1 Current tax

The charge for current tax is based on the results for the year, as adjusted for by items that are exempt or disallowed, and is calculated using the current tax rate at the balance sheet date.

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

13.2 Deferred tax

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

13.3 Secondary tax on companies

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

14 Dividends declared

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

Balance sheet

AS AT 30 JUNE 2004

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

Income statement

FOR THE YEAR ENDED 30 JUNE 2004

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

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2004

	Share Capital R000	Share Premium R000	Accumulated loss R000	Total R000
Balance at 30 June 2002	2 309	2 288 684	(398 085)	1 892 908
Net income for the year			274 913	274 913
Dividends distributed			(439 449)	(439 449)
Repayment of share premium		(219 606)		(219 606)
Issue of new shares	6	6 736		6 742
Balance at 30 June 2003	2 315	2 075 814	(562 621)	1 515 508
Net income for the year			253 698	253 698
Dividends distributed			(104 194)	(104 194)
Repayment of share premium		(81 394)		(81 394)
Issue of new shares	–	24		24
Balance at 30 June 2004	2 315	1 994 444	(413 117)	1 583 642
Note	5	5		

Cash flow statement

FOR THE YEAR ENDED 30 JUNE 2004

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

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2004

	Mining properties R000	Plant and equipment R000	Decom-missioning asset R000	Motor vehicles R000	**Total R000**
1. Fixed assets					
30 June 2004					
Property, plant and equipment					
– at cost	263 003	2 317 533	7 341	12 827	**2 600 704**
– accumulated depreciation	56 473	1 182 830	2 312	3 324	**1 244 939**
	206 530	1 134 703	5 029	9 503	**1 355 765**
Reconciliation of movement in fixed assets					
– balance at beginning of year	217 943	1 101 388	4 889	9 983	**1 334 203**
– additions	50	116 528		6 347	**122 925**
– present value of decommissioning asset capitalised (note 7)			398		**398**
– disposals				(5 857)	**(5 857)**
– depreciation charged for the year	(11 463)	(83 213)	(258)	(2 593)	**(97 527)**
– depreciation on disposals during the year				1 623	**1 623**
– balance at end of year	206 530	1 134 703	5 029	9 503	**1 355 765**
30 June 2003					
Property, plant and equipment					
– at cost	262 953	2 201 005	6 943	12 337	**2 483 238**
– accumulated depreciation	45 010	1 099 617	2 054	2 354	**1 149 035**
	217 943	1 101 388	4 889	9 983	**1 334 203**
Reconciliation of movement in fixed assets					
– balance at beginning of year	228 573	1 010 007	4 292	6 902	**1 249 774**
– additions	236	167 207		8 315	**175 758**
– present value of decommissioning asset capitalised (note 7)			822		**822**
– disposals				(5 044)	**(5 044)**
– depreciation charged for the year	(10 866)	(75 826)	(225)	(2 142)	**(89 059)**
– depreciation on disposals during the year				1 952	**1 952**
– balance at end of year	217 943	1 101 388	4 889	9 983	**1 334 203**

Certain fixed property has been secured by a notarial bond in favour of Northam Platinum Restoration Trust Fund to meet future decommissioning and restoration costs (see note 3).

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2004

		2004 R000	2003 R000
2.	**Unlisted investments**		
	Book value	**181**	183
	The unlisted investments, comprising equity investments in various mining industry service organisations, are valued by the directors at R181 000 (2003 – R183 000)		
3.	**Northam Platinum Restoration Trust Fund**		
	The company contributes to a dedicated environmental restoration trust fund to provide for the estimated decommissioning and environmental restoration costs at the end of the mine's life.		
	The balance in the fund was as follows:		
	– balance at beginning of year	**10 462**	8 568
	– contributions made during the year	**1 069**	879
	– net income earned during the year (note 11)	**1 032**	1 015
	– balance at end of year	**12 563**	10 462
	In addition, the company has passed a notarial bond for R27.3 million over certain of the mine's freehold property in favour of the fund to ensure that the fund will be able to meet future rehabilitation obligations.		
4.	**Inventories**		
	Metals on hand and in transit	**189 518**	304 985
	Consumable stores	**33 669**	34 171
		223 187	339 156
5.	**Share capital**		
	Authorised		
	350 000 000 (2003 – 350 000 000) shares of 1 cent each	**3 500**	3 500
	Issued		
	231 543 500 (2003: 231 538 500) shares of 1 cent each	**2 315**	2 315
	Share premium	**1 994 444**	2 075 814
		1 996 759	2 078 129

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements

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

13.1 State's share of profit

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

Y = 15 – 120/X

where Y = the percentage of divisible profit payable to the State, and X = the ratio of mining profit (after deduction of redeemable capital expenditure) to mining revenue expressed as a percentage. The amount as determined by the above formula is subject to a surcharge of 1.25%. No provision has been made for State's Share of Profit as the company had estimated unredeemed capital expenditure of R1 055 630 000 (2003: R1 422 497 000) at 30 June 2004.

13.2 Mining tax

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

13.3 Non-mining tax

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

13.4 Deferred tax

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

13.5 Secondary tax on companies

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

13.6 Capital gains tax

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

	2004 R000	2003 R000

14. Earnings per share

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

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

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

The number of fully diluted shares are calculated as follows:

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

15. Cash generated from operations

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

16. Change in working capital

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

17. Tax paid

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

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)

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

19. Retirement benefits

The company participates in a number of retirement benefit plans for its eligible employees.

These defined contribution plans are governed by the Pension Funds Act of 1956.

Contributions made during the year were as follows:

	2004 R000	2003 R000
	38 401	33 849

20. Related parties

	2004 R000	2003 R000
(a) The company sold, under contract, nickel sulphate to Anglo American Platinum Corporation Limited, which holds an equity interest of 22.5% (2003 – 22.5%). The contract was concluded at arms length.		
– value of sales during the year	**74 011**	46 958
– included in accounts receivable	**8 563**	12 523
(b) The company treated, under a toll treatment contract, flotation concentrates for Anglo American Platinum Corporation Limited. The contract was concluded at arms length.		
– treatment revenue received during the year	**–**	4 599
(c) As reported on page 32, the company's internal audit function is undertaken on commercial terms by Anglo Platinum Management Services (Pty) Ltd		
– fees paid included in operating costs	**938**	1 160
– included in accounts payable	**130**	826

	2004 R000	2003 R000

21. Segmental reporting

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

Geographic segment: By location of customers:

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

22. Financial instruments

(a) Foreign currency risk management

The company incurs currency risk as a result of sales and refining cost transactions which are denominated in a currency other than the company's reporting currency. The currencies giving rise to these risks are primarily the US Dollar and the Euro. At the year end the company did not consider that there was any significant foreign currency risk.

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

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

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

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

		2004	2003
At year end the foreign currency value of items under their respective balance sheet classifications was as follows:		R000	R000
– accounts receivable	– US$	**4 022**	2 853
– cash and cash equivalents	– US$	**2 389**	17
– accounts payable	– Euro	**793**	1 297
Exchange rates at year end			
Rand/Dollar		**6.20**	7.57
Rand/Euro		**7.55**	8.66

(b) Commodity price risk

The company is subject to commodity price risks as a result of the prices at which it sells its products being determined by reference to international commodity exchanges. During the year, in order to mitigate the effects of anticipated declines in the commodity prices, the company entered into various hedging contracts.

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

At year end there were no outstanding contracts.

		2004	2003

22. Financial instruments (continued)

(b) Commodity price risk

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

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

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

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

(d) Interest rate management
As part of the process of managing the company's interest rate risk, all borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

At the year end there were no borrowings.

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

Notice of annual general meeting

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

Notice is hereby given that the annual general meeting of members of Northam Platinum Limited will be held in the Ground Floor Auditorium, Glenhove Conference Centre, 52 Glenhove Road, Melrose Estate, Johannesburg on Thursday, 4 November 2004 at 12:00 for the following purposes:

1 Annual financial statements

To receive and consider the annual financial statements for the year ended 30 June 2004.

2 Election of directors

To elect directors in place of Messrs M E Beckett, R G Mills and B R van Rooyen who retire in accordance with the provisions of the company's articles of association, and being eligible and available, have offered themselves for election and re-appointment.

Brief curricula vitae of these gentlemen appear on pages 36 and 37 of the annual report of which this notice forms part.

3 Increase in directors' fees

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

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

Board
Board chairman – R100 000 per annum.
Board members – R50 000 per annum.
Board meeting attendance fees – R4 000 per meeting.

Board appointed committees
Committee chairmen – R50 000 per annum.
Committee members – R25 000 per annum.
Committee meeting attendance fees – R3 000 per meeting."

4 Placement of unissued shares under the control of the directors

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

5 Payments to shareholders

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

"RESOLVED that in terms of the Listings Requirements of the JSE Securities Exchange South Africa and subject to the requirements of section 90 of the Companies Act, 1973, as amended, the directors be and are given a renewable general authority to make payments to shareholders subject to the following conditions:

1 That the directors be and are authorised and empowered to make payments to shareholders from time to time up to a maximum of 20% of the company's issued share capital, including reserves but excluding minority interests, and re-valuations of assets and intangible assets that are not supported by a valuation by an independent professional expert acceptable to the JSE Securities Exchange South Africa prepared within the last six months, in any one financial year, measured as at the beginning of such financial year; and

2 That this general authority to make payments to shareholders be valid until the company's next annual general meeting or for 15 months from the date of this resolution, whichever period is the shorter."

The purpose of this general authority is to enable the company's directors to return certain excess cash resources to shareholders on a pro rata basis.

6 Acquisition of company's own shares

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

Special resolution number 1

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

1 Any repurchase of shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter-party;

2 At any one time, the company may only appoint one agent to effect any repurchase;

3 This general authority shall be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from date of passing of this special resolution;

4 The repurchase of shares will not take place during a closed period and will not affect compliance with the shareholder spread requirements as laid down by the JSE;

5 An announcement shall be published as soon as the company has cumulatively repurchased 3% of the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter, containing full details of such repurchases;

6 Acquisitions of shares by the company in aggregate in any one financial year may not exceed 20% of the company's issued share capital as at the date of passing of this special resolution or

Notice of annual general meeting

10% of the company's issued share capital in the case of an acquisition of shares in the company by a subsidiary of the company;

7 Repurchases may not be made at a price greater than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date on which the transaction was agreed; and

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

The reason for special resolution number 1 is, and the effect thereof will be to grant, in terms of the provisions of the Companies Act, 1973 and the JSE Listings Requirements, and subject to the terms and conditions embodied in the said special resolution, a general authority to the directors to approve the acquisition by the company of its own shares, or by a subsidiary of the company of the company's shares, which authority shall be used by the directors at their discretion during the course of the period so authorised.

In terms of the Listings Requirements of the JSE Securities Exchange South Africa, certain disclosures are required with reference to the proposed granting of the general authorities in respect of the payments to shareholders and the acquisition of the company's own shares, as set out in the relevant resolutions under headings 5 and 6 above.

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

Directors and management – see pages 36 and 37;
Major shareholders of the company – see page 47;
Directors' interests in the company's securities – see page 46;
Share capital – see page 40.

In addition, the following disclosures are required:

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

Directors' responsibility statement
The directors, whose names appear on page 36 of this annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the resolutions set out under the headings 5 and 6 above and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the said resolutions contain all information required.

Material change
Other than the facts and developments reported on in this annual report, there have been no material changes in the affairs, financial or trading position of the company since the balance sheet date and the date of this notice. The company's products are priced in US Dollars and therefore volatility in the Rand/US Dollar exchange rate could affect the company's revenues negatively.

All members who are entitled to attend, speak and vote at the meeting may appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a member of the company.

Should members, both certificated and dematerialised, be unable to attend the meeting and wish to be represented thereat, they should appoint one or more proxies to attend, speak and vote in their stead.

However, those shareholders who hold their certificated shares in the name of a nominee or shareholders who have already dematerialised their shares and have not selected own name registration and wish to attend the meeting, should timeously arrange with their nominee or their Central Securities Depository Participant (CSDP) or their broker to furnish them with the necessary authorisation to attend and vote at the meeting. Should these shareholders not wish to attend they may, pursuant to the terms of the agreement entered into with their nominee, CSDP or broker, instruct such nominee, CSDP or broker how they wish their votes to be cast in respect of any matter to be considered at the meeting.

Shareholders who are unsure of their status, or the action they should take, are advised to consult their CSDP, broker or financial adviser.

A proxy form is attached for use by registered certificated shareholders and dematerialised shareholders with own name registration. To be effective, a proxy form must be executed in terms of the articles of association and in accordance with the relevant instructions set out on the form, and must be lodged with the transfer secretaries not less than 48 hours before the time set down for the meeting. If required, additional proxy forms may be obtained from the transfer secretaries.

By order of the board

S J van der Spuy
Company secretary

Johannesburg
21 September 2004

Administration

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

PO Box 37160
Birnam
2015

Company secretary
Sybrand J van der Spuy
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Telephone: +27 11 440 8811
Facsimile: +27 11 440 5944
e-mail: svanderspuy@corp.norplats.co.za

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

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

Website
www.northam.co.za

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

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

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

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

Proxy form

To be completed by registered certificated shareholders and dematerialised shareholders with own name registration only

Northam Platinum Limited

(Registration No 1977/003282/06)
(Incorporated in the Republic of South Africa)
(Share code: NHM; ISIN ZAE 000030912)

Annual general meeting

I/We

(Block capitals)

of (address)

being a member/members of the company and entitled to attend and vote at the undermentioned meeting,

hereby appoint

or failing him/her

or failing him/her, the chairman of the meeting, as my/our proxy to attend and vote for me/us and on my/our behalf at the annual general meeting of members of the company to be held on Thursday, 4 November 2004 at 12:00, and at any adjournment thereof, and in particular in respect of the following resolutions:

*Please indicate with an X in the spaces below how the votes are to be cast

Resolutions	For*	Against*	Abstain*
Ordinary resolution – election of Mr M E Beckett as a director			
Ordinary resolution – election of Mr R G Mills as a director			
Ordinary resolution – election of Mr B R van Rooyen as a director			
Ordinary resolution – increase in directors' fees			
Ordinary resolution – placement of unissued shares under the control of the directors			
Ordinary resolution – payments to shareholders			
Special resolution number 1 – acquisition of company's own shares			

Number of shares held

Unless this section is completed for a lesser number, the company is authorised to insert in the said section the total number of shares registered in my/our names on 2 November 2004.

Signature Date

Instructions overleaf

Each member is entitled to appoint one or more proxies (who need not be a member of the company) to attend, speak and vote in place of that member at the annual general meeting.

Instructions on completion and lodging the proxy form

1. A member may insert the name of one or more proxies of the member's choice in the space(s) provided, with or without deleting "the chairman of the meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. A proxy need not be a member of the company.
2. A member should insert an "X" in the relevant space according to how they wish their votes to be cast in respect of each resolution. However, if a member wishes to cast a vote in respect of a lesser number of ordinary shares than they own in the company, they should insert the number of ordinary shares held in respect of which they wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the member's votes exercisable at the annual general meeting. A member is not obliged to use all the votes exercisable by the member, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the member.
3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such member wish to so do.
4. The chairman of the annual general meeting may, in his absolute discretion, reject or accept any form of proxy which is completed and/or received other than in compliance with these instructions.
5. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registrations, must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the annual general meeting or the shareholders concerned must instruct their CSDP or broker as to how they wish to vote. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.
6. Any alteration to this form of proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a company, close corporation, trust, pension fund, decreased estate, etc.) must be attached to this form of proxy, unless previously recorded by the company or waived by the chairman of the annual general meeting.
8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her capacity are produced or have been recorded by the company.
9. Where there are joint holders of shares:
   - any one holder may sign the form of proxy; and
   - the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the company's register of members, will be accepted.
10. Forms of proxy should be lodged at or posted to the transfer secretaries, Computershare Investor Services 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, Republic of South Africa (PO Box 61051, Marshalltown, 2107, Republic of South Africa) so as to be received by no later than 12:00 on Tuesday, 2 November 2004.

Shareholders' diary

	2005
Salient dates for 2005 financial year	
Interim report published	February
Interim dividend – declared	February
Interim dividend – paid	March
Financial year end	30 June
Preliminary announcement of results published	August
Final dividend – declared	August
Final dividend – paid	September
Annual report issued	September
Annual general meeting	October/November

Forward-looking statements

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

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

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

Produced by Russell & Associates

Jewellery courtesy of Shemer Jewellers

NORTHAM
PLATINUM LIMITED

www.northam.co.za