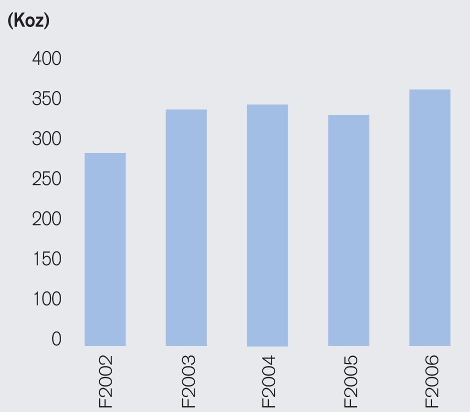
NORTHAM

ANNUAL REPORT

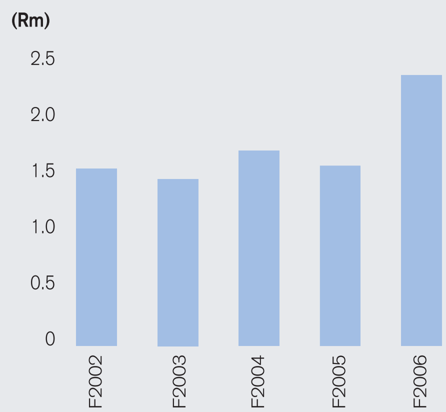
DELIVERING SUSTAINABLE STAKEHOLDER VALUE

2006

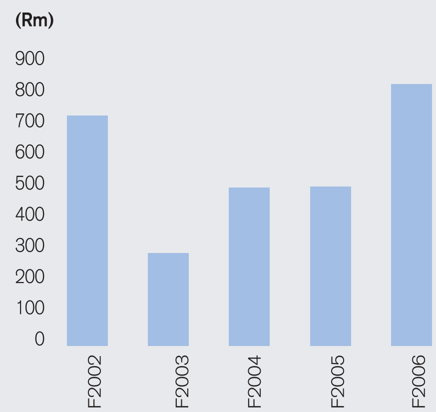
Investor information



Precious metals in concentrates* produced



Sales revenue



Cash on hand

Listing data

Share code:	NHM
Listing:	JSE Limited
JSE sector:	Platinum
Shares in issue at year end:	236 003 000
Market cap at year end:	R8.9 bn
Share price high:	3 800 cents
Share price low:	1 260 cents

Key financial ratios

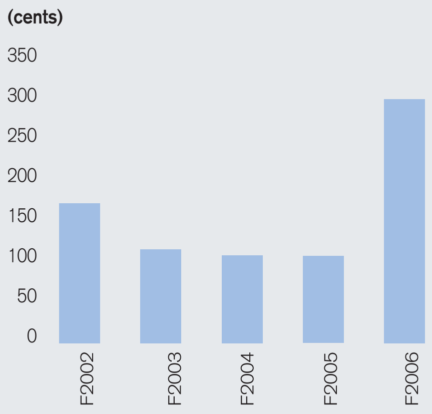
Operating margin:	42.4%
Return on shareholders' equity:	39.1%
Return on total assets:	25.7%
Compounded return over five years:	25.5%

Registration number: 1977/003282/06; incorporated in the Republic of South Africa. Share code: NHM; ISIN ZAE 000030912

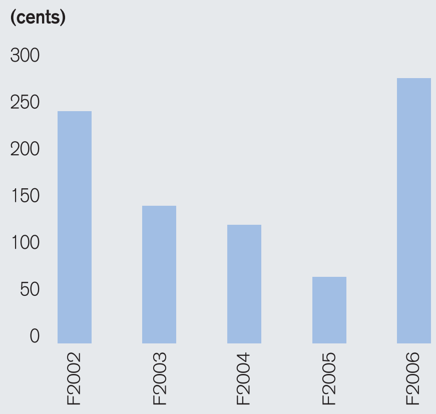
Highlights

- Precious metal sales* up 13.7% to 362 821 oz
- Average basket price realized of R189 286/kg, up 38%
- 54% increase in sales revenues to R2.4 bn
- Net profit of R703 million – 183% higher
- Unit cash operating costs down by 0.5% to R109 677/kg
- Cash on hand of R831 million
- Headline earnings of 301 cps
- Operating margin of 42.4%
- Share price appreciation of 203%
- Admission to the JSE SRI Index

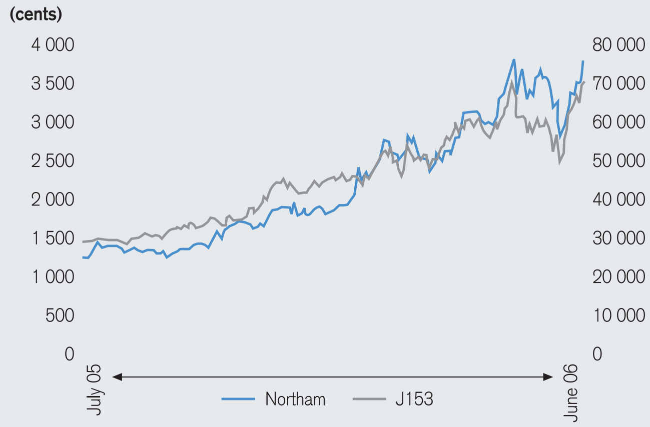
* 3PGE+Au



Earnings per share

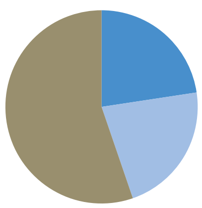


Cash distributions



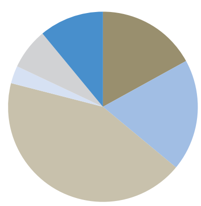
Northam Share Price vs JSE-Plat Index

Shareholder analysis



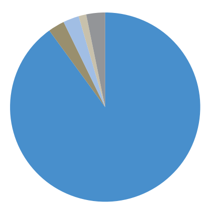
Current ownership structure

- Anglo Platinum: 22.5%
- Mvelaphanda Resources: 21.9%
- Free float: 55.6%



Shareholders by type

- Unit trusts: 17%
- Pension funds: 19%
- Corporate holding: 43%
- Insurance companies: 3%
- Private investors: 7%
- Others: 11%



Geographic shareholder profile

- South Africa: 90.0%
- England & Wales: 2.8%
- Bermuda: 2.7%
- USA: 1.3%
- Other countries: 3.2%

Shareholder diary

Financial year end:	30 June
Interim report published:	February
Interim dividend declared:	February**
Interim dividend paid:	March**
Preliminary announcement of annual results:	August
Final dividend declared:	August
Final dividend paid:	September
Next annual general meeting:	9 November 2006

**indicative

Ten year financial review

	2006 R000	2005 R000	2004 R000	2003 R000	2002 R000	2001 R000	2000 R000	1999 R000	1998 R000	1997 R000
Income statement										
Sales revenue	2 386 326	1 554 501	1 720 399	1 471 999	1 560 685	1 567 883	1 051 953	719 497	539 279	469 942
Cost of sales	1 375 377	1 283 055	1 335 217	1 093 908	976 905	780 433	691 925	596 285	547 449	580 444
Operating costs	1 242 970	1 121 556	1 061 171	1 011 664	804 870	732 758	586 938	525 797	475 168	443 131
Concentrates purchased	–	20 075	14 632	–	–	–	–	–	–	–
Refining and other costs	59 520	57 222	60 569	68 549	41 394	29 601	32 068	35 742	32 227	39 963
Leased metal costs	–	–	(14 149)	14 149	–	–	–	–	–	–
Depreciation and impairments	114 713	103 646	97 527	89 059	99 451	86 999	59 474	55 302	65 940	72 916
Change in metal stocks	(41 826)	(19 444)	115 467	(89 513)	31 190	(68 925)	13 445	(20 556)	(25 886)	24 434
Operating profit	1 010 949	271 446	385 182	378 091	583 780	787 450	360 028	123 212	(8 170)	(110 502)
Net investment income	39 075	29 269	38 174	64 140	52 023	39 714	27 199	17 908	4 348	5 213
Net sundry income/ (expenditure)	19 820	75 367	(36 392)	23 946	20 793	4 256	(1 591)	(1 980)	2 542	(182)
Profit before tax and exceptional items	1 069 844	376 082	386 964	466 177	656 596	831 420	385 636	139 140	(1 280)	(105 471)
Exceptional items	–	–	–	–	–	–	–	15 262	–	–
Profit before tax	1 069 844	376 082	386 964	466 177	656 596	831 420	385 636	123 878	(1 280)	(105 471)
Tax	366 606	127 569	136 869	198 601	259 121	308 143	122 817	(15 589)	(28 488)	(23 816)
Net profit for the year	703 238	248 513	250 095	267 576	397 475	523 277	262 819	139 467	27 208	(81 655)
Headline earnings	703 024	248 528	249 960	267 223	405 071	538 134	262 819	150 150	27 208	(81 655)
Balance sheet										
Property, plant and equipment	1 481 901	1 390 586	1 355 765	1 334 203	1 249 774	1 261 159	1 184 868	900 920	944 586	977 683
Deferred tax	–	-	-	-	-	-	166 485	271 511	253 904	225 416
Other non current assets	23 001	14 550	12 744	10 645	8 741	7 310	6 040	4 953	6 280	11 619
	1 504 902	1 405 136	1 368 509	1 344 848	1 258 515	1 268 469	1 357 393	1 177 384	1 204 770	1 214 718
Current assets	1 231 073	835 187	804 015	747 907	1 038 062	882 506	661 781	398 161	254 859	225 176
Inventories	280 372	246 302	223 187	339 156	249 252	284 214	212 596	210 414	190 619	168 429
Accounts receivable	119 415	83 003	79 206	113 776	57 497	54 083	70 760	31 805	28 635	35 182
Cash and cash equivalents	831 286	505 882	501 622	294 975	731 313	544 209	378 425	155 942	35 605	21 565
Total assets	2 735 975	2 240 323	2 172 524	2 092 755	2 296 577	2 150 975	2 019 174	1 575 545	1 459 629	1 439 894
Shareholders' equity	1 997 173	1 596 753	1 583 642	1 515 508	1 892 908	1 965 439	1 900 201	1 477 862	1 356 693	1 329 485
Deferred tax	357 632	325 298	332 395	330 323	249 103	69 723	–	–	–	–
Non-current liabilities and provisions	25 149	22 556	15 151	11 442	9 393	8 179	6 835	29 514	49 587	51 818
Current liabilities	356 021	295 716	241 336	235 482	145 173	107 634	112 138	68 169	53 349	58 591
Total equity and liabilities	2 735 975	2 240 323	2 172 524	2 092 755	2 296 577	2 150 975	2 019 174	1 575 545	1 459 629	1 439 894
Cash flow statement										
Operating cash flow	849 226	378 696	512 808	390 040	747 481	800 873	423 098	169 455	42 629	(8 432)
Investing cash flow	(212 045)	(133 708)	(118 496)	(172 171)	(87 575)	(167 325)	(343 389)	(11 318)	(32 843)	(20 062)
Financing cash flow	(311 777)	(240 728)	(187 665)	(654 207)	(472 802)	(467 764)	142 774	(37 800)	4 254	5 121
Dividends paid	(373 880)	(196 822)	(104 194)	(439 449)	(472 942)	460 682)	(73 638)	(18 403)	–	–
Share premium repaid	–	(46 310)	(81 394)	(219 606)	–	–	–	–	–	–
Other financing cash flows	62 103	2 404	(2 077)	4 848	140	(7 082)	216 412	(19 397)	4 254	5 121
Net cash flow	325 404	4 260	206 647	(436 338)	187 104	165 784	222 483	120 337	14 040	(23 373)
Cash and cash equivalents at beginning of year	505 882	501 622	294 975	731 313	544 209	378 425	155 942	35 605	21 565	44 938
Cash and cash equivalents at end of year	831 286	505 882	501 622	294 975	731 313	544 209	378 425	155 942	35 605	21 565

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Operating performance										
Merensky										
Tons milled	1 424 160	1 434 198	1 541 234	1 582 421	1 288 141	1 576 926	1 660 000	1 800 000	1 740 000	1 645 000
Head grade – g/ton (3PGEs + Au)	6.1	6.2	6.0	5.9	6.1	5.8	6.0	6.1	6.2	6.1
UG2										
Tons milled	878 924	715 946	691 353	636 717	643 286	371 374				
Head grade – g/ton (3PGEs + Au)	4.5	4.4	4.3	4.0	3.8	3.9				
Combined										
Tons milled	2 303 084	2 150 144	2 232 587	2 219 138	1 931 427	1 948 300	1 660 000	1 800 000	1 740 000	1 645 000
Head grade – g/ton (3PGEs + Au)	5.5	5.6	5.5	5.3	5.3	5.4	6.0	6.1	6.2	6.1
Precious metals in concentrates produced – kg	11 247	10 115	10 592	10 354	8 458	8 725	8 372	9 197	8 977	8 443
Precious metals sold – kg	11 285	9 922	11 733	9 174	8 944	8 306	9 331	9 222	8 764	9 216
Revenue – R/kg	189 286	137 517	130 874	145 273	160 367	172 733	100 701	70 502	54 656	44 404
Operating costs – R/kg*	120 711	121 124	109 392	106 309	105 587	92 751	70 110	57 170	55 081	52 819
Cash costs – R/kg	109 677	110 267	99 532	96 880	94 861	83 750	67 366	56 431	53 068	51 711
Precious metals in concentrates produced – oz	361 599	325 214	340 547	332 888	271 931	280 516	269 156	295 695	288 617	271 448
Precious metals sold – oz	362 821	318 992	377 239	294 947	287 546	267 042	299 997	296 501	281 769	296 301
Price realised – US$/oz	918	686	597	498	497	705	492	364	379	306
Operating costs – US$/oz	587	608	493	365	325	379	343	295	382	363
Cash costs – US$/oz	534	554	449	333	292	342	329	291	368	356
Sales per metal – oz										
Platinum	221 580	196 056	236 792	179 108	177 580	168 294	188 597	189 404	176 324	184 995
Palladium	109 721	94 420	108 648	89 086	86 758	79 558	88 690	85 222	82 739	89 081
Rhodium	24 085	22 093	23 849	20 744	17 325	13 295	15 565	14 770	15 662	15 116
Gold	7 435	6 423	7 950	6 009	5 883	5 895	7 145	7 105	7 044	7 109
Total – 3PGE + Au	362 821	318 992	377 239	294 947	287 546	267 042	299 997	296 501	281 769	296 301
Prices realised – US$/oz										
Platinum	1 017	855	782	605	491	590	441	359	431	387
Palladium	265	201	216	265	407	773	463	310	260	138
Rhodium	3 107	1 338	573	621	1 076	1 952	1 389	727	441	267
Gold	529	424	390	322	292	268	285	285	332	364
Basket – 3PGE + Au	918	686	597	498	497	705	492	364	379	306
Prices realised – R/kg										
Platinum	210 131	171 186	171 534	175 249	159 696	144 493	90 083	70 050	62 175	56 273
Palladium	54 653	40 287	47 123	79 415	130 256	189 351	94 605	60 384	37 491	20 021
Rhodium	635 590	269 687	123 701	183 223	339 741	478 194	283 640	141 727	63 649	38 875
Gold	109 156	84 487	85 892	97 165	96 450	65 781	58 111	55 677	47 950	52 921
Basket – 3PGE + Au	189 286	137 517	130 874	145 273	160 367	172 733	100 701	70 502	54 656	44 404
Financial performance										
Operating margin – %	42.4	17.5	22.4	25.7	37.4	50.2	34.2	17.1	(1.5)	(23.5)
Effective tax rate – %	34.3	33.9	35.4	42.6	39.5	37.1	31.8	–	–	–
Return on shareholders' equity – %	39.1	15.6	16.1	15.7	20.6	27.1	15.6	9.8	2.0	(6.0)
Return on total assets – %	25.7	11.1	11.5	12.8	17.3	24.3	13.0	8.9	1.9	(5.7)
Current ratio	3.5	2.8	3.3	3.2	7.2	8.2	5.9	5.8	4.8	3.8
Acid ratio	2.3	1.7	2.1	1.3	5.0	5.1	3.4	2.3	0.7	0.4
US Dollar/Rand exchange rate										
– average	6.39	6.19	6.90	9.05	10.13	7.60	6.35	6.05	4.49	4.52
– at year end	7.14	6.69	6.20	7.57	10.27	8.04	6.77	6.01	5.92	4.53
Share performance										
Weighted average number of shares in issue – 000	233 704	231 578	231 540	231 313	230 744	230 311	203 283	184 036	184 032	184 032
Number of shares at year end – 000	236 003	231 969	231 544	231 539	230 915	230 565	230 147	184 060	184 032	184 032
Operating cash flow per share – cents	363.4	163.5	221.5	168.6	323.9	347.7	208.1	92.1	23.2	(4.6)
Earnings per share – cents	300.9	107.3	108.0	115.7	172.3	227.2	129.3	75.8	14.8	(44.4)
Headline earnings per share – cents	300.9	107.3	108.0	115.5	175.5	233.7	129.3	81.6	14.8	(44.4)
Dividends per share – cents	280.0	70.0	105.0	90.0	170.0	235.0	120.0	25.0	–	–
Capital repayments per share – cents	–	-	20.0	55.0	75.0	–	–	–	–	–
Net assets value per share – cents	846.0	688.0	684.0	655.0	820.0	852.0	826.0	803.0	737.0	722.0
Share price (cents)										
– high	3 800	1 280	1 345	2 210	2 000	1 860	950	640	340	500
– low	1 240	775	825	955	1 000	765	455	175	130	200
– at year end	3 784	1 260	890	1 230	1 665	1 525	780	484	268	230
Platinum sector index at year end	70 346.9	29 043.5	23 373.7	28 545.9	29 252.3	35 070.6	25 528.7	14 195.5	5 900.0	4 785.9
Compounded return over 5 years – %	25.5	21.6	29.2	49.5	58.3	32.0	10.0	(2.7)	(29.4)	(37.3)
Average monthly volume of shares traded – 000	5 542	5 384	4 916	4 906	8 014	11 054	6 735	1 909	901	585
Annual liquidity (%)	28.5	27.9	25.5	25.5	41.7	57.6	39.8	12.4	5.9	3.8

PROFILE

Northam Platinum Limited, a broadly-based black empowerment company, wholly owns and operates a medium-sized platinum group metals (PGMs – platinum, palladium and rhodium) mine in South Africa's Limpopo Province, at the upper end of the western limb of the Bushveld Complex.

At a glance

- Metals output: 360 000 oz (3PGE + Au)
- Current life-of-mine of 16 years
- 18.2 Moz resource base within current lease area
- Underground operations on the Merensky and UG2 reefs
- Pioneers of low environmental impact hydropower mining methods
- World class concentrating, smelting and refining infrastructure, capacity and expertise
- Independent metals marketing to a geographically diversified global customer base

Contents:

Scope of report

Scope of report

This annual report for the financial year ended 30 June 2006 is made available to the company's shareholders and other stakeholders in print and in electronic format on the company's website, www.northam.co.za. Included in this review of the company's operational and financial performance is a report on Northam's sustainable development initiatives, which covers also the company's response to the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry (the Mining Charter). A Mining Charter scorecard and a Global Reporting Initiative (GRI) index are available on page 55 and 56.

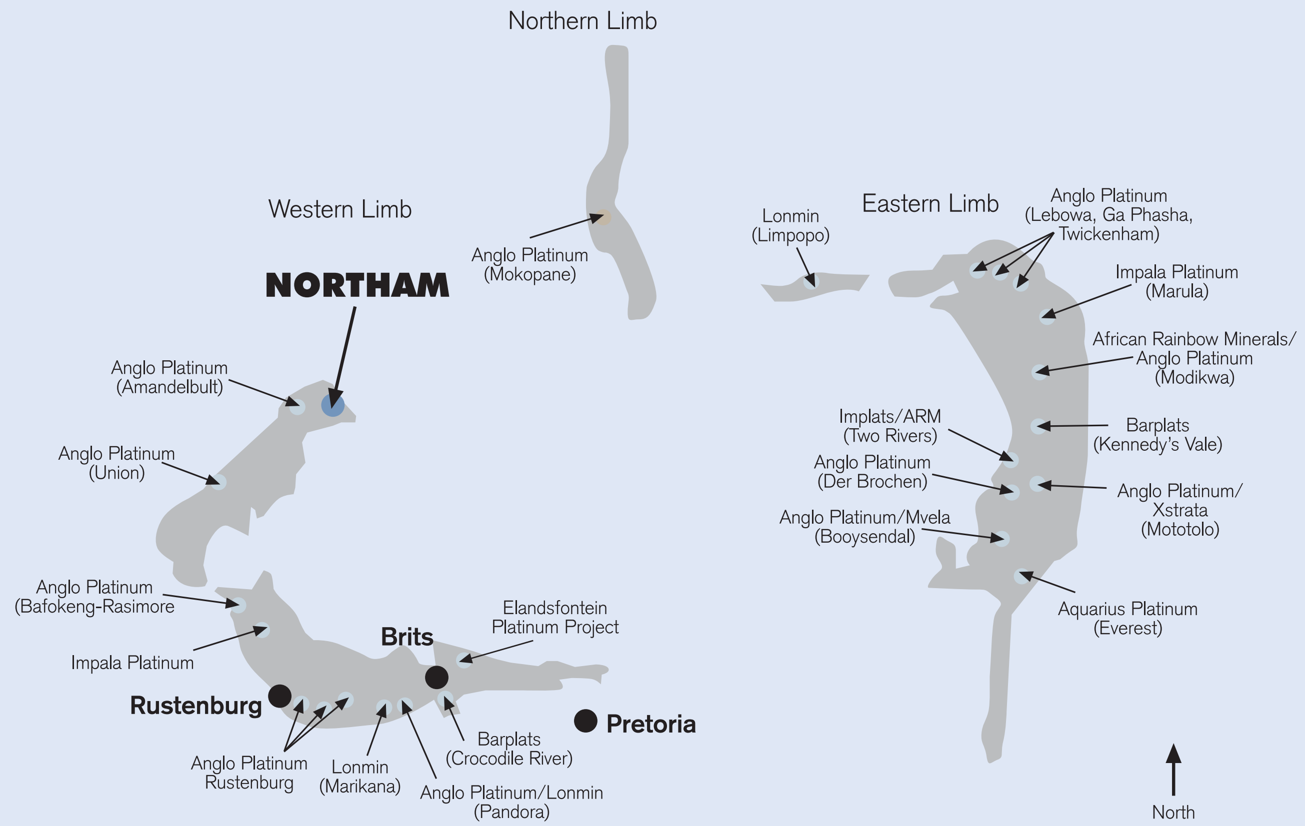
Northam's audited mineral reserve and ore resource statement, which conforms to the reporting standards of the South African Resource Committee Code (SAMREC) is included in this annual report.

Operating and financial data provided in this report is compared with that of financial year 2005 (F2005). In providing information with regard to trends this is provided graphically over a five year period, with additional statistical information covering a 10-year period.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and the South African Companies Act.

Throughout this report references to $ signify United States dollars.

Bushveld Complex, South Africa



Message from the Chairman and CEO

On many counts, this has been a tremendously successful year for Northam.

Operating and financial performance

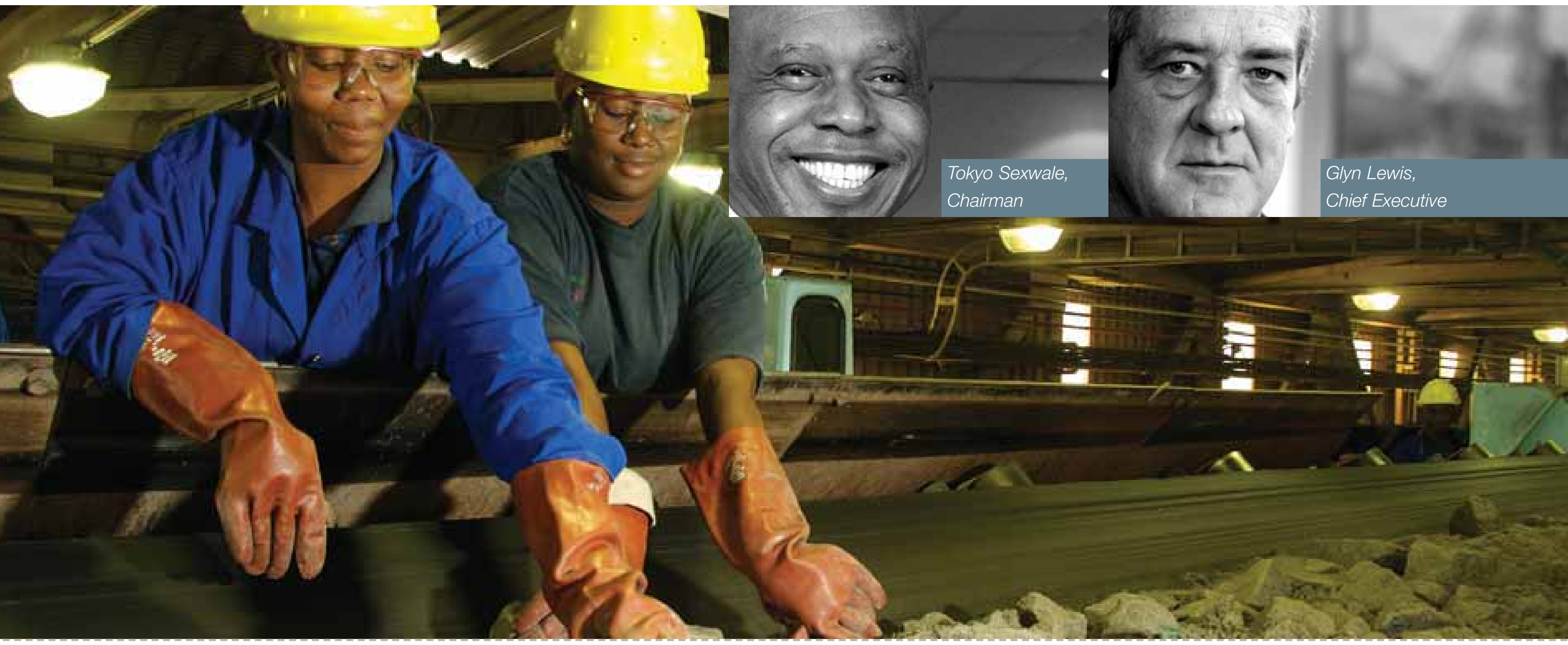
Precious metal sales at 362 821 oz, 14% up on the comparable reporting period, contributed to an excellent year for Northam. Combined with the effect of a 38% increase year on year in the metal basket prices received, these record levels contributed to sales revenues of R2.4 bn, some 54% higher than the previous reporting period.

At the operating level steady progress has continued, with a 25% increase in development metres, the successful negotiation through and advancing beyond the 20 line fissure on four levels, capital development to access 1 level, and the deepening project to 14 level. Overall tonnages milled were 7% higher year on year reaching more than 2.3 million tonnes. Good grade control was maintained, with an average combined head grade of 5.5 g/t recorded over the year, resulting in Northam's best ever production levels of 361 599 oz.

Notably, rhodium production increased by more than 39% to 762 kg (24 508 oz) and palladium production was 12% higher at 3 428 kg (110 215 oz), reflecting an increase of almost 23% in tonnage milled from the more conformable UG2 reef. Platinum production increased by more than 8% to 6 826 kg (219 449 oz).

The performance of the metallurgical plants continued to improve during the year. A key contributor to this performance was the external sparger column cell introduced as a final concentrate cleaner which has increased UG2 recoveries from 79.8% in F2004 to an average 83.2% this year, and has also had the effect of reducing the total chrome content of the concentrate significantly.
By year end recoveries had increased to 85%.

The metal prices realised by Northam in the year under review were nothing short of remarkable. The average basket price realized totalled R189 286/kg compared



Tokyo Sexwale, Chairman

Glyn Lewis, Chief Executive

with R137 517/kg in the previous year, an increase of almost 38%, reflecting largely the higher US dollar prices for our basket of metals, and, to a lesser extent, the effect of the slightly weaker South African currency. The average exchange rate during the year was R6.41/US$ - 3.2% weaker than the previous year.

Costs were well contained year on year, benefiting also from the higher volumes. Unit cash operating costs were 0.5% lower at R109 677/kg, or $534/oz., while at the rand per tonne milled level good cost control was also evidenced with an increase of only 3.3%.

Northam continues to be highly cash generative, with healthy cash reserves of R831 million at the end of the reporting period. Profit attributable to shareholders climbed sharply to R703 million, up 183% year on year. In line with our track record of returning excess cash to shareholders, a final dividend of 165 cents per share was declared in August. This, together with the interim dividend of 115 cents per share declared in February and paid in March this year, brought the total dividend for the year to 280 cents per share, a creditable 300% higher than the total of 70 cents per share in F2005.

Market review

Northam has benefited both from the spectacular metal prices during the reporting period, and from the relative increase in rhodium output, emanating from our thrust to push output from the UG2 reef, which has a higher rhodium content. Tonnage milled from the UG2 reef was 23% higher than the previous year. Year on year, the average US dollar price received for rhodium was 132% higher at US$3 107/oz, being a significant contributor to the higher average basket price received of $918/oz (F2005: $686/oz)

Another feature of the market for us was the revenue contribution from other metals, as by-products of PGM mining, which rose by 66% to R65 million (F2005: R39 million). This largely reflects the surge in the price of copper, for which we realized an average price of $4 571/tonne, 57% higher year on year, and which after year end had reached levels of $8 000/tonne.

Platinum contributed 61% (F2005: 66%) of Northam's revenue in the period under review. The platinum market, of course, continued to enjoy enormous strength, the price ranging from a low of $860/oz to a high of $1 331/oz. Autocatalyst demand was the key driver, itself underpinned by continuing demand for diesel vehicles, particularly in Europe, strong growth in vehicle sales in China, and the introduction and increasing prominence of diesel particulate filters and retro-fit systems. Predictably, demand from the jewellery manufacturing sector has softened, reflecting some resistance to the price and some market penetration by other white metals, but perhaps not to the extent anticipated. In both the specialist glass manufacturing and electrical sectors, there has been significant growth.

Palladium contributed 8% (F2005: 8%) of Northam's revenue, the price ranging from a low of $172/oz to a high of $404/oz. The palladium market, compared with that of platinum, was less favourable, reflecting over-supply and lower demand from the autocatalyst sector due to technological advances that allow lower palladium loadings for gasoline vehicles. Palladium jewellery made significant gains in China, in response to the promotional efforts of the newly-formed Palladium Alliance International. Speculator interest and steady demand for the metal in the dental and electronics sectors were positive factors influencing the market.

Message from the Chairman and CEO continued

Rhodium, a 20% (F2005: 12%) contributor to Northam's revenue, was a surprise performer, the price ranging from a low of $1 790/oz to a high of $6 250/oz. Burgeoning demand from the specialist glass manufacturing sector, growing autocatalyst demand driven by higher rhodium loadings to meet tighter NOx emission controls, forward purchases in the autocatalyst sector and lease buy-backs in the industrial sector all contributed to a widening gap between supply and demand.

Nickel contributed 8% of Northam's revenue. The nickel market was characterised by significant price volatility, the price rising to more than $23 000 per metric tonne in May of the reporting period. A key contributor was the massive increase in stainless steel capacity in China.

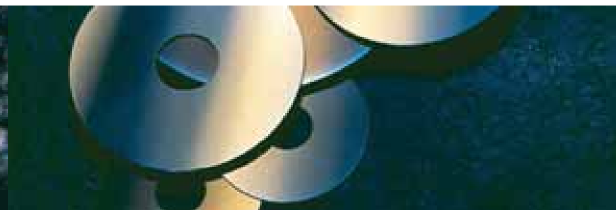
Market outlook

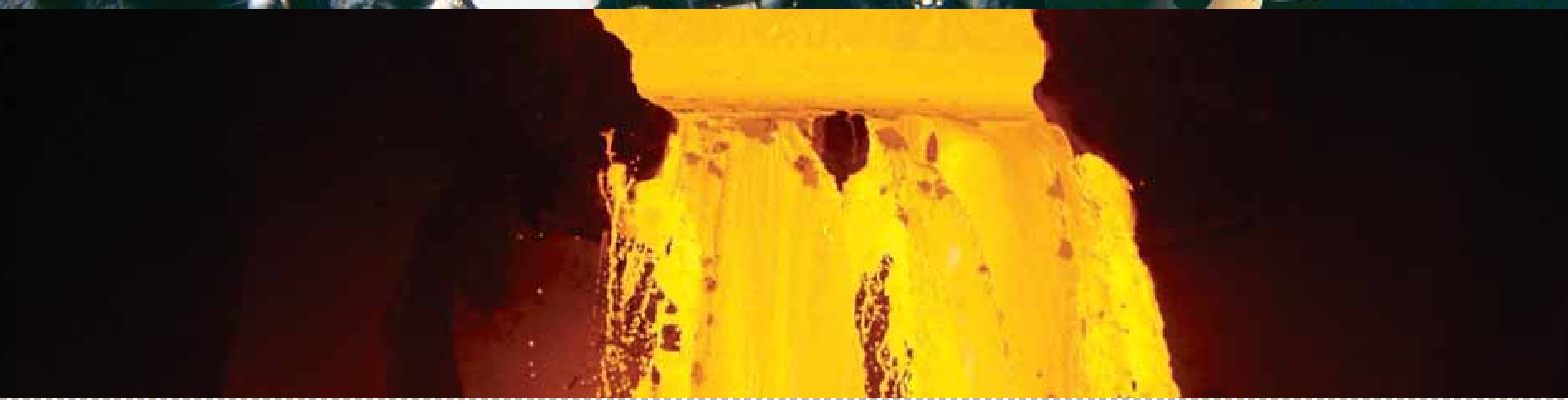
Looking ahead, demand for Northam's basket of metals is likely to remain strong.

There is a likelihood that the gap between platinum supply and demand, which has been narrowing, may widen again as some new projects may begin to experience delays in delivery. In South Africa particularly, contributing factors to such delays are likely to include a shortage of required skills, and glitches in the process of converting mining rights from 'old order' to 'new order', in terms of the new minerals legislation. In view of this, and even greater autocatalyst demand issuing from pending tighter emission controls in the United States and Europe, any substantive, sustained decline in the platinum price is unlikely.

Prospects for the palladium market are likely to be less exciting. Supply is likely to continue to exceed demand, making speculator sentiment uncertain. Indications are that platinum and rhodium will probably remain the metals of choice in autocatalyst applications, but there is encouraging evidence that palladium will gain further 'shine' as a jewellery medium.

There were some indications towards year end that supply and demand for rhodium were moving more into balance and that the price was beginning to stabilise as a consequence. This is a trend that may well continue as tighter economic conditions globally temper both demand for what in many parts of the world are still luxury items, driving specialist glass demands, and for the metal as jewellery.





With respect to nickel, demand is likely to remain strong but prices should soften from their recent, unprecedented highs.

Safety

With deep regret, we report that four employees died in work-related incidents during the year under review, three in a single underground blasting accident in February 2006.

On a more positive note, we are pleased to report that the total number of injuries was 30% lower year on year, and the achievement by the mine of one million fatality free shifts on 14 August 2006 indicates that the various initiatives which collectively comprised the 'back to basics' approach we alluded to last year have borne some successes.

To address potentially dangerous behaviour in the underground working environment – the cause of 80% of accidents – the recent introduction of 'crack squads' to monitor and remediate through appropriate coaching in the workplace has been welcomed by the full time health and safety representatives and gained a high level of acceptance among the broader base of employees.

The magistrate presiding over the joint inquest and inquiry into the 2004 underground conveyor belt fire handed down his finding on 21 July 2006. While no conclusive evidence relating to the cause of the fire could be determined, he found that negligence could not be excluded on the part of the mine. At the time of going to print we had not yet had sight of the final report of the presiding officer's assessor in the case. We look forward to receiving this document, which should point the way to any possible future course of action.

Nonetheless, we can report that we at Northam have concluded extensive internal reviews, risk assessments and tests to try and understand the cause of the fire and any possible mitigating measures that can be put in place. We believe these will be of use not only at Northam but within the industry as a whole.

HIV/AIDS

HIV/AIDS remains an issue of concern at Northam, as it is in the industry as a whole. It is hoped that the introduction of free anti-retroviral therapy (ART) for affected employees will provide the added impetus for employees to be tested and treated. We are fortunate at Northam, in having secured an ART programme which is based on the criteria of the World Health Organization (WHO), with a treatment regime as developed by the Aurum Institute of Health Research, a body which has earned an international reputation in the fields of tuberculosis (TB) and HIV/AIDS.

With evidence growing that monitored treatment of AIDS sufferers with ART substantially improves their prognosis for a productive life, it is imperative that we continue to encourage employees, through assurances of non-discrimination, to make use of our Voluntary Counselling and Testing (VCT) programme, and, if they require it, free ART.

Sustainable development

During the year Northam successfully met the criteria of the JSE Limited's Socially Responsible Investment (SRI) Index, one of 58 companies in the FTSE/JSE All Share Index to do so. The SRI Index, while only in its third year, has rapidly gained credibility with the growing body of discerning investors who make their investment decisions based on triple bottom line considerations, and recognition by companies as an effective risk management tool.

As we did in the 2005 annual report, we have included a review of our sustainable development initiatives in this annual report. Included in this review is a more comprehensive and detailed exposition also on safety, health and environmental matters, as well as a review of our performance against the requirements of the Mining Charter, a prerequisite for the conversion of our mining licence to a 'new order' mining licence in terms of the South African Mineral and Petroleum Resources Development Act (MPRDA) of 2002.

Operation Excellence

During the year we launched an operational reorganization process entitled Operation Excellence, or OPEX. The objective of OPEX, which is being implemented in a phased approach, is to improve mine-wide performance, notably in the fields of safety and productivity, along with a longer-term change of culture.

The initial focus was to reorganize and develop existing resources in the services departments to improve service levels to the production teams.

In pursuit of reaching world-class safety standards, this initial focus was followed by the creation of a single department, the Best Practices Department, with the sole responsibility of ensuring that all reasonably foreseeable hazards and associated risks are identified and managed to a level as low as reasonably practicable. This department is also responsible for initiating research and development to improve productivity levels with the goal of ensuring that production will be based on a risk-based approach, so to lower our exposure to risk, on the one hand, and on the other to increase outputs per individual, and to build a culture of continuous improvement.

Inevitably in reorganizations of this nature, some job losses have resulted, but we are pleased to report that we have been able to keep these to a minimum. At the time of going to print, eight employees had accepted retrenchment packages. With the continuing rollout of OPEX more retrenchments are likely to follow, but again, with the focus on reallocation of resources into appropriate structures, we are confident that these will be kept to a minimum.

Labour relations

Our relationships with organized labour continue to improve. During the past year we have observed, through our various participative management structures, a discernible improvement, characterized by a constructive and cooperative approach, in our interactions with employee associations and unions. This has been encouraging for us, particularly with regard to the COSATU-affiliated National Union of Mineworkers (NUM), which represents some 80% of Northam's employee body.

Although the success of this valuable groundwork is yet, at the time of going to print, to translate into the finalization of the annual wage negotiations with NUM, the conclusion of two-year agreements in August this year with Solidarity and the United Association of South Africa (UASA) augurs well for the future.

Mining licence conversion and scorecard performance

Our application to convert the company's 'old order' mining licences to 'new order' mining licences was submitted in March this year. Since the submission of our application, we have had constructive interaction with the relevant authorities in the DME, and have been encouraged by their pragmatism. We have used the recommended scorecard approach to measure our progress against the legislated requirements. More detail on this progress is included in the sustainable development section, with a Scorecard index for ease of reference on page 55.

Looking ahead

A very satisfactory operational performance and metal prices that, collectively, were remarkable meant that our financial results in the year under review were outstanding – indeed, exceptional and we will be hard pressed to match this operating performance in the year ahead.

We continue to face increasingly difficult Merensky ground conditions, which, along with large-scale engineering work on shafts and metallurgical plants, is likely to have an adverse impact on costs.

Nevertheless, the likelihood of a continuing robust basket price for our metals should, of course, help to offset the impact of lower production and consequent unit cost increases. As a result, any impact on earnings is likely to be very modest.

Looking further to the horizon, we remain optimistic that the imminent

changes within Mvelaphanda Resources' shareholder base will be favourably received by the holders of the Booysendal mineral rights and that the project will soon be back on track. Northam has much value to add in turning this fine asset into a shallow, low-cost mining operation.

Eric Molobi

The untimely death of Northam non-executive director Eric Molobi at the age of 58 on 4 June 2006 deeply saddened everyone associated with this company. Described as 'an unlikely revolutionary' – no doubt because of his slight stature and quiet-spoken manner – he was nevertheless a giant among revolutionaries.

A champion of the poor and oppressed, he was founding administrator of the European Commission-backed Kagiso Trust which funded – until the advent of a new, democratic South Africa – the development of black South Africans. When overseas funding was redirected to the new, democratically elected government, Eric – with characteristic vision and determination – quietly co-founded and later became chief executive of Kagiso Trust Investments (KTI), a unique investment vehicle with a strong moral ethic, the role of which was to generate funding so that the work of the Kagiso Trust could continue. KTI is now one of South Africa's biggest investment companies, providing a steady stream of income to trust projects.

Numerous boards of South African companies, besides that of Northam, were privileged to count Eric amongst their directors. For us at Northam, for more than five years, he was the quiet voice of reason and of what was right, our guiding conscience. We shall all miss him.

Thanks

Finally we must extend to our fellow board members gratitude for their support; and on behalf of the board thanks and congratulations to Matthews Nzimande, general manager, the management and employees at Northam, for an excellent operational performance and their outstanding contribution to this record year for the company.

Tokyo Sexwale
Chairman

Glyn Lewis
Chief Executive
15 September 2006

General Manager's report

It is a great pleasure to present, for the first time, the operational performance at Northam. This operational review provides a detailed report on the core areas of development, mining and metallurgy, with an overview of our safety and health initiatives and progress.

Development

Development on the Merensky horizon increased by some 35% to 11 102 metres compared with the previous year, primarily as a result of excellent progress made in advancing the 3, 5 and 8 levels to the first raise line position west of the 20 line fissure.

Two level has reached the position of the water-bearing 20 line fissure.

Merensky reef		
	F2006	**F2005**
Development metres	11 102	8 218
Square metres mined	277 896	280 635
Tonnes milled	1 424 160	1 434 198
Head grade (g/t 3PGE+Au)	6.1	6.2
PGMs in concentrate produced	7 417	7 645
Ore reserve availability (months)	21	18
UG2 reef		
Development metres	2 818	2 913
Square metres mined	138 170	110 258
Tonnes milled	878 924	715 946
Head grade (g/t 3PGE+Au)	4.5	4.4
PGMs in concentrate produced	3 226	2 470
Ore reserve availability (months)	26	18
Combined reefs		
Development metres	13 920	11 131
Square metres mined	416 066	390 893
Tonnes milled	2 303 084	2 150 144
Head grade (g/t 3PGE+Au)	5.5	5.6
PGMs in concentrate produced from underground	10 643	10 115
PGMs from other sources	604	–

Sealing delays of up to six months are expected in order to safely advance through this feature. On 6 and 7 levels, sealing delays of 6 and 9 months respectively are expected before these levels traverse the fissure. Development on 4 level has traversed the fissure and can now advance to the position of the first raise line.

A broadening of a zone of NP2 upper transition within the south east quadrant of the mine has sterilised ground previously expected to be available for mining. This has negatively impacted the extraction ratio in this area, and resulted in an increased development requirement per square metre stoped.

Development to the east on 8, 9, 10 and 11 levels has progressed slowly. This is due to difficult ground conditions associated with low angle dykes which have necessitated the installation of significantly increased secondary support, and has hampered progress in delineating reserves in the south east quadrant of the mine.

Overall however, the higher development rates have had a positive result in increasing the

Matthews Nzimande, General Manager

immediately available Merensky ore reserve from 18 months at the end of the last financial year to 21 months this year.

Development on the UG2 horizon was slightly lower than last year at 2 818 metres. This decrease however had no impact on the ore reserve position, which increased from 18 to 26 months, due in the main to improved UG2 extraction.

14 Level deepening project

This project is a continuation of the strategy started in the late 1990s to incrementally extend the mining infrastructure downdip of 12 level via a conveyor decline to access the deeper resources.

Good progress continues on this project, with development having been established on 14 level. Infrastructure to access an estimated 3.1Mt and the construction of ore passes is in progress. The decline has progressed to 15 level, where an overrun has been developed to allow for future deepening. A second access has been established between 15 level and 13 level and is being equipped as a travelling way.

14 level should start generating tonnage during the last quarter of the 2007 financial year, supplementing the 10 000 steady state tonnes per month from 13 level.

Mining

Total metals produced from underground during the year under review increased to 10 643 kg (3PGE+Au), some 5% higher than the previous year. This, together with 604 kg from reverts and other sources resulted in total metals production of 11 247 kg or 361 599 ounces. This was 11.2% higher than the previous year and represents the best production yet achieved by Northam.

Square metres mined on the Merensky horizon were 1% lower than the previous year, and tonnage milled was consequently lower at 1 424 160 tonnes. The average head grade decreased marginally to 6.1g/t from 6.2g/t as a consequence of increased dilution resulting from mining higher quantities of the rolling NP2 and irregular FWP2 facies.

Production from the more conformable UG2 reef horizon has made an excellent contribution to the overall results, delivering on the initial potential identified for this expansion project. Square metres mined increased by 25%. This in turn led to tonnage milled increasing by 23% year on year to 878 924 tonnes. The average head grade increased to

Metallurgical infrastructure
Key data

Description	Date of commissioning	Capacity	Current volume throughput	Function
Merensky concentrator	1993	150 000 tpm	130 000 tpm	Crushing, milling flotation
UG2 concentrator	2000	75 000 tpm	75 000 tpm	Crushing, milling flotation
Smelter	1993 (scheduled rebuild in 2003)	15MW	10MW	Drying, smelting, converting
Base metals removal plant	1993	360 tpm matte	330-340 tpm	Atmospheric and pressure leach

4.5g/t from 4.4g/t as a result of excellent mining control.

The higher UG2 volumes resulted in increased rhodium and palladium output. Rhodium rose by more than 39% to 762 kg (24 499 oz), whilst palladium production increased by 12% to 3 428 kg (110 212 oz). Platinum production increased by 8% to 6 826 kg (219 459 oz), and gold by 7% to 231 kg (7 427 oz).

Predictably, the higher production volumes had a positive impact on unit cash operating costs, which decreased marginally to R109 677/kg (3PGE+Au). On a Rand/tonne milled basis unit cash costs increased by 3.3% to R536/tonne milled.

Metallurgical performance

The metallurgical plants operated satisfactorily during the year. The Merensky concentrator achieved a marginally lower overall recovery of 88.0% (F2005:88.3%) owing to slightly lower base metal grades, a function of increased tonnage from the Merensky NP2 reef. The presence of base metal sulphides generally assists PGM recoveries.

The external sparger column cell, introduced into the UG2 concentrator as a final concentrate cleaner last year, together with high energy flotation cells installed on the cleaner circuit, contributed to an excellent performance by the plant. Average recoveries for the year improved to 83.2% from 80.5% in the previous year. By year end, recoveries of up to 85% were being

Metals produced in concentrate				
	F2006		F2005	
	kg	oz	kg	oz
Platinum	6 826	219 449	6 297	202 459
Palladium	3 428	110 215	3 056	98 255
Rhodium	762	24 508	547	17 619
Gold	231	7 427	215	6 881
Total (3PGE+Au)	11 247	361 599	10 115	325 214
Other PGMs	1 655	53 209	1 649	53 016
Total	12 902	414 808	11 764	378 230
Copper (tonnes)	944		953	
Nickel (tonnes)	1 815		1 677	
Metals sales				
Platinum	6 892	221 577	6 098	196 056
Palladium	3 413	109 724	2 937	94 420
Rhodium	749	24 084	687	22 093
Gold	231	7 436	200	6 423
Total (3PGE+Au)	11 285	362 821	9 922	318 992
Other PGMs	1 594	51 251	1 451	46 651
Total	12 879	414 072	11 373	365 643
Copper (tonnes)	944		958	
Nickel (tonnes)	1 758		1 626	

achieved. In addition, the reduction of 18.1% in the chrome (Cr_2O_3) content of UG2 concentrate has allowed for a higher proportion of UG2 ore in the blend dispatched to the smelter.

During the year, total smelter feed was some 25% higher than the previous year, at 95 211 tonnes of concentrate. This included 15 614 tonnes of toll material.

The base metal removal plant performed in line with expectations, producing 944 tonnes of copper cathode and 1 815 tons of nickel metal in the form of nickel sulphate.

A small plant to process furnace slag was constructed and successfully commissioned during the year. The plant is now operational and is expected to process approximately 25 000 tonnes of slag per month at a grade of 1.0g/t. The plant recovery is expected to be in the order of 65%.

Safety and health

Although there was a discernible 30% reduction in the total injuries on the mine, the increase in both the lost time injury incidence rate (LTIIR) of 2.32, and the reportable injury incidence rate (RIIR) of 1.29, point to an increase in the severity of injuries. Nonetheless the fatal injury incidence rate was lower at 0.06, reflecting the tragic death of five employees, four of them in mining-related accidents. Messrs A Theko, R Murrombe and M Mukansi died in a single multi-fatality accident in February this year.
Mr J Chambule died in September last year after a fall in a stope raise. We are also awaiting the results of the cause of death of Mr Z Musi, who died underground in unexplained circumstances in October last year.

Following on what has been a disappointing safety performance in the past two years, the achievement of one million fatality free shifts after the year end has been a gratifying outcome resulting from a number of safety initiatives, including the back to basics approach in safety management. These initiatives have been complemented also by our extensive and varied support regime, which ranks as among the most rigorous in the platinum industry.

Further analysis of this ‘back to basics’ approach has highlighted some areas which need further intervention, including the non-adherence to standards, which in turn point to shortcomings in the application of training across disciplines. Recruitment from the industry labour pool indicates that this is an industry-wide phenomenon, rather than one peculiar to Northam.

Of course, we are addressing the situation at Northam; specifically through a re-engineering of on-mine training standards and various retraining initiatives. However, it is clear that an industry-wide drive, involving all stakeholders, is needed to address training standards at a macro level.

In respect of noise-induced hearing loss (NIHL) amongst employees, there has been an encouraging 27% decline in the number of cases submitted for compensation during the year under review. This points to the excellent collaborative effort between the Northam safety and health structures and those of the DME in a commendable industry-wide move to eliminate NIHL and silicosis.

Further detail on safety and health is available in the sustainable development report on page 40.

Outlook

A satisfactory operating performance, coupled with record metal prices meant that our financial results for the year under review were outstanding. It is unlikely that we can repeat the record production in the year ahead. We expect to encounter more difficult Merensky ground conditions, and are thus unlikely to be able to maintain production from underground sources at the levels attained in the year under review.

My thanks go to each and every employee at Northam, who have once again illustrated their ability to produce excellent results in difficult conditions. I am confident that this track record, our capacity and expertise, provide a platform for us to continue to rise to the challenges of the future.

Matthews Nzimande
General Manager
15 September 2006

Financial review

Income Statement

Sales

F2006 was characterised by increased unit sales and robust metal prices. Unit sales increased by 13.7% to 11 285 kg (3PGE + Au) in line with the higher production. Strong increases in the metal prices resulted in the US Dollar basket price increasing by 33.8% to US$ 918 per ounce, which together with a modest weakening of the Rand, resulted in the average Rand basket price increasing by 37.6% to R189 286 per kg. The net result was that sales revenues for the current year increased by 53.5% to R2 386 million.

Cost of sales increased by 7.2% as a consequence of higher sales volumes.

Sales	F2006			F2005		
	Units sold kg	Average price received R/kg	Revenue R000	Units sold kg	Average price received R/kg	Revenue R000
Platinum	6 892	210 131	1 448 160	6 098	171 186	1 043 894
Palladium	3 413	54 653	186 514	2 937	40 287	118 315
Rhodium	749	635 590	476 140	687	269 687	185 318
Gold	231	109 156	25 242	200	84 484	16 880
Sub-total – 3PGE + Au	11 285	189 286	2 136 056	9 922	137 517	1 364 407
Nickel			185 480			150 966
Copper			27 818			17 312
Other by-product revenue			36 972			21 816
Total sales revenue			2 386 326			1 554 501

Cost of sales	F2006 R000	F2005 R000
Labour	557 054	501 364
Stores	421 051	370 431
Utilities	99 426	87 015
Sundries	163 055	160 020
Decommissioning and restoration	2 384	2 726
Total operating costs	1 242 970	1 121 556
Concentrates purchased	–	20 075
Refining and other costs	59 520	57 222
Depreciation and impairments	114 713	103 646
Change in metal inventories	(41 826)	(19 444)
Cost of sales	1 375 377	1 283 055

Operating costs

Total operating costs increased by 10.8% compared to the previous year, in line with the 11.2% increase in production of precious metals in concentrates, resulting in unit operating costs declining marginally from R121 124 per kg to R120 711 per kg and unit cash operating costs declining by 0.5% to R109 677 per kg.

Labour costs increased by 11.1%, reflecting the cost of the 2005 wage settlement of 8.5% and a once-off charge of R13 million (2.6%), in respect of a transfer to the Platinum Health Medical Scheme, following the admission of the Category 2 – 8 employees to the scheme. Previously medical costs for these employees were funded on a capitation basis.

The increase of 13.7% in the cost of consumable stores is attributed to the increase in the tonnes mined (6.4%) and inflationary increases (7.3%), particularly in respect of timber, steel, chemicals and fuel.

Utility costs rose by 14.2%, 6.4% being a result of the higher tonnage mined and 7.8% consequent upon the increase in power usage and tariffs.

Refining and other costs

Refining and other costs increased by only 4.0% in spite of the 11.2% increase in metals produced. This was as a result of a 4.2% reduction in the nickel refining cost due to more favourable terms, combined with a 1.1% stronger Rand against the Euro.

Depreciation and impairments

The depreciation charge increased by 10.7% as a result of the higher capital expenditure.

Change in inventories

The change in metal inventories is as a result of an increase in unrefined metal inventory.

Investment income

Investment income increased to R39 million primarily as a consequence of the higher average cash balance.

Net sundry income

Currency translation gains (R7 million), revenue received from the chrome recovery plant (R2 million) and toll treatment income (R8 million) were the primary contributors to sundry income of R20 million, compared to R75 million in the previous year, the main component of which was the insurance payout of R76 million.

Hedging

No currency was hedged during the period, and there were no outstanding contracts at the end of the period. 3 000 ounces of palladium was hedged at an average of US$195/oz, resulting in a minor loss. There were no outstanding contracts at year end.

Tax charge

The total tax charge of R366.6 million equates to an effective tax rate of 34.3%, some 5.3 percentage points higher than the statutory rate of 29%. This is accounted for by secondary tax on companies (STC) of 4.4% and permanent and other differences of 0.9%, as more fully set out in note 16 to the annual financial statements on page 91.

Net profit

The increase in the net profit attributable to shareholders of 183% reflects the effect of the substantial increase in sales revenues as well as the stringent cost control exercised.

Cash flow

Operating cash flow

Cash flow from operations increased by R470 million to R849 million with the increase in cash generated from the operations from R458 million to R1 156 million reflecting the significant increase in operating profits. Investment income increased to R39 million from R29 million primarily as a consequence of the higher average cash balance. Working capital increased by R70 million owing to increases in inventories (R34 million) and accounts payable (R36 million) compared to a minor increase of R3 million in F2005. The increase in tax payments from R104 million to R275 million reflects the increase in profits and higher dividends.

Investing cash flow

The net investing cash flow was R212 million (F2005 - R139 million), comprising capital expenditure of R211 million, less sundry disposals of R5 million and housing development expenditure of R6 million.

Major contributing items to the capital expenditure of R211 million were: development expenditure (R38 million); access infrastructure to 1 level and 14 level (R67 million); upgrading of the backfill reticulation system (R9 million); new compressed air columns (R12 million); improvements to the skip capacity (R9 million); and construction of a furnace slag processing plant (R17 million). The balance comprised routine capital expenditure.

Planned capital expenditure for F2007 amounts to R200 million and includes the following major items: access infrastructure to 1 level and 14 level and development through the 20 line fissure (R80 million); additional backfill facilities (R12 million) and additional ventilation capacity (R11 million).

During the year the group embarked on a project to assist employees to acquire their own houses; 380 erven in the nearby town of Northam were purchased and the construction of affordable housing has commenced. Employees will purchase the houses for a consideration that approximates the land and construction costs. The company is currently in discussions with a financial institution regarding the long-term funding of the project and does not foresee any risk of the negotiations not being concluded successfully.

Financing cash flows

An amount of R64 million (F2005 – R4 million) was received following the exercise of share options by employees.

The dividends paid of R374 million are in line with the company's policy of maximising returns to shareholders. This amount comprised of the interim dividend of 115 cps and the final dividend of 45 cps in respect of F2005. A final dividend of 165 cps has been declared for F2006.

The increase in the Restoration Trust Fund comprised a contribution made by the company of R800 000 (F2005 – R820 000) and net income received by the Fund of R1 150 000 (F2005 – R1 060 000)

Balance sheet

The group's balance sheet remains strong, with cash and cash equivalents at the year end of R831 million (F2005 - R506 million) and net current assets of R875 million (F2005 - R539 million). An amount of R6 million has been spent on the housing development mentioned above. The net unfunded environmental decommissioning and restoration liability is R9 million (F2005 - R8 million). Apart from this liability and the deferred tax provision of R358 million (F2005 - R325 million) the group has no debt.


UG2 plant and external sparger column cell

Mineral resource and reserve estimate

Reporting of mineral resources and mineral reserves conforms to the reporting standards of the South-African Resource Committee (SAMREC) code.

Northam Platinum's estimates were audited for compliance by MSA Geoservices (Pty) Limited, mineral exploration and evaluation specialists in July 2006.

Northam Platinum exploits both the Merensky and UG2 reefs of the Upper Critical Zone of the Bushveld Igneous Complex. While there is lateral continuity of both reefs across the mine property, the Merensky reef displays a variety of reef types. The lateral distribution of these is determined from a combination of ongoing prospect drilling, performed from underground development, complemented by reef mapping in development and stoping. In contrast to the Merensky reef, the UG2 displays little variation in reef attributes.

Mineral resource tonnages and grades are in-situ estimates. The most reasonable mining width was assumed based on practical mining conditions. The associated three Platinum Group Elements (platinum, palladium and rhodium) and gold (3PGE+ Au) grade, as well as the specific gravity were calculated for these widths. Estimates, derived from kriging parameters were applied to the mining areas, in order to estimate tonnage and metal content. Kriging parameters are derived from interrogation of an extensive database of information pertaining to individual samples and their associated assays.

The measured and indicated mineral resources are reported separately and include those mineral resources modified to produce proven and probable mineral reserves. All mineral resources are quoted as in-situ resources whereas all reserves are quoted at run-of-mine (ROM) grades and tonnages as delivered to the metallurgical processing facilities on site – they are therefore fully diluted. All mineral reserves are quoted as at 30 June 2006.

For the period under review all tabulated mineral resource and mineral reserve estimates are based on underground operations only.

Merensky Reef

The Merensky reef is a zone of mineralization which straddles the base of the Merensky Cyclic Unit. In the area of Northam mine the Merensky reef consists of two sub-facies of the Zwartklip facies of the Rustenburg Layered Suite, namely the Normal and Regional Pothole sub-facies. The latter may be further subdivided into three reef-types, each of which occurs at a specific stratigraphic level below that of the Normal Reef sub-facies. These being NP2 and P2, which constitute the main sources of ore, and FWP2, which, whilst not considered a primary mining target due to the undulating nature of this reef-type, is successfully exploited in the south western quadrant of the current mining area where it displays lesser disruption.

The stoping cut on the Merensky reef is dependent upon the reef type mined, and the area of the mine worked. In all stoping cuts the Merensky Chromitite is exposed, with a minimum of 10 cm of mineralized Merensky Pyroxenite as hanging wall. A 150 cm cut is applied to the Normal Reef, 110 cm for NP2, 120 cm and 140 cm for P2 on the west and east of the mine respectively, and 120 cm for FWP2.

The measured resource is an estimate of the in-situ tonnage and grade (3PGE + Au) that has been exposed through development and is accessible for immediate exploitation. This has increased by 9.95% in 2006, to 2.21 Mt (562 koz), from 2.01 Mt (509 koz) in 2005. The main reason for this increase was the higher development rate achieved during the past year. This enabled Northam to establish more new working face. However, this was partially offset by

Merensky Reef			
Metal split (3PGE + Au)		**Base metal grades**	
Pt:	61%	Cu:	0.060%
Pd:	30%	Ni:	0.147%
Rh:	6%		
Au:	3%		

a decline in stoping extraction, which is currently 64% on the west (down from 67%) and 54% on the east (down from 59%) of the current mining area. This resulted from an increase in the the proportion of undulating NP2 reef to the east of the mine, and FWP2 reef to the west. The erratic distribution of the various reef types, and their varying stratigraphic elevations has a negative effect on mining. It leads to reduced extraction rates, and can negatively influence the quality of the ore available for processing.

UG2 Reef

At Northam Platinum mine the UG2 reef is remarkably conformable when compared with the Merensky reef. Reef disruption in the form of potholes and reef rolls is extremely limited and localised. The reef consists of three chromitite seams separated by narrow pyroxenite partings. The lower seam, termed the main member, is generally in the order of 75 cm thick, and is overlain by two leader seams, each in the order of 15 cm thick. The total thickness of the reef, inclusive of a portion of mineralized reef footwall, is in the order of 140 cm to 150 cm. There is currently no basis for subdividing the UG2 reef into various reef-types.

UG2 mining has historically been limited to de-stressed areas underlying previously mined Merensky reef. Furthermore, a full reef cut is mined, which enhances metal output, hanging wall stability and a safer working environment.

The measured UG2 resource is an estimate of the in-situ tonnage and grade (3PGE + Au) that has been exposed through development, is accessible for immediate exploitation and is situated within de-stressed ground. Exposed UG2 resources situated in virgin ground are generally discounted. However, trial mining of UG2 outside of de-stressed areas has been conducted during the past year, and early results are very positive. UG2 extraction, and consequently the measured UG2 resource, could further improve should these trials support the viability of the mining method.

The measured UG2 resource has increased by 52.38%, to 1.92 Mt (303 koz) from 1.26 Mt (199 koz) in 2005. This increase is in line with the planned development of the UG2 reef together with the inclusion of UG2 resources within certain areas outside of de-stressed ground.

Surface operations

The slag plant for reprocessing furnace slag has been commissioned, and is expected to operate within the set parameters. Approximately 800 000 tonnes of slag, at an estimated average grade of 1.039 grams per tonne is available for re-processing.

UG2 Reef			
Metal split (3PGE + Au)		**Base metal grades**	
Pt:	58%	Cu:	0.018%
Pd:	31%	Ni:	0.135%
Rh:	10%		
Au:	1%		

Sampling techniques and data:

Unless otherwise stated, the following processes apply to both the Merensky and UG2 reefs:

Sampling techniques

Sampling involves obtaining a solid channel sample, cut from the stope or development face using a hydro-powered circular rock saw fitted with a diamond-impregnated blade. The resultant samples are well balanced and representative in two dimensions. The rock face is segregated into the various lithological units from which the samples are cut. Samples are cut over the full width of the stope or development face to ensure maximum exposure, they are cut to a width and depth of approximately 4 cm, which adequately caters for the in-situ nugget effect, and to a minimum length of 10 cm, up to a maximum of 20 cm. 20 cm samples are predominantly cut in the footwall of the reef. Sample width may be increased to 8 cm where difficulties are encountered in obtaining sufficient sample mass.

A 15 m x 15 m sampling grid is applied to the stoping environment, whilst all reef development is sampled at five metre intervals. The sampling grid dimensions correspond to the minimum sample variance determined for varying grid sizes.

A quality assurance and audit trail programme is in place to ensure the integrity of samples sent for analysis.

Audits are in the form of random checks. These include but are not limited to:

> Sample quality and mass;
> Numbering sequence of samples;
> Flagging of high chrome content samples for laboratory identification;
> Verification of all samples to ensure that no samples are lost;
> Validation of samples against samplers' field books.

The audit programme also assists in identifying problems that may exist in obtaining quality samples. Remedial action is taken in the form of follow-up inspections and re-training. Random task observations are carried out underground to ensure that sample procurement standards are maintained.

Samples are transported under close supervision and in steel boxes to the assay laboratory. The samples are counted and checked against a request sheet to ensure that no samples are lost between the point of origin and the laboratory. This procedure also eliminates any potential for tampering with samples en route.

Assay data and laboratory investigations

The assay technique employed is a double cupellation fire fusion process, performed in a high temperature muffle type furnace. The fluxing agent is a lead collection flux, where the prill obtained is weighed to calculate the final content of the sample. No correction factor is applied to the results during any stage of the analytical process.

Each sample is analysed for 3PGE + Au content. Quality control is achieved by randomly repeating samples to corroborate the results obtained at any one time. In addition to random repeats, a control sample, of which the content is known, is also added at random to each tray of samples for additional verification.

Analytical results are then verified by the chief chemist, using the results of the random repeats and control samples. They are then captured directly into the sampling database.

Data locations

Each sample section bears a unique identification number. Survey stations established underground are used to determine the relevant position of each sample section, which are then plotted on a plan, drawn to a scale of 1:200. The plotted positions bear reference to the sample number and are digitized to obtain their position in XYZ space. These are imported into DataMine, where graphical representation of the data allows verification of the three dimensional parameters of the sample sections. Plotting inaccuracies are corrected at this point.

Data density and distribution

Data distribution is well spaced throughout the mining area to adequately perform any estimation required.

Monthly sampling coverage averages 95%.

Database integrity

Data is retained in a central database system, (SQL 2000) which is backed up daily, allowing for capturing of data at any one appropriate site. Unauthorized access to the system is prohibited via stringent protocols and access control. An electronic link between the source of the samples and the laboratory exists to minimize transcription errors when updating the database with analytical information.

A two-stage validation process is in place for any analytical information that is accepted into the database.

Geological interpretations

The Merensky reef and the UG2 are well-recognized ore bodies with well established lateral continuity across the mine property. The Merensky reef displays a wide range of lateral reef type variations related to the elevation of the Merensky Chromitite with respect to various footwall lithologies. The reef types are therefore classified according to the immediate footwall lithology and flagged appropriately to ensure that the data pertaining to one reef type is not mixed with another reef type. Consequently a homogeneous "Reef Type Database" is created. The current mining area is divided into two separate geozones on the P2 reef as a consequence of its physical attributes.

Prospect drilling from footwall development provides reef information from which the geological model is updated on a macro scale. Borehole reef intersections are neither analysed for 3PGE + Au content nor are they captured into the sampling database.

In interpreting the dynamic geological model on the meso-scale, all reef development and stoping faces are logged by sampling personnel and mapped geologically on an ongoing basis.

Estimation and modeling techniques

Grade (3PGE + Au) estimations for all the various Merensky reef types, as well as UG2 reef are compiled using geostatistical techniques. Simple kriging is the most appropriate technique based on the descriptive statistics calculated for each reef type.

An assumption is made that all reef types are planar with no local potholing or variation. Data pertaining to each reef type is stored separately to ensure homogeneity. The sample data is calculated to conform to the required hanging wall width and stoping width, once the mining cut is decided upon.

A regular grid of 30 x 30 metres is used during the estimation process. This supports the sampling grid in use for underground workings. Since the footwall stratigraphy varies in accordance with the elevation of the Merensky Chromitite, the reef types are treated separately. Each sample section is calculated to conform to the planned mining cut from where the data is exported into the geostatistical evaluation programme.

Variograms are calculated for each reef type in DataMine and modeled separately for each variable. The variables are 3PGE + Au grade and stoping width where appropriate on Normal Reef and UG2. The specific gravity is no longer considered as an independent variable during the kriging process and the arithmetic mean for each reef type is used.

The grade variograms indicate a high nugget effect to sill ratios, which is characteristic of platinum deposits. The range of influence varies in different directions, giving a geometric anisotropy character. The omni-directional variogram was modeled and used in the valuation process.

The variograms support the geological model and mineralization model based on experience gained and observations made during the extraction process.

Back transformation calculations are performed to test the appropriateness and fit of all variograms. The correlation between the estimated grade and original grades is determined from a

scatter plot of these two parameters. If necessary, the variogram parameters are edited and the process repeated.

The variables are kriged into the block models from where the measured resource is evaluated.

Cut-off grades or parameters

Most of the FWP2 reef cannot be mined without incurring excessive dilution, thereby reducing the recovered grade.On this basis, much of the FWP2 reef is not mined.

No cut-off grades are calculated for any other reef type.

Mining method

Mining is successfully conducted using a breast-stoping method, employing hydro-powered rock drills. Stope cleaning is undertaken using high pressure water-jets and gully scrapers, transporting broken ore to a conventional ore-pass system.

Separate ore handling facilities exist to segregate ore bearing material from waste as well as Merensky reef from UG2 reef.

Since the reef is not planar, as is assumed during the data compilation stage, it is understood that a certain proportion of external dilution will occur during the mining operations. This dilution occurs at a lower grade and is accounted for during the conversion from resources to reserves.

Modifying factors for the conversion of resources to reserves:

Tonnage ratios on Merensky Reef					
	F2005		F2006		F2007
	Est	Act	Est	Act	Est
	%	%	%	%	%
Stoping	83	83	86	83	85
Other sources	4	4	4	4	4
Development	3	3	3	3	4
Survey discrepancy	10	10	7	11	7
Mine call factor	101	101	97	101	97
Block/dilution factor	100	99	100	97	98
Tonnage ratios on UG2 Reef					
Stoping	95	95	93	96	95
Other sources	3	3	4	3	4
Development	6	6	5	5	3
Survey discrepancy	-4	-4	-2	-4	-2
Mine call factor	91	91	93	92	93
Block/dilution factor	96	96	100	96	98

Mineral resource and reserve estimate overview continued

Tonnage factors

In-situ densities are calculated to the equivalent of the stoping cut assumed. The data for each reef type is pooled separately and the arithmetic mean is used as a tonnage factor.

Classification

Measured mineral resources are delineated between raise-lines that have been developed to completion and sampled. Underground diamond drilling is combined with face mapping and sampling to delineate reef variability between sampled localities. The remainder of the area is classified as an indicated mineral resource.

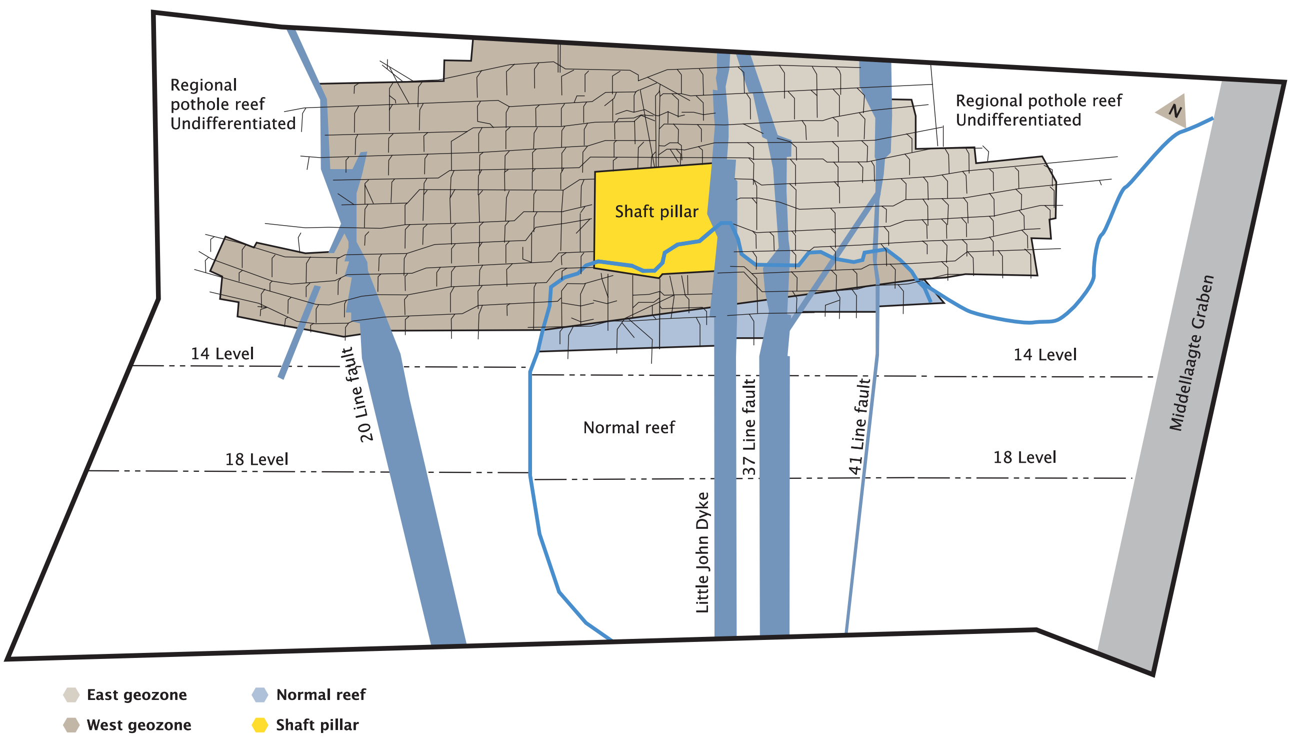
Mining factors or assumptions

Modifying factors used in converting mineral resources into mineral reserves are based on historical performance. An internal ore accounting system is in place, which provides information on all sources of ore in addition to dilution that takes place in the ore flow, from source to mill.

Estimation and reporting of mineral reserves

Mineral Resource estimates for conversion to Mineral Reserves:

- The measured and indicated mineral resources are those mineral resources modified to produce proven and probable mineral reserves.
- All mineral reserves are quoted as at 30 June 2006.
- All mineral reserves are quoted at a ROM grade and tonnages as delivered to the metallurgical processing facilities on site and are therefore fully diluted.



Audited mineral resource and mineral reserve statement

This section reflects the company's audited mineral resource and mineral reserve statement for Merensky and UG2 reef at 30 June 2006.

The mineral resource statements are sub-divided into those mineral resources that have been modified to produce mineral reserves and those which have not been modified.

Mineral Resource and Mineral Reserve Statement

Merensky Reef									
Reserve category					Mineral resource category				
	Tonnes	MHG*	Metal	Metal		Tonnes	In-situ	Metal	Metal
	Mt	g/t	kg (000)	oz (000)		Mt	g/t	kg (000)	oz (000)
Proved					Measured				
Northern boundary to level 14	2.6	6.07	16	510	**Northern boundary to level 14**	2.21	7.91	17	562
Sub total	2.6	6.07	16	510	**Sub total**	2.21	7.91	17	562
Probable					Indicated				
Northern boundary to level 14	21.9	6.07	133	4 281	**Northern boundary to level 14**	18.87	7.71	145	4 678
Shaft pillar					**Shaft pillar**	1.80	7.29	13	421
14 level to 18 level					**14 level to 18 level**	14.43	7.36	106	3 414
Sub total	21.9	6.07	133	4 281	**Sub total**	35.10	7.54	265	8 513
Total	24.5	6.07	149	4 791	**Total**	37.31	7.57	282	9 075
UG2 Reef									
Reserve category					Mineral resource category				
	Tonnes	MHG*	Metal	Metal		Tonnes	In-situ	Metal	Metal
	Mt	g/t	kg (000)	oz (000)		Mt	g/t	kg (000)	oz (000)
Proved					Measured				
Northern boundary to level 14	2.1	4.18	9	278	**Northern boundary to level 14**	1.92	4.89	9	303
Sub total	2.1	4.18	9	278	**Sub total**	1.92	4.89	9	303
Probable					Indicated				
Northern boundary to level 14	36.2	4.18	151	4 854	**Northern boundary to level 14**	33.62	4.89	164	5 287
					14 level to 18 level	20.10	4.89	98	3 161
Shaft pillar					**Shaft pillar**	2.14	4.90	10	336
Sub total	36.2	4.18	151	4 854	**Sub total**	55.86	4.89	273	8 782
Total	38.3	4.18	160	5 132	**Total**	57.78	4.89	283	9 087

* Mill head grade

Northam's resources and reserves statement has been compiled by the following competent persons:
J C Roberts MSc (Mining Engineering), Professional Mine Surveyor (PLATO 0187) – Chief surveyor with 15 years experience in platinum valuation.
D Smith BSc (Hons) Geology, MSc Geology, Pr. Sci.Nat. 400 323/04 – Chief geologist with 11 years experience in the Bushveld Complex.

Sustainable development

Message from the chief executive

The concept of sustainable development is not, at first glance, one that is easily associated with a mining company as every day we mine a portion of our reserve that is non-renewable. This concept may seem especially foreign for a mining company that is a mid-tier producer (Northam is the fifth largest producer of PGMs in the world) and does not take account of our significant employee base, the role we play in our relatively isolated community or the innovations that we have pioneered.

That we have turned to account our orebody at depth has required perseverance and persistence, and we have done it in such a way as to continually extend the life-of-mine. That is not to say that we have always got it right, but that – in line with the changing environment in our country and in the international mining sector – we have got better at doing things and at reporting them.

Last year, in our first Global Reporting Initiative (GRI) informed sustainability report we provided a baseline account of our systems, processes and performance which govern our employee and host community relationships, their well being, safety and health, and our impact on the environment – the very resources needed to sustain our business and its continued economic viability.

Continued disclosure of our triple bottom line performance underpins our commitment to good and responsible corporate citizenship, which for us means making a discernible difference to the quality of life of the people and communities touched by our business, within the context especially of local needs and priorities.

Importantly, responsible, sustainable and successful management practices have the added benefit of reducing risk, thereby translating into long term cost benefits and reputational advantage, resulting in a win-win situation for all stakeholders.

A critical area of progress in securing the economic sustainability of the business during the year was the submission of our application to the DME for the conversion of our mining rights to 'new order' mining rights.

In this report we provide some insight into the way in which we manage sustainable development at Northam. For convenience we have included an index to our response to the Mining Charter Scorecard and a GRI Index on pages 55 and 56.

As far as possible we have provided quantitative data for the the 2006 financial year and comparable data for the prior year. Where this is pertinent, forward planning is based on the five and 10 year targets of the Mining Charter.

We have been encouraged during the year by our admission to the JSE's Socially Responsible Investment Index (SRI). We remain committed to making incremental progress in these areas, disclosing both our shortcomings and successes.

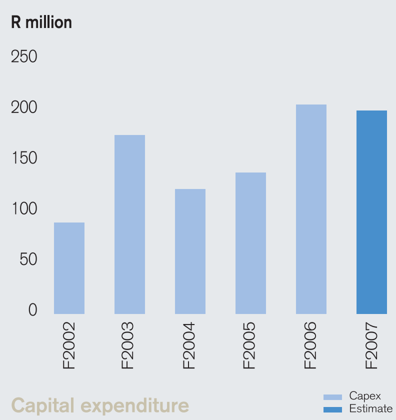
Glyn Lewis
Chief Executive
15 September 2006


Irrigating spinach plants at the Northam Life Centre

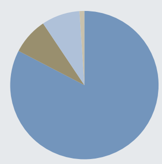
Economic impacts

Shaft sinking at Northam began in 1986, with first metal sales in 1993. The company paid its first distributions to shareholders in 1999. To date Northam has returned R2.5 billion to shareholders, as evidence of its track record of paying excess cash to shareholders, after having made provision for growth and operational requirements. In the past record year the total dividend for the year was 280 cps, 300% higher than the 70 cps paid in F2005.

One of Northam's major shareholders is Mvelaphanda Resources, following one of the first empowerment transactions in the South African resources sector.



Capital expenditure


Employee benefits

	FY06	FY05
Salaries and wages	R466m	R429m
Retirement benefits	R45m	R41m
Health care	R47m	R31m
Housing	R6m	R0m

As a mature, single-mine operation Northam consistently invests in capital development, infrastructure and upgrading of equipment, engineering work and on metallurgical plants. The past year saw capital expenditure rising to R211 million (F2005: R139 million).

Year on year the value distributed to employees has grown by 9.7%, reflecting the increases in wages and salaries following the conclusion of the annual 2005 wage negotiations and the higher medical contributions which now include a once off contribution of R13 million as provision of pre-funding trust funds in order to bring all employees onto the Platinum Health Medical Scheme.

Procurement

Northam is committed to the transformation of South African society and development of a broad based economy that will be sustainable. Northam's interventions in this area are focused on:

- Local economic development
- Active support of emerging HDSA entrepreneurs
- Preferential access to HDSA-owned or HDSA-empowered vendors.

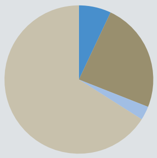
The company's supplier base is diverse; none of Northam's suppliers represents 10% or more of the company's total procurement expenditure. The progress reported on the company's supplier database has continued, and Northam is now able to report on capital and consumables expenditure from HDSA suppliers.

As at the end of June 2006 total BEE procurement expenditure totaled R267.1 million, representing 33% of the total procurement expenditure of R743.3 million.

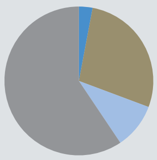
Northam receives certain rebates from government on its investment in human resource development. The total benefit received for the 2006 financial year was R3.6 million (F2005: R3.2 million) for the following items:

Training benefits	F2006	F2005
Skills grant:	R2.8 million	R1.2 million
Student grants:	R0.8 million	R1.7 million
Tax benefits:	–	R0.3 million

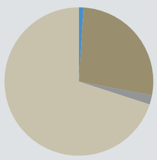
HDSA PROCUREMENT EXPENDITURE



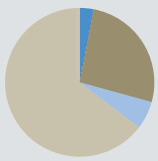
Services
- HDSA owned 7%
- HDSA empowered 24%
- HDSA influenced 3%
- Without HDSA 66%



Consumables
- HDSA owned 3%
- HDSA empowered 27%
- HDSA influenced 10%
- Without HDSA 60%



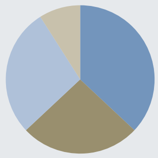
Capital
- HDSA owned 1%
- HDSA empowered 27%
- HDSA influenced 2%
- Without HDSA 70%



Total
- HDSA owned 4%
- HDSA empowered 26%
- HDSA influenced 6%
- Without HDSA 64%

ADDING VALUE TO OUR PRODUCTS

Northam's precious metals refining partner Heraeus is making good progress in establishing a precious metals refinery in Port Elizabeth in South Africa's Eastern Cape Province. Final metal from the refinery will be available to the adjacent chemical and autocatalyst plants for local downstream beneficiation initiatives.



Revenue by geographic market segment

	FY06	FY05
Europe	37%	38%
Japan	26%	28%
North America	28%	23%
South Africa	9%	11%

Northam's metal is currently sold to established customers in North America, Europe and Japan. Revenue by geographic market segment is illustrated in the accompanying graph.

Final drafts of anticipated beneficiation legislation will provide further clarity on targeted levels of beneficiation for mining companies.

CLASSIFICATION FOR HDSA PROCUREMENT

HDSA-owned companies	>50.1%
HDSA-empowered companies	>25.0%
HDSA-influenced companies	5.0% to 25.0%

Case study: Supporting local business

Supporting local business

In a drive to promote local business and entrepreneurship, Northam has been instrumental in the establishment of a chrome recovery plant at the company's mine, in partnership with a local HDSA company, Northam Chrome Producers (NCP).

The agreement with NCP was concluded in 2005, with construction commencing in June 2005. The chrome plant, which was successfully commissioned in January 2006, currently treats and recovers chrome from the tailings emanating from Northam's UG2 concentrator plant.

In terms of Northam's empowerment strategy, and to secure the sustainability of the project, the following conditions underpin the implementation of the project:

> A minimum 51% shareholding of HDSAs;
> No option to dilute any BEE shareholding;
> Support of employment equity;
> Skills development and community development.

Northam provided premises for the project on mine property, and further facilitated the establishment of the plant by providing facilities, services, resources and technical and metallurgical advice on the initial test work, and through to the commissioning stage. NCP secured external funding to cover the total capex of R12 million for the project, while Northam supplies water, electricity and consumables at cost. Northam has also guaranteed the rehabilitation of the area affected by the plant should NCP not be in a position to do so.

NCP currently employs 25 full-time staff members, while a further ten indirect full-time jobs have been created through this initiative. Eighty-five per cent of the employees are HDSAs, with the majority drawn from the surrounding community. Plans are in place to increase the employee complement by about 15% in the next year, along with an anticipated build-up of production volumes. NCP employees are subject to Northam's health, safety and environmental practices, for which Northam also provides training.

The NCP plant produces at a rate of 13 000 tonnes per month and is ramping up to steady state levels of 15 000 tonnes, expected by the end of the first quarter of the new financial year. Two types of chrome are produced; chemical grade chrome used in the production of chemicals, and metallurgical grade chrome used in stainless steel manufacture.

Northam and NCP plan further co-operation in extending training facilities for NCP employees, while NCP is also looking at partnering with Northam's CSI initiatives to create additional meaningful assistance for the surrounding communities.

VALUE ADDED STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Note*	2006 %	2006 R000	2005 %	2005 R000
Sales revenue	24		**2 386 326**		1 554 501
Less: Purchase of goods and services in order to operate mine and produce refined metal	12		**(695 045)**		(672 538)
Value added by operations		**96.6**	**1 691 281**	89.4	881 963
Add: Investment income	14	**2.2**	**39 075**	3.0	29 269
Net sundry revenue	15	**1.2**	**19 820**	7.6	75 367
Total value added		**100.0**	**1 750 176**	100.0	986 599
Value distributed					
Employees	12	**28.4**	**497 931**	46.0	453 911
Salaries and wages		**26.6**	**465 889**	43.5	429 332
Contributions to retirement benefit funds		**2.5**	**44 610**	4.2	412 227
Contributions to health-care funds		**2.7**	**46 555**	3.1	30 805
Pay-as-you-earn deducted		**(3.4)**	**(59 123)**	(4.8)	(47 453)
Government		**24.7**	**431 910**	18.1	177 803
Mining and non-mining tax	16	**16.4**	**287 537**	11.2	110 063
Deferred tax	16	**1.8**	**32 334**	(0.7)	(7 097)
Secondary tax on companies	16	**2.7**	**46 735**	2.5	24 603
Royalties		**0.4**	**6 181**	0.3	2 781
Pay-as-you-earn deducted from employees		**3.4**	**59 123**	4.8	47 453
Providers of capital					
Dividends		**21.4**	**373 880**	19.9	196 822
Total value distributed		**74.5**	**1 303 721**	84.0	828 536
Retained by company		**25.5**	**446 455**	16.0	158 063
Depreciation	12	**6.6**	**114 713**	10.5	103 646
Decommissioning provision to meet statutory obligations	12	**0.1**	**2 384**	0.3	2 726
Retained income		**18.8**	**329 358**	5.2	51 691
		100.0	**1 750 176**	100.0	986 599

*Notes to the annual financial statements

The NCP chrome plant

More than 90% of NCP chrome is exported to China, while the remaining 10% is absorbed by the domestic market. Only six months since commissioning, the NCP plant is already making profits.

SOCIAL IMPACTS

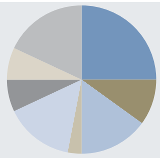
NORTHAM AS AN EMPLOYER

Northam employs a total of 8 473 people (6 889 full time and 1 584 contractors) (2005: 6788 full time and 1 310 contractors). Some 25% of employees are drawn from the Limpopo Province, with the balance from other provinces within South Africa, and also from neighbouring countries within the South African Development Community (SADC). A total of 47% of employees are migrants who originate from rural labour-sending areas and live in mine-provided accommodation. Northam subscribes to the Charter's requirement on non-discrimination against foreign labour, who are recruited through TEBA. These relationships are governed by inter-country agreements such as the corporate permitting process. The company is conscious also of its responsibility to provide employment opportunities in the community where its operation is based.

Northam management engages with traditional authorities in the recruitment catchment areas where appropriately skilled individuals are targeted.

POLICY, PRINCIPLES AND HUMAN RIGHTS

Northam subscribes to the principles of fair employment practices based on equal opportunity in a working environment free of discrimination on the basis of race, religion, political affiliation, age or disability. The company recognizes employees' rights to freedom of association within the bounds of the laws of the country, collective bargaining agreements and with regard to the rights of others. These principles are incorporated in the company's human resources policy and the code of ethics which is available on the Northam website at www.northam.co.za.



Geographic profile of employees

	FY06	FY05
Limpopo	25%	25%
North West	10%	9%
Eastern Cape	15%	14%
Other	3%	2%
Lesotho	15%	16%
Botswana	7%	9%
Swaziland	7%	7%
Mozambique	18%	18%

The company operates within the sophisticated South African labour relations regime. Northam is opposed to the practices of child and forced labour, and its employment policies and practices prohibit this. The company is committed to compliance with national labour legislation, which is informed by the South African government's ratification of the ILO conventions.

Relevant legislation

The Labour Relations Act, No 66 of 1995

The Basic Conditions of Employment Act, No 75 of 1997

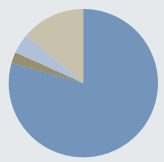
The Employment Equity Act, No 55 of 1998

The Minerals and Petroleum Resources Development Act, No 28 of 2003

LABOUR/MANAGEMENT RELATIONS

Northam respects the rights of all employees to freedom of association. Relationships with employee associations and trade unions are regulated by collective bargaining agreements. As is standard practice, unions are required to demonstrate 33.3% representivity within their bargaining units for recognition purposes. The National Union of Mineworkers (NUM) is traditionally the strongest union at Northam, and represents some 79.1% (2005: 79.4%) of the workforce. Other unions are United Association of South Africa (UASA), and Solidarity. Union representatives are an integral part of a number of participative forums eg health and safety, employment equity and housing. Wage increases and other conditions of employment are negotiated on an annual basis.

A management and labour forum meets quarterly to discuss matters related to safety, training, human resources and production. During the year the company made good progress in these areas, securing



Union and association membership

	FY06	FY05
NUM	79.1%	79.4%
UASA	2.0%	2.4%
Solidarity	3.6%	4.3%
Non-unionised	15.3%	13.9%

Labour turnover	2006	2005
Number of resignations	199	122
Percentage voluntary labour turnover	2.85	1.79
Number of retrenchments	6	17
Number of dismissals	247	273
Other	148	132
Total percentage labour turnover	8.62	7.96
New engagements	829	612

commitment and support from all three representative unions with regard to the various safety initiatives launched at the mine.

Two separate and national COSATU-led stayaways during the year, affecting the entire NUM bargaining unit resulted in two days' lost production.

Discipline and grievance

Disciplinary procedures and action are fair and lawful, and are regulated by South African labour legislation, specifically by the Labour Relations Act. In terms of this legislation and an established appeal process employees are protected against arbitrary employer action. The company's procedure is documented in a code of conduct which is subject to the Code of Good Practice of the Labour Relations Act.

Grievance procedures are available to employees and are communicated in employment contracts, during the induction process and in the disciplinary code of the employee manual. Furthermore the company's code of ethics (available in print and on the website) encourages employees to use established grievance procedures to alert management to any dissatisfaction or feelings of injustice arising out of their employment. Employees have access also to an employee hotline which secures both anonymity and confidentiality.

Skills training at the Northam Life Centre

The number of woman employed has more than doubled since 2005

Diversity and opportunity

In the context of human resource development The South African Mining Charter Scorecard requires companies to offer employees the opportunity to be functionally literate and numerate by 2005 and to provide training opportunities; to implement career paths and skills development plans for HDSA employees; and to develop systems through which empowerment groups may be mentored.

In terms of its employment policies and practices and in line with the Skills Development and Employment Equity Acts, the company has developed a process to attract appropriately qualified individuals from HDSA backgrounds, and provides opportunities for them for development and growth.

Operational reorganization

A review of the company's service department competencies during the financial year has resulted in a reorganization of these departments' structures and functions so as to provide optimal support to the company's core mining and metallurgical processes.

The consultative process which followed was informed by the results of an audit of competencies and the identification of areas which could be improved. Employees affected were offered other positions within the organization. Retraining and re-skilling services were provided. The company also offered counselling and other practical support services for affected employees. A total of eight employees have accepted retrenchment packages as a result of this process.

Functional literacy and numeracy

Through its adult basic education and training programme (ABET), established in 1994, Northam Platinum has created ongoing training opportunities and facilities offering all employees, by 2005, the opportunity to be functionally literate and numerate.

Functional literacy is assessed at the ABET centre using National Department of Education tests. An industry-wide panel of examiners, moderated by the

Employee pass rate (actual)

Description of Course	F2006	F2005
Breakthrough to literacy	79	102
ABET Level 1	232	202
ABET Level 2	158	125
ABET Level 3	95	75
ABET Level 4	72	0
Total	636	504

North West Province Department of Education sets examinations for all ABET levels. All assessments and examinations are subject to stringent quality assurance from legislative bodies such as the Mines Qualification Authority (MQA).

The company has implemented a system for assessing employees for ABET. In conjunction with these tests, a learning potential assessment is conducted. These results will be used for the purposes of career planning and to determine fast-tracking potential. Those employees who do not meet ABET level 4 standards are offered the opportunity to attend ABET courses on a part-time basis.

Taking the current training initiatives into account it is anticipated that 55% of the total workforce will be literate and numerate at ABET level 4 in 2010. In addition to the current ABET programmes, Northam Platinum plans progressively to revise its current minimum education requirements, at recruitment, for lower level occupations to at least ABET level 4.

With the growing demand for ABET, the training centre continues to expand and is staffed by six full time facilitators with tertiary qualifications. Apart from additional classrooms built at the centre, a further 40 computers were installed during the year, bringing the total number to 65, catering for a learner centred education and training approach. Plans are in place for further expansion in the first half of the new financial year. The ABET centre can accommodate 1 000 students per study block and offers daily classes from 06:00 until 20:00 to cater for employees who work shifts.

The promotion of ABET to the workforce by both management and union leadership has not been without its difficulties. Reasons for this range from a lack of motivation, to the difficulty of travelling to classes, although this has been addressed by offering classes before or after shifts.

During the year:

- The company installed a system, known as Quest Works, which is used to generate assessments internally for examinations;
- The curriculum was extended to include a mining overview course, life orientation and environmental awareness modules.

Career paths, skills development and mentoring for HDSA employees

Employees are given the opportunity, within the performance management system, to discuss their career development with their line managers. This is formally documented, with employees' training needs based on potential

Vegetable farming at the Northam Life Centre

Community members at the Northam Centre being trained to make rubber hand guards for underground use

career progression paths. The company maintains a formal documented succession plan based on the business plan requirements and the Employment Equity (EE) targets that take into account the expected changes in demographic profile of the organization in line with the commitments made in the Social and Labour plan and the Employment Equity Act.

Promoting learning and development

Learnerships are currently provided for 124 employees (2005: 59) in the disciplines of engineering, metallurgy and junior/middle management. This number is expected to grow by 3% per annum.

Through the company-sponsored bursary and study assistance scheme, a total of 41 employees are currently studying at tertiary institutions mainly in the disciplines of mining and metallurgy.

Employment equity

In respect of Employment Equity, the scorecard poses the following questions:

- Has the company published its employment equity plan and reported on its annual progress in meeting that plan?
- Has the company established a plan to achieve a target for HDSA participation in management of 40% within five years and is it implementing the plan?
- Has the company identified a talent pool and is it fast-tracking it?
- Has the company established a plan to achieve the target for women's participation in mining of 10% within the five years and is the plan being implemented?

Northam submits employment equity progress reports to the Department of Labour on an annual basis, as required by section 22 of the Employment Equity Act. The employment equity forum, comprising management and union representatives, continues to play an enabling role in ensuring the success of the company's workplace skills development plans and affirmative action measures in terms of the Act. The forum monitors departmental progress against targets and if necessary recommends remedial action. Ultimately, the employment equity strategy is seen as a business imperative.

ABET: key data	2006	2005
No of learners enrolled	636	504
Pass rate (all levels)	53%	61%
Expenditure	R1 546 563	R1 037 918
Functional literacy and numeracy (%)	33	36
Number of facilitators	6	5
Classrooms	6	5
Computers	65	25

Seen against specific annual targets, Northam is optimistic that the requirement of 40% HDSA representivity in management positions by 2010 is achievable through its training initiatives and bursary programmes, and by way of external recruitment of qualified staff. Nevertheless, this must be seen against the background of tough competition for skills, and the company's single operation status, which limits opportunities for further growth.

TALENT POOL MANAGEMENT

In light of the general scarcity of skills and relevant experience and in order to meet the HDSA management targets, Northam Platinum has identified a HDSA talent pool and has detailed skills development requirements for identified individuals as well as departmental succession plans.

These candidates are developed through job rotation and fast-track learning programmes and Northam Platinum also assists promising young employees in obtaining tertiary qualifications in technical, scientific and commercial disciplines.

WOMEN PARTICIPATION

Among the challenges being addressed within the mining industry is the historical gender imbalance in the industry as determined by past legislation. In order to promote the employment of women in the industry, the Mining Charter has identified a target of 10% representation of women by 2009 – so to improve the quality of women's lives and those of their dependents. Companies are encouraged to give preference to women with regard to preferential procurement expenditure. (Further information on Northam's procurement expenditure may be found in the Economic Impacts section of this report on page 27).

At the end of the 2006 financial year women represented 2.8% of the total employee complement. Although this is still well below the 10% target, year on year the number of women employed by the company has more than doubled from 103 in 2005 to 208 in 2006. Similar increases are planned in the years ahead in order to reach this target. The company has embarked on a local recruitment initiative in the surrounding communities. Women currently in service are provided with opportunities for management and skills development.

In respect of mine community and rural development, the scorecard poses the following questions:

Has the company co-operated in the formulation of integrated development plans (IDP) and is the company co-operating with government in the implementation of these plans for communities where mining takes place and for communities in major labour-sending areas?

Has there been an effort on the side of the company to engage the

Training by occupational level	Total employees	Total training hours	Average training hours/person
Senior management	36	864	24
Middle management	137	4 932	36
Technical/production	5 571	265 976	48
Engineering/maintenance	962	34 632	36
Administration	257	2 056	8
TOTAL	6 963	308 460	44

The training facility at the Northam Life Centre

local mine community and major labour-sending area communities?

Integrated Development Plans and its implementation in the mining community and major labour sending areas.

In order to align Northam Platinum's current Corporate Social Investment (CSI) projects and initiatives with the respective municipalities' Integrated Development Plan (IDPs), Northam regularly meets with representatives of Limpopo Province, Waterberg Municipal District and Thabazimbi Local Municipality.

The development initiatives within these areas set a foundation for economic growth and development targets and highlight certain activities that the company can adopt to enhance the local economy.

In the area, emphasis is placed on agriculture, mining and tourism for economic growth. Northam Platinum is engaged with other organizations in the implementation of the labour sending municipalities' IDPs. Representatives from the company are also involved with the Limpopo Premier's office in discussions to establish a training farm.

Both the host and labour sending areas target enterprise or business development, to transform the various key economic sectors, while also ensuring that they grow the respective economies. This presents an opportunity for the mine to facilitate the provision of portable skills in support of SMME development.

The mine's efforts have in the 2006 financial year targeted the following main CSI thrusts:

> Education
> Land and housing
> Health and welfare
> Community projects
> Food security
> Infrastructure

CSI expenditure for 2006 totalled R4.9 million. Plans are in place to increase this allocation annually over the next five years.

Over a number of years Northam has developed constructive and supportive relationships with targeted schools

HDSA employee numbers

	Actual 2006	2007	2008	Forecast 2009	2010	2011
Senior management	3	3	3	4	4	4
Middle management	6	15	22	28	29	30
Junior management	50	57	68	78	82	83
Total HDSA	59	75	93	110	115	117
Total management	251	280	265	265	265	265
Total management %	24	27	35	42	43	44

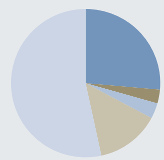
and community projects in the area. Contributions made by the company towards the improvement of school facilities in the neighbouring communities include the building of classrooms, renovating buildings, and the supply of material and equipment.

Health services are provided by the company's clinic facilities and the HIV information and learning centre to the broader employee body and the neighbouring community. During the year the company donated a prefabricated structure that is used as a clinic for Chromite village.

Northam Platinum Life Centre, established in 2004, has grown from a small project staffed by volunteers, into a viable and dynamic community centre in the area with a total of 25 staff members – two of whom are funded by the company. The centre provides skills training for women from the local community, who are trained in sewing and handcrafts, with the intention that once they have completed training they will transfer their knowledge to other women in the community and be in a position to start their own businesses.

The Life Centre also comprises a recycling initiative where local community members are taught to make timber trellising and gates from scrap wood from the mine. Vegetable gardens are planted for food security at the centre, while soup is distributed to Jabulani informal settlement, which is in close proximity to the centre.

During the past financial year Northam contributed some R680 000 to the Life Centre, adding capacity and infrastructure. Since the establishment of the project the vegetable garden has grown from a small plot measuring some 60m^2 to two hectares. Plans are in place to increase this to three hectares in the next financial year.



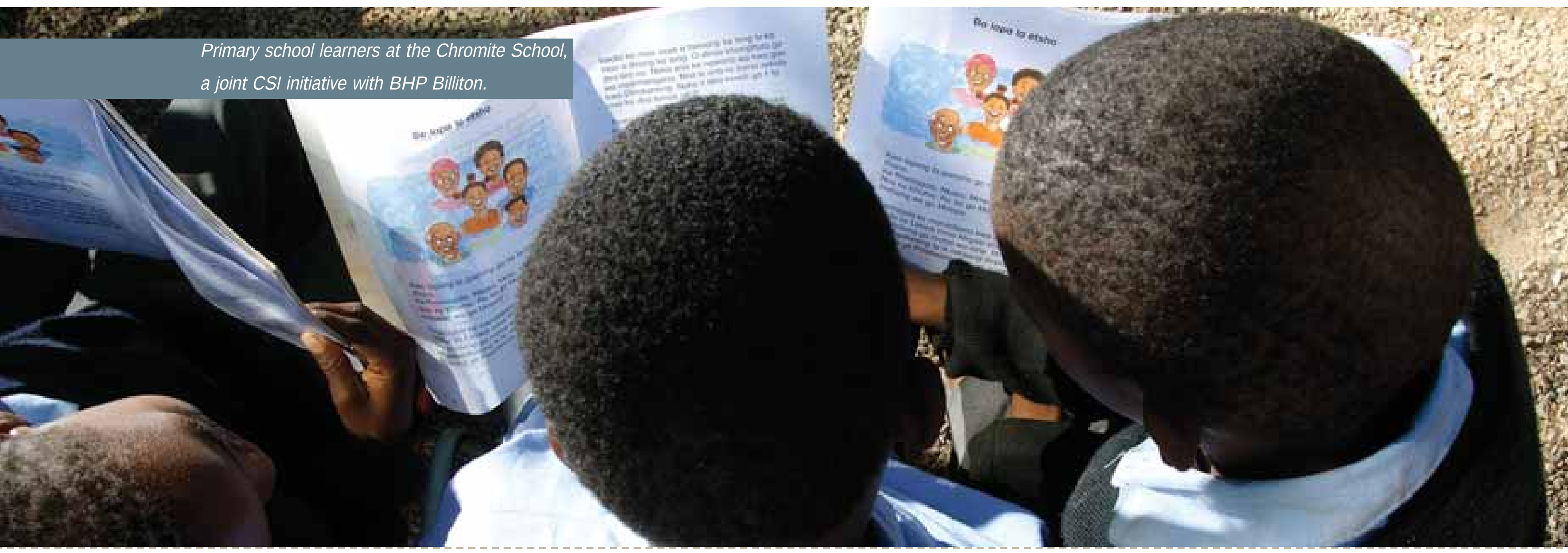
CSI expenditure

Education:	26.4%
Healthcare:	3.0%
Community and the environment:	3.4%
Skills and job creation:	13.8%
Infrastructure:	53.4%

Education

Chromite School

The Chromite village is an informal settlement in close proximity to the mine, and has been earmarked by the DME as a priority area for social upliftment. The results of a needs analysis survey in the area have indicated that of the estimated 22 000 people (or 9 000 households) who live in the



Primary school learners at the Chromite School, a joint CSI initiative with BHP Billiton.

Learners at the renovated Chromite School.

settlement, up to 12% of the population is employed by Northam.

Northam has been involved in the area for a number of years, when it first established a clinic in the village – in an effort to make health care more accessible.

With education being an important CSI focus area, Northam followed this up with the renovation of the Chromite Primary School in a joint project with BHP Billiton. Renovations comprised a general upgrade of the buildings and the addition of a computer room. Tiles for a new roof were donated by a local business, Cashbuild.

This project is an excellent example of what can be achieved in remote communities when businesses work in partnership with the authorities, and where joint involvement can really add the critical mass in delivering sustainable and value-adding social upliftment.

Naletsana School

When allocating funding and resources for projects, the Northam CSI committee evaluates their sustainability, the level of community initiative and engagement, buy-in, and the effectiveness of the intervention. The Naletsana School at Koedoeskop is an excellent example of community members and parents getting involved with a project – when refurbishing classrooms for example, parents provided services to the school and received training in a number of skills areas. For a number of years Northam has provided resources, material and equipment. The company has recently upped its level of support with the construction of an additional classroom to serve as a computer centre, a facility which will be enormously beneficial particularly in this isolated and remote community.

Computer project

During the year the company established the Northam Platinum Educational Trust, precipitated by non-executive director Michael Beckett, who is donating his director's fees to this fund in order to finance educational facilities and an internet project at five local schools. Northam will also contribute to the fund, by matching Mr Beckett's contributions.

With the frequent lack of library facilities it is hoped that this facility will serve to provide learners with educational material previously provided by school libraries. In the new financial year Northam will assist the schools in upgrading their computer rooms, and equipping and installing the equipment needed to convert these facilities into appropriately resourced media centres.

At Thabazimbi primary school Northam has already provided support to expand the computer facility, enabling them to add a further ten computers. Northam has also provided facilities at the Frikkie Meyer High School which has expanded its curriculum to include a module on catering.

Kagiso Trust

The company made a R50 000 contribution to the Kagiso Trust during the year, following the death of Mr Eric Molobi (see page 11).

Infrastructure

In partnership with the Limpopo Provincial Government Northam has funded the construction of a 2.46 km stretch of road between Northam and Thabazimbi. The financial contribution made by Northam Platinum to the project was R2.4 million.

In respect of housing and living conditions, the scorecard poses the following questions:

> For company-provided housing, has the mine (in consultation with stakeholders) established measures for improving the standard of housing – including the upgrading of hostels,

conversion of hostels to family units, and promotion of home ownership options for mine employees? Companies will be required to show what they have done to improve housing, a plan to progress the issue over time, and how the plan is being implemented.

> For company-provided nutrition, has the mine established measures for improving the nutrition of mine employees? Companies will be required to show what they have done to improve nutrition, a plan to progress the issue over time, and how they are implementing the plan

Some significant progress has been made in attempting to de-intensify the company-provided hostel accommodation in the Madiba village. Since the previous reporting period a further 216 employees have taken up the company's living out allowance of R1 000, bringing the total number to 951, an increase of 30%.

The company has concluded the purchase of 380 stands in the Thabazimbi municipal area, specifically in the town of Northam, and has engaged the services of a local BEE compliant contractor to build houses for employees. Some 60 houses are currently being constructed. The balance is planned to be completed by the end of the 2006 calendar year. The company is also engaged with a number of financial institutions to secure favourable funding mechanisms for employees.

In spite of the impetus to secure more appropriate employee accommodation, the demand for hostel accommodation continues, particularly from the newly employed women recruits. A total of 26 women contractors are resident in the hostel. A drive is under way to secure more appropriate accommodation, and over a period of time to convert the single status hostel accommodation into family units. In keeping with the company's commitment to the Mining Charter regarding the employment of women, the increase in living-out employees is a function of the higher number of women.

Parallel to the company-assisted housing project Northam is also investigating ways of assisting employees in qualifying for government housing subsidies. A task team comprising representatives from the Provincial Department of Housing, the Thabazimbi Local Municipality and Northam Mine is in the process of verifying beneficiaries who qualify for government's first time home-owner subsidies.

Furthermore the mine village has been extended with 40 additional houses/rental units.

NUTRITION

Established nutritional principles and guidelines, available research and the input of a clinical dietician are used to prepare meal plans that provide adequate nutrition to ensure the well being of the mineworkers.

A weekly menu is drawn up in consultation with a dietician, management and organized labour, taking into account energy and nutritional requirements. This menu is revised on a regular basis, depending on the season. Strict quality control of nutritional intake continues, monitored also by regular visits from dieticians from Platinum Health and by inspectors from the Department of Health. Fresh seasonal fruit is served once a day as part of the breakfast meal. Two cooked vegetables and a fresh salad are provided at each main meal.

The company's induction programme contains a course on nutrition for employees returning from leave and new recruits. Employees who suffer from chronic medical conditions are provided with information about healthy and better nutritional choices.

SAFETY

LEGISLATIVE COMPLIANCE

Safety and health management is governed by compliance with a number of legislative requirements. Northam monitors its compliance and progress by way of self-audits and visits by health and safety inspectors.

MINE HEALTH AND SAFETY LEGISLATION

> South African Mine Health and Safety Act 1996 (MHSA),

> Basic Conditions of Employment Act 1997,
> Occupational Health and Safety Act 1993,
> Compensation for Occupational Injuries and Diseases Act 1993
> Mineral and Petroleum Resources Development Act 2002

Progress review

In terms of sections 10 and 11 of the MHSA, Northam introduced a Fall of Ground Management strategy during the year to add further impetus to the drive to reduce fall of ground accidents.

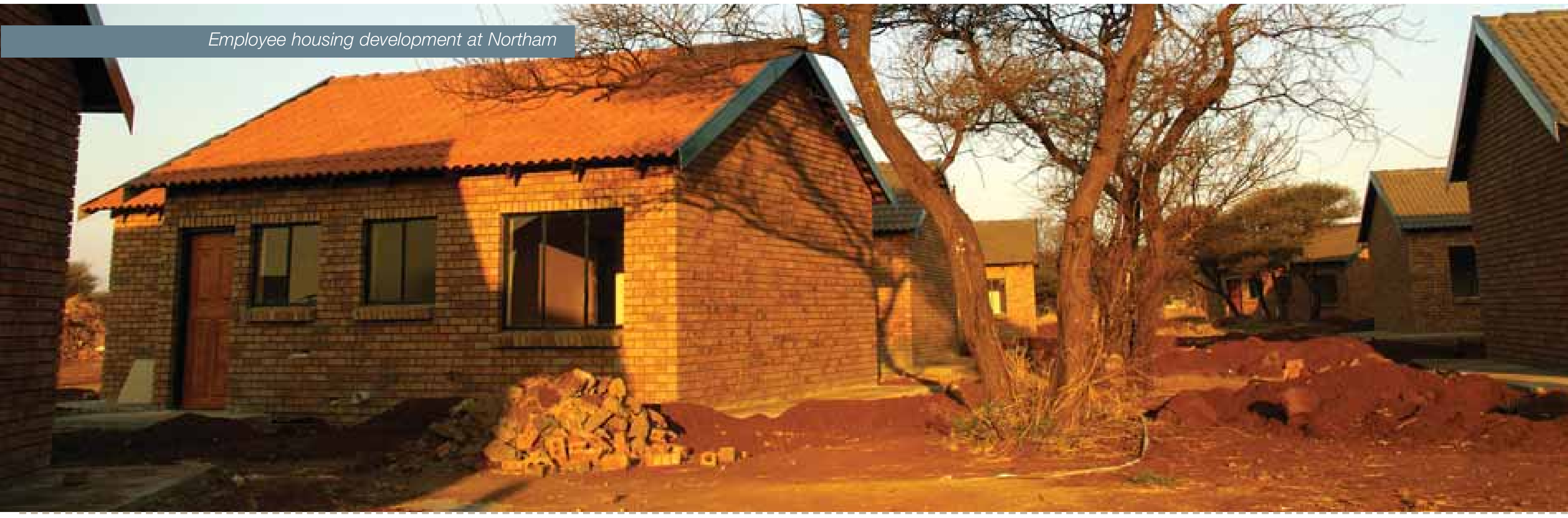
Improvements were effected to the seismic monitoring network. This comprised increasing the number of monitoring sensors underground (now numbering 31) and improving their strategic positioning in order to ensure effective coverage of all working places.

Employees involved with self-propelled mobile machinery were trained and issued with the code of conduct on tramming operations, known as the 'Five Golden Rules of Safe Tramming'.

The Mine Health and Safety Council (MHSC) has set milestones for the elimination of silicosis and noise induced hearing loss (NIHL) in the industry, with incremental targeted milestones (agreed between employers, government and employees) to be reached by December 2008 and again by December 2013. Although silicosis is not prevalent among Northam's workforce (owing to the absence of silica in the mining environment), mineworkers who were previously employed in the gold mining industry may well have been exposed. Northam has responded vigorously to this initiative with an established working group looking after these coordinated efforts. The medical surveillance department, heath and safety representatives and occupational hygienists meet regularly to discuss progress and address shortfalls. Members of the working group also pay visits to the working areas of affected individuals where conditions are monitored and assessed. Individual employees receive counseling and corrective training. Quarterly feedback on progress is submitted to the DME.

Recording, notification and investigation of occupational accidents and diseases

The conventions of the ILO promote the improvement of people's working lives throughout the world. Through the South African government's ratification of all the core ILO conventions, including Convention 176 on safety and health in mines, and Convention 155 on occupational health and safety, government is committed to ensuring that national legislation is in accordance with the principles of the conventions.



Employee housing development at Northam

Northam complies substantially with the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases and has systems in place for recording all accidents, classified as lost time (between one and 13 days), reportable (14 days or more) and fatal accidents. Other minor accidents which do not result in injury or any lost time are also recorded. Codes of practice, comprehensive and detailed accident records and investigations are forwarded to the DME as required in terms of legislation. The same practice applies to occupational diseases.

The effective recording, notification and investigation of all occupational accidents, occupational diseases and dangerous occurrences are of utmost importance to Northam Platinum in the drive for continuous improvement in health and safety.

In September 2005, following a fatal accident the DME imposed a section 54(1) of the MHSA ruling on the mine, requiring a cessation of work in a contained area. This was followed by risk assessments in all working places to prevent a similar occurrence.

Governance and reporting structures

The board SHE committee is ultimately responsible for ensuring compliance with legislation and providing advisory services with regard to health and safety. The committee, comprising three non-executive directors, meets on a quarterly basis.

Safety and health is accorded priority amongst all disciplines and activities. A mine-wide review process of all the support and service functions was initiated during the year, with the first phase focused on the safety and training functions. This initiative, known as 'Operation Excellence' or 'OPEX' has resulted in the safety and training departments being reorganized into a best practice department. OPEX is based on the principles laid down by the ILO and international best practice.

Overall co-ordination of the safety function vests with the best practice manager who reports directly to the general manager. The best practice department is tasked with the overall training and optimization function. Risk management is an integral part of this structure, and the risk management processes are used to drive the revision of standards and updating of training material. Safety officers audit the requirements as defined by the standard procedures and the training of employees as specified by the training material.

A best practice manager, safety co-ordinator, two chief safety officers and six additional safety officers fulfil safety functions across the mine, while safety and training coaches/instructors are involved in cross-auditing working areas for hazard identification. They are supported by a risk and standards coordinator and a risk officer.

In addition to the above, crack squads have been constituted and deployed in the underground working areas to enforce the adherence of working to standards. This is achieved through a process of coaching and training in the workplace.

A joint health and safety committee, represented by management, employees and unions is responsible for overseeing and reviewing policy, agreeing and implementing strategy and planning safety training in response to requirements and performance. Employee participation in the health and safety initiatives was expanded during the year, with 465 workplace safety representatives appointed to complement the effort of the full time health and safety representatives. Training to improve the performance of the health and safety representatives has borne fruit, and members have demonstrated greater participation in risk assessment processes.

Accountability

It remains the responsibility of various supervision levels to lead the safety effort in a sustained and consistent manner, establishing goals and demanding accountability for safety performance. In line with the company's firm stance against transgressions of safety standards, a total of 292 safety-related disciplinary actions were taken during the year.

Safety performance

Northam regrets to report that five people lost their lives in the reporting period, four of them owing to mining-related accidents.

Health and safety policy

Northam Platinum Limited is a deep level platinum mine, with underground workings between 1 200 and 2 200 metres below surface. Platinum ore is extracted from different reefs, and backfill, packs and elongates are used for support. Hydropower is used to clean stope faces and to power rock drills and mechanical loaders. The ore is treated on surface in the processing plants to release the intrinsic metal values.

To carry out the above mining operations effectively, the health and safety of all employees is of paramount importance and is a business priority for the company in respect of its operations.

The management and employees of Northam Platinum agree and declare that:

1. Injuries and accidents can be prevented and health and safety risks can be controlled. We commit ourselves to achieving this.
2. We are all equally responsible for implementing health and safety measures. Every employee must take reasonable care to protect his/her own health and safety, and ensure adherence to standards and conditions to provide for a safe working environment without undue risk to the health of any employee. Adherence to health and safety measures and this policy is a condition of employment. Both management and employees acknowledge that non-adherence will not and must not be tolerated.
3. Employees must be trained to identify the hazards associated with their jobs and must report any hazards so as to ensure work can take place in a safe and healthy environment. Employees must use and take proper care of protective equipment.
4. Audits are very important to identify sub-standard health and safety practices, conditions and deficiencies, and all the non-compliances must be corrected promptly.
5. The health and safety of contractors and suppliers who could be affected by mining operations is equally important.
6. This health and safety policy must be adhered to. The joint health and safety committee must review the policy at intervals determined by it in the interests of the company and its stakeholders.

The personal involvement of each and every employee is essential to achieve the successful implementation of this policy. The effort of each employee is worthwhile as it will not only achieve a reduction in injuries, accidents and health and safety risks, but will also improve the quality of life for every employee both at work and in the community.

Three employees were killed in a tragic blasting accident in February 2006, while another employee died earlier in the year after sustaining injuries in a fall. The company is awaiting the results of an investigation into the cause of death of an employee who died in unexplained circumstances in October last year.

A more positive safety trend is beginning to emerge however, and in May 2006 the mine recorded two million fall of ground fatality free shifts. This achievement was followed by further success in August, after the year end, when Northam recorded one million fatality free shifts.

The number of lost time injuries reported in the year rose to 188 (2005: 113) and the number of reportable injuries increased to 105 (2005: 77). Although falls of ground continue to be the main cause of injuries, there has been a very gratifying reduction in fatalities owing to falls of ground. The two million fall of ground fatality free shifts recorded in May 2006 reflects the efficacy of a continued strong focus on support standards which are reputed to be of the most stringent amongst South African platinum mines.

The board and management are deeply concerned about any loss of life or injury at work. In the year ahead further robust effort will be devoted to creating a safe working environment on the one hand, and in providing safety training interventions to ensure a continuous awareness on the part of employees about the risks related to the mining environment.

FALL OF GROUND MANAGEMENT

The fall of ground management system, developed and applied to synthesise rock engineering efforts and controls in the process of eliminating falls of ground was introduced in June 2006. This development is supplementary to and supports Northam's existing thrust in safety. The system will be driven internally by the rock engineering and production departments. It will be linked to the Northam safety management system.

The initiative focuses on five strategic areas:

> prevention of adverse mining induced local rock mass conditions through mine design, planning and systems, documentation and adherence;

> protection against local failures through support design, derivation of mining standards, and adherence;

> fostering an appropriate mindset through education, training and influencing attitudes;

> monitoring the rock mass response to design, planning and support strategies;

> from continuous audits of successes and failures, address

MHSC initiative to eliminate silicosis and NIHL		
Industry target	**Milestone 2008**	**Milestone 2013**
Zero rate of injuries and fatalities	Achieve constant and continuous improvements	Achieve constant and continuous improvements
Elimination of silicosis (not applicable at Northam – see above)	By Dec 2008, 95% of all exposure measurement results will be below the occupational exposure limit for respirable crystalline silica of 0.1 mg/m^3	No new cases of silicosis will occur amongst previously unexposed individuals
Elimination of noise induced hearing loss NIHL (present noise exposure limit specified in regulation is 85dB(A)	After Dec 2008, the hearing conservation programme implemented by industry must ensure that there is no deterioration in hearing greater than 10% amongst occupationally exposed individuals.	By Dec 2013, the total noise emitted by all equipment installed in any workplace must not exceed a sound pressure level of 110dB(A) at any location in that workplace

knowledge gaps through research and development.

Audits

The company makes extensive use of internal audits to monitor its safety systems and procedures. In a drive to achieve best practice, plans are in place to engage the services of an internationally accredited health and safety consultancy to perform an independent audit of the OPEX process and its results, once complete.

The DME's Mine Health and Safety inspectorate conducts periodic inspections of underground and surface working areas. During the past year Northam was subject to two such inspections, in October last year and again, post the financial year end in July.

A mine-wide monthly internal cross audit programme has been implemented where safety standards across sections are compared and evaluated.

Objectives for the year ahead

> Zero fatalities
> LTIIR – less than 1.5
> RIIR – less than 0.72

Health

Platinum Health continues to provide occupational and primary health care and medical services to Northam. Firmly established, with services to Northam stretching over more than two years, Platinum Health has made good progress in improving the systems which provide an interface between the medical station and the mine. This has resulted in better record keeping, and promotes tighter control and treatment of employees with chronic medical conditions.

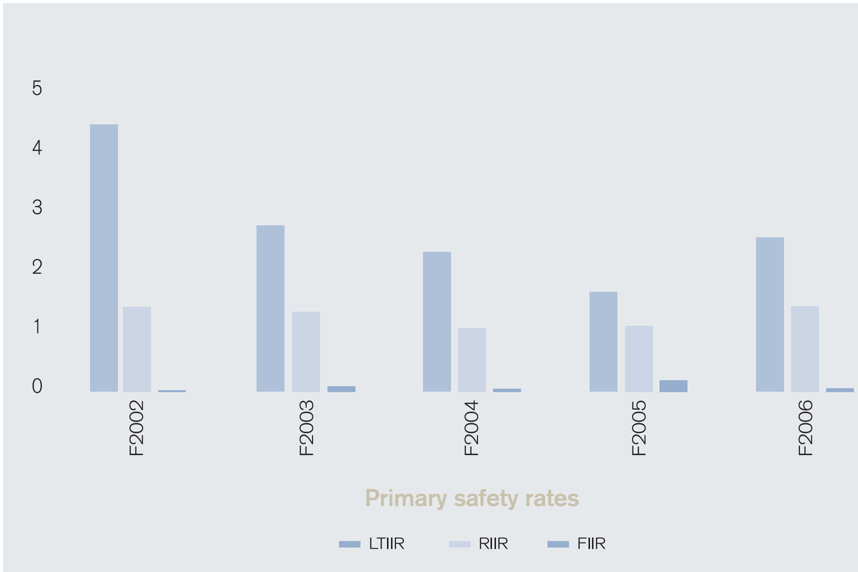
Since 2005 the medical staff complement has grown, and now numbers 38 full time staff members (2005: 35) including four doctors, 16 nurses and a full time social worker. During the year 14 additional paramedics were employed by Netcare (which provides emergency response services), and delivery was taken of another emergency response vehicle. A full time social worker, who also renders broader community services at the Northam Life Centre, was employed in June 2006 at the Setaria Village clinic.

Three of the four full time doctors completed advanced life support courses during the year. These developments are in line with the ongoing drive to improve emergency care and life support standards are now on a par with those of the American College of Physicians.

An inspection by the DME in September 2005 identified the need for additional occupational health facilities for medical examinations. As a result a new occupational health wing was built during the year at a cost of R800 000, and is equipped with a new spirometer used for lung function testing. The new centre was opened in April 2006 and has already helped to provide improved privacy for patients, enhances patient flow and service delivery.

PROGRESS REVIEW: MEDICAL SURVEILLANCE

In line with legislative requirements, a number of surveillance exercises are conducted on the mine. These include regular medical examinations for full time and contractor employees; lead tests; monitoring for noise induced hearing loss (NIHL); heat tolerance testing (HTT) (the virgin rock temperature at the deepest levels may reach 75°C owing to the high heat gradient of the Bushveld Complex) and monitoring for tuberculosis. Northam performs additional



> Fatal injury incidence rate (FIIR): injuries resulting in death per 200 000 hours worked
> Lost time injury incidence rate (LTIIR): injuries resulting in one to 13 days' absence from work per 200 000 hours worked
> Reportable injury incidence rate (RIIR): injuries resulting in 14 or more days' absence from work per 200 000 hours worked

Underground support

Northam makes extensive use of backfill in underground panels to enhance stability and regional support. It also serves to control ventilation in working areas and reduces transmission of heat from surrounding rock.

surveillance, exceeding legislative requirements, in that it tests water for cholera, traces of salmonella and other dangerous bacteria (owing to the exclusive use of hydro-power). A kitchen and food handlers' survey is conducted on a monthly basis.

> A total of 10 889 medical examinations were performed during the year (2005: 10 044). These are performed when employees join the mine, at periodic intervals, at the exit stage and before promotions. The medical department has put enormous effort into persuading contractors to report for these examinations. This has been a difficult process, but by the last quarter of the year the situation had improved markedly with good co-operation from contractors.
> 41 lead tests were performed during the year (2005: 30) on potentially at-risk employees. One case of an employee demonstrating higher than normal permissible lead levels as recommended by SIMRAC, resulted in the affected employee being removed from the smelter environment until his levels had normalized. No long lasting effects have been indicated and the affected employee was able to resume his duties in a fairly short period of time. Owing to this stringent, tightly controlled programme, further exposure which may then become dangerous, is prevented.
> A total of 78 patient cases (2005: 107) were submitted for NIHL compensation. The lower number reflects the results of the tighter controls and is evidence of the increased efforts aimed at complying with the DME targets and milestones for eradication of NIHL and silicosis. In the third quarter of the year, an encouraging decline was beginning to manifest, with only six submissions for the period (F2005: 19). Northam remains committed to the DME's drive to eradicate silicosis and NIHL in mining operations, with an established working group looking after these coordinated efforts
> A monthly average of 43.5 patients (2005: 44.8) received treatment for pulmonary tuberculosis (TB) during the year. A total of 119 patients (2005: 124) were referred for compensation. The Directly Observed Treatment (DOT) programme continues to deliver good results with the number of TB cases remaining constant.
> No traces of salmonella or other life-threatening bacteria were detected in water tests.
> The kitchen and food handlers' survey is conducted monthly and has been expanded to local retail outlets. The first local supermarket was inspected in January 2006.
> The medical department also regularly inspects the first aid training programme, which was found to be appropriate and well managed.

Progress review: primary health care

The drive to promote primary health care has showed encouraging signs of success over the year, owing in many cases to the fact that consultations and examinations are not subject to levies. In addition the efficiency of the system has also promoted its popularity.

Audits

An audit of the medical surveillance programme by an independent occupational health consultant was highly successful, with a mark of 92% achieved, representing a significant improvement on the previous year's score of 87%.

This audit was followed in February 2006 by the Department of Health's annual licensing inspection, which again resulted in an excellent score, with a commendation from the medical inspector on the standard of the programme. No shortfalls were identified in any areas.

As a self assessment of services rendered TWYG (SA) was engaged to conduct a comprehensive patient satisfaction survey. An excellent score was achieved in every aspect.

HIV/AIDS

HIV/AIDS continues to present a serious challenge for management. It is estimated that a total of 1 800 employees are HIV positive. In the past year an additional 325 new HIV cases were documented at Northam.

Case study: Aurum

AURUM

The Aurum Institute for Health Research (AURUM) is an independent, medical scientific organisation conducting research into and treating epidemic and other diseases in developing countries, where public health and management capacity challenges place a severe strain on individuals, communities and whole economies. Aurum has earned an international reputation for work in the fields of tuberculosis and HIV/AIDS.

Aurum was officially founded in 1998 as a wholly owned subsidiary of the then AngloGold Limited to gather together into a single institution the large body of ad hoc research, results of treatment and knowledge generated by scientists working in the South African gold mining industry.

The origins of this research and knowledge can be traced back to almost the start of the gold mining industry in South Africa. Local mining corporations, whose operations were often in remote areas, far from either state or private health services, established their own medical services to care for and attend to the medical needs of their employees. Such services have been run by these companies for close on 100 years.

Upon its founding, Aurum was tasked with the research, surveillance, treatment and management of epidemic, occupational and other diseases that occur among mineworkers and their dependents. Aurum subsequently expanded its activities beyond the needs of the mining industry, especially in response to international demand for quality treatment, research sites and programme development around HIV/AIDS-related projects.

Aurum is acknowledged by funders, companies, non-government organisations and communities as a partner capable of conducting ethical research and delivering reliable results.

Source: Aurum annual report 2005

To date the company's prevention programme has continued to focus on reducing STIs, peer education and training, and a wellness programme which comprises a voluntary counselling and testing (VCT) service. Good progress has been made in promoting this facility, and, to date more than 600 employees are participating in the wellness programme.

In a move to provide medical aid to all employees, Northam has contributed an amount of R13 million to pre-fund the medical scheme, in compliance with the legislation of the Registrar of Medical Schemes.

This development has opened the way to embark on the next phase of managing the HIV pandemic by providing anti-retroviral treatment (ART) to employees who make use of the diagnostic VCT regimen and wellness programme. ART is now a prescribed minimum benefit of the scheme.

In anticipation of the ART rollout, Northam medical staff have been sent to the AURUM Institute for Health Research for training. The rollout of ART started on 1 July 2006, with more than 30 patients on active ART. This number is expected to grow incrementally, with plans in place to expand the treatment regimen by 30 patients per month.

CUSTOMER HEALTH AND SAFETY

Currently Northam's precious metals are refined by Heraeus in Hanau, Germany. The Heraeus refinery operates within strict EU guidelines which regulate its performance in terms of social and environmental responsibility. Refined metal, sponges, ingots, and powders are packaged in accordance with international standards and each numbered lot of metal to customers is accompanied by a unique Certificate of Assay as issued by Heraeus, with material safety data sheets made available to customers.

Refined PGMs are sold on a contract basis to a well-established customer base in Japan, North America and Europe. Platinum and palladium are guaranteed to be of London-Zurich Good Delivery Status at a minimum purity level of 99.95%.

Nickel sulphate, a by-product which emanates from the BMR process at Northam's mine site, is sold to a customer base in South Africa, and is accompanied by safety data sheets for the information of transporters, handlers and customers.

No instances of compromising customer health and safety have been reported to Northam. Northam's marketing department maintains regular weekly contact with its customers, with at least annual customer meetings and hosting customer visits to the company's plants.

Medical examinations	2006	2005
Initial	2 005	1 541
Periodic	6 766	7 029
Exit	1 118	964
Pre-promotion	966	501
Proto teams	34	28

CASE STUDY: REACH

REGISTRATION, EVALUATION AND AUTHORISATION OF CHEMICALS (REACH)

As a company which exports its precious metals output to countries within the European Union (EU), Northam keeps a watching brief on the developments of REACH, or the Registration, Evaluation and Authorisation of Chemicals movement within the EU. REACH proposes to develop a regulatory system that is intended to protect human health and the environment from exposure to dangerous chemicals.

In terms of proposed REACH legislation, importers and manufacturers of chemical and metal products will be required, amongst others, to gather comprehensive information on the properties of substances produced or imported in volumes exceeding one tonne per year. The necessary information will need to be submitted in a registration dossier to the European chemicals agency. The regulations become effective in the 2007 calendar year.

Failure to register will mean the substance cannot be imported to or manufactured in the EU market.

Northam's response to this proposed legislation is on three levels:

> The company is a member of the International Platinum Association (the IPA – a global association of leading PGM producers and fabricators dedicated to the promotion of PGMs and fostering a better understanding of the metals' uses) which keeps abreast of developments in the EU, and which has established a lobbying platform for the benefit of the industry.

> Northam, through its partnership with Heraeus, a highly reputable refinery based in Europe will have access to the capacity and resources to enable it to prepare for and comply with relevant EU regulations.

> In South Africa Northam is represented by the Chamber of Mines working group which has raised its concerns with the EU and assists local companies to prepare for REACH compliance.

A recent EU study on the impact of REACH on African countries concluded that 'coping with forthcoming chemical legislation in the EU, REACH is not likely to cause any substantial problems to economies in African, Caribbean and Pacific countries.'

The Chamber of Mines is concerned that the legislation could threaten the mining industry through the inclusion of ores, concentrates and minerals. It has suggested that the study does not comprehensively explore the costs of authorization, nor does it consider the economic impact which will be especially felt by smaller entry-level black-owned mining companies that are currently being encouraged by the South African government.

ENVIRONMENTAL IMPACTS

OPERATIONS AND INFRASTRUCTURE

Northam's current mining property covers an area of 5 183 hectares in the Thabazimbi municipal area in South Africa's Limpopo Province. Underground mining activities are conducted via a twin shaft system at depths of between 1 200m – 2 200m below surface. Virgin rock temperatures vary between 45°C and 75°C and have necessitated the extensive use of backfill and hydropower technologies.

Chilled water is sent underground to the workings at 5°C and is used to provide positional cooling and to power the equipment. Hydropower application has been proven to minimise the use of electricity as a result of reduced compressed air consumption and lower overall water consumption leading to lower pumping requirements.

Processing and treatment of ore takes place on surface at two concentrator plants through crushing, milling and flotation in order to separate the waste from the precious minerals which are released in concentrate form. Concentrate is then dried, smelted and converted in the smelter plant, and the gangue is separated from the matte in the furnace. On-mine processing infrastructure includes a base metals removal plant where further leaching, copper electrowinning, pressure acid leaching, iron precipitation, counter current decantation (CCD), platinum and other PGE precipitation processes further separate the base metal by-products from the PGMs. Enhanced precious metals refining currently takes place at Northam's offshore partner Heraeus's refinery in Hanau, Germany.

As part of the company's drive to promote local business and economic development in the area, surface infrastructure was extended during the 2006 financial year to include a chrome recovery plant, which is independently managed by Northam Chrome Producers (NCP) a local black empowerment company. Northam has provided a guarantee for rehabilitation of the area to the DME in the event of NCP not being in a position to do so.

Northam operates a tailings dam with two compartments, a waste rock dump and a slag retreatment plant and dump. In total these waste disposal facilities cover some 161.4 ha. Tailings are deposited at a rate of 140 000 tons per month with the balance of approximately 60 000 tonnes per month pumped underground as backfill to provide support in underground workings.

The tailings dam is largely vegetated to minimise aesthetic impact and to reduce dust levels. Waste is dumped at a rate of approximately 25 000 tonnes per month. Natural vegetation is currently establishing itself on the old portion of the waste dump.

With the commissioning of the slag retreatment plant the slag dump has reduced by 2%, contributing to the depletion of a pollution source. The dump is expected to be completely removed within five years. Tailings from the slag plant are mixed with current run of mine tailings and disposed of on the tailings dam.

Leased farm land covers 276 hectares, or 3.6% of the total area. A further area of 808 hectares (10.6% of the total area) is leased to Anglo Platinum and forms part of a game and nature reserve, externally managed and monitored by professional rangers. The leased area covers 14% of total land and 50% remains as natural habitat.

None of the company's activities are situated in IUCN (World Conservation Union) protected area and heritage sites or biosphere reserves. Furthermore, no red data species (the IUCN's system of identifying species at high risk of global extinction) have been identified on or adjacent to mine property by the EIA process associated with the compilation of the EMPR.

LEGISLATIVE COMPLIANCE

In terms of the Minerals and Petroleum Resources Development Act (MPRDA) of 2002, Northam's potential and existing environmental impacts and management systems are documented in the mine's Environmental Management Programme Report (EMPR), which is approved by the Department of Minerals and Energy (DME) and the Department of Water Affairs and Forestry (DWAF). Compliance with the EMPR is monitored by self-assessment, third party auditors and by the relevant authorities. Self-audits are conducted annually by independent third party specialists.

In 1999 Northam was granted an exemption in terms of Section 21(4)(a)(i) of the now repealed Water Act, No 54 of 1956 by the DWAF, which expired in December 2005. This exemption allowed the mine to discharge excess industrial water subject to compliance with the conditions of the exemption. During the year Northam submitted an application to the DWAF for a water use licence as required in terms of the National Water Act 1998, which will replace the Section 21(4) exemption.

Northam manages its emissions of sulphur dioxide (SO_2) and particulate emissions within permit requirements. Registration in terms of the Atmospheric Pollution Prevention Act No 45 of 1965 has been completed for scheduled processes – the selenium process and the roasting process.

MANAGEMENT AND REPORTING STRUCTURES

Environmental management vests with the engineering manager at Northam. He is assisted in the implementation of strategy, monitoring of processes and systems and proactive management of potential and existing impacts by the Engineering, Metallurgical, Technical Services and Ventilation departments. Quarterly environmental progress reports are submitted to the CEO for review at the quarterly meetings of the safety, health and environment (SHE) board committee which comprises four non-executive directors who are tasked with overseeing overall compliance with legislation in terms of safety, health and environment. The SHE committee makes recommendations to the board on issues relating to these matters.

PERFORMANCE

Northam measures its environmental performance by way of self-assessments and third party audits. The most recent audit, planned for January 2006 was delayed owing to exceptionally high summer rainfall, and was completed in April 2006. A number of improvements in environmental performance were noted in the audit, these pertaining to control over land usage, eradication of alien vegetation, control of waste, water quality management and the management and monitoring of emissions.

WATER MANAGEMENT

Northam's water management strategy is based on the principles of adhering to relevant national legislation; optimizing the use of water from supply authorities to minimise demand; and preventing discharge of polluted industrial water into adjacent watercourses.

Water consumption is monitored at all the strategic consumer points. Residential water usage was calculated to be $26m^3$ per capita, slightly higher than the $22m^3$ reported in 2005, but on a par with consumption in areas with a similar demographic profile.

Owing to the new chrome recovery plant, expanded mining activities and additional houses in the village, total water consumption during the period increased by 3.2 to 16.7 million m^3. However, the fresh water consumption from Magalies Water was only 13% higher, and still only represents some 12% of the mine's total water usage.

Discharges of water to the nearby Crocodile River and Bierspruit were well controlled during the year, even though the summer rainfalls were protracted and unusually high. Contributing to this was additional stormwater cut off drains. In addition, continuous monitoring devices have been installed at the outflow points of the settling dam, the sewage maturation plant, the evaporation dam and at another watercourse that discharges run-off into the Bierspruit catchment.

Northam leases 808 hectares for conservation purposes.

The biomonitoring programme has revealed that target pH ranges in the Crocodile River were not exceeded, and that dissolved oxygen levels in the Bierspruit and Crocodile Rivers are well below the median guideline value of 5 mg/l. In general, and in terms of longer term trends, there was a discernible improvement in the biotic conditions at the downstream monitoring point in the Crocodile River and the Bierspruit.

Emissions and particulates

The mine's objective is to manage its emissions of SO_2 and particulates (dust) to the atmosphere within the required legal parameters. Northam's monitoring system to gauge SO_2 levels comprises 12 sulphation plate monitoring stations on the property and three in the neighbouring towns of Koedoeskop, Northam and Thabazimbi.

Monitoring station results indicate that SO_2 emission levels continue to be well within the South African limit of 50 parts per billion (ppb). The highest value recorded was 13 ppb at a location far from the plant.

The surface tailings dam, a potential source of dust, is progressively vegetated, thereby minimising the mobilization of dust. In the plant dust emissions are reduced through the use of electrostatic precipitators and a Dyna Jet Scrubber.

For the selenium process, off-gases from the roasters are vented to the scrubber where volatised selenium is removed. Selenium concentrations are regularly measured at the fences.

Currently, four of the mine's eight refrigeration plants use the environmentally acceptable R134A, while the other four use R22. The consumption of refrigerants is carefully monitored to minimise usage.

Some CFCs may still be emitted by domestic appliances, but these are considered to be at low levels and are not monitored.

Non-mineral waste

Redundant radio-active nuclides used in measuring devices at the process plants are disposed of via accredited service providers (Secony) at Pelindaba. Quantities are limited to measuring devices only. The use of the nuclides is registered in terms of the Hazardous Substances Act (Act 15 of 1973).

Biodiversity

An objective of the EMP is to minimise any impact on endemic animal and plant life. Anti-poaching measures have been stepped up during the year, with some arrests having been made. It is hoped that these actions will further discourage these activities.

Environmental awareness

Raising awareness of environmental issues has been upgraded during the year, with an environmental training module developed specifically for mine conditions. Contractor employees have access to these training courses, and plans are in place to put further pressure on contractors specifically with regard to environmental housekeeping.

Recycling initiatives gained some impetus during the year, particularly at the mine's community project, the Northam Life Centre, where community members have been using underground waste wood from the salvage yard, and chipping it, with kraal manure to make compost. Re-usable pieces of wood are recycled for further use after washing. The silt removed in the washing process is fed into the concentrator plants for further platinum recovery. Used oil is also recycled.

Stakeholder engagement

Northam continues to pursue good relationships with its neighbours and other stakeholders. However, attendance at open days, which are advertised in local media, has been disappointing. The environmental department is currently considering ways of more proactive engagement with local community members.

Closure liabilities

The Northam Platinum Restoration Trust Fund was established in 1996 to provide for rehabilitation costs. These costs are reviewed annually and are approved by the DME. Rehabilitation and pricing schedules are reviewed by an external consultancy, Thuthuka Project Managers.

Progress against 2006 targets

> A contaminant flow and transport model has been developed
> An environmental training programme has been developed and implemented
> The amendment to the EMP to reflect a more up to date ground water monitoring system has been delayed owing to the application and submission for a water use licence. The issuing of this licence may affect requirements for a ground water monitoring programme
> The step-in was constructed on the tailings dam and grassing continues

Looking ahead

> Improving the accuracy of the flow and transport model with the six-monthly gathering of new data.
> Working towards implementation of the ISO14001 management system.

Environmental Impacts

	2006	2005
Materials produced/accumulated/used	tonnes	
Rock mined (000)	2 644	2 331
Ore milled (000)	2 303	2 150
Coal	5 194	4 978
Grease	46	46
	litres	
Fuels	814 392	812 654
Lubricating and hydraulics oil	274 741	269 564
Energy consumption	Gigawatt hours	
Energy from electricity purchased shafts	418.9	415.7
Energy from electricity purchased plant	127.8	126.8
Water usage	000m^3	
Water used for primary industrial activities	14 701	11 667
Potable water from an external source	1 983	1 759
Groundwater used	11 296	8 566
Water recycled in processes	14 701	11 667
Land management	Hectares	
Land under mine charge	5 183	5 183
Land utilized for current mining and related activities	1 242	1 242
Total tailings dam area	149	149
Total waste rock dump area	11.7	11.7

Mining Charter Scorecard

Scorecard for the broad based Socio-economic Empowerment Charter for the South African Mining Industry

	Page
Human resource development	33 to 35
> Functional literacy and training	
> HDSA career paths and skills development	
> Mentoring systems for empowerment groups	
Employment Equity	35 to 36
> Publication and progress reporting on equity plan	
> Plans and implementation for achieving 40% HDSA participation in management within five years	
> Fast tracked talent pool	
> Plans and implementation for achieving 10% participation by women within five years	
Migrant Labour	31
> Has the company subscribed to government and industry agreements to ensure non-discrimination against foreign migrant labour?	
Mine community and rural development	37 to 40
> Co-operation in the formulation and implementation of IDPs in mining communities and labour sending areas	
Housing and living conditions	39 to 40
> Improvement of housing, hostel conversion and home ownership options	
> Nutritional improvement for employees	
Procurement	27 to 28
> Preferred supplier status for HDSAs	
> Identification of level of procurement from HDSA companies in terms of capital goods, consumables and services?	
> Commitment and implementation to progress HDSA procurement over three to five years	
Ownership & Joint Ventures	27
> HDSA equity participation or by attributable units of production of 15 percent in 5 years and 26 percent in 10 years	
Beneficiation	28
> Has the mining company identified its current level of beneficiation?	
> Has the mining company established its base line level of beneficiation and indicated the extent that this will have to be grown in order to qualify for an offset?	

GRI Index

Economic performance

Core indicators	Page No	Additional indicators	Page No
Customers			
EC1	30		
EC2	28		
Suppliers			
EC3	27	EC11	n/a
EC4	n/a		
Employees			
EC5	30		
Providers of capital			
EC6	30		
EC7	30		
Public sector			
EC8	30	EC12	37-40
EC9	27		
EC10	37-40	EC13	not available

Environmental performance

Materials			
EN1	54		
EN2	53		
Energy			
EN3	54	EN17	not available
EN4	not available	EN18	not available
		EN19	not available
Water			
EN5	54	EN20	52
		EN21	54
		En22	54
Biodiversity			
EN6	51, 52	EN23	51
EN7	51, 52, 53	EN24	not available
		EN25	51
		EN26	n/a
		EN27	n/a
		EN28	n/a
		EN29	n/a
Emissions, effluent and waste			
EN8	n/a	EN30	n/a
EN9	53	EN31	n/a
EN10	n/a	EN32	n/a
EN11	53		
EN12	not available		
EN13	n/a		
Core indicators	**Page No**	**Additional indicators**	**Page No**
Suppliers			
		EN33	not available
Products and services			
EN14	7		
EN15	not available		
EN16	n/a		
Transport			
		EN34	not available
		EN35	not available

Social performance

Core indicators	Page No	Additional indicators	Page No
Employment			
LA1	31	LA12	not available
LA2	32		
Labour/management relations			
LA3	32	LA13	41
LA4	32, 33		
Health and safety			
LA5	41	LA14	41
LA6	42	LA15	43
LA7	46		
LA8	47-49		
Training and education			
LA9		LA16	33, 38
		LA17	not available
Diversity and opportunity			
LA10	33		
LA11	37		
Strategy and management			
HR1	31	HR8	
HR2	29		
HR3	not available		
Non-discrimination			
HR4	31		
Freedom of association and collective bargaining			
HR5	31		
Child labour			
HR6	31, 32		
Compulsory labour			
HR7	31, 32		
Disciplinary practices			
		HR9	not available
		HR10	not available
Security practices			
		HR11	not available
Indigenous rights			
		HR12	not available
		HR13	not available
		HR14	not available
Community			
SO1	37, 38	SO4	n/a
Bribery and corruption			
SO2	32		
Political contributions			
SO3	n/a	SO5	n/a
Competition and pricing			
		SO6	n/a
		SO7	n/a
Customer health and safety			
PR1	49	PR4	n/a
		PR5	n/a
		PR6	n/a
Products and services			
PR2	49	PR7	n/a
		PR8	n/a
Advertising			
		PR9	n/a
		PR10	n/a
Respect for privacy			
PR3	n/a	PR11	n/a

DIRECTORS

Michael Beckett (70)
(British) BSc, FIMM
Non-executive director
Joined the board in 1999.
Michael is a director of Mvelaphanda Resources Limited, Orica Ltd (Australia), London Clubs International plc and My Travel plc (UK). A geologist by training, Michael was formerly managing director of Consolidated Gold Fields plc.

Judy Dlamini (Dr) (47)
MB M.Ch, MBA
Independent non-executive director
Joined the board in 2004.
Judy is the chairperson of Mbekani Investment Holdings (Pty) Ltd. Until 2003 she was a senior manager at HSBC, with a main interest in energy, and where she was closely involved in advising and structuring BEE transactions. Judy is also on the board of Aspen Pharmaceuticals Limited, Discovery Holdings Limited and Gijimaast Group Limited.

Ralph Havenstein (50)
MSc (Chemical Engineering), BComm
Non-executive director
Joined the board in 2003.
Prior to his appointment as Chief Executive Officer of Anglo Platinum Limited in June 2003, Ralph was an executive director of Sasol Limited responsible for Sasol Chemical Industries.

Emily Kgosi (Ms) (51)
BComm Hons
Independent non-executive director
Joined the board in 2004.
Emily is the manager – revenue management at Eskom. She has extensive experience in the banking sector mainly in a treasury operations environment, having held positions at a number of South Africa's main banking groups as well as Credit Suisse First Boston (NY).

Glyn Lewis (49)
(British) BSc (Mining Engineering), MBA
Chief executive officer
Joined Northam in 2001 as mine manager, appointed general manager in 2002 and chief executive officer in 2005. Prior to joining Northam, Glyn was the manager of the Tarkwa Mine in Ghana. He has extensive experience in the mining industry in both precious and base metal mines.

Robin Mills (59)
BSc (Eng), FIMM, FSAIMM
Non-executive director
Joined the board in 2004.
Robin has extensive experience in the mining sector, having worked with the Anglo American Group since 1965 in the fields of mining engineering and project management. He is currently Director, Mining at Anglo Platinum Limited.

Pine Pienaar (42)
CA (SA)
Alternate director
Appointed alternate director to Bernard van Rooyen in 2005. Chief executive officer of Mvelaphanda Resources and a director of GFI-SA Limited. Prior to joining Mvelaphanda Resources in 2004, Pine served as operations executive of Harmony's Free State operations and as new business executive.

Tokyo Sexwale (53)
Cert Bus Studies (Univ Botswana, Lesotho and Swaziland)
Non-executive chairman
Joined the board in 2000 and appointed chairman later that year. Chairman of Mvelaphanda Holdings (Proprietary) Limited, Mvelaphanda Group Limited, Mvelaphanda Resources Limited and Trans Hex Group Limited and a director of ABSA Group Limited and Gold Fields Limited. He also serves as Trustee of the Desmond Tutu Diversity Trust and the Nelson Mandela Foundation and serves as Honorary Consul General of Finland.

Roeland van Kerckhoven (54)
(Belgian) BComm, MBL
Non-executive director
Joined the board in 2000. Prior to his appointment as executive director, business development and services with Anglo Platinum Limited in 2006, Roeland held various financial positions within

Johannesburg Consolidated Investment Company Limited, and was more recently executive director, finance and corporate development with Anglo Platinum Limited.

Bernard van Rooyen (72)
BA LLB
Non-executive director
Joined the board in 1999.
Deputy chairman of Mvelaphanda Resources Limited and Trans Hex Group Limited and director of Banro Corporation, and Ndowana Exploration (Proprietary) Limited.

Previously, Bernard was an executive director at Gold Fields of South Africa Limited with responsibilities at various times for corporate finance, new business and technical services.

Mark Willcox (36)
BA, LLB, Post Grad Dip Tax
Non-executive director
Joined the board in 2000.
Chief investment officer of Mvelaphanda Group Limited and a director of Mvelaphanda Holdings (Proprietary) Limited, Mvelaphanda Resources Limited and Trans Hex Group Limited. A lawyer by training, Mark started his career with an investment bank based in the United States where he was exposed to various significant mining and property transactions.

Senior Management

Matthews Nzimande (36)
NHD (Mining)
General manager
Joined Northam in current position in 2005.

Roland Dressels (43)
National Diploma in Human Resources and Training
Manager – Human Resources
Joined Northam in 2006.

Tinus Fourie (49)
BComm
Manager – financial services.
Appointed to the company in current position in 2001

Johnny Gillespie (39)
Mine Manager's Certificate
Manager – production and services
Joined Northam in 2000.

Rob Kendall (51)
Pr Eng
Manager – engineering services
Joined Northam in 1990. Assumed current position in 2001

Nicky Kriel (45)
N4
Manager – Best Practice
Joined Northam in 1993. Appointed to current position in 2006.

Dumisani Mafu (49)
B. Juris
Manager – human resource
development and social responsibility
Joined Northam in current position in 2005.

Danie Minnaar (50)
Pr Eng, B Eng (Metallurgy), BComm
Manager – metallurgical operations
Joined Northam in current position in 2001

René Rautenbach (49)
NHD (Mining)
Manager – projects
Joined Northam in 2001 and appointed manager – projects in 2002

Derek Wolstenholme (56)
CA (SA)
Corporate finance manager
Joined the company as corporate finance manager in 1999.

The board affirms its commitment to the principles of openness, integrity and accountability and is committed to providing timeous, relevant and meaningful reporting to all stakeholders. It attempts to ensure that the group's business is conducted in accordance with high standards of corporate governance and with local and internationally accepted best corporate practice. These standards are entrenched in the group's established systems of internal control by its policies governing corporate conduct, with particular emphasis being placed on the qualitative aspects of corporate governance. The directors endorse the Code of Corporate Practices and Conduct (the Code) set out in the second report of the King Committee on Corporate Governance (King 2) that was released in March 2002.

The board considers that the group complies substantially with King 2, with the exception of the composition of the board, which falls short of the requirement that the chairman and the majority of the directors be independent. The directors recognise this shortcoming and are considering appropriate steps to enhance compliance with the recommendations. The key principles underlying the King recommendations as contained in the Code are reflected in the group's corporate governance structures, which are reviewed from time to time to take into account organisational changes and international developments. Through this process of review, the directors seek to ensure that the group's business is managed on an ethical basis in accordance with prudently determined risk parameters and in conformity with internationally accepted standards. The directors specifically report as follows:

BOARD CHARTER

The board has adopted a board charter which regulates how business is to be conducted by the board in accordance with the principles of good corporate governance. The charter sets out the specific responsibilities of the board members collectively, and the individual roles expected of them. More specifically, the charter confirms the board's responsibility for the adoption of strategic plans, monitoring of operational performance and management, determination of policies and processes to ensure the integrity of the group's risk management and internal controls, as well as director selection, orientation and evaluation.

The group is planning to introduce a board evaluation process during the coming year.

RISK MANAGEMENT

The board is responsible for the total risk management process within the group. Management is accountable to the board and has established various systems of internal control to manage significant risks. These systems support the board in discharging its responsibility for ensuring that the range of risks associated with the group's operations are managed effectively and the interests of stakeholders safeguarded.

The group has developed an integrated risk management framework which identifies the significant risks facing the group, as well as factors in mitigation thereof, in order to further assist the board in the discharge of its responsibilities. While the operating risks cannot be fully eliminated, the group endeavours to minimise them by ensuring that appropriate infrastructure, controls, systems and ethics are applied throughout the group to manage such risks.

The development of the framework entailed the identification of all the activities carried out in the various processes, the assessment of the impact of the inherent risks within those activities and/or processes and measures taken or to be taken to mitigate such risks.

The risk matrix is subject to annual review by management in conjunction with the group's internal auditors.

The major risks and steps taken to mitigate and/or manage these risks are listed below:

COUNTRY REGULATORY RISK

The mining sector in South Africa is subject to changes in regulatory requirements, potentially resulting in financial demands being made on the group. These changes could include but are not limited to, beneficiation provisions, royalties, health levies and other taxes and licences.

The group is particularly conscious of these dynamics and ensures that there is ongoing dialogue and relationship building with both governmental and non-governmental stakeholders. Sectoral lobbying and stakeholder expectation management is further handled via industry bodies.

In addition, South African operations are subject to the requirements of the Mining Charter which inter alia seeks to:

- promote equitable access to South Africa's mineral resources for all people in South Africa;
- substantially and meaningfully expand opportunities for historically disadvantaged South Africans (HDSAs), including women, to enter the mining and minerals industry and to benefit from the exploration of South Africa's mineral resources;
- utilise the existing skills base for the empowerment of HDSAs;
- expand the skills base of HDSAs in order to serve the community;
- promote employment and advance the social and economic welfare of mining communities and areas supplying mining labour; and
- promote beneficiation of South Africa's mineral commodities beyond mining and processing, including the production of consumer products.

Whilst the group believes that it has made significant progress towards meeting the charter requirements, any regulatory changes to these, or failure to meet existing requirements, could adversely affect its ability to convert its old mining rights to new order mining rights in South Africa.

Financial and market risk

As a producer of platinum group metals, the group is subject to market fluctuations in both commodity prices and exchange rates. These fluctuations can have an adverse impact on the group's earnings and cash flows. Rising prices for raw materials, driven by strong global demand for fuel, steel and certain chemicals, have also impacted on production costs.

Through its association with the International Platinum Association and the Platinum Guild International the group promotes the use of PGMs in a wide range of sectors thus helping to sustain a strong demand for PGMs. The group's response to production cost pressures has been to ensure that price increases granted to suppliers remain within CPI, whilst working towards achieving greater production efficiencies in order to contain the increase on unit costs.

Ore reserve

The ore body within the group's mining lease area is characterised by potholing which, when encountered, could result in a loss of available reserves. The nature of these pot-holes is such that they cannot be reliably predicted.

The highly competent geological staff constantly monitors the geological conditions to attempt to predict potholes ahead of the face.

Environmental and social

In keeping with the rest of the mining sector in South Africa, the group has to ensure that it complies with constantly changing environmental laws and regulations as well as increasing community expectations. Compliance with changing regulatory standards and community expectations can result in increased costs which would negatively impact cash flows and earnings.

The group's approach has been to engage with its various stakeholders on an ongoing basis in order to develop sound relationships with those affected by its mining operations. In addition the group seeks to comply with all environmental legislation, in order to ensure the sustainability of its operations.

Health

The occupational illnesses associated with mining operations are those caused by, inter alia, excessive exposure to heat, dust, noise, radiation and gases. Consequently, the mining industry is subject to stringent health and safety laws and regulations that are subject to change from time to time. In the event of changes to health and safety legislation the group may incur additional costs in order to comply with any new laws and regulations. In addition, the industry as a whole is experiencing the effects of medical pandemics such as HIV/AIDS and TB. These medical conditions adversely affect productivity and costs.

The group seeks to comply fully with applicable health and safety legislation and to ensure that all their employees adhere to their safety standards. HIV/AIDS and TB have been aggressively targeted with a strong focus on prevention through education initiatives and community involvement, as well as a monitored employee wellness programme which includes the provision of anti-retroviral therapy (ART) for those who are affected.

Human resources

On a global basis the mining industry is currently facing a contraction in the availability of required skills. This may have a negative impact on both productivity and employment costs. The group pursues a broad based strategy with regard to attracting and retaining appropriate skills, encompassing highly competitive compensation models, attractive career development opportunities and skills development programmes.

Risk financing

Risk financing forms an integral part of the group's risk management philosophy. In this regard the group ensures that it has adequate insurance cover to safeguard it against major losses. The cover is arranged in respect of both material damage and business interruption, and is split between the South African and international insurance markets.

Should the group suffer a major loss, future earnings could be affected.

Responsibility for annual financial statements

The directors are responsible for the preparation of the annual financial statements and related financial information that fairly present the financial position of the group and the results of its operations and cash flows. The annual financial statements set out in this report have been prepared in accordance with International Financial Reporting Standards. These financial statements incorporate full and responsible disclosure and are based on appropriate accounting policies that have been consistently applied, except where otherwise reported, and which are supported by reasonable and prudent estimates and judgements. The external auditors, whose report appears on page 65 are responsible for reporting on these financial statements in conformity with International Standards on Auditing and in the manner required by the Companies Act in South Africa.

Composition of the board of directors

The board comprises one executive and nine non-executive directors, details of whom appear on pages 57 and 58. All the directors bring to the board a wide range of professional and commercial experience and independent perspectives and judgement. Although Mr Sexwale, the non-executive chairman of the board, is not an independent director, the board is of the view that it is appropriate that, as a representative of the group's major empowerment shareholder, he assumes this position. The board is responsible to the shareholders for setting the direction of the group through the establishment of strategic objectives and key policies. The board meets quarterly, or more frequently if circumstances so require, in order to consider issues of strategic direction, approve major capital expenditure projects, review operating performance, and consider other matters having a material effect on the group. All directors are subject to retirement by rotation and re-election by shareholders at least every three years in accordance with the group's articles of association. All directors have access to the advice and services of the group secretary and, with the prior approval of the chairman, are entitled to seek independent professional advice concerning the affairs of the group at its expense.

During the year five board meetings were held, with the attendance by the directors being as indicated in the accompanying table:

The board has established three standing committees, namely the Audit Committee, the Health, Safety and Environmental Committee and the Remuneration, Nomination and Employee Equity Committee which operate within defined terms of reference laid down in writing by the board. These committees are chaired by and comprise non-executive directors.

Board meetings	3 Aug 2005	9 Nov 2005	1 Feb 2006	12 April 2006	14 June 2006
T M G Sexwale	Apologies	√	Apologies	√	Apologies
G T Lewis	√	√	√	√	√
M E Beckett	√	√	√	√	√
N J Dlamini	√	√	√	√	√
R Havenstein	√	√	√	√	√
E T Kgosi	√	√	√	√	√
R G Mills	√	√	Apologies	Apologies	√
E Molobi (Note 1)	√	Apologies	Apologies	Apologies	n/a
R H H van Kerckhoven	√	√	√	√	Apologies
B R van Rooyen	√	√	√	√	√
M J Willcox	√	Apologies	Apologies	√	√
P C Pienaar (Note 2)	√	√			√

Notes:

1) Mr E Molobi passed away on 4 June 2006.

2) Mr P C Pienaar is alternate to Mr B R van Rooyen.

Audit Committee

M E Beckett – Chairman
E T Kgosi (Ms)
R H H van Kerckhoven
M J Willcox

The Audit Committee comprises four non-executive directors one of whom is independent. The external and internal auditors have free access to this committee. The committee is scheduled to meet five times a year with management and the internal and external auditors to review the interim and preliminary reports, the annual financial statements and accounting policies, the effectiveness of the internal audit function, management information and other systems of internal control, and to discuss the auditors' findings and recommendations. In addition, the committee considers the use of the group's external auditors for non-audit services, where appropriate, and also approves the fees to be paid to the group's internal and external auditors. Although Mr M E Beckett is not regarded as an independent non-executive director (being a director of Mvelaphanda Resources, one of the group's major shareholders) the board considers that the experience and knowledge that he brings to the committee is such that it is appropriate that he continue to chair the committee.

During the year five meetings were held, with the attendance by the directors being as follows:

Audit Committee meetings	29 July 2005	2 Sept 2005	8 Nov 2005	12 Jan 2006	11 April 2006
M E Beckett	√	√	√	√	√
E T Kgosi (Ms)	√	Apologies	Apologies	√	√
R H H van Kerckhoven	√	√	√	√	√
M J Willcox	Apologies	Apologies	Apologies	Apologies	√

Internal audit function

The internal auditors provide an independent appraisal function with specific responsibility for examining and evaluating the group's systems of internal control in mitigation of identified business risks. The objective is to assist members of management in the effective discharge of their responsibilities. The scope of the internal audit function includes reviews of the reliability and integrity of financial and operating information, the systems of internal control and the means of safeguarding assets. The internal auditors report to the Audit Committee and have unrestricted access to its chairman. The internal audit function is undertaken on commercial terms by Anglo Platinum Management Services (Proprietary) Limited.

Internal control

The directors are responsible for maintaining adequate accounting records and have general responsibility for taking reasonable steps to safeguard the assets of the group and installing systems to prevent fraud and other irregularities. To enable the directors to meet these responsibilities, management has been delegated with the responsibility of setting standards and implementing systems of internal control aimed at providing reasonable assurance as to the reliability of the annual financial statements, that assets are safeguarded and that the risk of error, fraud or loss is reduced in a cost effective manner.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls has occurred during the year under review. Accordingly the financial records may be relied upon for preparing the financial statements and maintaining accountability for assets and liabilities.

Non audit services

The Audit Committee is required to approve the provision of non audit services by the group's external auditors.

Health, Safety and Environmental Committee

B R van Rooyen – Chairman
M E Beckett
N J Dlamini (Dr)
R G Mills (Alternate: F A Uys)

The Health, Safety and Environmental Committee comprises four non-executive directors. The committee, which is scheduled to meet four times a year, is tasked with overseeing compliance by the group with the various health, safety and environmental laws that affect the group, as well as advising the board on issues relating thereto.

Although Mr B R van Rooyen is not an independent non-executive director (being a director of Mvelaphanda Resources, one of the group's major shareholders) the board considers that the experience and knowledge that he brings to the committee is such that it is appropriate that he continue to chair the committee.

During the year four meetings were held, with the attendance being as follows:

Remuneration, Nomination and Employee Equity Committee

E T Kgosi (Ms) – Chairperson
N J Dlamini (Dr)
R Havenstein
T M G Sexwale

The Remuneration, Nomination and Employee Equity Committee comprises four non-executive directors and is scheduled to meet three times a year. On 14 June 2006 Ms E T Kgosi was appointed to the committee as chairperson following the death of Mr E Molobi.

The committee, in consultation where necessary, with management, ensures that the group's employees are fairly rewarded for their contribution to the group's performance. The group's remuneration philosophy is to ensure salaries and related benefits are competitive relative to other mining companies. Specifically, the committee, on behalf of the board, approves the employment contracts and remuneration packages of senior management, ratifies the appointment of senior management other than directors, and approves any short-term incentive schemes and bonuses, including the offer of options in terms of the rules of the Northam Share Option Scheme.

HSE meetings	2 Aug 2005	9 Nov 2005	31 Jan 2006	11 April 2006
B R van Rooyen	√	√	√	√
M E Beckett	√	√	√	√
N J Dlamini (Dr)	√	√	√	Apologies
R G Mills	√	√	√	Apologies
J R Johnston (Dr) (Note 1)				n/a
F A Uys (Note 1)	n/a	n/a	√	√

Notes
1) Alternate to Mr Mills. Mr Uys replaced Dr Johnson as Mr Mill's alternate with effect from 1 February 2006.

The group operates a number of short-term incentive schemes for its employees. In the case of senior employees, including any executive directors, the payment of bonuses is subject to certain safety, production and financial targets being exceeded. No bonuses are paid to non-executive directors.

In addition, the committee approves the mandate in regard to negotiations with trade unions and oversees implementation of and compliance with the requirements of the Employment Equity Act and the administration of the group's share incentive scheme.

The committee is also tasked with advising the board regarding the size, composition and effectiveness of the board and board appointed committees, as well as advising the board regarding the appointment of proposed candidates to serve on the board.

Ms E T Kgosi, the committee chairperson is an independent non-executive director.

During the year three meetings were held, with the attendance by the directors being as indicated in the accompanying table.

Code of ethics*

The group is committed to the highest ethical standards in its dealings with all its stakeholders, and to this end has adopted a code of ethics (the Code) which governs the relationship between the group and its employees, the group and the environment, the group and its suppliers and customers, as well as the group and the community.
In promoting the code, the group is committed to:

- Defending the right of employees to a safe and healthy working environment;
- Conducting its business in such a way that promotes the recognition of the environment as a strategic asset;
- Applying the highest ethical standards in its dealings with customers and suppliers;
- Improving the quality of community life;
- Creating a climate free of conflict, discrimination and harassment;
- Engaging constructively and creatively with government bodies, labour organisations and non-governmental organisations (NGOs);
- Providing a channel through which grievances or breaches of the code can be dealt with without fear of victimisation.

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

Employees who contravene the Code are liable to face disciplinary action and depending on the nature of the contravention may also face civil or criminal action.

During the year the group took action against 80 employees for violations of the Code. This led to 44 dismissals and 14 cases referred to the SAPS. In three cases the charges were withdrawn. The remaining cases were dealt with in terms of the group's disciplinary procedures.

Communication

The group has a policy of communicating openly and regularly with its shareowners, employees and other stakeholders. Communications with shareowners exceed the statutory requirements and include press releases, briefings and a website. Briefings, newsletters, posters and other appropriate media are used to communicate with employees. The group encourages proactive two-way engagement with stakeholders by way of hosting visits, open days, conducting surveys and through other regular communication channels.

Closed periods

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

Remuneration, Nomination and Employment Equity Committee

Date of meeting	21 October 2005	5 May 2006	2 June 2006
E T Kgosi (Note 1)	n/a	n/a	n/a
E Molobi (Note 2)	Apologies	Apologies	Apologies
N J Dlamini	√	√	√
R Havenstein	√	√	√
T M G Sexwale	Apologies	√	√

Notes:
1) Ms E T Kgosi was appointed to the committee with effect from 14 June 2006.
2) Mr E Molobi passed away on 4 June 2006.

T M G Sexwale
Chairman

M E Beckett
Chairman – Audit Committee

Johannesburg
15 September 2006

Contents

Approval of annual financial statements

The financial statements set out on pages 66 to 100 were approved by the board of directors on 15 September 2006, and are signed on its behalf by:

T M G Sexwale
Chairman
15 September 2006

G T Lewis
Chief Executive Officer

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
15 September 2006

Report of the independent auditors

To the members of Northam Platinum Limited

We have audited the group annual financial statements and annual financial statements of Northam Platinum Limited as set out on pages 66 to 100. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance about whether 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. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, present fairly, in all material respects, the financial position of the group and company at 30 June 2006 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.

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

Johannesburg
15 September 2006

DIRECTORS' REPORT

The directors have pleasure in submitting their report for the year ended 30 June 2006. The operational performance of the group is set out in the general manager's report, whilst the nature of business is described in the profile which appears on page 4.

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 group's corporate governance practices are set out in the Corporate Governance Report on pages 59 to 63.

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.

CONVERSION OF MINING RIGHTS

During the year the company submitted an application to the Department of Minerals and Energy (DME) for the conversion of its old order mining rights to new order mining rights. The application was accepted by the DME and is at the date hereof still being processed.

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 sheets, income statements, statements of changes in equity, cash flow statements and notes to the financial statements, on pages 73 to 100, reflect the financial position and results of the company and the group.

DIVIDENDS

Dividends totaling 280 cents per share (F2005: 70 cents per share) absorbing R658 914 700 (F2005: R162 344 450) were declared. Details are as follows:

INTERIM DIVIDEND (NO 14) – 115 CENTS PER SHARE

Declaration date:	1 February 2006
Last day to trade cum div:	17 February 2006
Commencement of trading ex div:	20 February 2006
Record date:	24 February 2006
Payment date:	27 February 2006

FINAL DIVIDEND (NO 15) – 165 CENTS PER SHARE

Declaration date:	2 August 2006
Last day to trade cum div:	18 August 2006
Commencement of trading ex div:	21 August 2006
Record date:	25 August 2006
Payment date:	28 August 2006

Shareholders who have dematerialized their shares receive payment electronically as provided for by STRATE. For those shareholders who have not yet dematerialized their shares, or who 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 (F2005: R3 500 000) divided into 350 000 000 (F2005: 350 000 000) shares of one cent each.

During the year 4 034 500 shares were allotted and issued to participants of the Northam Share Option Scheme, for an aggregate consideration of R64 053 000, resulting in the issued share capital at 30 June 2006 being 236 003 000 (2005: 231 968 500) shares of one cent each.

Since the balance sheet date a further 49 000 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 (Act 61 of 1973), as amended (Companies Act), and the Listings Requirements of the JSE Limited (JSE). The text of the necessary resolution appears in the notice of annual general meeting on page 101, which forms part of this report.

Repayments of share capital

At the annual general meeting held on 10 November 2005 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 and subject to the requirements of Section 90 of the Companies Act. The company has a substantial share premium account, equivalent to R8.55 per share, that has arisen from previous rights issues. Should the company under prevailing market conditions generate cash funds that are surplus to its operational requirements, this general authority enables the directors to return some or all these surplus funds to shareholders should they deem it to be in the best interests of the company. This general authority is valid until the company's next annual general meeting or for 15 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 101, which forms part of this report.

During the year no payments were made in terms of this general authority.

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 10 November 2005 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 15 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 101, which forms part of this report.

During the year no acquisitions of shares were effected in terms of this general authority.

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 dematerialized 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 unless the shares have been dematerialized.

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 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 944 208 shares.

A summary of the shares held under option is as follows:

	Price per share (cents)	Total number of options
Earliest and latest exercise date		
7 November 2002 and 6 November 2005	1 350	175 000
20 November 2003 and 19 November 2006	1 050	745 000
18 November 2004 and 17 November 2007	1 925	2 480 000
23 January 2005 and 22 January 2008	1 655	60 000
14 October 2005 and 13 October 2008	1 060	1 182 000
14 October 2006 and 13 October 2009	830	1 510 000
Number of options held at 30 June 2005		6 152 000
New options granted during the year at R17.00 per share		2 352 500
Number of options forfeited during the year		320 000
Number of options exercised during the year*		4 034 500
Number of options held at 30 June 2006		4 150 000

*Refer Annexure 1 on page 99

At 30 June 2006 the outstanding options were exercisable as follows:

	Price per share (cents)	Total number of options	Options vested at 30 June 2006	Options exercisable in F2007	Options exercisable thereafter
Earliest and latest exercise date					
18 November 2004 and 17 November 2007	1 925	71 000	71 000	–	–
14 October 2005 and 13 October 2008	1 060	561 500	36 000	525 500	–
14 October 2006 and 13 October 2009	830	1 345 000	–	672 500	672 500
24 October 2007 and 23 October 2010	1700	2 172 500	–	–	2 172 500
		4 150 000	107 000	1 198 000	2 845 000

Northam Share Option Scheme (the Scheme) (continued)

Full details of the options exercised during the year are set out in Annexure 1 on page 99, and are summarised as follows:

Grant date	Number of options exercised	Exercise price R	Consideration R000
7 November 2000	157 000	13.50	2 119
20 November 2001	745 000	10.50	7 823
18 November 2002	2 329 000	19.25	44 833
23 January 2003	60 000	16.55	993
14 October 2003	578 500	10.60	6 132
14 October 2004	75 000	8.30	623
24 October 2005	90 000	17.00	1 530
Total	4 034 500		64 053

Directorate

It was with sadness that the board learnt of the death on 4 June 2006 of Mr Eric Molobi, who had been a director of the company for close on six years. Mr Molobi had not only been a leading businessman but also a pioneer of Black Economic Empowerment in this country. His wise counsel, as well as his friendly and humble disposition, will be sorely missed. The board expresses its deep regret at his passing and conveys its sympathy and sincere condolences to his wife and family. It also wishes to place on record its appreciation of the invaluable services rendered to the company by Mr Molobi during his terms of office as a director and as a member, and later chairman, of the Remuneration, Nomination and Employee Equity Committee.

No other changes in the composition of the board of directors occurred during the year.

The composition of the board of directors, as well as of board appointed committees, at the date of this report, is reflected on pages 57 to 63.

The directors retiring by rotation in terms of the provisions of the company's articles of association are Dr N J Dlamini, Ms E T Kgosi and Messrs R Havenstein and R G Mills who, being eligible and available, offer themselves for election. At the forthcoming annual general meeting members will accordingly be requested to consider resolutions providing for the election and re-appointment of Dr Dlamini, Ms Kgosi and Messrs Havenstein and Mills as non-executive directors of the company.

Brief summaries of their curricula vitae appear on pages 57 and 58.

Directors' fees

The current level of fees paid to non-executive directors for their services is as follows:

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 paid by Northam Platinum for the year ended 30 June 2006 was as follows:

	Fees R000	Basic remuneration package R000	Performance bonus R000	Pension contribution R000	Other allowances R000	Gain on exercise of options R000	Total R000
2006							
Executive							
G T Lewis	–	1 425	248	178	20	3 084	4 955
Non-executive							
M E Beckett	172	–	–	–	–	–	172
N J Dlamini	138	–	–	–	–	–	138
R Havenstein	104	–	–	–	–	–	104
E T Kgosi	106	–	–	–	–	–	106
R G Mills	99	–	–	–	–	–	99
E Molobi	96	–	–	–	–	–	96
T M G Sexwale	139	–	–	–	–	–	139
R H H van Kerckhoven	106	–	–	–	–	–	106
B R van Rooyen	187	–	–	–	–	–	187
M J Willcox	90	–	–	–	–	–	90
	1 237	1 425	248	178	20	3 084	6 192
2005							
Executive							
G T Lewis*	–	449	–	56	5	204	714
Non-executive							
M E Beckett	172	–	–	–	–	–	172
N J Dlamini	79	–	–	–	–	–	79
D T G Emmett	13	–	–	–	–	–	13
R Havenstein	121	–	–	–	–	–	121
E T Kgosi	63	–	–	–	–	–	63
R G Mills	90	–	–	–	–	–	90
E Molobi	145	–	–	–	–	–	145
T M G Sexwale	200	–	–	–	–	–	200
R H H van Kerckhoven	107	–	–	–	–	–	107
B R van Rooyen	187	–	–	–	–	–	187
M J Willcox	89	–	–	–	–	–	89
	1 266	449	–	56	5	204	1 980

Details of gains made by directors on the exercise of options are disclosed in Annexure 1 on page 99.

*Appointed CEO on 1 March 2005

SERVICE CONTRACTS

The chief executive officer, Mr G T Lewis, has a service contract with the company which is subject to a notice period of one year. None of the other directors has a service contract with the company.

Directors' interests

According to information available to the company after reasonable enquiry, the interests of the directors and their families in the shares of the company at 30 June 2006 were as follows:

	Direct beneficial holding	Indirect beneficial holding	Indirect non-beneficial holding	Total
2006				
M E Beckett	30 000	–	–	30 000
T M G Sexwale	–	80 804	2 004 180	2 084 984
R H H van Kerckhoven	5 145	–	–	5 145
B R van Rooyen	–	37 462	–	37 462
M J Willcox	–	80 804	479 059	559 863
	35 145	199 070	2 483 239	2 717 454
2005				
M E Beckett	30 000	–	–	30 000
T M G Sexwale	–	851	2 306 788	2 307 639
R H H van Kerckhoven	5 145	–	–	5 145
B R van Rooyen	37 462	–	–	37 462
M J Willcox	–	426	687 860	688 286
	72 607	1 277	2 994 648	3 068 532

At 30 June 2006, there were no direct non-beneficial holdings by directors.

Since 30 June 2006 and up to the 16 August 2006, there have been no changes to the directors' shareholdings.

Analysis of shareholders at 30 June 2006

	Number of holders	Total shareholding	Percentage holding
Shareholding range			
1 – 5 000	5 242	5 005 082	2.1
5 001 – 10 000	279	2 130 499	0.9
10 001 – 50 000	343	7 838 837	3.3
50 001 – 100 000	77	5 418 445	2.3
100 001 – 1 000 000	159	49 097 932	20.8
1 000 001 and over	27	166 512 205	70.6
Total	6127	236 003 000	100.0
Category of shareholder			
Individuals	5 922	15 033 356	6.4
Companies	2	104 841 230	44.4
Managed funds and other bodies	203	116 128 414	49.2
Total	6127	236 003 000	100.0

Major shareholders at 30 June 2006

	Number of shares	Percentage holding
Owner		
Anglo Platinum Limited	53 102 925	22.5
Mvelaphanda Resources Limited	51 738 305	21.9
Fund manager		
Allan Gray Limited	52 101 009	22.1
Foord Asset Management Limited	8 580 618	3.6

Shareholder spread at 30 June 2006

The company's shareholder spread is set out below.

	Number of shareholders	Percentage holding
Public	6 120	55.49
Non-public		
– Directors	5	0.09
– Other (any who fall outside the scope of the above)	2	44.42
Total	6 127	100.00

Northam Platinum Restoration Trust Fund (the 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 6 and 10 of the notes to the financial statements. In addition, 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 10 of the notes to the financial statements and has registered a bond over certain areas of its property in favour of the Fund in order to secure payment of its obligations.

Subsidiary

During the year the company acquired the total issued share capital of AKP Trading 58 (Proprietary) Limited (AKP) which is to be used to hold the stands purchased for purposes of the company's housing scheme. The name of AKP was subsequently changed to Norplats Properties (Proprietary) Limited.

Special resolutions

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

Going concern

Mining entities have a finite life that depends on geological and technical factors as well as commodity prices and other economic factors. Taking account of the outlook for these factors as contained in the chairman and chief executive's review, as well as the group's present financial resources, the directors believe that the group is a going concern. Details of the key assumptions made are set out in note 1 of the notes to the financial statements. The group 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 the inside back cover of this report.

Listing

The company's shares are listed in the Basic Resources – Mining [Platinum and Precious Metals] sector of the JSE .

Post balance sheet events

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

1 BASIS OF PREPARATION

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 (IFRS) issued by the International Accounting Standards Board and the South African Companies Act.

The financial statements incorporate the following accounting policies which have been applied on a basis consistent with the previous year, with the exception of the policies adopted during the year as more fully set out below in accounting policy note 1.1.

The preparation of financial statements in conformity with IFRS requires that management and the board exercise their judgement in the process of applying the company's accounting policies. It also requires the use of certain critical economic and other estimates. The areas requiring a high degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in Note 1 to the financial statements.

1.1 New accounting policies adopted

During the year the group adopted the following policies in response to changes in IFRS:

a) Property plant and equipment
In terms of the revisions to IAS 16 - Property, Plant and Equipment, the group has determined the depreciation charge separately for each significant component of property, plant and equipment and reviews the residual values and useful lives of property, plant and equipment at least annually.

The adoption of these revisions has had no material effect of the earnings of the group.

b) Related party disclosures
In terms of the revisions to IAS 24 – Related Party Disclosures, related parties comprise entities that can have a significant influence over the group by virtue of their shareholding in the company, entities who have as directors persons who are also directors of the group, as well as key management personnel of the group.

Details reflecting the nature of the relationship, the nature of the transaction, the value of the transactions undertaken during the year as well as the period end balances with the identified related parties are disclosed in Annexure 2 to the Annual Financial Statements.

c) Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

The group has adopted IFRIC 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds, which has as its objective the determination of the accounting treatment in the financial statements of a contributor for interests arising from decommissioning funds that have as features the separate administration, either by being held in a separate legal entity or as segregated assets within another entity, and a restriction of the right to access to the assets.

The adoption has the effect that the Northam Platinum Restoration Trust Fund is now consolidated, with the cash deposits held by the Trust being reflected as non-current assets.

1.2 New accounting policies not yet adopted

The group has not yet adopted the new IFRS standards, IFRIC interpretations or revisions to existing IFRS standards as set out in the accompanying table:

Standard	Revised/Issued	Effective date *	Description	Impact
IAS 39	April 2005	1 January 2006	Financial Instruments – Recognition and Measurement	This standard provides guidance on, inter alia, hedging the foreign currency risks of a forecast intragroup transaction, adjustments to the fair value of financial instruments after initial recognition and the issue of financial guarantees. The adoption of the standard will have no material effect on the group's financial statements.
IFRS 6	December 2004	1 January 2006	Exploration for and Evaluation of Mineral Resources	This standard provides guidance on accounting for exploration expenditure, including the recognition of exploration and evaluation assets. The adoption of the standard will have no material effect on the group's financial statements.
IFRS 7	August 2005	1 January 2007	Financial Instruments – Disclosures	The standard requires disclosure of the significance of financial instruments for an entity's financial position and performance. Disclosure is also required of the qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The adoption of the standard will affect the Group's disclosure of its financial instruments.
IFRIC 4	December 2004	1 January 2006	Determining whether an Arrangement contains a Lease	This interpretation statement gives guidance on determining whether arrangements, which do not take the legal form of a lease, should be accounted for in terms of IAS 17 – Leases. The adoption of the statement will currently have no material affect on the group's financial statements.
IFRIC 8	January 2006	1 May 2006	Scope of IFRS 2	This interpretation statement applies to transactions when the identifiable consideration received (or to be received) by the entity, including cash and the fair value of identifiable non cash consideration (if any), appears to be less than the fair value of the equity instruments granted or liability incurred. The adoption of the statement will have no material effect on the group's financial statements.
IFRIC 9	March 2006	1 June 2006	Reassessment of Embedded Derivatives	This interpretation statement clarifies certain aspects of the treatment of embedded derivatives. The adoption of the statement will have no material effect on the financial statements.
IFRIC 10	July 2006	1 November 2006	Interim Reporting and Impairment	This interpretation statement provides clarification on impairments recognised in interim reporting periods in relation to goodwill, investments in equity instruments or financial assets carried at cost. The adoption of the statement will have no material effect on the group's financial statements.
AC 503	April 2006	1 May 2006	Accounting for Black Economic Empowerment (BEE) transactions	This standard sets out the basis of accounting for BEE transactions, including the recognition of BEE credentials arising from the transaction. The adoption of the standard will currently have no material effect on the financial statements.

* The standards are effective for financial years beginning on or after these dates.

2 Consolidation

The consolidated financial statements include the results and financial position of Northam Platinum Limited and its subsidiary. The results of any subsidiary acquired or disposed of during the year are included from the date control was obtained and up to the date control ceased to exist. Where an acquisition of a subsidiary is made during the financial year, any excess or deficit of the purchase price compared to the fair value of the attributable net identifiable assets is recognised respectively as goodwill or in profit or loss and accounted for as described in the goodwill accounting policy note 3.

The subsidiary adopts the same accounting policies and year end as those used by Northam Platinum Limited, and all intra-group transactions and balances are eliminated on consolidation.

Investments in subsidiaries in the accounts of the company are recognised at cost.

3 Goodwill

Goodwill arising on the acquisition of a subsidiary or jointly controlled entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Impairment is determined by assessing the fair value less costs to sell of the subsidiaries' assets. Where the fair value less costs to sell is less than the carrying value, an impairment loss is recognised.

Goodwill is tested for impairment annually or more frequently if events or circumstances suggest that it might be impaired and an impairment loss recognised is not reversed in a subsequent period.

On disposal of a subsidiary or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4 Property, plant and equipment

4.1 Mining assets

Mining assets are recorded at cost of acquisition less accumulated depreciation and accumulated impairment losses.

4.2 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 (currently estimated at 16 years), based on measured and indicated resources which are revised annually.

4.3 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, which are revised annually, or their expected useful lives.

Where items of plant and equipment comprise separate, identifiable components that have differing lives, such components are depreciated according to their useful lives.

Research costs associated with the design of new items of plant and equipment, or improvements to existing items of plant and equipment, are expensed when incurred.

Items of property, plant and equipment that are withdrawn from use, or have no reasonable prospect of being recovered through use or sale, are regularly identified and written off.

4.4 Decommissioning asset

The decommissioning asset is depreciated on a straight-line basis over the estimated economic life of the mine based on measured and indicated resources which are revised annually.

The decommissioning asset is recognised as set out in the decommissioning provision accounting policy note 10.1.1

4.5 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 which are revised annually.

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

4.6 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.

4.7 Land

Land is recorded at cost of acquisition less accumulated impairment losses.

4.8 Impairment

At each reporting date, the company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount charging against income. The recoverable amount is the higher of value in use and net realizable 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.

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

5 TOWNSHIP LAND AND DEVELOPMENT

Township land and development is initially recognised at cost, being the fair value of the consideration given and including acquisition charges. Where the fair value less costs to sell is less than the carrying value, an impairment loss is recognised.

Cost is determined on the basis of land acquisition, development and housing construction cost.

6 FINANCIAL INSTRUMENTS

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

6.1 Investments

Investments are initially recognised at the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as held for trading and available-for-sale, are re-measured at fair value. Gains or losses on investments held for trading are recognised in income. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired.

6.2 Accounts receivable

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

6.3 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 the fair value of the consideration given 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.

6.4 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.

6.5 Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

6.6 Derivative instruments

In the ordinary course of its operations, the group is exposed to fluctuations in metal prices, exchange rates and changes in interest rates. The group 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 price and exchange rate exposures. The group does not speculate, acquire, hold or issue derivative instruments for trading purposes, and does not apply hedge accounting.

Derivatives are initially measured at fair value 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 income/(expenditure).
- Gains and losses on all other contracts not spanning a financial reporting date are recognised and included in net sundry income at the time that the contracts expire.

7 Commodity contracts

Contracts that are entered into and continue to meet the group'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.

8 Inventories

8.1 Stores

Stores consist of consumable and maintenance stores and are valued at the lower of cost or net realizable value. Cost is determined on the weighted average cost basis. Stores are under continual review and are written down in regard to age, condition and utility.

8.2 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 realizable 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.

Other metals are accounted for as by-products and are not valued.

9 Deferred tax

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

Deferred tax is not recognised on the initial recognition of goodwill or of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit; and, in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the forseeable future.

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.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

10 Provisions

10.1 Environmental rehabilitation provisions

10.1.1 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 decommissioning asset is recognised, otherwise the costs are charged to the income statement.

The estimates are discounted at a pre-tax discount 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 a borrowing cost. Other changes in the carrying value of the provision subsequent to initial recognition are included in the determination of the carrying value of the decommissioning asset.

10 PROVISIONS (CONTINUED)

10.1 Environmental rehabilitation provisions (continued)

10.1.2 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 discount 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 a borrowing cost.

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.

10.1.3 Environmental rehabilitation fund

The group makes annual contributions to a dedicated trust fund, the Northam Platinum Restoration Trust Fund ("the Fund"), to fund the expenditure on future decommissioning and restoration. Income earned by the fund is credited to the group's income statement in the period to which it relates.

In terms of IFRIC 5 the Fund is consolidated.

The assets of the Fund are separately administered and the group's right of access to these funds is restricted.

10.2 Other provisions

Provisions are recognised where the group 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.

11 FOREIGN CURRENCIES

The functional and presentation currency of the group is the South African rand. 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 unrealized, are credited to or charged against income.

12 REVENUE RECOGNITION

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

12.1 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.

12.2 Revenue from the sale of township land

Revenue from the sale of township land which is sold under suspensive sale agreements is recognised when the substantial risks and rewards of ownership have been assigned to the purchaser.

12.3 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.

13 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 metal inventories.

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

14 BORROWING COSTS

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

15 EMPLOYEE BENEFITS

15.1 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.

15.2 Equity compensation plans

Options granted to employees in terms of the rules of the Northam Share Option Scheme ("the Scheme") are valued at the grant date using the Binomial Model. The value so determined is recognised as an expense, together with a corresponding increase in equity, evenly over the period between the grant date and the date on which the relevant employees become fully entitled to the award ('vesting date.')

The cumulative expense recognised for these options at each reporting date until the vesting date reflects the best estimate of value attributable to the number of options that will ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Where employees exercise options in terms of the rules of the 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.

15.3 Retirement benefits

Eligible employees are members of various defined contribution schemes.

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

15.4 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.

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

16 Leases

A financial lease transfers substantially all the risks and rewards of ownership of an asset to the group.

Assets subject to financial leases are capitalised as property, plant and equipment at fair value of the leased asset at inception of the lease, with the related lease obligation recognised at the same amount. Capitalised leased assets are depreciated over their estimated useful lives.

Financial lease payments are allocated between finance costs and the capital repayment, using the effective interest rate method.

Operating lease rentals are recognised as an expense in the income statement on a straight line basis over the period of the lease.

17 Taxation

17.1 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 enacted or substantially enacted tax rates, at the balance sheet date.

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

17.2 Deferred tax

Deferred tax is provided at enacted or substantially enacted tax rates, as more fully set out in note 9 – Deferred tax, of the accounting policies.

17.3 Secondary tax on companies

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

18 Dividends declared

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

BALANCE SHEETS

AS AT 30 JUNE 2006

	Note	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company
ASSETS					
Non current assets					
Property, plant and equipment	2	**1 481 901**	1 390 586	**1 481 901**	1 390 586
Township land and development	3	**6 602**	–	**–**	–
Subsidiary	4			**6 539**	–
Available for sale investments	5	**6**	107	**6**	107
Investments held by Northam Platinum Restoration Trust Fund	6	**16 393**	14 443	**16 393**	14 443
		1 504 902	1 405 136	**1 504 839**	1 405 136
Current assets		**1 231 073**	835 187	**1 230 266**	835 187
Inventories	7	**280 372**	246 302	**280 372**	246 302
Accounts receivable	24	**119 415**	83 003	**118 972**	83 003
Cash and cash equivalents		**831 286**	505 882	**830 922**	505 882
Total assets		**2 735 975**	2 240 323	**2 735 105**	2 240 323
EQUITY AND LIABILITIES					
Share capital	8	**2 018 786**	1 954 733	**2 018 786**	1 954 733
Equity compensation reserve		**22 788**	16 674	**22 788**	16 674
Accumulated loss		**(44 401)**	(374 654)	**(44 282)**	(374 654)
Total equity		**1 997 173**	1 596 753	**1 997 292**	1 596 753
Non-current liabilities		**382 781**	347 854	**382 829**	347 854
Deferred tax	9	**357 632**	325 298	**357 680**	325 298
Long term provisions	10	**25 149**	22 556	**25 149**	22 556
Current liabilities		**356 021**	295 716	**354 984**	295 716
Accounts payable		**186 380**	185 653	**185 343**	185 653
Tax		**169 641**	110 063	**169 641**	110 063
Total equity and liabilities		**2 735 975**	2 240 323	**2 735 105**	2 240 323

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	**2006 R000 Group**	2005 R000 Group	**2006 R000 Company**	2005 R000 Company
Total revenue	11	**2 435 975**	1 584 609	**2 435 973**	1 584 609
Sales revenue	24	**2 386 326**	1 554 501	**2 386 326**	1 554 501
Cost of sales		**1 375 377**	1 283 055	**1 375 377**	1 283 055
– operating costs	12	**1 242 970**	1 121 556	**1 242 970**	1 121 556
– concentrate purchased		**–**	20 075	**–**	20 075
– refining and other costs		**59 520**	57 222	**59 520**	57 222
– depreciation and impairments	13	**114 713**	103 646	**114 713**	103 646
– change in metal inventories		**(41 826)**	(19 444)	**(41 826)**	(19 444)
Operating profit		**1 010 949**	271 446	**1 010 949**	271 446
Investment income	14	**39 075**	29 269	**39 072**	29 269
Net sundry income	15	**19 820**	75 367	**19 990**	75 367
Profit before tax		**1 069 844**	376 082	**1 070 011**	376 082
Tax	16	**366 606**	127 569	**366 654**	127 569
Net profit attributable to shareholders		**703 238**	248 513	**703 357**	248 513
		Cents	Cents	**Cents**	Cents
Earnings per share	17	**300.9**	107.3	**301.0**	107.3
Fully diluted earnings per share	17	**293.6**	106.9	**293.6**	106.9
Headline earnings per share	17	**300.9**	107.3	**300.9**	107.3
Fully diluted headline earnings per share	17	**293.5**	107.0	**293.5**	107.0
Dividends per share		**160.0**	85.0	**160.0**	85.0

Statements of changes in equity

for the year ended 30 June 2006

	Share capital R000	Share premium R000	Equity compensation reserve R000	Accumulated loss R000	**Total R000**
Group					
Balance at 1 July 2004	2 315	1 994 444	13 228	(426 345)	**1 583 642**
Credit in respect of share based payments			3 446		**3 446**
Net profit attributable to shareholders				248 513	**248 513**
Dividends distributed				(196 822)	**(196 822)**
Repayment of share premium		(46 310)			**(46 310)**
Issue of new shares	5	4 279			**4 284**
Balance at 30 June 2005	2 320	1 952 413	16 674	(374 654)	**1 596 753**
Credit in respect of share based payments			7 009		**7 009**
Net profit attributable to shareholders				703 238	**703 238**
Adjustment in respect of equity compensation reserve			(895)	895	**–**
Dividends distributed				(373 880)	**(373 880)**
Issue of new shares	40	64 013			**64 053**
Balance at 30 June 2006	2 360	2 016 426	22 788	(44 401)	**1 997 173**
Note	8	8			
Company					
Balance at 1 July 2004	2 315	1 994 444	13 228	(426 345)	**1 583 642**
Credit in respect of share based payments			3 446		**3 446**
Net profit attributable to shareholders				248 513	**248 513**
Dividends distributed				(196 822)	**(196 822)**
Repayment of share premium		(46 310)			**(46 310)**
Issue of new shares	5	4 279			**4 284**
Balance at 30 June 2005	2 320	1 952 413	16 674	(374 654)	**1 596 753**
Credit in respect of share based payments			7 009		**7 009**
Net profit attributable to shareholders				703 357	**703 357**
Adjustment in respect of equity compensation reserve			(895)	895	**–**
Dividends distributed				(373 880)	**(373 880)**
Issue of new shares	40	64 013			**64 053**
Balance at 30 June 2006	2 360	2 016 426	22 788	(44 282)	**1 997 292**
Note	8	8			

Cash flow statements

for the year ended 30 June 2006

	Note	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company
Cash flows from operating activities		**849 226**	378 696	**848 799**	378 696
Cash generated from operations	18	**1 155 750**	457 685	**1 155 920**	457 685
Interest income		**37 925**	28 209	**37 922**	28 209
Change in working capital	19	**(69 755)**	(3 114)	**(70 349)**	(3 114)
Tax paid	20	**(274 694)**	(104 084)	**(274 694)**	(104 084)
Cash flows utilised in investing activities		**(212 045)**	(133 708)	**(211 982)**	(133 708)
Property, plant and equipment					
– additions to maintain operations		**(210 512)**	(138 873)	**(210 512)**	(138 873)
– disposals proceeds		**4 839**	5 157	**4 839**	5 157
Township land and development		**(6 602)**	–	**–**	–
Investments					
– subsidiary				**(6 539)**	–
– disposals proceeds		**230**	8	**230**	8
Cash flows utilised in financing activities		**(311 777)**	(240 728)	**(311 777)**	(240 728)
Proceeds from issue of shares		**64 053**	4 284	**64 053**	4 284
Share premium repaid		**–**	(46 310)	**–**	(46 310)
Dividends paid		**(373 880)**	(196 822)	**(373 880)**	(196 822)
Increase in investments held by Northam Platinum Restoration Trust Fund		**(1 950)**	(1 880)	**(1 950)**	(1 880)
Net increase in cash and cash equivalents		**325 404**	4 260	**325 040**	4 260
Cash and cash equivalents at beginning of year		**505 882**	501 622	**505 882**	501 622
Cash and cash equivalents at end of year		**831 286**	505 882	**830 922**	505 882

		2006	2005	**2006**	2005
		R000	R000	**R000**	R000
		Group	Group	**Company**	Company

1. KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

In order to determine the carrying value of certain assets and liabilities, discussed below, the company makes certain economic and other assumptions.

These assumptions are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

1.1 Impairment

The nature of the company's operations is such that it is regarded as a single cash generating unit. The company tests whether the operation has suffered any impairment, in accordance with the accounting policy disclosed in Accounting Policy 4.8. The recoverable amount has been determined based on value in use calculations. These calculations require the use of estimates of future commodity prices and exchange rates. These estimates are based on managements interpretation of market forecasts.

The main assumptions include:

		2006 Group	2005 Group	2006 Company	2005 Company
– long term platinum price	US$ per ounce	**900**	750	**900**	750
– long term exchange rate	US$ = R	**6.50**	6.60	**6.50**	6.60
– long term real discount rate	%	**5.30**	5.30	5.30	5.30

1.2 Provisions

The net present value of current decommissioning and restoration costs are based on the following assumptions:

		2006 Group	2005 Group	2006 Company	2005 Company
– long term inflation rate for South Africa	%	**4.50**	5.00	**4.50**	5.00
– long term real discount rate	%	**5.30**	5.30	**5.30**	5.30

	30 June 2006				
	Mining properties R000	Plant and equipment R000	Decommis-sioning asset R000	Motor vehicles R000	**Total R000**

2. Property, Plant and Equipment Group and Company

	Mining properties R000	Plant and equipment R000	Decommis-sioning asset R000	Motor vehicles R000	**Total R000**
Property, Plant and Equipment					
– at cost	263 004	2 653 578	12 229	11 025	**2 939 836**
– accumulated depreciation	79 338	1 372 270	3 397	2 930	**1 457 935**
	183 666	1 281 308	8 832	8 095	**1 481 901**
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	195 098	1 177 559	9 169	8 760	**1 390 586**
– additions		204 634		5 878	**210 512**
– present value of decommissioning asset capitalised (note 10)			209		**209**
– disposals		(640)		(6 629)	**(7 269)**
– depreciation charged for the year	(11 432)	(100 885)	(546)	(1 850)	**(114 713)**
– depreciation on disposals during the year		640		1 936	**2 576**
– balance at end of year	183 666	1 281 308	8 832	8 095	**1 481 901**

Certain freehold 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 6).

	30 June 2005				
	Mining properties R000	Plant and equipment R000	Decommis-sioning asset R000	Motor vehicles R000	**Total R000**
Property, plant and equipment					
– at cost	263 003	2 449 569	12 020	11 792	**2 736 384**
– accumulated depreciation	67 905	1 272 010	2 851	3 032	**1 345 798**
	195 098	1 177 559	9 169	8 760	**1 390 586**
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	206 530	1 134 703	5 029	9 503	**1 355 765**
– additions		132 036		6 837	**138 873**
– present value of decommissioning asset capitalised (note 10)			4 679		**4 679**
– disposals				(7 872)	**(7 872)**
– depreciation charged for the year	(11 432)	(89 180)	(539)	(2 495)	**(103 646)**
– depreciation on disposals during the year				2 787	**2 787**
– balance at end of year	195 098	1 177 559	9 169	8 760	**1 390 586**

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company
3. TOWNSHIP DEVELOPMENT				
Township development comprising residential erven in Mojuteng Township, Northam, District of Thabazimbi.	**6 602**	–	**–**	–
Included therein is the purchase price of certain erven in the course of transfer into the name of the company's subsidiary.				
4. SUBSIDIARY				
Shares at cost			**–**	–
Loan advanced			**6 539**	–
			6 539	–
The loan is interest free and is repayable out of surplus cash funds.				
5. AVAILABLE FOR SALE INVESTMENTS				
Fair value	**6**	107	**6**	107
The investments, comprising equity investments in various mining industry service organisations, are valued by the directors at R6 000 (2005 – R107 000)				
6. INVESTMENTS HELD BY 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	**14 443**	12 563	**14 443**	12 563
– contributions made during the year	**800**	820	**800**	820
– net income earned during the year (note 14)	**1 150**	1 060	**1 150**	1 060
– balance at end of year	**16 393**	14 443	**16 393**	14 443

The assets of the Fund are separately administered and the group's right of access to these funds is restricted.

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

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company

7. Inventories

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company
Metals on hand and in transit – at cost	**250 788**	208 962	**250 788**	208 962
Consumable stores – at average cost	**29 584**	37 340	**29 584**	37 340
	280 372	246 302	**280 372**	246 302

The cost of sales figure disclosed in the income statement approximates the cost of inventory expensed during the period

8. Share capital

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company
Authorised				
350 000 000 (2005: 350 000 000) shares of 1 cent each	**3 500**	3 500	**3 500**	3 500
Issued				
236 003 000 (2005: 231 968 500) shares of 1 cent each	**2 360**	2 320	**2 360**	2 320
Share premium	**2 016 426**	1 952 413	**2 016 426**	1 952 413
	2 018 786	1 954 733	**2 018 786**	1 954 733

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.

9. Deferred tax

The principal components of the deferred tax are as follows:

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company
Deferred tax liabilities				
– property, plant and equipment	**369 027**	339 604	**369 027**	339 604
– metal inventory	**7 514**	3 640	**7 514**	3 640
– accounts receivable	**–**	37	**–**	37
	376 541	343 281	**376 541**	343 281
Deferred tax assets				
– estimated tax losses available for set-off against future taxable income	**48**	–	**–**	–
– employee benefits	**14 535**	13 645	**14 535**	13 645
– other accounts payable	**–**	532	**–**	532
– decommissioning and environmental restoration provisions	**4 326**	3 806	**4 326**	3 806
	18 909	17 983	**18 861**	17 983
Net deferred tax liability	**357 632**	325 298	**357 680**	325 298

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company
9. DEFERRED TAX (CONTINUED)				
The charge/(credit) in the deferred tax balance is reconciled as follows:				
Deferred tax liability at beginning of year	**325 298**	332 395	**325 298**	332 395
– charge/(credit) for the year (per note 16)	**32 334**	(7 097)	**32 382**	(7 097)
– temporary differences in respect of property, plant and equipment	**29 423**	466	**29 423**	466
– depreciation component included in metals on hand and in transit	**3 874**	(1 852)	**3 874**	(1 852)
– temporary difference in respect of accounts receivable	**(37)**	(1 186)	**(37)**	(1 186)
– estimated tax losses available for set-off against future income	**(48)**	–	**–**	–
– temporary difference in respect of employee benefits	**(890)**	(963)	**(890)**	(963)
– temporary difference in respect of other accounts payable	**532**	(532)	**532**	(532)
– temporary difference in respect of long-term provisions	**(520)**	(3 030)	**(520)**	(3 030)
Net deferred tax liability at end of year	**357 632**	325 298	**357 680**	325 298
10. LONG TERM PROVISIONS				
Provision for decommissioning costs				
– balance at beginning of year	**19 593**	13 489	**19 593**	13 489
– present value of decommissioning asset capitalised (note 2)	**209**	12	**209**	12
– adjustment arising from change in discount rate (note 2)	**–**	4 667	**–**	4 667
– unwinding of discount (note 12)	**1 038**	715	**1 038**	715
– charged to operating costs (note 12)	**1 032**	710	**1 032**	710
– balance at end of year	**21 872**	19 593	**21 872**	19 593
Provision for restoration costs				
– balance at beginning of year	**2 963**	1 662	**2 963**	1 662
– adjustment arising from change in discount rate (note 12)	**–**	1 088	**–**	1 088
– unwinding of discount (note 12)	**157**	88	**157**	88
– charged to operating costs (note 12)	**157**	125	**157**	125
– balance at end of year	**3 277**	2 963	**3 277**	2 963
Environmental rehabilitation obligations at year end	**25 149**	22 556	**25 149**	22 556
Environmental rehabilitation obligation before funding	**25 149**	22 556	**25 149**	22 556
Less: Investments held by Northam Platinum Restoration Trust Fund (note 6)	**16 393**	14 443	**16 393**	14 443
Net unfunded environmental obligations	**8 756**	8 113	**8 756**	8 113

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company
10. Long term provisions (continued)				
Future value of decommissioning obligations	**47 459**	44 766	**47 459**	44 766
Future value of restoration obligations	**7 109**	6 770	**7 109**	6 770
Future value of rehabilitation obligation	**54 568**	51 536	**54 568**	51 536

The future value of the environmental rehabilitation obligation will be paid over to the Northam Platinum Restoration Trust Fund (note 6) over the remaining life of the mine, which is currently estimated at 16 years.

The present value of the environmental restoration obligation is determined by applying a real pre-tax discount rate of 5.3% over the remaining life of the mine.

In addition the company has procured the issue of an insurance guarantee for R18.2 million in respect of certain unfunded decommissioning and restoration costs.

11. Total revenue

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company
Total revenue comprises:				
– sales revenue	**2 386 326**	1 554 501	**2 386 326**	1 554 501
– investment income	**39 074**	29 269	**39 072**	29 269
– sundry revenue	**10 575**	839	**10 575**	839
	2 435 975	1 584 609	**2 435 973**	1 584 609

12. Operating costs

Operating costs comprise mining and concentrating costs, excluding depreciation, and consist of the following principal categories:

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company
– labour	**557 054**	501 364	**557 054**	501 364
– stores	**421 051**	370 431	**421 051**	370 431
– utilities	**99 426**	87 015	**99 426**	87 015
– sundries	**163 055**	160 020	**163 055**	160 020
– provision for decommissioning and restoration costs (note 10)				
– unwinding of discount	**1 195**	803	**1 195**	803
– inflation adjustment	**1 189**	835	**1 189**	835
– adjustment arising from change in discount rate	**–**	1 088	**–**	1 088
	1 242 970	1 121 556	**1 242 970**	1 121 556

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company
12. OPERATING COSTS (CONTINUED)				
Operating costs include the following:				
External auditors remuneration				
– current year	**800**	665	**780**	665
– other services	**276**	–	**276**	–
– expenses	**36**	15	**36**	15
Internal audit fees				
– current year	**797**	704	**797**	704
– expenses	**22**	40	**22**	40
Directors' remuneration				
– non executive fees	**1 237**	1 306	**1 237**	1 306
– executive remuneration	**4 955**	714	**4 955**	714
Equity compensation charges	**7 009**	3 446	**7 009**	3 446
Operating lease rentals				
– office equipment	**260**	275	**260**	275
– premises	**334**	477	**334**	477

Details of directors' remuneration are contained in the directors' report on page 70.

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company
13. DEPRECIATION AND IMPAIRMENTS				
Depreciation of mining properties, plant and equipment consists of the following:				
– mining property	**11 432**	11 432	**11 432**	11 432
– plant and equipment	**100 885**	89 180	**100 885**	89 180
– decommissioning asset	**546**	539	**546**	539
– vehicles	**1 850**	2 495	**1 850**	2 495
	114 713	103 646	**114 713**	103 646
14. INVESTMENT INCOME				
Investment income consists of the following:				
– interest received	**37 925**	28 209	**37 922**	28 209
– growth in Northam Platinum Restoration Trust Fund (note 6)	**1 150**	1 060	**1 150**	1 060
	39 075	29 269	**39 072**	29 269

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company

15. Net sundry income

	2006 Group	2005 Group	2006 Company	2005 Company
Net sundry income/(expenditure) is arrived at as follows:				
– business interruption claim	**–**	75 940	**–**	75 940
– foreign currency hedging gains/(loss) – realised	**531**	1 448	**531**	1 448
– foreign currency hedging gains/(loss) – unrealized	**–**	(1 836)	**–**	(1 836)
– foreign currency transaction gains/(loss)	**7 634**	(1 924)	**7 634**	(1 924)
– metal hedging gains/(loss) – realised	**(12)**	649	**(12)**	649
– metal hedging gains/(loss) – unrealized	**–**	127	**–**	127
– profit/(loss) on sale of unlisted investments	**129**	(66)	**129**	(66)
– profit on sale of property, plant and equipment	**146**	72	**146**	72
– other	**817**	118	**987**	118
– sundry revenue				
– rent received	**817**	839	**817**	839
– royalties received from chrome recovery plant	**2 191**	–	**2 191**	–
– toll treatment revenue	**7 567**	–	**7 567**	–
	19 820	75 367	**19 990**	75 367

16. Tax

	2006 Group	2005 Group	2006 Company	2005 Company
Current	**334 272**	134 666	334 272	134 666
Deferred	**32 334**	(7 097)	32 382	(7 097)
	366 606	127 569	366 654	127 569
The tax charge comprises:				
– mining tax	**306 291**	94 651	306 291	94 651
– non mining tax	**13 424**	8 315	13 472	8 315
– capital gains tax	**19**	–	19	–
– secondary tax on companies	**46 735**	24 603	46 735	24 603
– adjustment in respect of previous years	**137**	–	137	–
	366 606	127 569	366 654	127 569
A reconciliation of the standard rate of South African tax compared with that charged in the income statement is set out below:	**%**	%	**%**	%
– South African normal tax	**29.0**	29.0	**29.0**	29.0
– secondary tax on companies	**4.4**	6.5	**4.4**	6.5
	33.4	35.5	**33.4**	35.5
– expenditure disallowed	**0.4**	0.4	**0.4**	0.4
– permanent differences	**0.5**	0.8	**0.5**	0.8
– change in tax rate	**–**	(2.9)	**–**	(2.9)
– other	**–**	0.1	**–**	0.1
– effective tax rate	**34.3**	33.9	**34.3**	33.9
Amounts which are available for offset against future taxable income				
– calculated losses for which a deferred tax asset has been raised	**167**	–	**–**	–

	2006 **R000** **Group**	2005 R000 Group	**2006** **R000** **Company**	2005 R000 Company

16. TAX (CONTINUED)

16.1 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 R420 313 000 (2005: R685 530 000) at 30 June 2006.

16.2 Mining tax

The current rate of mining tax applicable to the company is 29%

16.3 Non-mining tax

Non-mining income is subject to a rate of 29%

16.4 Deferred tax

Deferred tax is provided at the statutory rate of 29% for all temporary differences.

16.5 Secondary tax on companies

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

16.6 Capital gains tax

Capital gains tax, at an effective rate of 14.5%, is payable on any gains realised on the disposal of investments or mining properties.

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company

17. Earnings per share

Earnings per share is based on net profit attributable to shareholders and a weighted average of 233 704 034 (2005: 231 577 747) shares in issue during the year.

Headline earnings per share are based on headline earnings and are reconciled to net profit attributable to shareholders as follows:

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company
Net profit attributable to shareholders	**703 238**	248 513	**703 357**	248 513
Profit on sale of property, plant and equipment	**(146)**	(72)	**(146)**	(72)
Profit on disposal of unlisted investments	**(129)**	66	**(129)**	66
Tax effect	**61**	21	**42**	21
Headline earnings	**703 024**	248 528	**703 124**	248 528

Fully diluted earnings per share are based on the net profit attributable to shareholders and the weighted average number of potential diluted shares in issue.

Fully diluted headline earnings per share are based headline earnings and the weighted average number of potential diluted shares in issue.

The number of potential diluted shares are calculated as follows:

	2006 Group	2005 Group	2006 Company	2005 Company
Weighted average number of ordinary shares in issue during the year	**233 704 034**	231 577 747	**233 704 034**	231 577 747
Average number of Northam Share Option Scheme options outstanding during the year	**5 838 627**	789 031	**5 838 627**	789 031
Weighted average number of potential diluted ordinary shares in issue	**239 542 661**	232 366 778	**239 542 661**	232 366 778

18. Cash generated from operations

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company
Profit before taxation	**1 069 844**	376 082	**1 070 011**	376 082
Adjusted for non-cash items				
– profit on disposal of unlisted investments	**(129)**	66	**(129)**	66
– profit on disposal of property, plant and equipment	**(146)**	(72)	**(146)**	(72)
– depreciation and impairments	**114 713**	103 646	**114 713**	103 646
– increase in long-term provisions	**2 384**	2 726	**2 384**	2 726
– equity compensation charges	**7 009**	3 446	**7 009**	3 446
Interest received	**(37 925)**	(28 209)	**(37 922)**	(28 209)
	1 155 750	457 685	**1 155 920**	457 685

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company
19. CHANGE IN WORKING CAPITAL				
Inventories	**(34 070)**	(23 115)	**(34 070)**	(23 115)
Accounts receivable	**(36 412)**	(3 797)	**(35 969)**	(3 797)
Accounts payable	**727**	23 798	**(310)**	23 798
	(69 755)	(3 114)	**(70 349)**	(3 114)
20. TAX PAID				
Balance owing at beginning of year	**110 063**	79 481	**110 063**	79 481
Charge per income statement, excluding deferred tax	**334 272**	134 666	**334 272**	134 666
Balance owing at end of year	**(169 641)**	(110 063)	**(169 641)**	(110 063)
	274 694	104 084	**274 694**	104 084
21. COMMITMENTS				
Capital expenditure – plant and equipment				
Authorised but not contracted	**170 105**	148 824	**170 105**	148 824
Contracted	**17 584**	35 826	**17 584**	35 826
Information Technology Outsource Service Providers				
Due within one year	**8 123**	9 351	**8 123**	9 351
Due within two to five years	**10 224**	18 920	**10 224**	18 920
Operating lease rentals – equipment				
Due within one year	**622**	186	**622**	186
Due within two to five years	**101**	178	**101**	178
Operating lease – premises				
Due within one year	**155**	142	**155**	142
Due within two to five years	**81**	236	**81**	236
Housing development				
Contracted	**2 843**	–	**–**	–

These commitments will be financed out of operating cash flows

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company

22. Employee benefits

The aggregate earnings and benefits of employees, including directors, were

– salaries, wages and other benefits	**458 880**	425 886	**458 880**	425 886
– contributions to retirement benefit funds	**44 610**	41 227	**44 610**	41 227
– contributions to health-care funds	**46 555**	30 805	**46 555**	30 805
– equity compensation charge	**7 009**	3 446	**7 009**	3 446
	557 054	501 364	**557 054**	501 364
– fees paid to non-executive directors	**1 237**	1 306	**1 237**	1 306
	558 291	502 670	**558 291**	502 670
– Included in salaries, wages and other benefits are the following amounts in respect of retrenchment benefits and termination costs	**1 154**	3 226	**1 154**	3 226

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.

Details of directors' remuneration are contained in the directors' report on page 70.

23. Related parties

The group, in the ordinary course of business, enters into various sale, purchase and lease transactions with a large number of entities, some of whom are related parties. All transactions were concluded on an arms length basis.

Details of transactions and period end balances with those entities identified as related parties are contained in Annexure 2 on page 100.

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company

24. 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 IAS 14, Segment Reporting, are given in the income statement, balance sheet and notes thereto. An analysis of sales revenue per metal is contained in the financial review on page 16.

Geographic segment: By location of customers:

	2006 R000 Group	2005 R000 Group	2006 R000 Company	2005 R000 Company
Segment revenue				
Europe	**882 799**	588 167	**882 799**	588 167
Japan	**620 021**	430 965	**620 021**	430 965
North America	**667 991**	364 440	**667 991**	364 440
South Africa	**215 515**	170 929	**215 515**	170 929
	2 386 326	1 554 501	**2 386 326**	1 554 501
Segment accounts receivable				
Europe	**13 639**	8 751	**13 639**	8 751
Japan	**6 734**	4 563	**6 734**	4 563
North America	**33 611**	19 816	**33 611**	19 816
South Africa	**65 431**	49 873	**64 988**	49 873
	119 415	83 003	**118 972**	83 003

25. Financial instruments

(a) Foreign currency risk management

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

The company did not enter into any hedging contracts during the year

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

25. Financial instruments (continued)

At year end the aggregate outstanding contracts were as follows:

	2006 Group	2005 Group	2006 Company	2005 Company
US Dollars – period	Not applicable	July 2005 to August 2005	Not applicable	July 2005 to August 2005
– average dollars hedged per month – US$ 000		3 000		3 000
– average contract exchange rate – US$ = R		6.32		6.32
– exchange rate at year end – US$ = R		6.69		6.69
– unrealized gain/(loss) recognised– R 000		(1 797)		(1 797)
Euros – period	Not applicable	August 2005 to November 2005	Not applicable	August 2005 to November 2005
– Euros hedged – 000		220		220
– contract rate – = R		8.32		8.32
– exchange rate at year end – = R		8.07		8.07
– unrealized loss – R 000		(39)		(39)

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

	R000	R000	R000	R000
– accounts receivable – US$	7 560	4 956	7 560	4 956
– cash and cash equivalents – US$	4 394	1 004	4 394	1 004
– accounts payable – €	868	941	868	941

Exchange rates at year end

Rand/Dollar	7.14	6.69	7.14	6.69
Rand/Euro	9.22	8.07	9.22	8.07

(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 IAS 39.

25. FINANCIAL INSTRUMENTS (CONTINUED)

At year end the aggregate outstanding contracts were as follows:

	2006 Group	2005 Group	**2006 Company**	2005 Company
Palladium				
– period	Not applicable	July 2005	Not applicable	July 2005
– quantity hedged – oz		1 000		1 000
– contract price – US$/oz		200.00		200.00
– fair value price at year end – US$/oz		181.31		181.31
– unrealized gain recognised – US$ 000		19		19
– R 000		127		127

(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 chief executive officer. 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 except for the investment in subsidiary which is carried at cost.

Analysis of options held as at 30 June 2006

Grant date **Earliest exercise date** **Expiry date**	**07 Nov 2000** **07 Nov 2002** **06 Nov 2005**	**20 Nov 2001** **20 Nov 2003** **19 Nov 2006**	**18 Nov 2002** **18 Nov 2004** **17 Nov 2007**	**23 Jan 2003** **23 Jan 2005** **22 Jan 2008**	**14 Oct 2003** **14 Oct 2005** **13 Oct 2008**	**14 Oct 2004** **14 Oct 2006** **13 Oct 2009**	**24 Oct 2005** **24 Oct 2007** **23 Oct 2010**	**Total**
Exercise price – R	13.50	10.50	19.25	16.55	10.60	8.30	17.00	
Balance at 30 June 2005	175 000	745 000	2 480 000	60 000	1 182 000	1 510 000	–	6 152 000
New options granted during the year	–	–	–	–	–	–	2 352 500	2 352 500
Options forfeited during the year	(18,000)	–	(80 000)	–	(42 000)	(90 000)	(90 000)	(320 000)
Options exercised during the year	(157 000)	(745 000)	(2 329 000)	(60 000)	(578 500)	(75 000)*	(90 000)*	(4 034 500)
Month								
July	–	–	–	–	–	–	–	–
August	–	(145 000)	–	–	–	–	–	(145 000)
September	–	(170 000)	–	–	–	–	–	(170 000)
October	(146 000)	(209 000)	–	–	(341 500)	–	–	(696 500)
November	(11 000)	(115 000)	–	–	(36 000)	–	–	(162 000)
December	–	(30 000)	–	–	(48 000)	–	–	(78 000)
January	–	–	–	–	–	–	–	–
February	–	(55 000)	(922 000)	(60 000)	(117 000)	(75 000)	(25 000)	(1 254 000)
March	–	(18 000)	(272 000)	–	(18 000)	–	(50 000)	(358 000)
April	–	(3 000)	(938 000)	–	(14 000)	–	(15 000)	(970 000)
May	–	–	(157 000)	–	(4 000)	–	–	(161 000)
June	–	–	(40 000)	–	–	–	–	(40 000)
Balance at 30 June 2006	–	–	71 000	–	561 500	1 345 000	2 172 500	4 150 000
Total consideration received (R000)	2 119	7 823	44 833	993	6 132	623	1 530	64 053
Details of options granted to directors – G T Lewis								
Balance at 1 July 2005		5 000	240 000	60 000	120 000	150 000	–	575 000
New options granted during the year		–	–	–	–	–	187 500	187 500
Options exercised during the year		(5 000)	(240 000)	(60 000)	(60 000)	–	–	(365 000)
Balance at 30 June 2006		–	–	–	60 000	150 000	187 500	397 500
Gains on exercise of options by directors – G T Lewis								
Market value on date exercised (R000)		83	6 677	1 635	990			9 385
Consideration (R000)		53	4 619	993	636			6 301
Gain (R000)		30	2 058	642	354	–	–	3 084

Note: The market value is based on the closing price on the JSE Limited on the day the options are exercised.

* Exercised by retirees in terms of the rules of the scheme.

Annexure 2

Related party transactions for the year ended 30 June 2006

Name of entity	Basis of identification as a related party	Related director	Nature of services provided	Where charged/ (credited) in income statement:	Charge/(credit) to income statement 2006 R000	Charge/(credit) to income statement 2005 R000	Year end balance 2006 R000	Year end balance 2005 R000	Year end balance included in:
Anglo Platinum Limited	Major shareholder and common directors	R Havenstein, R G Mills and R H H van Kerckhoven	Sales of by-products – nickel and cobalt	Sales revenue	**(100 798)**	(78 309)	**12 595**	7 066	Accounts receivable
			Supply of internal audit services	Operating costs – sundries	**797**	704	501	365	Accounts payable
			Toll treatment of concentrates	Net sundry revenue	**(12 968)**	–	**1 071**	–	Accounts receivable
ABSA Group Limited	Common directorship	T M G Sexwale	Treasury operations – investment of surplus cash funds	n/a	**–**	–	**135 000**	150 000	Cash and cash equivalents
				Investment income	**(8 992)**	(3 688)	**902**	1 625	Accounts receivable
			Treasury operations – sale of export proceeds	Sales revenue	**(337 952)**	(243 099)	–	–	
GigimaAst Group Limited	Common directorship	N J Dlamini	Maintenance of computer systems	Operating costs – sundries	**127**	127	**7**	69	Accounts payable
Gold Fields Training Services (Proprietary) Limited	Common directorship	T M G Sexwale, director of holding company	Supply of training services	Operating costs – sundries	**190**	198	**96**	6	Accounts payable
J I C Mining Services (Proprietary) Limited	Common directorship	T M G Sexwale and M J Willcox directors of holding company	Supply of consumable stores	Operating costs – stores	**259**	–	**5**	–	Accounts payable
LexisNexis Butterworths (Proprietary) Limited	Common directorship	E Molobi director of holding company	Supply of legal subscription services	Operating costs – sundries	**36**	41	–	–	n/a
Mvelaphanda Resources Limited	Major shareholder and common directors	ME Beckett T M G Sexwale, B R van Rooyen and M J Willcox	Reimbursement of expenses	Operating costs – sundries	**155**	–	–	–	n/a
Protea Aviation Services (Proprietary) Limited	Common directorship	T M G Sexwale and M J Willcox directors of holding company	Transport of products	Refining and other costs	**855**	783	**75**	85	Accounts payable
Protea Security Services (2000) (Proprietary) Limited	Common directorship	T M G Sexwale and M J Willcox directors of holding company	Supply of security Services	Operating costs – sundries	**7 276**	5 774	**442**	480	Accounts payable
Steffen, Robertson and Kirsten (South Africa) (Proprietary) Limited	Common directorship	E Molobi	Ore resource audit services	Operating costs – sundries	**21**	–	–	–	
Trollope Mining Services (2000) (Proprietary) Limited	Common directorship	T M G Sexwale and M J Willcox directors of holding company	Transport of waste and hire of plant	Operating costs – sundries	**5 658**	4 955	**300**	621	Accounts payable
Key management personnel									
Non-executive directors' fees			See Directors' Report page 70	Operating costs – sundries	**1 237**	1 266			
Executive director's remuneration G T Lewis			Remuneration	Operating costs – labour	**1 425**	449			
			Performance bonus	Operating costs – labour	**248**	0			
			Contribution to retirement fund	Operating costs – labour	**178**	56			
			Other benefits	Operating costs – labour	**20**	5			
			Gain on exercise of share options		**3 084**	204			
			See Directors' Report page 70		**4 955**	714			
			Equity compensation charge	Operating costs – labour	**618**	304			
					5 573	1 018			
Senior management remuneration			Remuneration	Operating costs – labour	**7 042**	5 402			
			Performance bonus	Operating costs – labour	**936**	668			
			Contribution to retirement fund	Operating costs – labour	**880**	675			
			Other benefits	Operating costs – labour	**156**	126			
			Equity compensation charge	Operating costs – labour	**2 582**	1 040			
					11 596	7 911			

NOTICE OF ANNUAL GENERAL MEETING

DATE:	9 November 2006
TIME:	10:00
VENUE:	Ground Floor Auditorium Glenhove Conferencing 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 Conferencing, 52 Glenhove Road, Melrose Estate, Johannesburg on Thursday, 9 November 2006 at 10:00 for the following purposes:

1 ANNUAL FINANCIAL STATEMENTS

To receive and consider the group annual financial statements for the year ended 30 June 2006.

2 ELECTION OF DIRECTORS

To elect directors in place of Dr N J Dlamini, Ms E T Kgosi, Mr R Havenstein and Mr R G Mills 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 ladies and gentlemen appear on pages 57 and 58 of the annual report of which this notice forms part.

3 PLACEMENT OF UNISSUED SHARES UNDER THE CONTROL OF THE DIRECTORS

To place the authorised but unissued shares in the capital of the company, other than those unissued shares reserved for purposes of the Northam Share Option Scheme, under the control of the directors in terms of and subject to the provisions of the Companies Act, as amended, and the Listings Requirements of the JSE Limited (JSE) and accordingly, if deemed fit, to pass the following resolution as an ordinary resolution:

"RESOLVED, as an ordinary resolution, that the authorised but unissued shares of 1 cent each in the capital of the company, other than the 11 550 000 shares reserved for the purposes of the Northam Share Option Scheme, be and are hereby placed under the control of the directors of the company and, further, that the directors be and are hereby authorised and empowered to allot and issue all or any of these shares upon such terms and conditions as they may determine or deem fit, subject to the provisions of the Companies Act, 1973 (Act 61 of 1973), as amended, and the Listings Requirements of the JSE Limited."

4 PAYMENTS TO SHAREHOLDERS

To consider a proposal that the general authority granted to directors to make payments to shareholders be renewed and accordingly, if deemed fit, to pass the following resolution as an ordinary resolution:

"RESOLVED, as an ordinary resolution, that in terms of the Listings Requirements of the JSE Limited (JSE) and subject to the requirements of section 90 of the Companies Act, 1973 (Act 61 of 1973), as amended, the directors of the company be and are hereby 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 pro rata 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 prepared within the last six months, in any one financial year, measured as at the beginning of such financial year; and

4 Payments to shareholders (continued)

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.

5 Acquisition of company's own shares

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

Special resolution number 1

"RESOLVED, as a special resolution, that a mandate be and is hereby 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 Limited (JSE), and subject further to the following terms and conditions:

1 Any acquisition 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 acquisition;

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 acquisition of shares will not take place during a prohibited 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 acquired 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 acquisitions;

6 Acquisitions of shares by the company in aggregate in any one financial year may not exceed 20% of the company's issued share capital as at the date of passing of this special resolution or 10% of the company's issued share capital in the case of an acquisition of shares in the company by a subsidiary of the company;

7 Acquisitions 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 effected."

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 (Act 61 of 1973), as amended, and the Listings Requirements of the JSE Limited, 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 respect of the general authorities in terms of the ordinary resolution set out under 4 above, as well as the special resolution set out above, the directors will not undertake either of these activities until such time as they have obtained a confirmation in writing from the company's sponsor that it is satisfied that the company's working capital will be adequate for such purposes. The directors are currently of the opinion that, after considering the effect of the maximum general repayment permitted and the maximum repurchase permitted and for a period of 12 months after the date of this annual general meeting:

> the company and the group will be able, in the ordinary course of business, to pay their debts;

> the assets of the company and the group will be in excess of the liabilities of the company and the group, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited group annual financial statements;

> the working capital of the company and the group will be adequate for ordinary business purposes; and

> the share capital and reserves of the company and the group are adequate for ordinary business purposes.

In terms of the Listings Requirements of the JSE, certain disclosures are required with reference to the proposed granting of the general authorities in respect of the payments to shareholders and the acquisition of the company's own shares, as set out in the relevant resolutions under headings 4 and 5 above.

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

Directors and management – see pages 57 and 58;

Major shareholders of the company – see page 72;

Directors' interests in the company's securities – see page 71;

Share capital – see page 67;

Directors' intention regarding the use of the general authorities to acquire shares and make payments to shareholders – see page 67.

In addition, the following disclosures are required:

Litigation statement

The directors of the company, whose names appear on pages 57 and 58 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 group's financial position.

Directors' responsibility statement

The directors, whose names appear on pages 57 and 58 of this annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the resolutions set out under the headings 4 and 5 above and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the said resolutions contain all information required by law and the Listing Requirements of the JSE Limited.

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 group 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.

Notice of annual general meeting continued

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 dematerialized, 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 dematerialized 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 dematerialized shareholders with own name registration. To be effective, a proxy form must be executed in terms of the company's 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
15 September 2006

GLOSSARY

ABET – Adult Basic Education and Training

ART – Anti-retroviral therapy: treatment regimen used to reduce viral load of people with HIV/AIDS

BEE – Black Economic Empowerment

Mining Charter/Charter – The Broad Based Socio-Economic Empowerment Charter for the South African Mining Industry

CSI – Corporate Social Investment

Defined contribution – Retirement fund (pension or provident fund) that pays a benefit on retirement based upon the value of contributions made plus interest. (Distinguish from defined benefit fund, which pays a benefit according to a formula based on salary and years of service)

Derivative instruments – Instrument that derives its value from the underlying value of some other instrument or variable (e.g. an interest rate swap is a derivative because it derives its value from one or more interest rate indices).

DME – Department of Minerals and Energy

DOT – Direct Observed Treatment

DPS – Dividends per share. DPS shows how much the shareholders were actually paid by way of dividends.

DWAF – Department of Water Affairs and Forestry

EE – Employment Equity

EMP – Environmental Management Programme

EMPR – Environmental Management Programme Report

EPS – Earnings per share: average amount of profit earned per ordinary share issued.

EU – European Union

FOG – Fall of ground

"the Fund" – Northam Platinum's Restoration Trust Fund

HDSA – Historically Disadvantaged South African

Headline earnings per share – A basis for measuring earnings per share implemented by the Institute of Investment Management and Research. This method accounts for all the profits and losses from operational activities. Excluded from this figure are profits or losses associated with the sale or termination of discontinued operations.

HTT – Heat tolerance testing

IDP – Integrated Development Plan

IFRS – International Financial Reporting Standards

ILO – International Labour Organisation, United Nations agency based in Switzerland, established for the promotion of social justice and human and labour rights

ISO – International Standards Organisation, not-for-profit network of national standards institutes from 146 countries

King Report (King 2) – King Report on Corporate Governance, 2002

LTIIR – Lost time injury incidence rate

MHSA – Mine Health and Safety Act

MHSC – Mine Health and Safety Council

MPRDA – Mineral and Petroleum Resources Development Act 28 of 2002

MQA – Mining Qualifications Authority: statutory body

NCP – Northam Chrome Producers

NIHL – Noise induced hearing loss: compensable above a legally stipulated level

NUM – National Union of Mineworkers: South African trade union, largest in the mining industry

Operating margin: – Measure of management efficiency: ratio of operating profit to sales revenue

OPEX – Operational Excellence

PPE – Personal Protective Equipment

REACH – Registration, Evaluation and Authorisation of Chemicals

Return on shareholders' equity: – Measures the rate of return that shareholders receive on their investments.

Return on total assets: – Profit before interest and taxes/Total assets x 100

RIIR – Reportable injury incidence rate

ROM – Run-of-mine

SADC – South African Development Community

SAMPPF – South African Mining Preferential Procurement Forum

SAMREC – South African Mineral Resource Committee Code

"the Scheme" – Northam Platinum's Share Option Scheme

Shareholders' equity: – Total assets less total liabilities

SMME – Small, medium and micro enterprises

STRATE – Share Transactions Totally Electronic

TEBA – TEBA Limited is a service organisation primarily responsible for the recruitment of mineworkers for the South African mining industry. In addition, it carries out a vital role in ensuring the payment of various benefits (as well as savings) to workers and their families in rural areas of Southern Africa.

UASA – United Association of South Africa: South African trade union – second largest in the mining industry,

VCT – Voluntary Counselling and Testing

PROXY FORM

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

Northam Platinum Limited

(Registration No 1977/003282/06)

(Incorporated in the Republic of South Africa)

(JSE code: NHM; ISIN: ZAE 000030912)

("the company")

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, 9 November 2006 at 10:00, in the ground floor auditorium, Glenhove Conferencing, 52 Glenhove Road, Melrose Estate, Johannesburg or any postponement or 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 Dr N J Dlamini as a director			
Ordinary resolution – election of Ms E T Kgosi as a director			
Ordinary resolution – election of Mr R Havenstein as a director			
Ordinary resolution – election of Mr R G Mills as a director			
Ordinary resolution – placement of unissued shares under the control of the directors			
Ordinary resolution – payments to shareholders			
Special resolution – 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 7 November 2006.

Signature Date

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.

Please read instructions on the reverse side of this proxy form.

Notes to proxy form

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 dematerialized 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. These persons should not complete this proxy form.

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, deceased 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 10:00 on Tuesday, 7 November 2006.

Administration

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Forward-looking statements

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

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

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

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