NORTHAM
PLATINUM LIMITED

Annual Report 09

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(Incorporated in the Republic of South Africa), (Registration number 1977/003282/06)
Share code: NHM ISIN: ZAE 000030912, ("Northam Platinum" or "the company")

Contents

Corporate profile	1
Key features for the year	3
Ten year financial review	4
Message from the chairman and chief executive	6
Business review	10
Financial review	14
Mineral reserves and resources estimate	18
Key sustainable development performance indicators	24
Corporate governance	26
Directors	34
Management	38
Annual financial statements	40
Notice of annual general meeting	95
Form of proxy	Insert

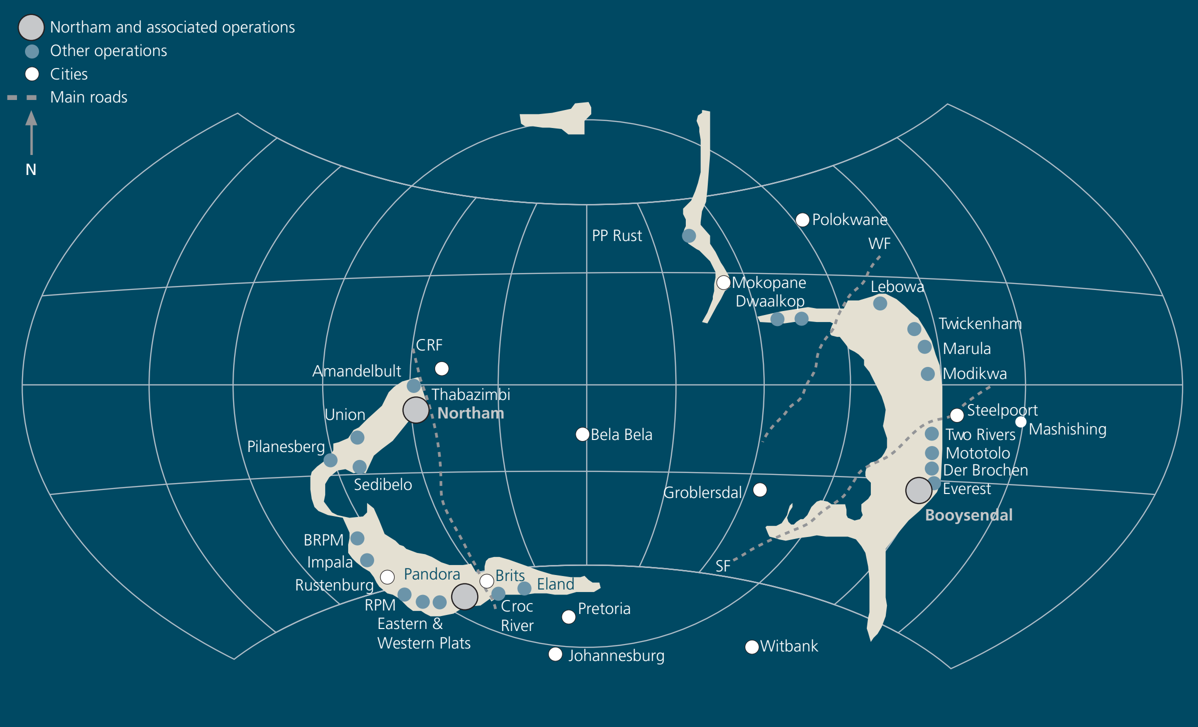
Corporate profile

Northam Platinum Limited (Northam) is the only fully independent, black-owned and controlled integrated platinum group metals (PGM) producer listed on the JSE Limited (JSE). The company wholly owns and operates the cash-generative Zondereinde platinum mine and metallurgical complex on the upper end of the western limb of the South African Bushveld Complex near the town of Thabazimbi.

Northam is currently also developing its wholly-owned 103Moz-resource world class Booysendal platinum project, which is located near the town of Mashishing on the eastern limb of the Bushveld Complex. In addition, the company holds a 7.5% interest in the Pandora joint venture, a PGM mining operation on the lower end of the western limb of the Bushveld Complex in partnership with Anglo Platinum, the Bapo Ba Mogale community and Lonmin.

The company has a combined resource base of 130Moz (8.2Moz in the reserve category), with more than 50 years life of mine. The development of Booysendal could add some 350 000oz to the company's existing annual output of some 300 000oz. As an independent, fully integrated PGM producer, Northam has full control over the entire beneficiation stream of its metals from mine to market.

Bushveld Complex

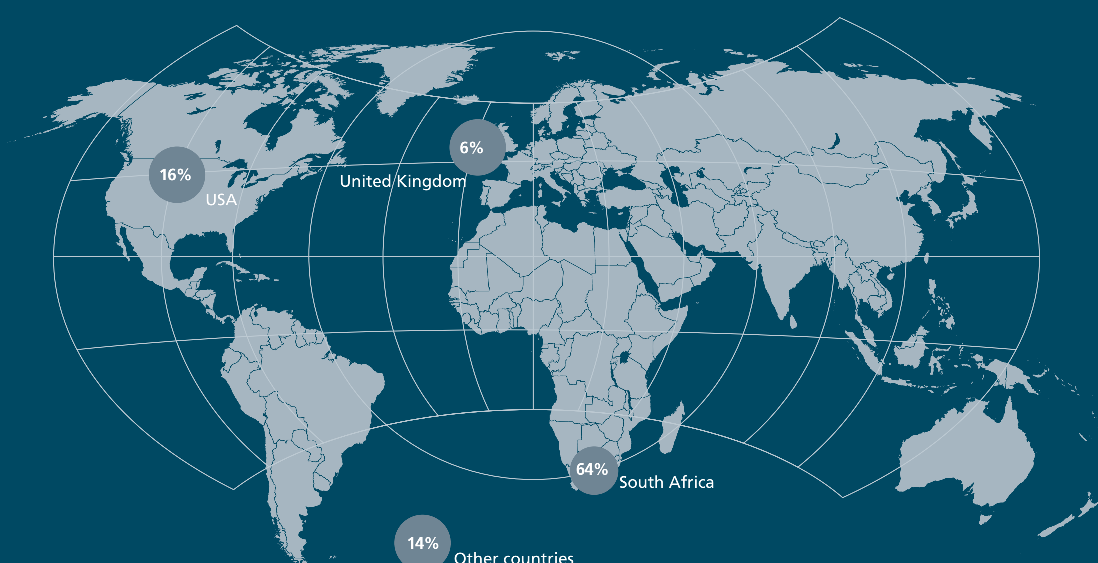


Group structure

NORTHAM
PLATINUM LIMITED

- 100% Zondereinde mine
- 100% Northam metallurgical processing
- 100% Booysendal platinum project
- 7.5% Pandora joint venture

Geographical shareholder spread*



* of the 37% free float

Key features for the year

F2009 has seen the culmination of a number of our strategic initiatives, signalled by various company-changing developments

At the corporate level

Northam takes ownership of **7.5%** stake in Pandora joint venture

- *Booysendal transaction bedded down*
- *Empowerment credentials firmly established*
- *Northam takes ownership of 7.5% stake in Pandora joint venture*

Growth strategy takes shape

- *Resource estimate more than doubles to 130Moz*
- *Booysendal feasibility study on track for greenfields expansion*
- *Progress in diversifying income stream*

Resource estimate more than doubles to **130*Moz***

Respectable financial performance

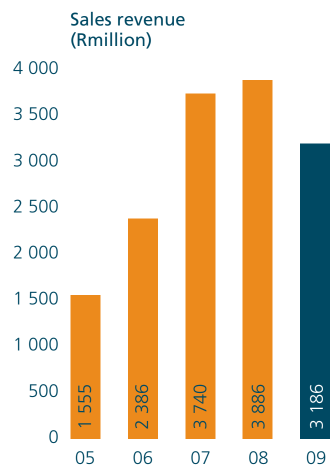
- *Sales volumes 20.7% higher at 10 362kg (333 159oz)*
- *Slump of 31.4% in rand basket price to R280 609/kg*
- *Headline earnings 71% lower*
- *Reduced but sustained dividend payment*
- *Operating margin at 27.5%*

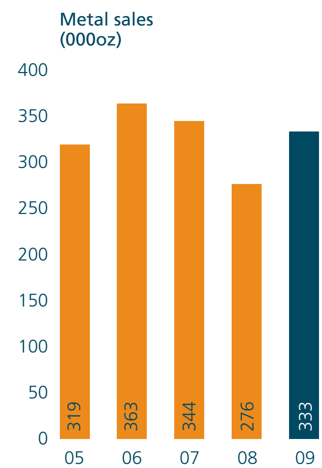
Sales volumes **20.7%** higher at 333 159oz

Shareholder data

Listing	JSE Limited
Share code	NHM
ISIN	ZAE 000030912
JSE Sector	Platinum
Shares in issue (000)	359 910
Market cap (R000)*	10 797
Market cap (US$000)*	1 408
Share price high	R70.35
Share price low	R16.50

** as at June 2009*





Ten year financial review

(Where appropriate financial results have been adjusted for changes in accounting policies and adoption of IFRS)

	2009 R000	2008 R000	2007 R000	2006 R000	2005 R000	2004 R000	2003 R000	2002 R000	2001 R000	2000 R000
Income statement										
Sales revenue	**3 186 042**	3 886 137	3 739 805	2 386 326	1 554 501	1 720 399	1 471 999	1 560 685	1 567 883	1 051 953
Cost of sales	**2 368 129**	1 608 648	1 727 945	1 372 727	1 280 405	1 335 217	1 093 908	976 905	780 433	691 925
Operating costs	**1 905 889**	1 626 610	1 360 818	1 240 320	1 118 906	1 061 171	1 011 664	804 870	732 758	586 938
Concentrates purchased	**140 192**	–	106 447	–	20 075	14 632	–	–	–	–
Refining and other costs	**120 917**	75 540	91 816	59 520	57 222	60 569	68 549	41 394	29 601	32 068
Leased metal costs	**–**	–	–	–	–	(14 149)	14 149	–	–	–
Depreciation and impairments	**160 907**	149 325	129 040	114 713	103 646	97 527	89 059	99 451	86 999	59 474
Change in metal stocks	**40 224**	(242 827)	39 824	(41 826)	(19 444)	115 467	(89 513)	31 190	(68 925)	13 445
Operating profit	**817 913**	2 277 489	2 011 860	1 013 599	274 096	385 182	378 091	583 780	787 450	360 028
Share of profits from associate	**72 606**	–	–	–	–	–	–	–	–	–
Investment income	**130 417**	97 507	83 643	39 700	29 623	38 174	64 140	52 023	39 714	27 199
Sundry income/ (expenditure)	**(6 430)**	(16 145)	5 303	19 820	75 367	(36 392)	23 946	20 793	4 256	(1 591)
Profit before tax	**1 014 506**	2 358 851	2 100 806	1 073 119	379 086	386 964	466 177	656 596	831 420	385 636
Tax	**384 024**	866 040	774 562	367 555	128 440	136 869	198 601	259 121	308 143	122 817
Net profit for the year	**630 482**	1 492 811	1 326 244	705 564	250 646	250 095	267 576	397 475	523 277	262 819
Headline earnings	**590 757**	1 492 827	1 325 969	705 350	250 661	249 960	267 223	405 071	538 134	262 819
Balance sheet										
Property plant and equipment	**7 455 496**	1 683 901	1 536 289	1 481 901	1 390 586	1 355 765	1 334 203	1 249 774	1 261 159	1 184 868
Investment in associate	**130 106**	–	–	–	–	–	–	–	–	–
Deferred tax	**–**	–	–	–	–	–	–	–	–	166 485
Other non current assets	**146 741**	71 633	64 435	29 280	17 554	12 744	10 645	8 741	7 310	6 040
	7 732 343	1 755 534	1 600 724	1 511 181	1 408 140	1 368 509	1 344 848	1 258 515	1 268 469	1 357 393
Current assets	**1 616 007**	2 363 992	1 733 264	1 231 073	835 187	804 015	747 907	1 038 062	882 506	661 781
Inventories	**468 254**	504 980	254 490	280 372	246 302	223 187	339 156	249 252	284 214	212 596
Trade and other accounts receivable	**226 850**	359 264	268 862	119 415	83 003	79 206	113 776	57 497	54 083	70 760
Cash and cash equivalents	**920 903**	1 499 748	1 209 912	831 286	505 882	501 622	294 975	731 313	544 209	378 425
Total assets	**9 348 350**	4 119 526	3 333 988	2 742 254	2 243 327	2 172 524	2 092 755	2 296 577	2 150 975	2 019 174
Shareholders' equity	**8 332 186**	2 903 871	2 381 446	2 001 632	1 598 886	1 583 642	1 515 508	1 892 908	1 965 439	1 900 201
Deferred tax	**428 821**	388 055	376 163	357 632	325 298	332 395	330 323	249 103	69 723	–
Non-current liabilities and provisions	**100 440**	55 858	21 749	25 149	22 556	15 151	11 442	9 393	8 179	6 835
Current liabilities	**486 903**	771 742	554 630	357 841	296 587	241 336	235 482	145 173	107 634	112 138
Total equity and liabilities	**9 348 350**	4 119 526	3 333 988	2 742 254	2 243 327	2 172 524	2 092 755	2 296 577	2 150 975	2 019 174
Cash flow statement										
Operating cash flow	**717 838**	1 546 908	1 555 025	852 501	381 700	512 808	390 040	747 481	800 873	423 098
Investing cash flow	**(445 665)**	(263 795)	(211 636)	(212 045)	(133 708)	(118 496)	(172 171)	(87 575)	(167 325)	(343 389)
Financing cash flow	**(851 018)**	(993 277)	(964 763)	(315 052)	(243 732)	(187 665)	(654 207)	(472 802)	(467 764)	142 774
Dividends paid	**(802 122)**	(1 010 068)	(970 332)	(373 880)	(196 822)	(104 194)	(439 449)	(472 942)	(460 682)	(73 638)
Share premium repaid	**–**	–	–	–	(46 310)	(81 394)	(219 606)	–	–	–
Other financing cash flows	**(48 896)**	16 791	5 569	58 828	(600)	(2 077)	4 848	140	(7 082)	216 412
Net cash flow	**(578 845)**	289 836	378 626	325 404	4 260	206 647	(436 338)	187 104	165 784	222 483
Cash and cash equivalents at beginning of year	**1 499 748**	1 209 912	831 286	505 882	501 622	294 975	731 313	544 209	378 425	155 942
Cash and cash equivalents at end of year	**920 903**	1 499 748	1 209 912	831 286	505 882	501 622	294 975	731 313	544 209	378 425

Ten year statistical review

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Operating performance										
Merensky										
Tons milled	**1 050 404**	1 059 624	1 341 057	1 424 160	1 434 198	1 541 234	1 582 421	1 288 141	1 576 926	1 660 000
Head grade – g/ton (3PGEs + Au)	**5.8**	5.6	5.6	6.1	6.2	6.0	5.9	6.1	5.8	6.0
UG2										
Tons milled	**1 054 687**	963 033	928 149	878 924	715 946	691 353	636 717	643 286	371 374	
Head grade – g/ton (3PGEs + Au)	**4.4**	4.4	4.4	4.5	4.4	4.3	4.0	3.8	3.9	
Combined										
Tons milled	**2 105 091**	2 022 657	2 269 206	2 303 084	2 150 144	2 232 587	2 219 138	1 931 427	1 948 300	1 660 000
Head grade – g/ton (3PGEs + Au)	**5.1**	5.0	5.1	5.5	5.6	5.5	5.3	5.3	5.4	6.0
Precious metals in concentrates produced – kg*	**9 408**	9 113	10 087	11 247	10 115	10 592	10 354	8 458	8 725	8 372
Precious metals in concentrates purchased – kg*	**487**	–	404							
Precious metals sold – kg*	**10 362**	8 586	10 703	11 285	9 922	11 733	9 174	8 944	8 306	9 331
Revenue – R/kg*	**280 609**	409 159	297 292	189 286	137 517	130 874	145 273	160 367	172 733	100 701
Operating costs – R/kg*	**219 691**	193 409	148 872	120 475	120 862	109 392	106 309	105 587	92 751	70 110
Cash costs – R/kg*	**199 680**	175 197	135 248	109 441	110 005	99 532	96 880	94 861	83 750	67 366
Precious metals in concentrates produced – oz*	**302 474**	292 989	324 296	361 599	325 214	340 547	332 888	271 931	280 516	269 156
Precious metals in concentrates purchased – oz*	**15 657**	–	12 989							
Precious metals sold – oz*	**333 147**	276 059	344 101	362 821	318 992	377 239	294 947	287 546	267 042	299 997
Price realised – US$/oz*	**1 001**	1 722	1 288	918	686	597	498	497	705	492
Operating costs – US$/oz*	**766**	821	643	586	607	493	365	325	379	343
Cash costs – US$/oz*	**696**	744	584	532	552	449	333	292	342	329
Sales per metal – oz										
Platinum	**202 141**	169 611	212 484	221 580	196 056	236 792	179 108	177 580	168 294	188 597
Palladium	**97 940**	81 103	96 888	109 721	94 420	108 648	89 086	86 758	79 558	88 690
Rhodium	**27 271**	20 666	28 180	24 085	22 093	23 849	20 744	17 325	13 295	15 565
Gold	**5 795**	4 678	6 549	7 435	6 423	7 950	6 009	5 883	5 895	7 145
Total – 3PGE + Au	**333 147**	276 059	344 101	362 821	318 992	377 239	294 947	287 546	267 042	299 997
Prices realised – US$/oz										
Platinum	**1 152**	1 668	1 206	1 017	855	782	605	491	590	441
Palladium	**236**	400	342	265	201	216	265	407	773	463
Rhodium	**2 660**	7 553	5 310	3 107	1 338	573	621	1 076	1 952	1 389
Gold	**878**	832	654	529	424	390	322	292	268	285
Basket – 3PGE + Au	**1 001**	1 722	1 288	918	686	597	498	497	705	492
Prices realised – R/kg										
Platinum	**325 730**	396 780	278 054	210 131	171 186	171 534	175 249	159 696	144 493	90 083
Palladium	**66 509**	94 894	79 258	54 653	40 287	47 123	79 415	130 256	189 351	94 605
Rhodium	**721 775**	1 792 075	1 225 945	635 590	269 687	123 701	183 223	339 741	478 194	283 640
Gold	**249 094**	196 990	151 337	109 156	84 487	85 892	97 165	96 450	65 781	58 111
Basket – 3PGE + Au	**280 609**	409 159	297 292	189 286	137 517	130 874	145 273	160 367	172 733	100 701
Financial performance										
Operating margin – %	**25.7**	58.6	53.8	42.5	17.6	22.4	25.7	37.4	50.2	34.2
Effective tax rate – %	**37.9**	36.7	36.9	34.3	33.9	35.4	42.6	39.5	37.1	31.8
Return on shareholders' equity – %	**11.2**	56.5	60.5	39.2	15.8	16.1	15.7	20.6	27.1	15.6
Return on total assets – %	**6.7**	36.2	39.8	25.7	11.2	11.5	12.8	17.3	24.3	13.0
Current ratio	**3.0**	3.1	3.1	3.4	2.8	3.3	3.2	7.2	8.2	5.9
Acid ratio	**1.7**	1.9	2.2	2.3	1.7	2.1	1.3	5.0	5.1	3.4
US Dollar/Rand exchange rate										
– average	**8.92**	7.32	7.20	6.39	6.19	6.90	9.05	10.13	7.60	6.35
– at year end	**7.67**	7.83	7.04	7.14	6.69	6.20	7.57	10.27	8.04	6.77
Share performance										
Weighted average number of shares in issue – 000	**343 162**	238 007	236 747	233 704	231 578	231 540	231 313	230 744	230 311	203 283
Number of shares at year end – 000	**359 910**	238 688	237 226	236 003	231 969	231 544	231 539	230 915	230 565	230 147
Operating cash flow per share – cents	**195.6**	649.9	656.8	364.8	164.8	221.5	168.6	323.9	347.7	208.1
Earnings per share – cents	**183.7**	627.2	560.2	301.9	108.2	108.0	115.7	172.3	227.2	129.3
Headline earnings per share – cents	**172.2**	627.2	560.1	301.9	108.2	108.0	115.5	175.5	233.7	129.3
Dividends per share – cents	**78.0**	330.0	525.0	280.0	70.0	105.0	90.0	170.0	235.0	120.0
Capital repayments per share – cents	**–**	–	–	–	–	20.0	55.0	75.0	–	–
Dividend cover	**2.2**	1.9	1.1	1.1	1.5	1.0	1.3	1.0	1.0	1.1
Net assets value per share – cents	**2 315.0**	1 217.0	1 004.0	848.0	689.0	684.0	655.0	820.0	852.0	826.0
Share price (cents)										
– high	**7 035**	7 984	6 190	3 800	1 280	1 345	2 210	2 000	1 860	950
– low	**1 650**	3 800	3 400	1 240	775	825	955	1 000	765	455
– at year end	**3 000**	6 760	4 800	3 784	1 260	890	1 230	1 665	1 525	780
Platinum sector index at year end	**63 030.0**	128 520.0	101 130.0	70 346.9	29 043.5	23 373.7	28 545.9	29 252.3	35 070.6	25 528.7
Compound return over 5 years – %	**36.9**	45.8	32.3	25.5	21.6	29.2	49.5	58.3	32.0	10.0
Average monthly volume of shares traded – 000	**13 655**	13 920	12 339	5 542	5 384	4 916	4 906	8 014	11 054	6 735
Annual liquidity (%)	**47.8**	70.2	62.5	28.5	27.9	25.5	25.5	41.7	57.6	39.8

Message from the chairman and chief executive

We now stand uniquely positioned in the PGM sector with a major greenfields growth prospect to develop, while we still continue to generate cash at our existing operation.

Lazarus Zim

Glyn Lewis

This annual report comes to you in a fundamentally changed global economic environment. Resource companies across the world have been severely affected by the downturn in metal demand and the impact of this on prices. The relative strength of the local currency in South Africa has provided little relief – particularly in the second half of the year, when we were hammered by the average rand basket price of R246 000/kg. Against this rather bleak backdrop, and the ever-present impact of inflation on our cost profile, Northam has once again proved its resilience in the face of these substantial challenges.

More significantly against this background, F2009 has seen the culmination of a number of our strategic initiatives, signaled by the following company-changing developments:

The finalisation and bedding down of the Booysendal transaction. The final steps of this protracted and complex process were concluded in June 2009 with Northam's acquisition of the entire issued share capital of Micawber 278 (Proprietary) Limited (Micawber), the owners of the Booysendal mining titles.

Entrenching the groups's black empowerment status. The conclusion and implementation of the various agreements relating to the acquisition of the Booysendal platinum asset (Booysendal) have resulted in the transformation of our shareholder profile and the recognition of the group as an HDSA entity (historically disadvantaged South Africans) as required by the Minerals and Petroleum Resources Development Act of 2002 (MPRDA).

Taking ownership of a stake in the Pandora joint venture. With the group's HDSA status being entrenched, we have now taken full ownership of our 7.5% stake in the Pandora joint venture. Income from the joint venture has now for the first time been consolidated and is reflected in our earnings.

Leveraging the metallurgical operations. On the face of it, growth in this area has perhaps been slower than anticipated. As management however, we are pleased with the progress we have made in this area, which has been carefully planned in tandem with the requisite modifications and improvements to the metallurgical operations:

- ongoing work on our proprietary sparger column cell technology in the UG concentrator circuit;
- the installation of the high pressure roll crusher; and
- the scheduled rebuilding of the furnace in the smelter, which was completed on schedule and without incident.

Following the metal offtake agreement with Pilanesberg Platinum Mines (Pty) Limited (PPM) in the previous financial year, we received first concentrate from PPM in April this year. Our metallurgical staff has done well to manage this process as well as it has as we move to increase our sales offering to the market. On a strategic level this intent represents an important development as we build up volume to feed into Heraeus South Africa's planned expansion of their refining facilities in Port Elizabeth.

Safety and sustainable development

As has become customary for resource companies, we have flagged safety as a material sustainable development issue at our operations. On behalf of the board and management, we once again acknowledge and remember Messrs Masilo, Gxoko, Dlwana and Sekholane who tragically lost their lives in mining-related activities during the year.

Notwithstanding this very sad outcome, we must pay tribute to the ongoing work by the unions, the safety inspectorate of the Department of Mineral Resources (DMR) and management for their efforts in promoting safety awareness and safe work practices. The past year has seen a particularly stringent focus on safety, and we are beginning to see some encouraging trends emerge in our safety statistics. All in all a total of 26 production days were lost and allocated to safety training and awareness initiatives.The challenge remains to further reduce the number and severity of accidents in the year ahead.

In our second sustainable development report, issued in tandem with the annual report and available on the Northam website at *www.northam.co.za*, we expand both on our exposure to and our management of sustainable development matters.

Message from the chairman and chief executive

Financial and operating results

Although production at the Zondereinde mine was only marginally higher at 9 408kg (302 474oz), metal sales were 21% higher at 10 362kg (333 159oz). Sales revenues however, were 18% lower at R3.2 billion, having reached R3.9 billion the previousyear in the unusually high metal price environment.

In US dollar terms metal prices on average were 42% lower year on year at US$1 001/oz, reflecting the dramatic decline in the metal prices: in the period from July to October 2008, platinum fell from US$2 015/oz to US$763/oz; palladium from US$565/oz to US$170/oz; and rhodium, which over the previous financial year had reached peaks of over US$10 000, in the same three-month period had fallen from US$9 750/oz to a mere US$925/oz.

Inflation in South Africa continues to affect our input costs and we have had to absorb increases of up to 30% in the cost of steel and chemicals and 25% in the cost of power. Explosives, which in a mining environment represent a high volume and value item, were 17% dearer year on year.

Refining costs for the year, 60% higher at R121 million, reflect the impact of the once-off third party toll treatment charges – illustrating the benefits of being a fully integrated producer with on-site smelting and base removal facilities.

Although, in these trying economic times Northam remained profitable, the impacts were real and severe: operating profits dropped by some 64% to R818 million; profit attributable to shareholders declined by 58% to R630 million; and headline earnings per share fell from 627 cents to 183 cents – the latter number also of course reflecting the dilutionary effect of the 121 million new shares issued as consideration for the Booysendal asset.

As the reality of our expansion prospects begin to dawn, the imperative to preserve cash becomes more pressing; this approach has translated, in line with previous guidance, into a more cautious approach to dividend payments, as reflected in the 78cps payment to shareholders for the full year (H1: 38cps; H2: 40cps). As our growth strategy takes shape, we will continue to review our dividend policy on a six-monthly basis.

Booysendal project update

A lot of work has been done on the Booysendal project since the last year end with the feasibility study on track for completion in the latter half of the calendar year. The infrastructure, mine and metallurgical designs and the environmental component of the project are currently being finalised by specialist consulting teams in these areas. We have now secured 16 megawatts (MW) of power, and 7 megalitres (Ml) of water for the start-up of the project, and we anticipate that construction of infrastructure work will also start in the early part of calendar 2010, subject to various regulatory approvals. The approach of a modular build-up of production units at Booysendal starting on the UG2 reef remains our preferred option of developing Booysendal. If however, market conditions warrant it, and if we are in a position to source additional power and water, we could assume a higher tonnage profile, which may require some design changes.

Mining rights

Our interaction with the Department of Mineral Resources (DMR) with regard to the conversion of the old order mining title covering the Booysendal property has been constructive and has resulted, in May in the approval of the conversion of the mining title over nine of the 11 farms. The conversion was executed on 10 September 2009. The application for mining rights over the remaining two farms currently held under new prospecting rights is being processed.

The Zondereinde mine's application was originally submitted in April 2006 and was accepted by the DMR. We have recently had positive and constructive engagement with the department, and are confident

that our application will meet with success in the near future.

Unlocking shareholder value

In many ways the first half of the financial year was dominated by the expression of interest in your company by Impala Platinum Holdings Limited (Implats). These discussions were finally terminated in January 2009, owing to the parties' inability to agree on a value for Northam for our shareholders.

We have, since these talks were terminated, continued to deliver value to shareholders from our existing operational mine. At Booysendal, which remains the premier next PGM production opportunity, the size of the resource promises that value can be unlocked over a period of time. With our impeccable BEE credentials now firmly in place, and as a fully integrated metals producer, we are extremely well positioned to play a leading role in any industry consolidation. In the year ahead we will continue to explore any opportunities which make sound commercial sense and best serve the interests of all our shareholders.

Taking Northam into the future

Northam has done exceptionally well in weathering the moribund markets over the past year. We now stand uniquely positioned in the PGM sector with a major greenfields growth prospect to develop while we still continue to generate healthy levels of cash at our existing operation which has, over a 20-year period proved itself as a reliable and steady producer with a life of mine of 18 years yet.

We also appreciate that shareholders are keen to understand the funding implications of bringing Booysendal into production. As we have said before – we believe that there will be a number of options to explore at the time when we have all the information available to make such decisions. These include the possibility of a rights issue and some medium-term debt. We remain conscious of the announcement by our major shareholder of an unbundling exercise which could benefit Northam in the event that we do pursue a rights issue. At the same time, our ungeared balance sheet – which only a few years ago was a little unfashionable in the market – has stood us in good stead as we contemplate the next exciting chapter in the life of Northam.

Board changes

On behalf of the board our thanks go to Norman Mbazima and Pine Pienaar, who resigned from the board – Norman in August last year and Pine shortly ahead of the year end in early June. Both these gentlemen made significant contributions in helping to secure for Northam the Booysendal asset.

In other changes to the board we welcome Alwyn Martin, Kelello Chabedi, Mikki Xayiya, Atul Gupta and Mark Willcox and look forward to their contributions in the future.

Acknowledgements

Also, on behalf of the board, we extend our gratitute and best wishes to Sybrand van der Spuy, who retired in October 2008 as company secretary.

After an exceptionally busy year all round, and particularly in view of the uncertainty presented by the Implats approach, the management and employees of Zondereinde mine deserve a tribute for a more than creditable operational performance. Our thanks go to the corporate team too for their tireless work involved in finalising the various aspects of the complex and time-consuming Booysendal transaction; and finally the Booysendal project team deserves credit for the excellent progress on the feasibility study – we extend our sincere appreciation for all these efforts.

Glyn Lewis – chief executive officer
P Lazarus Zim – chairman
18 September 2009

Business review

A steady operating performance from the Zondereinde mine resulted in year-on-year production being marginally (3%) higher at 9 408kg (302 474oz). Also similar to the previous year were the 26 production days lost owing to the stoppages related to ongoing and intensive safety training and initiatives. Much improved were the metal sales, 21% higher at 333 159oz.

Zondereinde mine – key statistics

Ownership	Wholly-owned by Northam Platinum Limited
Location	Northern part of the western limb of the Bushveld Complex in Limpopo Province; adjacent to the Anglo Platinum's Amandelbult operation
Access and infrastructure	Well-established infrastructure: tarred roads, railway, water and power
Project extent	7 625 hectares; strike length of 8km
Reserves	8.1Moz (3PGE+Au)
Resources	25.7Moz (3PGE+Au)
Life of mine	18 years
Operations	Underground mining operations on the Merensky and UG2 reefs
	Underground equipment driven by hydropower.
	Surface operations include a Merensky and UG2 concentrator plant, a smelter and base metals removal plant (BMR).
Production profile	Steady state output of approx 300 000oz (3PGM+Au) annually
Precious metals refining	Performed by WC Heraeus GmbH (Heraeus) in terms of toll-treating agreement
Marketing	In-house, independent marketing to established global customer base
F2009 capex	R330 million
F2010 capex (estimate)	R270 million
F2009 cash costs	R199 680/kg (3PGE+Au)

Key operating statistics

Merensky reef	F2009	F2008
Development metres	8 071	9 615
Square metres mined	201 014	205 251
Tonnes milled	1 050 404	1 059 624
Head grade (g/t 3PGE+Au)	5.8	5.6
PGMs in concentrate produced (kg)	5 164	5 051
Ore reserve availability (months)	20	18

UG2 reef	F2009	F2008
Development metres	3 770	3 117
Square metres mined	160 555	158 294
Tonnes milled	1 054 687	963 033
Head grade (g/t 3PGE+Au)	4.4	4.4
PGMs in concentrate produced (kg)	3 835	3 285
Ore reserve availability (months)	19	21

Combined reefs	F2009	F2008
Development metres	11 841	12 732
Square metres mined	361 569	363 545
Tonnes milled	2 105 091	2 022 657
Head grade (g/t 3PGE+Au)	5.1	5.0
PGMs in conc. produced from u/g mining (kg)	8 999	8 336
PGMs in conc. from other sources (kg)	409	777
Total (kg)	9 408	9 113
PGMs in conc. purchased	487	–

The year in review: mining and production

The higher output was largely a result of the 4% increase in tonnages milled to 2 105 091 tonnes, along with a 2% increase in the combined Merensky and UG2 head grade.

Merensky tonnage was only marginally lower in the period at 1 050 404 tonnes, indicating the effect of the reduced mining flexibility resulting from the intersection of the unmineable NP2 upper transition reef in the eastern section of the mine. The impact of this was more acutely felt on the ore reserve development metres, which were 16% lower year on year. Improved mining and grade controls contributed to the improvement in the Merensky grade to 5.8g/t (F2008: 5.6g/t) and in turn the combined mill head grade was 2% higher at 5.1g/t.

In contrast with the Merensky reef, development on the UG2 reef was 21% higher, ameliorating the constraints of lower extraction ratios in the eastern section of the mine. Good progress has been made in mining UG2 reef under Merensky pillars, thus improving the overall extraction of this reef.

Metallurgical operations

The planned rebuild of the smelter at the Zondereinde mine was completed on schedule by the end of H1 of the financial year at a cost of R74 million. The smelter was successfully recommissioned in the first weeks of January 2009.

Continued improvements in the UG2 concentrator circuit resulted in recoveries averaging 86% for the year. The main factor contributing to this success was the sparger column cell technology which is applied as a cleaner at the end of the circuit. The other UG plant modifications, which started in F2008, were the installation of the high pressure roll crusher and the conversion of the rod mill to a ball mill. The overall effect of this suite improvement has been a sustained improvement in recoveries and lower operating costs.

Expansion project

The effective sterilisation of the Merensky reef on the eastern section of the mine has added to the impetus to accelerate the 18 level expansion project, which has progressed satisfactorily. The conveyor decline has reached the 16 level elevation of the mine, while stoping has started on 13 and 14 levels and further ore reserve development on these levels is underway.

On the material decline, which will provide logistical support by allowing access for men and material for mining to 18 level, the excavations for the hoist chamber on 12 level, and the stations on 13 and 14 level, have been completed. The stations for this shaft will be pre-developed from the conveyor decline and and the shaft barrell will be raisebored in sections between levels.

The capital cost of this five-year project is estimated at R650 million (in today's money spread over five years). With every level opened up below 12 level we add two years' life of mine.

Business review (continued)

Sales

The 21% increase in sales volumes to 10 362kg (333 159oz) arose from the marginally higher production combined with the effects of the purchase of 487kg (15 567oz) of custom material and the decrease in metal inventories. The higher UG2 tonnages milled contributed to higher rhodium sales.

Costs

Higher production volumes and inflationary increases (such as the 25% higher cost of power and water) contributed to the 17% increase in operating costs to R1 906 million (F2008: R1 627 million). The increase in volumes helped to contain the increase in unit cash costs to 14%, or to R199 680/kg.

Capital

Capital expenditure for the year amounted to R330 million. The main contributors to the capital spend were the 18 level expansion project and the R89 million spent on the metallurgical plants – which included the smelter rebuild in the first half of the financial year.

Into F2010

An extensive drilling programme has revealed that the downdip portion of the mine boasts a higher percentage of normal Merensky reef. This is a stable reef type lending itself to higher extraction ratios, yielding high tonnages and ounces assisting the Merensky position going forward.

The year ahead should see marginally improved production at the Zondereinde mine. Costs are likely to increase in line with inflation, while capex in the year ahead will be at significantly lower levels.

The capital forecast for F2010 is lower at R270 million. Of this, R104 million is budgeted for the expansion project. The balance is allocated to maintenance and routine capex items.

	F2009		F2008	
Metal sales	kg	oz	kg	oz
Platinum	6 288	202 154	5 275	169 612
Palladium	3 046	97 941	2 523	81 103
Rhodium	848	27 270	643	20 666
Gold	180	5 794	145	4 678
Total (3PGE+Au)	10 362	333 159	8 586	276 059
Ruthenium	1 227	39 446	1 059	34 035
Iridium	249	8 006	208	6 700
Osmium	–	–	4	116
Silver	200	6 430	184	5 909
Total	12 038	387 041	10 041	322 819
Copper (tonnes)	800		573	
Nickel (tonnes)	1 529		1 110	

Booysendal platinum project – key statistics

Ownership	Wholly owned by Northam Platinum Limited
Location	Eastern limb of the Bushveld Complex in Mpumalanga Province; adjacent to the Everest and Mototolo operations. Closest town is Lydenburg
Access and infrastructure	• Tarred road access from Lydenburg; new private road being constructed across the Der Brochen property
	• 16MW power secured from Anglo Platinum via the Mototolo sub-station;
	• 7 Ml of water secured for start-up
Project extent	15 170 hectares; strike length of 14.5km
Resource	103Moz (3PGE+Au)
Life of mine	50 years and beyond
Project status	Feasibility study being finalised. Construction due to start in F2010; first production for 2011

The year in review

The Northam review of the Anglo Platinum pre-feasibility study on the Booysendal project was completed early in the financial year, and included a review of the geology and resource base; an investigation of the mining method and production options; the determination of the principal project elements including metallurgy, bulk infrastructure, engineering and services; human resources and environmental permitting.

This review was followed in this year with the launch of a feasibility study which is based on the concept of a modular design which provides flexibility in implementation and lends itself to being replicated as conditions allow. The plan remains to start mining the UG2 reef. Infrastructure, mine and metallurgical designs are largely complete. Some geotechnical drilling is in progress and will inform the final designs.

Into F2010

Access and infrastructural considerations will start towards the end of the end of the calendar year while final designs and associated value engineering are being completed. Should it be possible to source and secure additional power and water for the project, there may be scope for some design changes and an increase in the planned production profile.

Pandora joint venture – key statistics

Ownership	Lonmin: 42.5%
	Anglo Platinum: 42.5%
	Northam: 7.5%
	Bapo Ba Mogale Mining Company: 7.5%
Location	Western limb of the Bushveld Complex on certain portions of the farms Hartebeespoort, Roodekopjes and Uitvalgrond near Brits in the North West Province adjacent to Eastern Platinum Mine (EPM).
Access and infrastructure	Existing infrastructure at EPM has been utilised to gain quick access to the Pandora Mine.
Resource (total)	21.08Moz (158Mt @ 4.29g/t)
Resource (attributable to Northam)	1.6Moz
Life of mine	30 years and beyond
Project status	Pre-feasibility completed; stand-alone mine of 240 000 tpm being considered.

The year in review

Following the implementation of various agreements relating to the acquisition of Booysendal, the group became recognised as a historically disadvantaged South African (HDSA) entity. Consequently Northam became entitled to acquire the 7.5% interest in Pandora, which had been warehoused by Mvela Resources. Northam has now consolidated the Pandora income into its accounts for the first time.

Pandora is producing on a relatively small scale from Lonmin's Eastern Platinum infrastructure, while a feasibility study for the future mining operation is concluded.

Into F2010

The feasibility study is expected to be completed early in 2010 at which stage the joint venture partners will make an investment decision.

Financial review

Over the reporting year, the average US dollar price received for Northam's basket of metals decreased by 42% to US$1 001 per ounce.

Income statement

Sales

The main feature of the past year was the global economic and financial crisis, which saw commodity prices declining from their record highs at the beginning of the year by about 50%, which were mitigated by a 21% increase in unit sales to 10 362 kg (333 159 oz).

Over the reporting year, the average US dollar price received for Northam's basket of metals decreased by 42% to US$1 001 per ounce. This decline was, however, partly offset by the 18% decline in the value of the South African rand against the US dollar over the year, which resulted in the average rand basket price over the year being 31% lower at R280 609 per kilogram. This decline was offset by the increase in unit sales, resulting in sales revenue only declining by 18% to R3 186 million.

	F2009			F2008		
	Units sold (kg)	Average price received (R/kg)	Revenue (R000)	Units sold (kg)	Average price received (R/kg)	Revenue (R000)
Platinum	6 288	325 730	2 047 965	5 275	396 782	2 093 212
Palladium	3 046	66 509	202 606	2 523	94 894	239 379
Rhodium	848	721 775	612 217	643	1 792 215	1 151 946
Gold	180	249 094	44 894	145	196 949	28 662
Sub-total – 3PGE + Au	10 362	280 609	2 907 682	8 586	409 159	3 513 199
Iridium	249	122 682	30 521	208	102 822	21 427
Ruthenium	1 227	31 108	38 167	1 059	99 302	105 122
Other precious metals	200	n/a	736	188	n/a	852
Sub-total – precious metals	12 038		2 977 106	10 041		3 340 600
Nickel			173 905			211 089
Copper			32 806			30 769
Other by-product revenue			2 225			3 679
Total sales revenue			**3 186 042**			**3 886 137**

Cost of sales

Cost of sales, as discussed out below, increased by 47% to R2 368 million.

	F2009	F2008
Labour	824 278	716 717
Stores	599 636	502 569
Utilities	140 577	110 226
Sundries	344 234	297 862
Decommissioning and restoration	(2 836)	(764)
Total operating costs	1 905 889	1 626 610
Concentrates purchased	140 192	-
Refining and other costs	120 917	75 540
Depreciation and impairments	160 907	149 325
Change in metal inventories	40 224	(242 827)
Cost of sales	**2 368 129**	**1 608 648**

Operating costs

Total operating costs increased by 17% from R1 627 million to R1 906 million, reflecting the increased production, along with the effects of inflationary cost pressures. The higher metal production helped to contain the increase in unit cash costs to 14% however, or to R199 680/kg.

Labour costs increased by 15% on the back of an average wage increase of 13%, a living out allowance increase of 20%, and the payment of marketing, scarcity and sign-on allowances.

The 19% increase in the cost of stores was the result of a combination of inflationary factors combined with significant increases in the prices of steel and chemicals.

Utility costs rose by 28%, with water increasing by 13% and power by 25%. The increase in the cost of power was lower than the statutory increase primarily as a result of savings in electricity consumption.

Additional haulage maintenance, in the interests of safety, contributed to a 15% increase in sundries. Additional expenditure was incurred on exploration drilling and also cover drilling to ensure that water fissures are identified timeously. Other costs increased in line with inflation.

The credit in respect of the decommissioning and restoration charge is attributable to a combination of a reduction in the discount rate and long-term inflation rate as well as an increase in the life of mine, as more fully set out in note 18 of the notes to the annual financial statements on page 76.

Concentrate purchases

Purchases of concentrates during the year amounted to 487kg (15 657oz) of concentrates to the value of R140 million. Whilst the profitability of this material is generally lower than Northam's own production, it does assist in achieving acceptable blends of concentrate feed to the smelter.

Refining and other costs

Refining and other costs increased by 60% to R121 million compared to the previous year. This increase was largely attributable to toll treatment charges of R42 million which were incurred during the rebuild of the smelter.

Depreciation and impairments

The depreciation and impairment charge amounted to R161 million (2008: R149 million), comprising R144 million (2008: R149 million) in respect of depreciation and an impairment charge of R17 million. The decline in the depreciation charge arose as a result of the increase in the estimated life of mine from 16 years to 18 years. The rebuild of the smelter, which was some five years earlier than originally anticipated, resulted in an impairment charge of R17 million.

Change in inventories

Notwithstanding a 14% increase in unit operating costs, the higher sales volumes resulted in a decline in physical inventory, resulting in the value on metal of hand decreasing by R37 million.

Income from associate

Following the implementation of the various agreements relating to the acquisition of Booysendal, the group achieved recognition as an HDSA entity. Consequently it became entitled to acquire the 7.5% interest in the Pandora joint venture that had been warehoused by Mvelaphanda Resources. As a consequence, Northam brought to account an investment of R65 million and income of R72 million, R68 million of which related to the periods prior to the group being entitled to account for Pandora.

Investment income and net sundry income

The higher interest rates earlier in the year had a positive impact on investment income which was 34% higher at R130 million. Net sundry expenditure was R6 million compared to net sundry revenue of R2 million the previous year.

Hedging

Minor volumes of currency and metals were hedged during the year resulting in a loss of R4 million. There were no outstanding contracts at the end of the period.

Tax charge

The tax charge of R384 million equates to an effective rate of 37.9%, some 9.9% higher than the statutory rate of 28.0%. This additional 9.9% is accounted for by state's share of profits of 0.7%, secondary tax on companies (STC) of 7.9% and permanent and other minor differences of 1.3%, as more fully set out in note 28 to the annual financial statements on page 81.

Net profit attributable to shareholders

As a consequence of the above, profit attributable to shareholders decreased by 58% to R630 million, with headline earnings per share decreasing from 627 cents per share to 172 cents per share.

Cash flow

Operating cash flow

The cash flow from operations reduced significantly from R1 547 million to R718 million, whilst cash generated from the operations decreased from R2 429 million to R1 049 million, reflecting the decline in operating profits. Investment income increased to R128 million from R95 million primarily as a consequence of the higher interest rates during the earlier part of the year. Working capital decreased by R357 million compared to an increase of R265 million in F2008. This decrease of R357 million is attributable to decrease in inventories (R37 million), decrease in trade and other receivables

Financial review (continued)

(R132 million) and increases in trade and other payables (R188 million). The higher tax payments from R748 million to R792 million is primarily as a result of the payment of the liability of R449 million owing at the end of F2008 together with the payment of the current year's tax charge of R343 million.

Investing cash flow

Investing cash flows absorbed R446 million (2008: R264 million), comprising capital expenditure of R367 million less sundry disposals of R2 million, the investment in associates of R65 million and township development expenditure of R22 million.

Major items of capital expenditure included R14 million on development, R78 million on access infrastructure to 1 and 18 levels, R74 million on the once-off smelter rebuild, R23 million on additional accommodation and R36 million on the Booysendal project. The balance comprised routine capital expenditure.

Planned capital expenditure at the Zondereinde mine for F2010 amounts to a total of R270 million and includes the following major items: the 18 level extension project (R104 million), additional backfill facilities (R22 million), ventilation system (R7 million), improvements to the metallurgical plants (R33 million) and additional underground equipment (R25 million).

The investment in associates comprised R65 million in respect of the acquisition of the interest in the Pandora joint venture reduced by cash of R7 million distributed by Pandora.

A further R22 million was spent on the employee housing project. The sale of the houses to employees was again delayed by the lack of power reticulation by the local authority, but it is anticipated that the necessary power will be available within the coming months, and sales of houses to employees are expected to commence early in 2010.

Financing cash flows

An amount of R4 million (2008: R22 million) was received following the exercise of share options by employees.

The dividends paid of R802 million reflect the strong performance of the group in a difficult environment, and comprise the final dividend for F2008 of 185 cps and the interim dividend for F2009 of 38 cps. A final dividend of 40 cps for F2009 has been declared bringing the total dividends in respect of F2009 to 78 cps.

The increase in the Restoration Trust Fund comprised a contribution made by the company of R1 million (2008: R1 million) and net income received by the Fund of R2 million (2008: R2 million).

The increase in the Environmental Contingency Fund comprised a contribution made by the company of R3 million (F2008: R3 million).

Balance sheet

The group's balance sheet remains strong, with cash and cash equivalents at the 30 June 2009 of R921 million (2008: R1 500 million) and net current assets of 1 129 million (2008: R1 592 million). The environmental decommissioning and restoration liability is R54 million (2008: R56 million). Apart from this liability and the deferred tax provision of R429 million (2008: R388 million) the group has no debt.

Mineral reserve and resource estimates

The two Northam properties, the Zondereinde mine and the Booysendal exploration prospect contain resources of both the UG2 and Merensky reefs.

Regulatory compliance

The mineral resource and mineral reserve estimate for the Northam group has been prepared under the guidance of the company's competent persons who are duly registered with the South African Council for Professional and Technical Surveyors (PLATO) and with the South African Council for Natural Scientific Professions (SACNASP). This ensures that the mineral resource and mineral reserve statements comply with the provisions of the South African Code for Reporting of Mineral Resources and Mineral Reserves (SAMREC 2007). The company's competent persons have taken cognisance of definitions included in the code, and the mineral resource and mineral reserve quantities reported here are considered to be fully compliant in all material respects with the requirements of the code.

Definitions of the various mineral resource and mineral reserve categories as well as the requirements for reporting of exploration results may be found at *www.saimm.co.za/codes/samrec.asp*.

Competent persons

The Zondereinde mine resource and reserve statement has been compiled by:

- JC Roberts, MSc (Mining Engineering); Professional Mine Surveyor (PLATO 0187); chief surveyor with 19 years' experience in platinum valuation.

The Booysendal project resource statement has been compiled by:

- Damian Smith; BSc (Hons), MSc, Pr.Sci.Nat. (400323/04); 19 years' experience in mining and exploration geology, with 13 of these in Bushveld Complex related geology.
- Willem vd Schyff; BSc (Hons) Geology, Pr.Sci.Nat. (400176/05); five years' experience in mining and exploration geology; 16 years' experience in resource modelling and estimation, with two of these in Bushveld Complex related geology.

Resource and reserve estimates for the Zondereinde mine have been reviewed by Damian Smith.

Resource estimates for the Booysendal project have been reviewed by The Mineral Corporation as part of Independent Competent Persons Report for the Booysendal prospect.

Status of mineral rights

Northam currently holds old order mining rights over the Zondereinde mine. An application to convert these old order rights to new order rights in terms of the Mineral and Petroleum Resources Development Act, 2002 [Act No. 28 of 2002] (MPRDA) was submitted in April 2006 but had not been granted by 30 June 2009.

The Booysendal prospect comprises three sub-areas; a portion comprising nine farms over which Northam holds new order mining rights, granted on 10 September 2009; two farms over which Northam holds new order prospecting rights, for which an application for new order mining rights has been submitted and is being processed; and a portion in the north of the Booysendal prospect, the Booysendal extension, which is in the process of transfer from the previous owners of this concession.

A summary of mineral rights held by Northam is tabulated below:

Property	Type of right	Status
Zondereinde mine	Old order mining right	In process of conversion to new order mining right
Booysendal mine	New order mining	Mining right converted and executed
Booysendal exploration prospect	New order prospecting right	Application for new order mining right in process
Booysendal extension	New order mining right	In process of transfer from previous holder

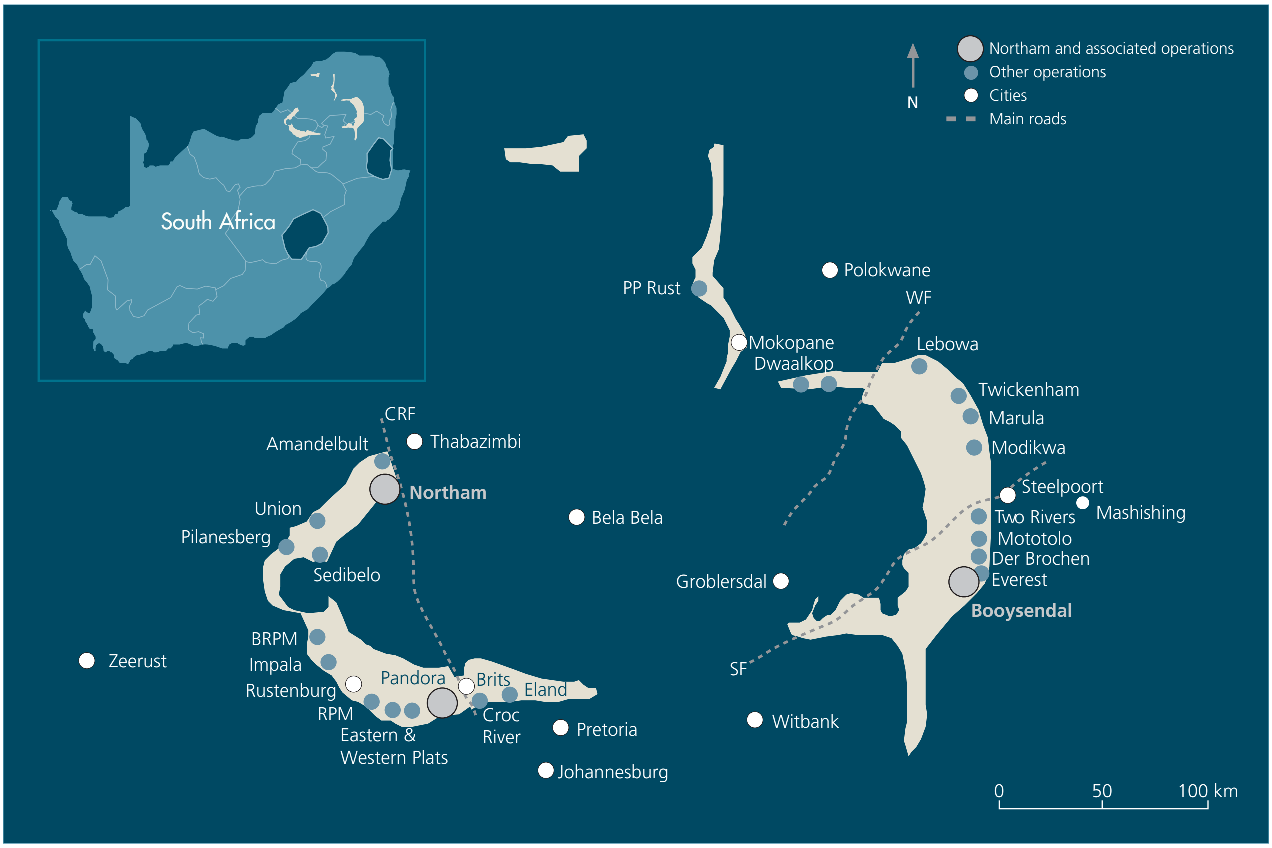
Prospecting rights and mining rights are held in good order, and Northam perceives no threat to its rights to continue prospecting for and mining of minerals over any of its properties.

Geological setting – the Bushveld Complex

The 2 billion year old Bushveld Complex is the largest layered igneous complex in the world, and is the repository for around 85% of the known global platinum group metal (PGM) resources. Extending over an area of some 67 000km^2 within the north-eastern portion of the Republic of South Africa, it contains the intrusive, mafic-ultramafic Rustenburg Layered Suite (RLS), which outcrops as three main acicular limbs, namely the western, eastern and northern Limbs and ranges in thickness from 7km to 12km.

The magmatic layering in the RLS is laterally persistent and can be correlated throughout most of the complex. Layering is generally shallow dipping towards the centre of the Complex. The RLS stratigraphy is sub-divided into five zones, which are, from lowest to highest; the Marginal Zone, the Lower Zone, the Critical Zone (which is further subdivided into a lower and upper unit), the Main Zone and the Upper Zone.

PGM and associated base metal mineralisation, is hosted in or adjacent to chromitite seams located within the Critical Zone of the RLS. There are two significant orebodies from which 75% of world PGM production is derived, these being the UG2 and Merensky reefs.



The vertical separation between the UG2 and Merensky reefs is variable across the Bushveld Complex, ranging from 20 metres to 140 metres on the western limb, to between 170 and 400 metres on the eastern limb.

Historically, PGM production was concentrated on the western limb, but in recent years the eastern limb has been the focus of new mine development.

Zondereinde mine

The Zondereinde mine is situated on the northern portion of the western limb of the Bushveld Complex, approximately 30km south of the town of Thabazimbi in the Limpopo province of the Republic of South Africa.

The mining concession covers some 7 625 hectares which is underlain by both the Merensky and UG2 orebodies, which dip at approximately 20° and extend from a depth of 1 200 metres below surface (mbc) to 2 900 mbc.

The company 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 distribution of these is determined from a combination of ongoing prospect drilling from underground development, complemented by reef mapping in development and stoping. In contrast to the Merensky reef, the UG2 reef manifests little variation in reef attributes.

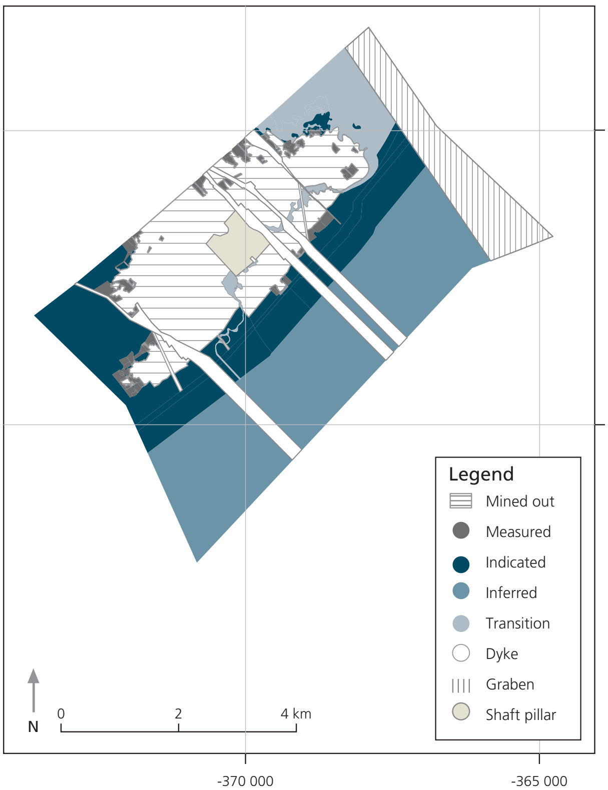
The Bushveld sequence at Zondereinde is typical of the northern portion of the western limb. The Critical Zone stratigraphy is telescoped and dominated by mafic lithologies. Middling between the UG2 and Merensky reefs is in the range of 20 to 40 metres.

Combined geological and extraction losses were discounted from the resources for both reefs. These comprised pothole and structural losses as well as other pillar losses.

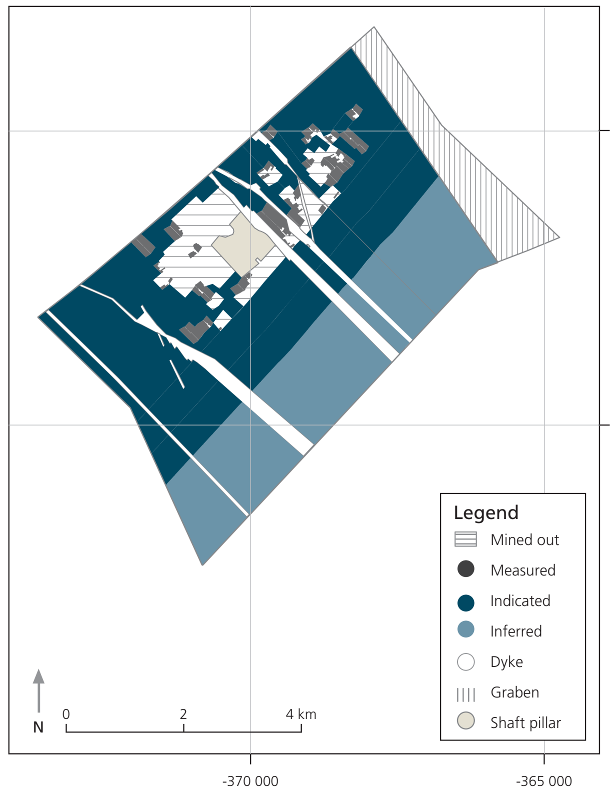
Merensky reef

The Merensky reef is a zone of mineralisation which straddles the base of the Merensky Cyclic Unit. In the area of the Zondereinde mine the Merensky reef consists of two sub-facies of the Zwartklip facies of the RLS, namely the normal and regional pothole sub-facies. The latter may be further sub-divided 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. Although the FWP2 whilst not considered a primary mining target owing to its nature, it is successfully exploited in the south-western quadrant of the current mining area where it displays lesser disruption.

Zondereinde mine: Merensky classification



Zondereinde mine: UG2 classification



Zondereinde resource estimate

		as at 30 June 2009				as at 30 June 2008	
		Grade	Moz			Grade	Moz
Merensky reef	Mt	g/t (4E)	(4E)	Merensky reef	Mt	g/t (4E)	(4E)
Measured	2.04	8.33	0.55	Measured	2.10	7.79	0.53
Indicated	25.28	7.14	5.80	Indicated	28.24	7.28	6.61
Inferred	38.68	6.55	8.15	Inferred	41.21	6.71	8.89
Total	**66.00**	**6.83**	**14.49**	**Total**	**71.55**	**6.96**	**16.02**
UG2 reef				UG2 reef			
Measured	3.37	5.19	0.56	Measured	2.08	4.91	0.33
Indicated	38.86	5.19	6.48	Indicated	48.74	4.91	7.70
Inferred	24.65	5.19	4.11	Inferred	38.32	4.90	6.04
Total	**66.88**	**5.19**	**11.16**	**Total**	**89.14**	**4.91**	**14.06**
Combined reefs				Combined reefs			
Measured	5.41	6.38	1.11	Measured	4.18	6.36	0.86
Indicated	64.14	5.96	12.29	Indicated	76.98	5.78	14.30
Inferred	63.33	6.02	12.26	Inferred	79.53	5.84	14.92
Total	**132.88**	**6.01**	**25.65**	**Total**	**160.69**	**5.82**	**30.08**

Zondereinde reserve estimate

		as at 30 June 2009				as at 30 June 2008	
		Grade	Moz			Grade	Moz
Merensky reef	Mt	g/t (4E)	(4E)	Merensky reef	Mt	g/t (4E)	(4E)
Proven	2.43	5.92	0.46	Proven	2.50	5.66	0.46
Probable	16.90	5.55	3.00	Probable	15.93	5.56	2.85
Total	**19.33**	**5.57**	**3.46**	**Total**	**18.43**	**5.57**	**3.30**
UG2 reef				UG2 reef			
Proven	3.40	4.35	0.48	Proven	2.29	4.19	0.31
Probable	30.04	4.35	4.20	Probable	41.34	4.19	5.57
Total	**33.44**	**4.35**	**4.68**	**Total**	**43.63**	**4.19**	**5.88**
Combined reefs				Combined reefs			
Proven	5.83	5.00	0.94	Proven	4.79	4.95	0.76
Probable	46.94	4.77	7.20	Probable	57.27	4.57	8.41
Total	**52.77**	**4.80**	**8.14**	**Total**	**62.06**	**4.60**	**9.18**

The stoping cut on the Merensky reef is dependent upon the reef type mined, and the geozone in which it is located. In all stoping cuts the Merensky Chromitite is exposed, with a minimum of 10cm of the overlying, mineralised Merensky Pyroxenite as hanging wall.

The measured resource is an estimate of the in situ tonnage, grade and PGM ounces that has been exposed through development and is immediately available for mining. The Merensky measured resource estimate has marginally increased from 2.10 Mt (526 000oz) in June 2008 to 2.04 Mt (547 000oz) in June 2009.

The Merensky indicated and inferred resources have decreased as a result of the application of more conservative extraction ratios to the resource estimates for the deeper portions of the mining lease area.

UG2 reef

The UG2 Reef at the Zondereinde mine 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 75cm thick, and is overlain by two leader seams, each in the order of 15cm thick. Total reef thickness, inclusive of a portion of mineralised reef footwall, is in the order of 140cm to 150cm. There is no basis for sub-dividing the UG2 reef into facies 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 safe working practices.

The measured resource is an estimate of the in situ tonnage, grade and PGM ounces that has been exposed through development and is immediately available for mining. The UG2 measured resource has increased materially from 2.08 Mt (329 000oz) in June 2008 to 3.37 Mt (561 000oz) in June 2009. This is in line with the planned development of the UG2 reef.

The UG2 indicated and inferred resources have decreased as a result of the application of more conservative extraction ratios to the resource estimates for the deeper portions of the mining lease area.

Booysendal prospect

Description

The Booysendal concession is located in the southern compartment of the eastern limb of the Bushveld Complex, approximately 35km from the town of Mashishing (formerly Lydenburg), straddling the border of Limpopo and Mpumalanga provinces in the Republic of South Africa.

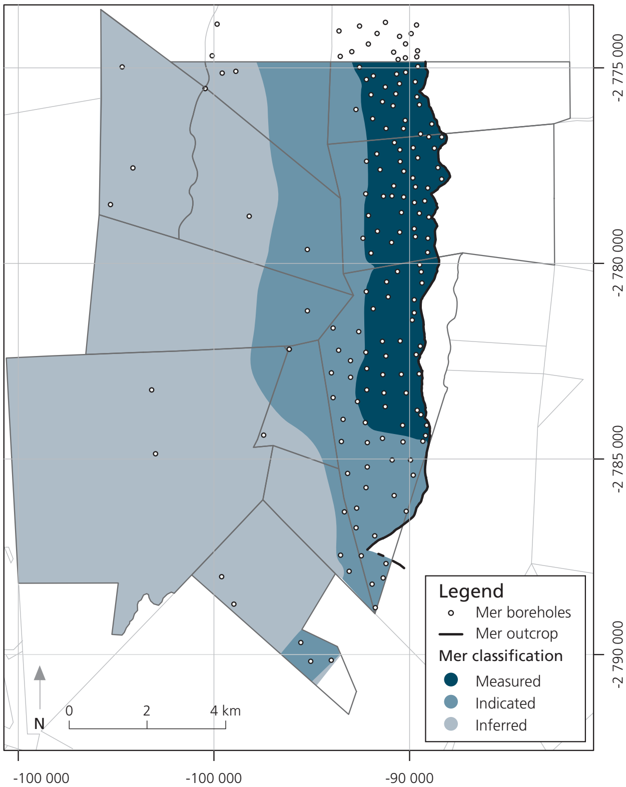
The concession hosts both the UG2 and Merensky ore bodies, which outcrop over a strike length of 14.5 km and dip at approximately 10° to the west within the area.

A study is in progress to determine the feasibility of mining UG2 and Merensky reefs within the northernmost 8km of Booysendal strike, over a dip extent from outcrop of approximately 2km. No mineral reserve estimate is presented ahead of the conclusion of this feasibility study.

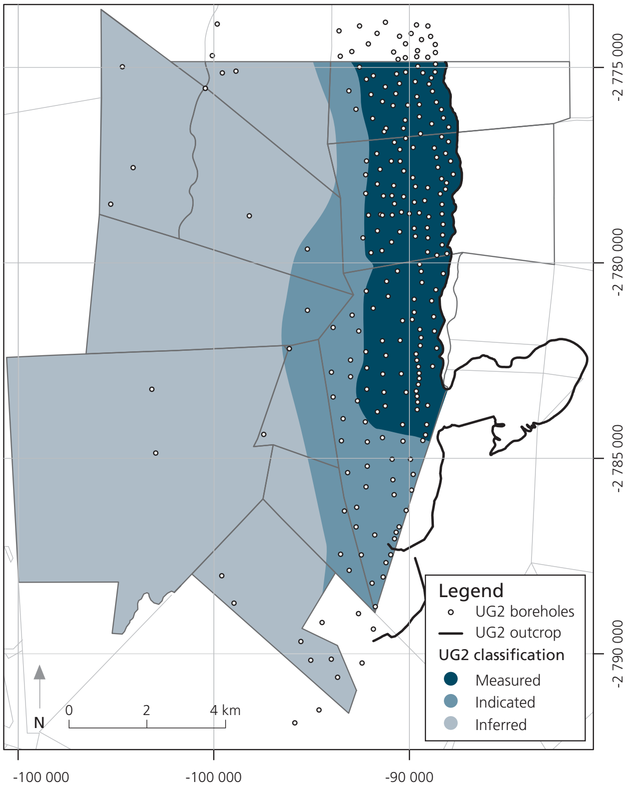
The Bushveld sequence at Booysendal is similar to that found across the eastern limb. The Critical Zone stratigraphy is fully developed and middling between the UG2 and Merensky reefs is in the order of 175 metres in the northern portion of Booysendal. The sequence is, however, subject to thinning in the southern portion, which is linked to the Bushveld rocks abutting basement highs. The impact of this abutment is further manifested in disruption to surface morphology and internal structure of the two reefs. This has led to the characterisation of three geozones within the Booysendal concession, these being the normal, slump and abutment geozones. Despite this progressive disruption to the south, the continuity of the reef surfaces is robust across the property.

The internal structure of the UG2 reef is similar to that found on the Bushveld western limb, whilst the Merensky reef is typical of the northern portion of the Bushveld eastern limb.

Booysendal: Merensky classification



Booysendal: UG2 classification



The Merensky reef is the upper mineralised portion of the Merensky pyroxenite, generally extending over 110cm. The Merensky reef is immediately overlain by a sequence of competent norites.

The UG2 reef consists of an upper Leader Chromitite and a lower Main Chromitite with a combined thickness of some 140cm. These seams are generally juxtaposed or merged, but can display variable internal silicate partings.

Exploration data that has informed this estimate included over 35 000 assay samples derived from 248 boreholes. 90% of drilling was conducted within 2.5km down-dip of outcrop, and drill hole spacing in this near outcrop area ranges from 150 to 400 metres.

Resources were estimated over the reef channels. For the UG2 reef, the reef channel extends from the top of the leader chromitite to the base of the main chromitite seam. For the Merensky reef, the reef channel extends from the top of the Merensky pyroxenite to a sample grade cut-off of 1g/t, with a mining channel width of 80cm applied.

Geological losses were discounted from the resources for both reefs. These comprised pothole and structural losses, which amounted to 24% and 23% respectively, as well as losses related to a 30 metre thick surface oxidised zone. A channel cut-off 4E grade of 2.5 g/t was applied to estimated blocks, whilst a pay limit percentage loss, set at the same cut-off grade value, was applied to non-estimated areas.

Resource categorisation was based upon a combination of quantitative geostatistical parameters, together with a qualitative appreciation of ore body continuity informed by the resource database together with data from surrounding properties.

Booysendal resource estimate

		as at 30 June 2009	
Merensky reef	Mt	Grade g/t (4E)	Moz (4E)
Measured	37.15	5.08	6.06
Indicated	62.26	4.84	9.70
Inferred	156.07	4.54	22.78
Total	**255.48**	**4.69**	**38.53**
UG2 reef			
Measured	109.96	3.92	13.84
Indicated	99.11	4.01	12.78
Inferred	371.46	3.19	38.14
Total	**580.53**	**3.47**	**64.76**
Combined Reefs			
Measured	147.12	4.21	19.91
Indicated	161.37	4.33	22.47
Inferred	527.52	3.59	60.92
Total	**836.01**	**3.84**	**103.30**

Notes on reporting criteria

- Mineral resource tonnages and grades are in situ estimates reported inclusive of internal waste dilution, but exclusive of external waste dilution
- PGE grade is expressed as corrected 4E (combined platinum, palladium, rhodium and gold) grade
- Structural losses, due to faults, dykes and joints, include the volumes of expected bracket pillars required to be placed on such features
- Kriging parameters are applied to discrete mining areas in order to estimate tonnage and metal content
- Kriging parameters are derived from the interrogation of an extensive sampling database
- Rounding off numbers in the tables may result in minor computational discrepancies; where this occurs it is deemed insignificant
- The most reasonable mining width is assumed based on practical mining conditions. PGE grade, as well as specific gravity are calculated for these widths
- Total mineral resource and reserve attributable to Northam are listed in the summary tables
- Measured and indicated mineral resources are reported separately and include those mineral resources modified to produce proven and probable mineral reserves
- Whilst mineral resources are quoted as in situ resources, all reserves are quoted at run-of-mine (ROM) grades and tonnages as delivered to the concentrator plants on site and are therefore fully diluted
- Mineral reserves for Zondereinde mine are quoted to 15 level
- All references to tonnage are to the metric unit
- All references to ounces are troy with a conversion factor of 31.10348 used to convert from metric grams to ounces

Key sustainable development performance indicators

On a social level

LTIIR improvement **1.02** compared to (F2008: 2.30)

- *Four fatal accidents occurred at the Zondereinde mine in F2009, two as a result of fall of ground accidents.*
- *Other safety indicators improved. The lost time injury incidence rate (LTIIR) was 1.02 per 200 000 man hours. (F2008: 2.30), and the reportable injury incidence rate (RIIR) was 0.63 per 200 000 man hours (F2008: 1.01).*
- *New VCT campaign launched on 2 September.*
- *Employment of 8 462 people, including contractors.*
- *HDSAs make up 24% of management.*

On an environmental level

- *Recognised by the JSE as a leading reporter in the 2008 Carbon Disclosure Project.*
- *Good progress with ISO14001. implementation – compliance audit scheduled for F2010.*
- *Water consumption levels well-maintained – 89% of all water used is recycled.*
- *Energy optimisation initiatives continue to deliver results*
- *Average daily SO_2 emissions well below permitted levels.*

Recognised as **leading reporter** in 2008 CDP

On an economic level

- *Significant value-added during the year, despite the global financial crisis, and both negativity and volatility in the PGMs markets.*
- *R733 million paid to employees (including salaries and wages, contributions to retirement fund benefits, contributions to health-care funds), 36% of the total value distributed during the year (F2008: R630 million: 19%).*
- *Taxes paid to government at a local and national level of R484 million (F2008: R966 million).*
- *Support for suppliers of capital and consumer goods and services of R1 374 million (F2008: R1 006 million).*
- *Corporate social investment of R10 million (F2008: R5 million).*
- *Dividends of R802 million (F2008: R1 010 million) paid to shareholders.*

Corporate social investment of **R10 million**

On a social level

Safety, health and employee well-being

In F2009, 117 new cases of TB were identified (F2008: 120), and 75 employees and four contractors participated in the DOTS programme.

At the end of F2009, 388 people had received voluntary counselling and testing as part of the wellness programme.

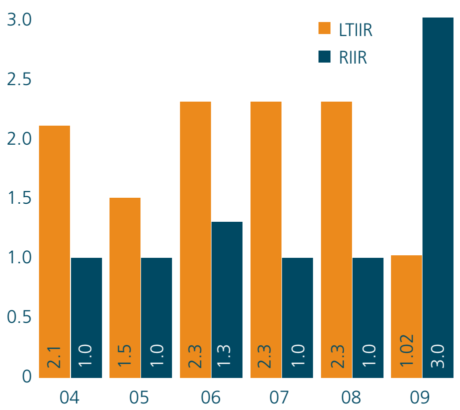
Employment and human rights

Local job creation a priority

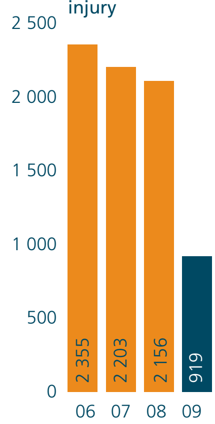
At the end of June 2009, Northam employed 8 462 people (6 405 employees and 2 057 contractors). Some 24% of employees at Zondereinde were drawn from Limpopo Province.

The turnover level at Zondereinde was 11%.

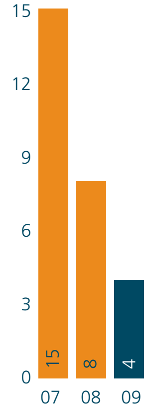
Lost time and reportable injury incidence rate (per 200 000 hours worked)



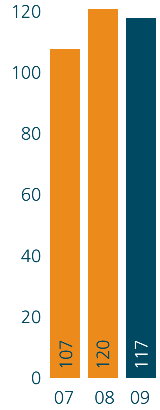
Days lost as a result of occupational injury



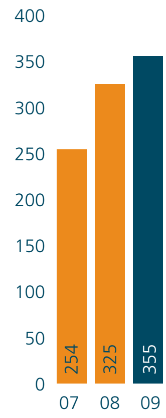
New cases of NIHL



New cases of TB



Employees on ART



Commitment to human rights compliance

Around 87% of the workforce is represented by a recognised union or through a collective bargaining agreement.

Employment equity

At the end of 2009, 24% of management positions were filled by HDSAs and 5% by women. Women made up 4% of the workforce.

Training and development

Training expenditure amounted to R44 million (F2008: R38 million) during the year.

On an economic level

Significant value-added during the year, despite the global financial crisis, and both negativity and volatility in the PGMs markets.

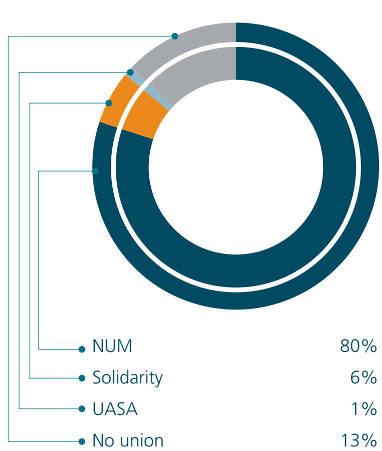
Black economic empowerment

To create more direct BEE exposure and accountability, Mvela Resources has announced the dissolution of that company in F2010 with its interests being devolved to shareholders. As a result, Northam's direct and see-through BEE shareholding is expected to be 27%.

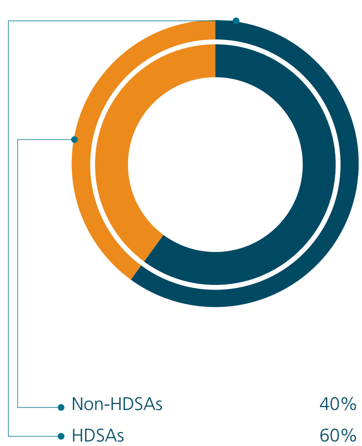
In a significant move to ensure that employees participate in the fortunes of the company and actively take empowerment into the workplace, Northam established the Toro Employee Empowerment Trust. During the year the company contributed R45 million to the Fund – R30 million as in initial contribution and R15 million in respect of the share of Northam's profits for the year.

In F2009, Northam's total procurement expenditure with suppliers with a BEE/HDSA status of greater than 25%, was R514 million (37%) (F2008: 33%).

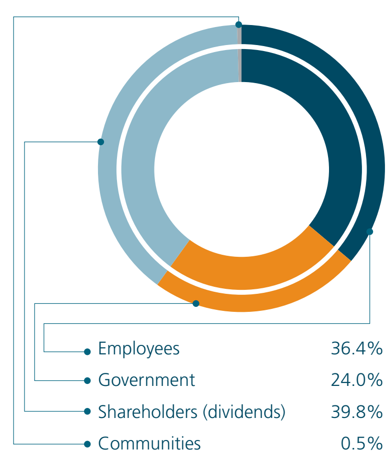
Unionisation (%)



HDSAs at board level



Value distributed in F2009 (%)



Corporate governance

Introduction

The board of Northam affirms its commitment to the principles of openness, integrity and accountability to the full range of the company's shareholders and stakeholders and seeks to uphold and implement the principles of good corporate governance. The pursuit of good corporate governance is guided by the the company's articles of association, the board charter, the listings requirements of the JSE, the South African Companies Act of 1973 (as amended), the second King Report on Corporate Governance in South Africa (2002) (King 2) and the Global Reporting Initiative (GRI) and the new Companies Act, No. 71 of 2008.

Reporting in compliance with King 2

The directors endorse the Code of Corporate Practices and Conduct (the Code) set out in King 2 as released in March 2002.

The key principles underlying the King 2 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 board considers that the group complies substantially with the principles of good corporate governance apart from the following instances

Compliance authority	Areas of non-compliance	Remedial steps
King 2	The chairman of the board is not independent	Mr PL Zim, the non-executive chairman of the board, represents the interests of the company's major black empowerment shareholders and is therefore not considered to be independent. Although this situation is in conflict with the recommendations of King 2, it reflects the reality of black economic empowerment (BEE) criteria which prevail in the South African minerals regime. In current circumstances it is the view of the board that it is appropriate that he continues to chair the board. It is likely however that, once the unbundling of the company from the major controlling shareholder is completed, this situation will be resolved.
King 2	The majority of the directors and the chairs of two board sub-committees are not independent	Once again, this reflects the BEE criteria of the country's minerals regime, and is likely to be resolved post the unbundling of the company's major shareholder.
Companies Act (no 71 of 2008)	There is no financial director position	The board is currently in the process of recruiting and appointing a financial director.
Corporate Laws Amendment Act; King 2	The chair of the Audit Committee is not independent	Once the unbundling is completed, it is likely that this situation will be resolved.

Third King Report on Corporate Governance (King 3)

King 3 was released for public comment on 25 February 2009 and is anticipated to become effective from March 2010. Steps are being put in place at board level to familiarise the directors with the key principles of King 3 and to apply these principles. This will require the reformulation of the terms of reference of certain of the board sub-committees, in particular the Audit Committee, and the better implementation of integrated financial and sustainability reporting.

New Companies Act

The new Companies Act (Number 71 of 2008) (the Act) was signed by the President on 8 April 2009. The Act is anticipated to become effective on 1 July 2010.

The board is cognisant of the fact that there is always a link between good governance and law and that good governance is not something that exists separate from the law. In this regard, the board seeks to ensure that the group operates within the legislative and regulatory environment of the country and has established structures and processes with appropriate checks and balances that enable directors to discharge their legal duties and responsibilities.

Through its internal and external legal support structures, the board will ensure that the operations of the group are aligned with new company law regime. The Remuneration, Nomination and Employment Equity Committee of the board is also in the process of appointing a financial director as required by law and the regulatory requirements of the JSE.

The board of directors – functions and accountability

The board has a unitary structure, comprising 10 members. Board members assume overall responsibility for the company and its activities, including risk management and governance. 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. In accordance with the company's articles of association, all directors are, by rotation, subject to retirement and re-election by shareholders at least every three years.

All directors have access to the advice and services of the company secretary and, with the prior approval of the chairman, are entitled to seek independent professional advice concerning the affairs of the group at its expense.

Composition of the board of directors

The board comprises one executive and nine non-executive directors, four of whom are regarded as being independent since they:

- are not representative of a shareowner who has the ability to control or significantly influence management;
- have not been employed by the company, or the group of which it currently forms part, in any executive capacity for the preceding three financial years;
- are not members of the immediate family of any individual who is, or has been in any of the past three financial years, employed by the company or group in an executive capacity;
- are not professional advisors to the company or the group, other than in a director capacity;
- are not a significant supplier to, or customer of the company or group;
- have no significant contractual relationship with the company or group, and
- are free from any business or other relationship that could be seen to materially interfere with their capacity to act in an independent manner.

In terms of the company's articles of association no fewer than 50% of the directors are required to be historically disadvantaged persons (HDPs) as defined in the Mineral and Petroleum Resources Development Act (Act 28 of 2002). To this end the board has appointed additional non-executive directors who qualify as HDPs, thus bringing the total number of such directors to six. Biographical details of the directors appear on pages 34 to 37.

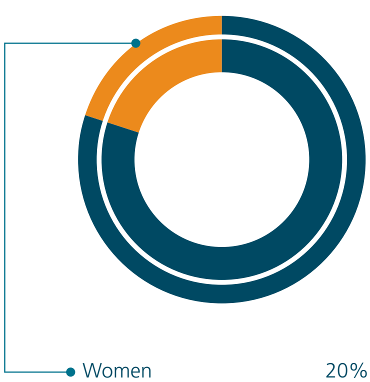
Board meetings – attendance

During the year five board meetings were held. The attendance by directors is shown in the table below.

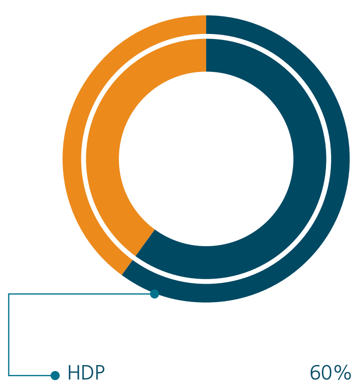
Date of meeting	22 August 2008	5 November 2008	4 February 2009	23 April 2009	29 June 2009
PL Zim	✓	Apology	✓	✓	✓
GT Lewis	✓	✓	✓	✓	✓
ME Beckett	Apology	✓	✓	Apology	✓
KC Chabedi [(1)]	n/a	n/a	n/a	n/a	✓
NJ Dlamini	✓	✓	✓	✓	✓
R Havenstein	✓	✓	✓	✓	✓
ET Kgosi	✓	✓	✓	✓	✓
AR Martin [(2)]	n/a	n/a	n/a	n/a	Apology
PC Pienaar [(3)]	Apology	✓	✓	✓	n/a
MSM Xayiya [(4)]	n/a	n/a	n/a	n/a	Apology
BR van Rooyen	✓	✓	✓	✓	✓

Notes:
(1) Mr KC Chabedi was appointed as a non-executive director on 22 June 2009.
(2) Mr AR Martin was appointed as a non-executive director on 22 June 2009.
(3) Mr PC Pienaar resigned as a director on 4 June 2009.
(4) Mr MSM Xayiya was appointed as a non-executive director on 22 June 2009.

Board representation: women



Board representation: HDPs



Mr PL Zim, the non-executive chairman of the board, represents the interests of the company's major black empowerment shareholders and is therefore not considered to be independent. Although this situation is not aligned with the recommendations of King 2, it reflects the reality of black economic empowerment imperatives which prevail in the South African minerals regime. In current circumstances it is therefore appropriate that he continues to chair the board.

The board charter

The board charter 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.

Board evaluation

The board recognises that improved performance and effectiveness may be achieved through regular and timely appraisals both of the board as a collective and of its individual members. Plans are being put in place for the regular evaluation of the board's independence and performance. This process will commence during the F2010, coordinated by the office of the company secretary and will be conducted by an independent professional party, subject to legislation and in accordance with the recommendations of King 2 and as informed by the principles and guidelines espoused in King 3.

Responsibility for annual financial statements

The directors are responsible for the preparation of the annual financial statements and related financial information. The annual financial statements set out in this report fairly present the financial position of the group and the results of its operations and cash flows and 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 41 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.

Board committees

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 all of which operate within defined terms of reference laid down in writing by the board. These committees are chaired by and comprise non-executive directors. The chief executive, and members of management, are invited to attend as appropriate.

As indicated previously, the terms of reference of these committees are currently being reviewed in order to align their functions more closely with the requirements of King 3, and in particular those which relate to integrated reporting.

Audit Committee

The Audit Committee comprises four non-executive directors:

Chairman: Mr ME Beckett (non-executive)

- Mr R Havenstein (independent non-executive)
- Ms ET Kgosi (independent non-executive)
- Mr AR Martin (independent non-executive)

The board considers that the members of the Audit Committee are suitably qualified and experienced and possess the necessary level of financial literacy and the requisite knowledge of corporate law based on practical experience that has a bearing on, and is relevant to, the matters that the committee has to deal with.

The Audit Committee operates according to established terms of reference approved by the board. The committee is scheduled to meet five times a year with management and the internal and external auditors in order to:

- review the interim and preliminary announcement of annual results;
- review the annual financial statements and accounting policies;
- review the effectiveness of the internal audit function, management information and other systems of internal control;
- discuss the auditors' findings and recommendations;
- consider the use of the group's external auditors for non-audit services, where appropriate; and
- approve the fees to be paid to the group's internal and external auditors.

The Audit Committee is cognisant of the need to consider information technology (IT) risk as a crucial element of the oversight of risk management of the company. As such the committee plays an oversight role regarding IT risks and controls, business continuity and data recovery related to IT and information security and privacy.

Following the proposed unbundling of the company's controlling shareholder, Mvela Resources, Mr Beckett's status will become that of independent, non-executive director. In view of this anticipated development, Mr Beckett's position of chair of the Audit Committee remains in place.

External audit

The external auditors have free access to the Audit Committee. The Audit Committee is satisfied that the external auditors are sufficiently independent and objective in the performance of their duties and responsibilities. The Audit Committee is required to approve the provision of non-audit services by the group's external auditors. No non-audit services were provided by the group's external auditors during the year under review.

Following the proposed unbundling of the company's controlling shareholder, Mvela Resources, Mr Beckett's status will become that of independent, non-executive director. In view of this anticipated

Audit committee:

During the year six meetings were held, with the attendance by the directors shown in the table below.

Date of meeting	20 August 2008	12 September 2008	12 November 2008	2 February 2009	4 February 2009	21 April 2009
ME Beckett	✓	✓	✓	✓	✓	Apology
Mr R Havenstein (1)	n/a	n/a	n/a	n/a	n/a	n/a
ET Kgosi	✓	✓	✓	✓	✓	✓
NB Mbazima (2)	Apologies	n/a	n/a	n/a	n/a	n/a
Mr AR Martin (3)	n/a	n/a	n/a	n/a	n/a	n/a

Notes:
(1) *Mr R Havenstein was appointed as a member of the Audit Committee on 22 June 2009.*
(2) *Mr NB Mbazima resigned as a director and a member of the Audit Committee on 20 August 2008.*
(3) *Mr AR Martin was appointed as a director and a member of the Audit Committee on 22 June 2009.*

development, Mr Beckett's position of chair of the Audit Committee remains in place.

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 company's internal audit function is undertaken on an outsourced basis by KPMG Services (Proprietary) Limited. The internal auditors have free access to the Audit Committee.

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.

Financial statements

The Audit Committee has reviewed the financial statements, the accounting policies adopted and applied by the group and the internal controls of the company and is satisfied that the financial statements have been prepared to the required level of accuracy and integrity in accordance with International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Policies (GAAP).

Health, Safety and Environmental Committee

The Health, Safety and Environmental Committee (HSE) comprises four non-executive directors:

Chairman: Mr BR van Rooyen (non-executive)
- **Mr ME Beckett non-executive)**
- **Dr NJ Dlamini (independent non-executive)**
- **Mr KC Chabedi (non-executive)**

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 BR van Rooyen is not an independent non-executive director (being a director of Mvelaphanda Resources, the group's major shareholder) 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. It is likely however, that this situation will be resolved once the aforementioned unbundling is completed.

HSE committee:

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

Date of meeting	22 August 2008	4 November 2008	3 February 2009	21 April 2009
BR van Rooyen	✓	✓	✓	✓
ME Beckett	Apology	✓	✓	Apology
KC Chabedi (1)	n/a	n/a	n/a	n/a
NJ Dlamini (Dr)	✓	✓	✓	✓

Notes
(1) *Mr KC Chabedi was appointed a director and a member of the committee on 22 June 2009.*

Remuneration, Nomination and Employee Equity Committee

The Remuneration, Nomination and Employee Equity Committee comprises four non-executive directors:

Chairman: Ms ET Kgosi (independent, non-executive)
- Dr NJ Dlamini (independent non-executive)
- Mr R Havenstein (independent non-executive)
- Mr BR van Rooyen (non-executive)

The committee is scheduled to meet three times a year and functions in accordance with established terms of reference approved by the board.

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 that 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.

The group operates a bonus scheme for its senior executives and managers including executive directors, which is subject to certain safety, production and financial targets being met. The committee approves the parameters for this scheme and any bonuses payable are limited to 40% of an individual's basic remuneration package. No bonuses are paid to non-executive directors.

The group also operates a number of short-term incentive schemes for other employees. In addition, the committee approves the mandate with 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 with regard to the appointment of proposed candidates to serve on the board.

Remuneration, Nomination and Employee Equity Committee:

During the year two meetings were held, with the attendance by the directors being as follows:
(Remcom)

Date of meeting	8 May 2009	12 June 2009
ET Kgosi	✓	✓
NJ Dlamini	✓	✓
R Havenstein	✓	✓
BR van Rooyen	✓	✓

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 of whatever nature;
- engaging constructively and creatively with government bodies, labour organisations and non-governmental organisations; and
- providing a channel through which grievances or breaches of the code can be dealt with without fear of victimisation.

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.

The code of ethics is currently being updated and reviewed.

Communication

The group has a policy of communicating openly and regularly with its shareowners, employees and other stakeholders. The depth and frequency of 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 communication channels.

Dealings in the group's shares and 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.

Risk management

Risk management is approached from the premise that it is inseparable from the company's strategic and business processes and that risk management should be practiced by all staff in their day-to-day activities. The board is aware of the principles of risk management contained in King 3 and will continuously review its risk management structures, systems, processes and procedures to ensure that these are aligned to the principles contained in King 3. The board appreciates the important role played by internal auditing in the process of risk management and endorses the need for internal auditing to be risk-based as opposed to being compliance-based.

The board takes responsibility for the total risk management process and its effectiveness 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. Through the Audit Committee the board oversees the process of risk management and regularly reviews the adequacy and effectiveness of the group's risk management processes and internal controls. The internal audit function - which is outsourced - tests the group's internal controls in accordance with an agreed yearly audit plan and reports quarterly to the Audit Committee on the adequacy and effectiveness of the tested controls, systems, processes and procedures.

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 risk management 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.

Sustainable development

The board appreciates that sustainability is both an ethical and economic imperative for business in the 21st century, both in terms of risk and the opportunities it presents. The parallels between good governance and good leadership are evident, and entails defining strategy, providing direction and establishing the ethics and values that will influence and guide practices and conduct with regard to sustainability performance.

Policies, practices and performance relating to sustainable development form an integral part of the management of the company. Responsibility for these matters lies with the Board, although the direction of major elements of sustainability has been delegated to the Health, Safety and Environment Committee.

Northam subscribes to the notion of integrated reporting: while the company has produced a separate Sustainable Development Report in compliance with GRI's G3 guidelines, this report has been produced to complement the annual financial report and in a way that is accessible to a broader range of stakeholders.

As required by GRI, Northam has declared a C+ level of reporting and intends incrementally increasing its level of compliance with GRI to B+ in the coming financial year. Certain key performance indicators and the company's compliance with GRI have been verified by external auditors PricewaterhouseCoopers.

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

Country regulatory risk	Response
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 licenses. In addition, South African operations are subject to the requirements of the Mining Charter which seeks, *inter alia*, to: • promote equitable access to South Africa's mineral resources for all • 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;	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. 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. For further information on progress in these areas see the Sustainable Development report, issued in tandem with this document.

Corporate governance (continued)

Country regulatory risk	Response
• promote beneficaton of South Africa's mineral commodities beyond mining and processing, including the production of consumer products.	
Financial and market risk	**Response**
As a producer of platinum group metals, the group is subject to market fluctuations in both commodity prices and exchange rates. These fluctuations may 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 is to ensure that price increases granted to suppliers remain within the consumer price index (CPI), whilst working towards achieving greater production efficiencies in order to contain the increase on unit costs.
Infrastructural services supply risk	**Response**
The group is dependent on the reliable supply of power in order to conduct its operations. South Africa's national electricity utility, Eskom, currently has very little surplus generating capacity and requires the mining industry in South Africa to achieve a 10% reduction in the overall power consumption.	The group has engaged with Eskom so that it is given advance warning of any possible outages in order to secure employees' safety and protect its assets. It is not always possible to determine the cost of power disruptions, which are likely to persist until at least 2013. Northam has put a number of measures in place to reduce power consumption. The most significant of these are: • the reduction of underground water consumption and the consequential reduction in power consumption for pumping and refrigeration; • the intermittent use of diesel powered fans to replace electrical powered surface fans as required; • various initiatives to reduce domestic power consumption in the mine offices, hostels and the village.
Ore reserve	**Response**
The ore body within the group's mining lease area is characterised by pot-holing 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 pot-holes ahead of the face.
Environmental and social	**Response**
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 and social obligations. 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, particularly new legislation, in order to ensure the sustainability of its operations.
Health	**Response**
The occupational illnesses associated with mining operations are those caused by, inter alia, excessive exposure to heat, dust, noise, radiation and gasses. Consequently, the mining industry is subject to stringent health and safety laws and regulations that are subject to change from time to time. The group complies fully with these laws and regulations. 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 regulation. 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 the employees adhere to group 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	Response
On a global basis the mining industry continues to face 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 response

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.

PL Zim
Chairman

ME Beckett
Chairman – Audit Committee

Johannesburg
18 September 2009

Directors

Mr GT Lewis (52) (British)
BSc (Mining Engineering), MBA
Chief executive officer

Appointed to the board in 2005.
Mr Lewis joined Northam in 2001 as mine manager, was appointed general manager in 2002 and chief executive officer in 2005. Prior to joining Northam, he was the manager of the Tarkwa Mine in Ghana. He has extensive experience in the mining industry in both precious and base metal mines.

Dr NJ Dlamini (50)
MB M.Ch, MBA
Independent non-executive director

Appointed to the board in 2004.
Dr Dlamini 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. She is a trustee of Mkhiwa Trust and serves as a director on the boards of Aspen Pharmaceuticals Limited and GijimaAst Group Limited.

Mr CK Chabedi (41)
BSc Mining Engineering, IMDP, MDP, MSAIMM)
Non-executive director

Appointed to the board in 2009.
Mr Chabedi has many years' experience in the mining industry, having worked in various capacities for Anglo Coal. He currently consults to the industry while lecturing in both opencast and underground mining at the University of the Witwatersrand. Mr Chabedi is a director of Mvelaphanda Resources Limited (Mvela Resources).

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Ms ET Kgosi (54)
B Comm Hons
Independent non-executive director

Joined the board in 2004.
Ms Kgosi is the manager - procurement at Eskom Central Region. 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 at Credit Suisse First Boston in New York.

Mr PL Zim (49)
B Comm (Hons) M Comm D Comm
Non-executive chairman

Appointed to the board in 2007.
Mr Zim is the chairman of Afripalm Holdings (Pty) Ltd, Kumba Iron Ore Limited and Mvela Resources and is a director of Sanlam Limited and Sanlam Life Insurance Limited. He is a previous past president of the Chamber of Mines of South Africa. Prior to establishing Afripalm, he held senior executive positions at Anglo American South Africa Limited and MTN Group Limited.

Mr MSM Xayiya (48)
(BA)
Non-executive director

Appointed to the board in 2009.
Mr Xayiya is the executive chairman of Mvelaphanda Holdings (Pty) Limited (Mvela Holdings) and Mvelaphanda Group Ltd (Mvela Group) and serves on the board of Mvela Resources. He has served as managing director of Mawenzi Asset Managers (Pty) Ltd and as a policy advisor at the Office of the Premier in Gauteng Province.

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Directors (continued)

Mr BR van Rooyen (75)
BA LLB
Non-executive director

Appointed to the board in 1999.
Mr van Rooyen is the deputy chairman of Mvela Resources and Trans Hex Group Limited and a director of Banro Corporation and Ndowana Exploration (Proprietary) Limited. Previously, he was an executive director at Gold Fields of South Africa Limited with responsibilities at various times for corporate finance, new business and technical services.

Mr R Havenstein (53)
MSc (Chemical Engineering), B Comm
Independent non-executive director

Appointed to the board in 2003.
Mr Havenstein is the chief executive officer of Norilsk International He was formerly an executive director of Sasol Limited responsible for Sasol Chemical Industries. In June 2003 he was appointed chief executive officer of Anglo Platinum Limited, a position he held until August 2007.

Bethuel Ngwenya (40)
LLB (Hons), LLM
Admitted Attorney, Notary Public and Conveyancer, Company secretary

Appointed to the company in 2008 in current position.

Absent:
Mr M Willcox (39)
(BA LLB, PG Dip Tax)
Alternate director to Mr MSM Xayiya
Appointed to the board in 2009.
Mr Willcox is a founding member of Mvela Holdings and is the current chief executive officer of African Management Limited/African Global Capital UK and Mvela Holdings. Mr Willcox is a director of multiple companies in the Mvelaphanda stable of companies.

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Mr AK Gupta (41)

Alternate director to Mr PL Zim

Appointed to the board in 2009.

Mr Gupta is chairman and managing director of Sahara Holdings (Proprietary) Limited and is a member of the Afripalm Resources (Proprietary) Limited board of directors. Mr Gupta is the founder of Correcto Marketing in 1994, the company which was the successful forerunner of Sahara, which was to become the largest IT group in South Africa, having established a dominant brand position and market share across 14 global market segments.

Mr AR Martin (71)

(B Comm)

Independent non-executive director

Joined the board in 2009.

Mr Martin is a chartered accountant, and is a founding partner of the country's first black-owned accounting firm Christian, Martin and Abrahamse. Over a period of time he has served as a partner at Ernst and Young, chairman of Vodacom Group and CEO of Siemens Telecommunications (Pty) Ltd. His board positions currently include Petmin Limited, Trans Hex Group Limited and Barnard Jacobs Mellet Holdings Limited.

Mr ME Beckett (73) (British)

B Sc, FIMM

Non-executive director

Appointed to the board in 1999.

Mr Beckett is chairman of Endeavour Financial Corporation plc, deputy chairman of Thomas Cook Group plc and a director of Medoro Resources Limited, Mvelaphanda Resources Limited, Northern Orion Limited and Orica Limited. A geologist by training, Mr Beckett was formerly managing director of Consolidated Gold Fields plc.

10

11

12

Management

Danny Gonsalves (45)
NHD (Mining), Pr Eng (Tech)
General manager
Joined the company in 2005 and appointed to current position in 2008.

Roland Dressels (46)
National Diploma in human resources and Training
Manager – Human Resources
Joined Northam in 2006.

Tinus Fourie (52)
B Comm
Manager – financial services
Appointed to the company in the current position in 2001.

Haggai Kazembe (35)
Chartered Certified Accountant (UK)
Senior financial manager
Appointed to the company in current position in 2009.

Rob Kendall (54)
Pr Eng
Manager – engineering services
Joined Northam in 1990 and assumed current position in 2001.

Nicky Kriel (48)
N4
Manager – Production, stoping and services
Joined Northam in 1993 and appointed to current position in 2009.

Danie Minnaar (53)
Pr Eng, B Eng (Metallurgy), B Comm
Manager – metallurgical operations
Joined Northam in current position in 2001.

René Rautenbach (52)
NDT (Metalliferous Mining)
Manager – projects
Joined Northam in 2001 and appointed manager – projects in 2002.

Andreas van Niekerk (48)
Pr Cert Eng
Manager – best practice, development and technical services
Joined Northam in 1993 and appointed to current position in 2008.

Derek Wolstenholme (59)
CA (SA)
Corporate finance manager
Joined the company as corporate finance manager in 1999.

Contents

Independent auditors' report	41
Directors' report	42
Accounting policies	49
Balance sheets	65
Income statements	66
Statements of changes in equity	67
Cash flow statements	68
Notes to the financial statements	69
Annexure 1 – analysis of financial instruments	88
Annexure 2 – investment in associate	90
Annexure 3 – subsidiaries	91
Annexure 4 – related party transactions	92
Annexure 5 – analysis of share options	94

Approval of annual financial statements

The financial statements set out on pages 42 to 94 were approved by the board of directors on 18 September 2009, and are signed on its behalf by:

PL Zim
Chairman

GT 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.

B Ngwenya
Company secretary
Johannesburg

18 September 2009

Independent auditors' report

To the members of Northam Platinum Limited

Report on the financial statements

We have audited the annual financial statements and group annual financial statements of Northam Platinum Limited, which comprise the directors' report, the balance sheet as at 30 June 2009, the income statement, the statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 42 to 94.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and group as of 30 June 2009, and of the financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Ernst & Young Inc.
Registered Auditor
Johannesburg

18 September 2009

Directors' report

The directors have pleasure in submitting their report for the year ended 30 June 2009. The review of the group's operational performance is set out in the business review on pages 10 to 13, whilst the nature of business is described in the corporate profile which appears on page 1.

Booysendal platinum project

As announced on 19 August 2008, the implementation of the Booysendal transaction commenced with 121 000 000 ordinary shares being allotted and issued to Mvelaphanda Equity (Proprietary) Limited, a wholly-owned subsidiary of Mvelaphanda Resources Limited on 20 August 2008, and Northam acquiring the entire issued share capital of Khumama Platinum (Proprietary) Limited (Khumama). The shares were issued at a price of R46.00 per share, resulting in a total consideration of R5 566 million for the project. The first 50% of the issued share capital of Micawber 278 (Proprietary) Limited (Micawber), which holds the Booysendal mining titles, was transferred to Khumama in August 2008, with 100% ownership being obtained in June 2009.

Pandora joint venture

Following the implementation of the various agreements relating to the acquisition of Booysendal, the group achieved recognition as an HDSA entity. Consequently it became entitled to acquire the 7.5% interest in the Pandora joint venture that had been warehoused by Mvelaphanda Resources Limited. The other parties to the joint venture are Rustenburg Platinum Mines Limited and Eastern Platinum Limited with an equal share of 42.5% and the Bapo Ba Mogale with a 7.5% interest. The joint venture exploits the UG2 reef on certain portions of the farms Hartbeespoort, Roodekopjes and Uitvalgrond near Marikana in the North West Province.

Northam, which accounts for Pandora as an associate, brought to account an investment of R65 million and income of R72 million, R68 million of which related to the periods prior to the group being entitled to account for Pandora. The investment was reduced by an amount of R7 million distributed by Pandora.

Corporate governance

The directors endorse the Code of Corporate Practices and Conduct set out in the second King Report on Corporate Governance (King 2) that was released in March 2002. The directors are also cognisant of the provisions of the draft third King Report on Corporate Governance (King 3) due to be released in September 2009. In addition the directors are aware of the promulgation of the new Companies Act that is expected to become effective in July 2010. Further details on the group's corporate governance practices are set out in the Corporate Governance Report on page 26.

Mining licences

The Northam mine'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.

The Booysendal mine's mining licence, which is held through Micawber, covers an area of approximately 11 876 hectares on the farms Booysendal 43 JT, Buttonshope 51 JT, Der Brochen 7 JT, Draaikraal 48 JT, Hebron 5 JT, Kliprivier 73 JT, Pietersburg 44 JT and Uysedoorns 47 JT. In addition Micawber holds new order prospecting rights of approximately 1 968 hectares on the farms Johannesburg 45 JT and Sheeprun 50 JT.

Additional rights over an area of approximately 1 264 hectares on portions of the farms Der Brochen 7 JT, Hebron 5 JT and Hermansdal 3 JT will be ceded to Micawber once Rustenburg Platinum Mines Limited's application to convert its old order mining rights to new order mining rights has been completed.

Conversion of mining rights

The company submitted its application to the Department of Mineral Resources (DMR) for the conversion of its old order mining rights to new order mining rights in April 2006. The application was accepted by the DMR and is at the date hereof still being processed.

The DMR gave notice in May 2009 that the conversion of Booysendal's old order mining title covering nine of the 11 Booysendal farms had been approved. The conversion was executed on 10 September 2009. The application for mining rights over the remaining two farms presently held under new order prospecting rights is currently being processed.

Property

A register of land and buildings containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act 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 49 to 94, reflect the financial results and position of the company and the group.

Dividends

Dividends totalling 78 cents per share (2008: 330 cents per share) absorbing R280 729 410 (2008: R1 011 223 675) were declared. Details are as follows:

Interim dividend (No 20) – 38 cents per share	
Declaration date:	4 February 2009
Last day to trade *cum* div:	27 February 2009
Commencement of trading *ex* div:	2 March 2009
Record date:	6 March 2009
Payment date:	9 March 2009
Final dividend (No 21) – 40 cents per share	
Declaration date:	12 August 2009
Last day to trade *cum* div:	4 September 2009
Commencement of trading *ex* div:	7 September 2009
Record date:	11 September 2009
Payment date:	14 September 2009

Shareholders who have dematerialised their shares receive payment electronically as provided for by STRATE. For those shareholders who have not yet dematerialised their shares, or who 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 R4 750 000 (2008: R4 750 000) divided into 475 000 000 (2008: 475 000 000) shares of one cent each. In order to cater for growth and a possible rights issue as part of the funding for the Booysendal mine, the directors consider it appropriate that the company increase its authorised share capital to R5 450 000 by the creation of an additional 70 000 000 shares of one cent each. Accordingly members will be asked at the forthcoming annual general meeting to approve special resolutions to create the additional shares and to amend the company's memorandum of association to reflect the newly created shares. The text of the resolutions appears in the notice of the annual general meeting on page 95, which forms part of this report.

During the year 121 000 000 shares were allotted and issued to Mvelaphanda Equity (Proprietary) Limited, a wholly owned subsidiary of Mvelaphanda Resources Limited, which together with the 222 000 shares that were allotted and issued to participants of the Northam Share Option Scheme, resulted in the issued share capital at 30 June 2009 being 359 909 500 (2008:238 687 500) shares of one cent each and the share premium increasing from R2 050 807 000 to R7 619 369 000.

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) (the Act), as amended, 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 95, which forms part of this report.

Repayments of share premium

At the annual general meeting held on 6 November 2008 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 share premium in terms of the Listings Requirements of the JSE and subject to the requirements of Section 90 of the Companies Act, 1973. The company has a substantial share premium account, equivalent to R21.17 per share that has arisen from a combination of previous rights issues and the acquisition of the Booysendal Platinum Project. 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 of 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 (being 6 November 2008) 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 95, which forms part of this report.

No payments were made during the year 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 their holding company. Accordingly, at the annual general meeting held on 6 November 2008 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 (being 6 November 2008) 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 95, 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 dematerialised their shares (certificated shareholders) are strongly urged to do so as soon as possible (unless it is their explicit intention not to do so) in order to enable them to trade in such shares. It is most important for certificated shareholders to note that their shares may not be traded on the JSE unless the shares have been dematerialised.

Northam Share Option Scheme (the Scheme)

The Scheme was established on 4 January 1995 with the objective of attracting and retaining employees with appropriate levels of ability and expertise who make a significant contribution to the operations of the company. Non-executive directors are not eligible to participate in the Scheme.

Directors' report (continued)

Options are offered at the 30-day volume weighted average price at which Northam shares traded on the JSE up to the trading day immediately preceding the offer date. 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.

At the forthcoming annual general meeting shareholders will be asked to consider and approve a change in the rules of the Scheme. The principal changes are as follows:

1) The rules currently provide that the exercise price is based on the 30-day volume weighted average price at which Northam shares traded on the JSE up to the trading day immediately preceding the offer date. It is proposed to amend this clause to provide that the exercise price will be the average price at which Northam shares traded on the JSE on the trading day immediately preceding the offer date.

2) The rules currently provide that options that are not exercised within five years from the date of the offer shall lapse. It is also proposed to extend this period seven years.

3) In terms of the rules of the Scheme, 11 550 000 unissued shares are reserved for participants of the scheme. It is proposed to increase the number of unissued shares reserved for participants of the scheme to 25 000 000.

4) In terms of the rules of the Scheme 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. In order to comply with the requirements of the JSE Limited, it is proposed to amend this to 1 440 000 options.

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

Earliest and latest exercise date	Price per share R	Total number of options
14 October 2006 and 13 October 2009	8.30	92 500
24 October 2007 and 23 October 2010	17.00	858 000
23 October 2008 and 21 October 2011	38.45	1 712 500
22 October 2009 and 21 October 2012	48.00	1 897 500
Number of options held at 30 June 2008		4 560 500
New options granted during the year at R32.38 per share		3 392 500
Number of options forfeited during the year		(455 000)
Number of options exercised during the year – refer Annexure 5 on page 94		(222 000)
Number of options held at 30 June 2009		7 276 000

At 30 June 2009 the outstanding options were exercisable as follows:

Earliest and latest exercise date	Price per share R	Total number of options	Options vested at 30 June 2009	Options exercisable in F2010	Options exercisable thereafter
14 October 2006 and 13 October 2009	8.30	92 500	92 500	–	–
24 October 2007 and 23 October 2010	17.00	636 000	636 000	–	–
23 October 2008 and 22 October 2011	38.45	1 597 500	798 750	798 750	–
22 October 2009 and 21 October 2012	48.00	1 737 500	–	868 750	868 750
27 November 2010 and 26 November 2013	32.38	3 212 500	–	–	3 212 500
		7 276 000	**1 527 250**	**1 667 500**	**4 081 250**

Full details of the options exercised during the year are set out in Annexure 5 on page 94, and are summarised as follows:

Grant date	Number of options exercised	Exercise price R	Consideration R000
24 October 2005	222 000	17.00	3 774
Total	222 000	17.00	3 774

Directorate

The following changes occurred since the date of the last annual report:

- Mr NB Mbazima resigned as a director on 20 August 2008;
- Mr AK Gupta was appointed alternate director to Mr PL Zim on 27 February 2009;
- Mr PC Pienaar resigned as a director on 4 June 2009;
- Messrs CK Chabedi, A R Martin and MSMM Xayiya were appointed directors on 22 June 2009, with Mr MJ Willcox being appointed alternate director to Mr MS MM Xayiya on the same date.

The board wishes to place on record its appreciation of the services rendered to the company by Messrs Mbazima and Pienaar.

The composition of the board of directors, as well as of board appointed committees, at the date of this report, is reflected on pages 28 to 30.

In terms of article 50 of the company's articles of association directors Messrs. CK Chabedi, AR Martin and MSMM Xayiya, having been appointed during the year, retire at the forthcoming annual general meeting, and being eligible and available, offer themselves for election. Accordingly at the forthcoming annual general meeting members will be requested to consider resolutions providing for the election and re-appointment of Messrs Chabedi, Martin and Xayiya as non-executive directors of the company.

Brief summaries of their curricula vitae appear on pages 34 to 37.

Further, in terms of article 57 of the company's articles of association directors ME Beckett, BR van Rooyen and PL Zim retire by rotation and, being eligible and available, offer themselves for re-election. Accordingly at the forthcoming annual general meeting members will be requested to consider resolutions providing for the election and re-appointment of Messrs Zim, van Rooyen and Beckett as non-executive directors of the company.

Brief summaries of their curricula vitae appear on pages 34 to 37.

Directors' fees

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

Board fees

- Board chairman – R80 000 per annum.
- Board members – R40 000 per annum.
- Board meeting attendance fees – R26 000 per meeting.

Board appointed committees

- Committee chairmen – R30 000 per annum.
- Committee members – R15 000 per annum.
- Committee meeting attendance fees – R10 000 per meeting.

The above fees were set in 2008, and with the ever increasing responsibilities imposed on directors by the more stringent regulatory environment, it is considered appropriate that they be further revised to bring them more into line with market norms. Accordingly it is proposed that the fees be increased as follows:

Board fees

- Board chairman – R86 000 per annum.
- Board members – R43 000 per annum.
- Board meeting attendance fees – R28 000 per meeting.

Board appointed committees

- Committee chairmen – R32 400 per annum.
- Committee members – R16 200 per annum.
- Committee meeting attendance fees – R10 800 per meeting.

At the forthcoming annual general meeting members will accordingly be requested to consider a resolution providing for the increase in the fees as set out above.

Directors’ report (continued)

Directors' remuneration

The directors' remuneration for the year ended 30 June 2009 was as follows:

	2009					
	Fees R000	Remuneration package R000	Performance bonus R000	Benefits R000	Gain on exercise of options R000	Total R000
Executive						
GT Lewis	–	2 141	6 284*	284	–	8 709
Non-executive						
ME Beckett	223	–	–	–	–	223
CK Chabedi [2]	27	–	–	–	–	27
NJ Dlamini [1]	280	–	–	–	–	280
R Havenstein [1]	225	–	–	–	–	225
ET Kgosi [1]	305	–	–	–	–	305
AR Martin [2]	1	–	–	–	–	1
NM Mbazima [3]	7	–	–	–	–	7
PC Pienaar [4]	115	–	–	–	–	115
BR van Rooyen	275	–	–	–	–	275
MS Xayiya [2]	1	–	–	–	–	1
PL Zim	184	–	–	–	–	184
	1 643	**2 141**	**6 284**	**284**	**–**	**10 352**

* *Includes a special bonus of R5 750 000 in respect of the successful conclusion of the Booysendal transaction in August 2008.*

Directors' remuneration

The directors' remuneration for the year ended 30 June 2008 was as follows:

	2008					
	Fees R000	Remuneration package R000	Performance bonus R000	Benefits R000	Gain on exercise of options R000	Total R000
Executive						
GT Lewis	–	1 785	235	236	–	2 256
Non-executive						
ME Beckett	246	–	–	–	–	246
NJ Dlamini	285	–	–	–	–	285
R Havenstein	158	–	–	–	–	158
ET Kgosi	333	–	–	–	–	333
NB Mbazima	102	–	–	–	–	102
RG Mills	57	–	–	–	–	57
PC Pienaar	104	–	–	–	–	104
BR van Rooyen	234	–	–	–	–	234
M J Willcox	5	–	–	–	–	5
PL Zim	160	–	–	–	–	160
	1 684	**1 785**	**235**	**236**	**–**	**3 940**

Note 1 Dr Dlamini, Ms Kgosi and Mr Havenstein were paid a special fee of R20 000 each in their capacity as members of the independent board committee to advise shareholders on the expression of interest made by Impala Platinum Holdings Limited to acquire the entire issued capital of Northam.
Note 2 Messrs Chabedi, Martin and Xayiya were appointed on 22 June 2009.
Note 3 Mr Mbazima resigned as a director with effect from 20 August 2008.
Note 4 Mr PC Pienaar resigned from the board with effect from 4 june 2009.

No options were exercised by directors during the year.

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 2009 were as follows:

	30 June 2009			
	Direct beneficial holding	Indirect beneficial holding	Indirect non-beneficial holding	Total
ME Beckett	30 000	–	–	30 000
BR van Rooyen	–	37 462	–	37 462
MJ Willcox	–	2 116	8 934 255	8 936 371
MSMM Xayiya	–	–	2 978 085	2 978 085
PL Zim	–	–	15 226 615	15 226 615
	30 000	**39 578**	**27 138 955**	**27 208 533**

	30 June 2008			
	Direct beneficial holding	Indirect beneficial holding	Indirect non-beneficial holding	Total
ME Beckett	30 000	–	–	30 000
BR van Rooyen	–	37 462	–	37 462
PL Zim	–	–	4 496 442	4 496 442
	30 000	**37 462**	**4 496 442**	**4 563 904**

As a consequence of the allotment and issue of the 121 000 000 Booysendal consideration shares on 20 August 2008, the indirect non-beneficial shareholding of Mr PL Zim increased to 15 226 615. There have been no changes to the shareholdings of the other directors between 30 June 2008 and the date of this report.

Analysis of shareholders at 30 June 2009

Shareholding range	Number of holders	Total shareholding	Percentage holding
1 – 5 000	6 225	5 714 471	1.6
5 001 – 10 000	308	2 388 451	0.7
10 001 – 50 000	373	8 657 227	2.4
50 001 – 100 000	86	5 957 407	1.7
100 001 – 1 000 000	153	43 817 786	12.1
1 000 001 and over	22	293 374 158	81.5
Total	**7 167**	**359 909 500**	**100.0**

Category of shareholder	Number of holders	Total shareholding	Percentage holding
Individuals	6 901	13 376 231	3.7
Companies	1	225 980 981	62.8
Managed funds and other bodies	265	120 552 288	33.5
Total	**7 167**	**359 909 500**	**100.0**

Directors' report (continued)

Major shareholders at 30 June 2009

Owner	Number of shares	Percentage holding
Mvelaphanda Resources Limited	225 980 981	62.8

Fund manager	Number of shares	Percentage holding
Allan Gray Limited	23 544 300	6.5
M & G Investment Management Limited	11 200 000	3.1
Public Investment Commission	10 649 546	3.0
Foord Asset Management Limited	8 019 914	2.2
Helier Investments Limited	7 572 187	2.1

Shareholder spread at 30 June 2009

The company's shareholder spread is set out below.

	Number of shareholders	Percentage holding
Public	7 163	29.1
Non-public		
– Directors	3	8.1
– Other (any who fall outside the scope of the above)	1	62.8
Total	7 167	100.0

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 8 and 18 of the notes to the financial statements. In addition, the company has procured the issue of a guarantee for R24 million in respect of certain unfunded environmental restoration costs, as more fully disclosed in note 8 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.

Toro Employee Empowerment Trust Fund

The company has entered into an agreement with the representative unions at the Northam mine in terms of which the company contributes 4% of its after-tax profits to a registered trust fund (The Toro Employee Empowerment Fund), providing the Northam mine's unskilled and semi-skilled employees an opportunity to participate in the profits of the company. Eligible employees will receive payment at the end of each five year cycle, starting with effect from 2013.

The participation in the scheme of employees at the future Booysendal mine will be addressed in due course.

Subsidiaries

Details of Northam's subsidiaries at 30 June 2009 are set out in Annexure 3.

Special resolutions

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

Going concern and impairment testing

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 message, 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. In addition management has performed an impairment test on the Northam mine and the Booysendal project, and is satisfied that no impairment is necessary.

Company secretary

Mr. B Ngwenya continues in office as company secretary, having been appointed on 2 December 2008. Relevant details appear on the inside front 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.

Accounting policies

1. Basis of preparation

The consolidated 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, 1973.

The consolidated 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 exercises 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

The accounting policies adopted are consistent with those of the previous financial year except as follows. The group has adopted the following new and amended International Financial Reporting Standards and IFRIC interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the group.

- IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures – Reclassification of Financial Instruments (Amendments)
- IAS 39 – Financial Instruments: Recognition and Measurement and IFRIC 9 – Reassessment of Embedded Derivatives (Amendments)
- IFRIC 12 – Service Concession Arrangements
- IFRIC 13 – Customer Loyalty Programmes
- IFRIC 14 / IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The effect of the adoption of these standards, interpretations and amendments in the current financial year is set out opposite:

IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures – Reclassification of Financial Instruments (Amendments)

This amendment allows for the reclassification of financial instruments from held for trading and available for sale categories under certain circumstances.

IAS 39 – Financial Instruments: Recognition and Measurement and IFRIC 9 – Reassessment of Embedded Derivatives (Amendments)

This amendment requires the assessment of whether an embedded derivative is required to be separated from a host contract when the entity reclassifies a hybrid financial asset out of fair value through profit or loss category.

IFRIC 12 – Service Concession Arrangements

This interpretation applies to service concession operators and explains how to account for the obligations and rights received in service concession arrangements.

IFRIC 13 – Customer Loyalty Programmes

This interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value is of the consideration received is allocated to the award credits and deferred. This is then recognised over the period that the award credits are redeemed.

IFRIC 14 / IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

This interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 – Employee Benefits.

1.2 Statements and Interpretations issued and not yet effective:

At the date is authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective. The effective date refers to periods beginning on or after, unless otherwise indicated.

Standard or Interpretation	Description	Impact	Effective date
IFRS 1	First-time Adoption of International Financial Reporting Standards (amendment)	This amendment restructured the layout of IFRS 1. The adoption of this amendment will have no material effect on the group's financial statements as the group previously adopted IFRS.	1 July 2009
IFRS 1	First-time Adoption of International Financial Reporting Standards – additional exemptions for first time adoption (amendment)	This amendment provides relief from full retrospective application of IFRS for the measurement of oil and gas assets and leases. The adoption of this amendment will have no material effect on the group's financial statements as the group adopted IFRS in 2006.	1 January 2010

Accounting policies (continued)

Standard or Interpretation	Description	Impact	Effective date
IFRS 1/ IAS 27	IFRS 1: First-time Adoption of International Financial Reporting Standards and IAS 27: Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (amendment)	This amendment provides guidance on the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRS for the first time, and removes the obligation to distinguish between pre- and post-acquisition dividends. However, the entity must now consider if the receipt of such a dividend is a possible indicator of impairment. The adoption of this amendment will impact future dividends received from subsidiaries.	1 January 2009
IFRS 2	Share-based Payments – Vesting Conditions and Cancellations (amendment)	This amendment restricts the definition of “vesting condition” to a condition that includes an explicit or implicit requirement to provide service. The adoption of this amendment will have no material effect on the group's financial statements as the group's share-based payment plan does not include any non-vesting conditions.	1 January 2009
IFRS 2	Share-based payments – Group Cash Settled Share-based Payment Arrangements (amendment)	This amendment provides guidance on how to account for cash-settled share-based payment transactions in the separate financial statements of an entity. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have any cash settled share-based payment plans.	1 January 2010
IFRS 2	Scope of IFRS 2: Share-based payments (amendment)	This amendment clarifies that the contribution of a business on formation of a joint venture and combination under common control are not within the scope of IFRS 2 even though they are out of the scope of IFRS 3. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have any Joint Ventures or common control business combinations.	1 July 2009
IFRS 3	Business Combinations (revised)	This revision impacts the amount of goodwill recognised in accounting for business combinations, the reporting of results in the period that an acquisition occurs and future reported results. This revision, which will be applied prospectively, will affect future business combinations.	1 July 2009
IFRS 5	Non-current Assets (or Disposal Groups) Held for Sale and Discontinued Operations (amendment)	This amendment requires that when a subsidiary is held for sale, all its assets and liabilities shall be classified as held for sale, even when the entity will retain a non-controlling interest in the subsidiary held for sale. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have any plans to dispose of a subsidiary.	1 July 2009

Standard or Interpretation	Description	Impact	Effective date
IFRS 5	Non-current Assets (or Disposal Groups) Held for Sale and Discontinued Operations (amendment)	This amendment clarifies that the disclosure requirements in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations. The adoption of this amendment, which will be applied prospectively, will require additional disclosures regarding non-current assets or disposal groups held for sale.	1 January 2010
IFRS 7	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments (amendment)	This amendment deals with improving disclosures about financial instruments as well as enhancing the disclosures about fair value and liquidity. The adoption of this amendment, which will be applied prospectively, will require additional disclosures regarding financial instruments.	1 January 2009
IFRS 8	Operating Segments	This standard requires that the reporting of operating segments should be based on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. The adoption of this standard will affect the manner in which the group reports segmental performance.	1 January 2009
IFRS 8	Operating Segments (amendment)	This amendment clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. The adoption of this amendment will have no material effect on the group's financial statements as the group intends reporting segment assets and liabilities as required by IFRS 8.	1 January 2010
IAS 1	Presentation of Financial Statements (revision)	This revision requires owner and non-owner changes in equity to be reported separately and introduces a statement of comprehensive income which presents all items of income and expense together with all other items of recognised income and expense, either in one single statement or in two linked statements. The adoption of this revision will affect the manner in which the group reports its income and expenses.	1 January 2009
IAS 1	Presentation of Financial Statements (amendment)	This amendment stipulates that assets and liabilities classified as held for trading in accordance with IAS 39 are not automatically classified as current assets or liabilities. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have any assets or liabilities held for trading.	1 January 2009

Accounting policies (continued)

Standard or Interpretation	Description	Impact	Effective date
IAS 1	Presentation of Financial Statements (amendment)	This amendment deals with the classification of convertible instruments between current and non-current. The adoption of this amendment will have no material effect on the group's financial statements as the group has not issued any convertible instruments.	1 January 2010
IAS 7	Statements of Cash Flows (amendment)	This amendment explicitly states that only expenditure that results in a recognised asset can be recognised as a cash flow from investing activities. The adoption of this amendment will have no material effect on the group's financial statements as the group did not classify any non-assets as investing activities.	1 January 2010
IAS 16	Property, Plant and Equipment (amendment)	This amendment replaces the term "net selling price" with "fair value less costs to sell", to be consistent with IFRS 5 and IAS 36. The adoption of this amendment will have no material effect on the group's financial statements as this principal was already applied. The amendment also requires that items of Property, Plant and Equipment held for rental that are routinely sold in the ordinary course of business after rental are to be transferred to inventory when rental ceases and they are held for sale. Proceeds on sale are subsequently shown as revenue. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have any such rental and sale transactions.	1 January 2009
IAS 17	Leases (amendment)	This amendment deals with the classification of leases of land and buildings so that only the general guidance remains. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have any leases of land and buildings classified as finance leases.	1 January 2010
IAS 18	Revenue (amendment)	This amendment provides guidance in determining whether an entity is acting as a principal or as an agent. The adoption of this amendment will have no material effect on the group's financial statements as the group has already applied these principles is assessing agent relationships.	1 January 2009
IAS 19	Employee Benefits (amendment)	This amendment deals with curtailments and negative past service costs, plan administration costs as well as guidance on contingent liabilities. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have any defined benefit plans.	1 January 2009

Standard or Interpretation	Description	Impact	Effective date
IAS 19	Employee Benefits (amendment)	This amendment revises the definition of short-term and "other long-term" employee benefits to focus on the point in time at which the benefit is due to be settled. The adoption of this amendment will have no material effect on the group's financial statements as the group interpreted this principle consistently.	1 January 2009
IAS 20	Accounting for Government Grants and Disclosure of Government assistance (amendment)	This amendment deals with Government loans with a below-market rate of interest and changes certain terminology to be consistent with other IFRS Statements. The adoption of this amendment will have no material effect on the group's financial statements as the group does not receive any such loans.	1 January 2009
IAS 23	Borrowing Costs (revision)	The revision to this standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The adoption of this revision will have no material effect on the group's financial statements as the group's policy currently requires that such costs be capitalised.	1 January 2009
IAS 23	Borrowing Costs (amendment)	This amendment revises the definition of borrowing costs to consolidate the types of items that can be considered components of "borrowing costs" into one, with the interest expense being calculated using the effective interest rate method. The adoption of this amendment will have no material effect on the group's financial statements as the group already applied this principle.	1 January 2009
IAS 27	Consolidated and Separate Financial Statements (amendment)	This amendment requires that when a parent accounts for a subsidiary at fair value as per IAS 39 in its separate financial statements, the treatment continues when the subsidiary is subsequently classified as held for sale. The adoption of this amendment will have no material effect on the group's financial statements as the group does not carry such investments at fair value.	1 January 2009
IAS 27	Consolidated and Separate Financial Statements (amendment)	This amendment deals with consequential amendments from changes in IFRS 3 – Business Combinations, and also requires that a change of ownership interest in a subsidiary is accounted for as an equity transaction, and changes the accounting for losses incurred by a subsidiary as well as loss of control of a subsidiary. The adoption of this amendment will impact the manner in which the group reports losses incurred by subsidiaries as well as the effect of changes in ownership interest in a subsidiary.	1 July 2009

Accounting policies (continued)

Standard or Interpretation	Description	Impact	Effective date
IAS 28	Investments in Associates (amendment)	This amendment deals with the disclosures when investments in associates are accounted for at fair value through profit and loss, and also deals with impairments in associates by treating the investment as a single asset. The adoption of this amendment will have no material effect on the group's financial statements as the group does not carry any associates at fair value and already tested the investment in associates as being a single asset.	1 January 2009
IAS 29	Reporting in Hyperinflationary Economies (amendment)	This amendment deals with the measurement basis in financial statements and also changes certain terminology to be consistent with other IFRS Statements. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have any interests in a hyperinflationary economy.	1 January 2009
IAS 31	Interests in Joint Ventures (amendment)	This amendment deals with the disclosures when investments in joint ventures are accounted for at fair value through profit and loss. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have any investments in joint ventures.	1 January 2009
IAS 32 and IAS 1	IAS 32: Financial Instruments: Presentation and IAS 1: Presentation of Financial Statements -Puttable Financial Instruments and Obligations Arising on Liquidation (amendment)	The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment and IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The adoption of this amendment will have no material effect on the group's financial statements as the group did not issue any puttable instruments.	1 January 2009
IAS 36	Impairment of Assets (amendment)	This amendment stipulates that when discounted cash flows are used to determine "fair value less costs to sell", the same disclosure is required as when discounted cash flows are used to estimate "value in use". The adoption of this amendment will have no material effect on the group's financial statements as such valuations were not used.	1 January 2009
IAS 36	Impairment of Assets – unit of accounting for goodwill impairment test (amendment)	This amendment clarifies that the largest unit permitted for allocating goodwill acquired in terms of a business combination is the operating segment, as defined in IFRS 8, before aggregation for accounting purposes. The adoption of this amendment will have no material effect on the group's financial statements as the group has already adopted these principles in impairment testing.	1 January 2010

Standard or Interpretation	Description	Impact	Effective date
IAS 38	Intangible Assets – advertising and promotional expenditure (amendment)	In terms of this amendment expenditure on advertising and promotional activities is recognised as an expense when the entity either has the right to access the goods or receive the services. The adoption of this amendment will have no material effect on the group's financial statements as such expenses are not incurred.	1 January 2009
IAS 38	Intangible Assets – unit of production for amortisation purposes (amendment)	This amendment clarifies that the unit of production method may be used in amortising intangible assets. The group intends adopting a suitable method of amortising mineral rights.	1 January 2009
IAS 38	Intangible Assets – amendment consequent upon amendments to IFRS 3 (amendment)	This amendment, which is as a consequence of amendments to IFRS 3, clarifies that if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognise the group of intangible assets as a single asset provided the individual assets have similar useful lives. The adoption of this amendment, which will be applied prospectively, will affect future acquisitions of intangible assets.	1 July 2009
IAS 38	Intangible Assets – measuring the fair value of an intangible asset acquired in a business combination (amendment)	This amendment clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are examples and are not restrictive on the methods that can be used. The adoption of this amendment, which will be applied prospectively, will affect future acquisitions of intangible assets.	1 July 2009
IAS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items (amendment)	The amendment clarifies the designation of a one-sided risk in a hedged item and the designation of inflation as a hedged risk or portion in particular situations. The adoption of this amendment will have no material effect on the group's financial statements as the group does not apply hedge accounting.	1 July 2009
IAS 39	Financial Instruments: Recognition and Measurement – reclassification of derivatives (amendment)	The amendment provides additional guidance on the reclassification of derivatives, documentation of hedges and the cessation of fair value hedge accounting. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have such instruments.	1 January 2009
IAS 39	Financial Instruments: Recognition and Measurement – assessment of loan repayment penalties as embedded derivatives (amendment)	This amendment clarifies that a repayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest on the remaining term of the host contract. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have such instruments.	1 January 2010

Accounting policies (continued)

Standard or Interpretation	Description	Impact	Effective date
IAS 39	Financial Instruments: Recognition and Measurement – contracts between an acquirer and a vendor to buy or sell acquire at a future date (amendment)	This amendment clarifies that the scope exemption of contracts between an acquirer and a vendor in a business combination to buy or sell acquire at a future date applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have such instruments.	1 January 2010
IAS 39	Financial Instruments: Recognition and Measurement – cash flow hedge accounting (amendment)	This amendment clarifies that gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognised financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have such instruments.	1 January 2010
IAS 40	Investment Properties (amendment)	This amendment revises the scope such that a property that is being constructed or developed for future use as an investment property is classified as an investment property. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have such properties.	1 January 2009
IAS 41	Agriculture (amendment)	This amendment provides clarification on the discount rate for fair value calculations and cash flows resulting from additional transformations when estimating fair value. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have any biological assets.	1 January 2009
IFRIC 9	Reassessment of embedded derivatives (amendment)	The amendment to this interpretation clarifies that it does not apply to possible reassessment, at the date of acquisition, of embedded derivatives in contracts acquired in a business combination between entities or businesses under common control or the formation of a joint venture. The adoption of this interpretation will have no material effect on the group's financial statements as the group does not have such instruments.	1 July 2009
IFRIC 15	Agreements for the construction of real estate	Determining whether an agreement for construction is within scope of IAS 11 or IAS 18 depends on the terms of the agreement and all the surrounding facts and circumstances. Such a determination requires judgment with respect to each agreement and IAS11 is applied when the definition of a construction contract is met. The adoption of this interpretation will have no material effect on the group's financial statements as the group does not provide construction services.	1 January 2009

Standard or Interpretation	Description	Impact	Effective date
IFRIC 16	Hedges of a net investment in a foreign operation	IAS 39 allows an entity to hedge foreign currency gains or losses on its investment in a foreign operation. IAS 39 provided minimal guidance on the accounting for a hedge of net investment and IFRIC 16 was issued to provide such guidance. The adoption of this interpretation will have no material effect on the group's financial statements as the group does not apply hedge accounting.	1 October 2008
IFRIC 16	Hedges of a net investment in a foreign operation-amendment to the restriction on an entity that can hold hedging instruments	The amendment to this interpretation states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. The adoption of this interpretation will have no material effect on the group's financial statements as the group does not apply hedge accounting.	1 July 2009
IFRIC 17	Distribution of Non-cash Assets to Owners	This interpretation provides guidance on distributions of non-cash assets to owners at fair value. The adoption of this interpretation will impact future distributions insofar as they comprise non-cash assets.	1 July 2009
IFRIC 18	Transfer of Assets from Customers	This interpretation details the accounting for receipts of items of Property, Plant and Equipment from their customers or cash to acquire or construct specific assets that are then used to connect customers to a network and/or provide them with ongoing access to a supply of goods or services. The adoption of this interpretation will impact future receipts.	1 July 2009
AC 503	Amendment to AC 503 – Accounting for Black Economic Empowerment (BEE) Transactions	This amendment gives guidance on accounting for BEE transactions. The adoption of this interpretation will have no material effect on the group's financial statements as the group has not entered into any arrangements within the scope of AC 503.	1 January 2009
AC 504	IAS 19 (AC 116) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in a South African Pension Fund Environment	AC 504 provides guidance on the application of IFRIC 14 in the South African context. The adoption of this interpretation will have no material effect on the group's financial statements as the group does not have any defined benefit plans.	1 April 2009

The group does not intend early adopting any of the above amendments, standards and interpretations.

2. Consolidation

The consolidated financial statements include the results, financial position and cash flows of Northam Platinum Limited and its subsidiaries. A subsidiary is an entity that is controlled due to the company having the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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 4.

The financial statements of the subsidiaries are prepared for the same reporting period as Northam Platinum Limited, using consistent accounting policies, and all intra-group transactions and balances are eliminated on consolidation.

Minority interests represent the portion of profit or loss and net assets not held by the group and are presented separately in profit or loss and within equity in the consolidated balance sheet, separately from parent shareholders equity.

Investments in subsidiaries in the accounts of the company are recognised at cost, less accumulated impairment losses.

3. Associates

The group has an interest in a joint venture which is classified as an associate. The group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the group has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the group's share of net assets of the associate. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the income statement. This is the profit attributable to equity holders of the associate.

The financial statements of the associate are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the group.

After application of the equity method, the group determines whether it is necessary to recognise an impairment loss on the group's investment in its associates. The group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

4. Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the date of acquisition. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Goodwill arising on the acquisition of a subsidiary 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 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 recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

5 Property, plant and equipment

5.1 Mining assets

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

5.2 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 development is 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 levels. 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 18 years), based on measured and indicated resources which are revised annually.

5.3 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 (currently estimated at 18 years), 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 individual 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, unless the recognition criteria are met.

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.

5.4 Decommissioning asset

The decommissioning asset is depreciated on a straight-line basis over the estimated economic life of the mine (currently estimated at 18 years), 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 11.1.1.

5.5 Intangible assets comprising mining properties

Mining properties, comprising mineral rights and mineral leases are recorded at cost of acquisition. Depreciation is first charged on new mining properties from the date on which the mining in respect of the mining property reaches commercial production levels. Mining properties 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.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense of intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life form indefinite to finite is made on a prospective basis.

Gains or losses arising form derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

5.6 Plant and equipment

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.

5.7 Land

Land is recorded at cost of acquisition less accumulated impairment losses and is not depreciated.

5.8 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 the asset or cash generating unit's recoverable amount. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount and the difference is recognised in the profit or loss. The recoverable amount is the higher of value in use and fair value less cost to sell.

The value in use of mining assets is determined by applying a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset to the anticipated pre-tax cash flow for the remaining useful life of the assets.

The fair value less costs to sell 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.

5.9 Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Accounting policies (continued)

5.10 Annual review of residual values, depreciation method and useful lives
The asset's residual value, depreciation method and useful life is reviewed, and adjusted prospectively, if appropriate, at each financial year end.

5.11 Subsequent expenditure
Subsequent expenditure relating to an item of property, plant, equipment and mining properties is added to the carrying value of the asset when it is probable that future economic benefits will flow to the group. All other subsequent expenditure is recognised as an expense and included in profit before tax.

6. Township land and development
Township land and development, which is an initiative in order to assist the group's employees to acquire their own affordable housing, is initially recognised at cost, being the fair value of the consideration given and including acquisition charges. Where the recoverable amount 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.

7. Financial instruments
Financial instruments recognised on the balance sheet include investments, cash and cash equivalents, trade accounts receivable and trade accounts payable. These are recognised when the group becomes party to the contractual agreements. All financial instruments are initially recorded at fair value and in the case of financial instruments not at fair value through profit or loss, directly attributable transaction costs.

7.1 Investments
Investments are initially recognised at the fair value of the consideration given plus, in the case of investments not at fair value through profit or loss, acquisition charges associated with the investment. Investments acquired for the purpose of selling in the near term are classified as held for trading and is part of at fair value through profit or loss class of financial assets. Other investments are classified as available-for-sale.

After initial recognition, investments, which are classified as available-for-sale, are re-measured at fair value with Unrealized gains or losses 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 when it is recognised in profit or loss.

Gains or losses on investments held for trading are recognised in profit or loss.

7.2 Trade and other receivables
Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the receivables are derecognised or impaired, as well as through the amortisation process.

7.3 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. Cash and cash equivalents are subsequently carried at amortised cost.

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.

7.4 Trade and other payables
Trade and other payables are stated at the recognised obligation less payments made and adjustments made to reflect the fair value of the expected outflow of economic resources and are subsequently carried at amortised cost.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

7.5 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.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

7.6 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 profit or loss 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 contracts not spanning a financial reporting date are recognised and included in net sundry income at the time that the contracts expire.

7.7 Impairment of financial instruments

The group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on trade and other receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss.

The group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Available-for-sale investments

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available for sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

7.8 Derecognition of financial instruments

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to apply the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either: (a) the group has transferred substantially all the risks and rewards of the asset or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

8. 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.

9. Inventories

9.1 Consumable stores

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

9.2 Metal on hand

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

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

10. Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax based of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither the accounting profit nor taxable profit or loss; 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 differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profits will be available, against which the deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilised in the foreseeable future except:

- where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extend that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Deferred income tax assets and liabilities are offset, if a legal enforceable right exists to set off current tax assets against current income tax liabilities, when they relate to income taxes levied by the same taxation authority and taxable entity.

11. Provisions

11.1 Environmental rehabilitation provisions

11.1.1 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 profit or loss.

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 in profit or loss. 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.

11.1.2 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 profit or loss.

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.

11.1.3 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 – Rights to Interests arising from Decommissioning, Restoration and

Environmental Rehabilitation Funds, the Fund is consolidated.

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

11.2 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.

12. 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 to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

13. 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. Revenue is measured at the fair value of the amounts received or receivable net of Value-Added Tax, cash discounts and rebates.

13.1 Metal sales

Revenue from the sale of metal is accounted for when the risks and rewards of ownership have passed. Adjustments, in respect of final assayed quantities and/or prices, arising between the date of recognition of the revenue and the date of settlement are recognised in the period in which the adjustment arises.

13.2 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.

13.3 Interest income

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

13.4 Dividends

Dividend income is recognised when the right to receive payment has been established.

13.5 Rent received

Rental income from mining properties is recognised on a straight-line basis over the term of the lease.

13.6 Sundry income

Sundry income is recognised when the right to receive payment has been established.

14. Leased metal

When metal is leased to fulfil marketing commitments, the equivalent cost of production is charged to cost of sales in profit or loss 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.

15. 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. Capitalisation is suspended when the active development is interrupted and ceases when the activities necessary to prepare the asset for its use are complete. Other borrowing costs are recognised as an expense when incurred.

16. Employee benefits

16.1 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.

16.2 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 within operating costs, together with a corresponding increase in the equity compensation reserve, 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 the 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.

The accumulated credit to the equity compensation reserve in respect of options that have lapsed or been forfeited after their vesting date is transferred to retained earnings/ (accumulated loss).

16.3 Retirement benefits

Eligible employees are members of various defined contribution schemes.

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

16.4 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.

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

17. Leases

17.1 Group as lessee
A finance lease transfers substantially all the risks and rewards of ownership of an asset to the group.

Assets subject to finance leases are capitalised as property, plant and equipment at the lower of the fair value of the leased asset at inception of the lease or the present value of the minimum lease payments with the related lease obligation recognised at the same amount. Capitalised leased assets are depreciated over the estimated useful lives. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Finance lease payments are allocated between finance costs and the capital repayment so as to achieve a constant rate of interest on the remaining balance of the liability.

Leases in respect of which the lessor retains substantially all the risks and rewards of ownership of an asset are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the period of the lease.

17.2 Group as lessor
Leases in respect of which the group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Operating lease payments received are recognised as revenue in profit or loss on a straight-line basis over the period of the lease.

18. Taxation

18.1 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.

18.2 Deferred tax
Deferred tax is provided at enacted or substantially enacted tax rates, as more fully set out in Note 10 – Deferred tax, of the accounting policies.

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

18.4 Value added tax
Revenue, expenses and assets are recognised net of the amount of value added tax except:
- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authorities, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item where applicable; and
- receivables and payables that are stated with the amount of value added tax included.

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

Balance sheets

at 30 June 2009

	Note	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Assets					
Non current assets					
Property, plant and equipment	2	1 737 109	1 523 093	1 700 932	1 523 093
Mining properties and mineral reserves	3	5 718 387	160 808	152 387	160 808
Interest in associate	4	130 106	–	55 333	–
Investment in subsidiaries	5			5 566 000	–
Unlisted investments	6	6	8	6	8
Township development	7	59 345	36 905	–	–
Investments held by Northam Platinum Restoration Trust Fund	8	24 893	21 820	24 893	21 820
Environmental Guarantee Investment	9	15 895	12 900	15 895	12 900
Toro Employee Empowerment Trust	10	46 602	–	–	–
		7 732 343	1 755 534	7 515 446	1 718 629
Current assets		1 616 007	2 363 992	1 698 026	2 401 237
Subsidiary loans	11			264 154	37 553
Inventories	12	468 254	504 980	468 254	504 980
Trade and other receivables	13	226 850	359 264	223 559	359 193
Cash and cash equivalents	14	920 903	1 499 748	742 059	1 499 511
Total assets		9 348 350	4 119 526	9 213 472	4 119 866
Equity and liabilities					
Share capital and share premium	15	7 622 968	2 053 194	7 622 968	2 053 194
Retained earnings		654 041	823 093	568 481	823 507
Equity compensation reserve	16	55 177	27 584	55 177	27 584
Shareholders equity		8 332 186	2 903 871	8 246 626	2 904 285
Non-current liabilities		529 261	443 913	482 659	443 913
Deferred tax liability	17	428 821	388 055	428 821	388 055
Long term provisions	18	100 440	55 858	53 838	55 858
Current liabilities		486 903	771 742	484 187	771 668
Receiver of Revenue		432	449 110	460	449 110
Trade and other payables	19	417 649	229 449	414 905	229 375
Short term provision	20	68 822	93 183	68 822	93 183
Total equity and liabilities		9 348 350	4 119 526	9 213 472	4 119 866

Income statements

for the year ended 30 June 2009

	Note	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Total revenue	21	**3 336 223**	3 995 514	**3 321 620**	3 995 514
Sales revenue		**3 186 042**	3 886 137	**3 186 042**	3 886 137
Cost of sales		**2 368 129**	1 608 648	**2 368 129**	1 608 648
– operating costs	22	**1 905 889**	1 626 610	**1 905 889**	1 626 610
– purchase of concentrate		**140 192**	–	**140 192**	–
– refining and other costs		**120 917**	75 540	**120 917**	75 540
– depreciation and impairments	23	**160 907**	149 325	**160 907**	149 325
– change in metal inventories		**40 224**	(242 827)	**40 224**	(242 827)
Operating profit		**817 913**	2 277 489	**817 913**	2 277 489
Share of earnings from associate	24	**72 606**	–	**–**	–
Investment income	25	**130 417**	97 507	**115 814**	97 507
Sundry (expenditure)/income	26	**(6 430)**	1 824	**(9 598)**	2 088
Expenditure incurred on the Booysendal Project	27	**–**	(17 969)	**–**	(17 969)
Profit before tax		**1 014 506**	2 358 851	**924 129**	2 359 115
Taxation	28	**384 024**	866 040	**379 621**	865 997
Profit attributable to shareholders		**630 482**	1 492 811	**544 508**	1 493 118
		Cents	Cents	Cents	Cents
Earnings per share	29	**183.7**	627.2	**158.7**	560.2
Fully diluted earnings per share	29	**183.5**	620.7	**158.5**	620.8
Headlines earnings per share	29	**172.2**	627.2	**147.1**	627.3
Fully diluted headline earnings per share	29	**171.9**	620.7	**146.9**	620.8
Dividend per share		**78.0**	425.0	**78.0**	425.0

Statements of changes in equity

for the year ended 30 June 2009

	Share capital R000	Share premium R000	Equity compen-sation reserve R000	Retained earnings R000	Total R000
Group					
Balance at 1 July 2007	2 372	2 028 542	29 777	320 755	**2 381 446**
Credit in respect of share based payments	–	–	17 402	–	**17 402**
Profit attributable to shareholders	–	–	–	1 492 811	**1 492 811**
Dividends	–	–	–	(1 010 068)	**(1 010 068)**
Transfer of equity compensation reserve to retained earnings	–	–	(19 595)	19 595	**–**
Issue of new shares	15	22 265	–	–	**22 280**
Balance at 30 June 2008	2 387	2 050 807	27 584	823 093	**2 903 871**
Credit in respect of share based payments	–	–	30 181	–	**30 181**
Profit attributable to shareholders	–	–	–	630 482	**630 482**
Dividends	–	–	–	(802 122)	**(802 122)**
Transfer of equity compensation reserve to retained earnings	–	–	(2 588)	2 588	**–**
Issue of new shares	1 212	5 568 562	–	–	**5 569 774**
Balance at 30 June 2009	**3 599**	**7 619 369**	**55 177**	**654 041**	**8 332 186**
Note	15	15	16		

Equity compensation reserve

The equity compensation reserve represents the value of equity-settled share-based payments provided to employees as part of their remuneration. Refer to note 16 for further details.

	Share capital R000	Share premium R000	Equity compen-sation reserve R000	Retained earnings R000	Total R000
Company					
Balance at 1 July 2007	2 372	2 028 542	29 777	320 862	**2 381 553**
Credit in respect of share based payments	–	–	17 402	–	**17 402**
Profit attributable to shareholders	–	–	–	1 493 118	**1 493 118**
Dividends	–	–	–	(1 010 068)	**(1 010 068)**
Transfer of equity compensation reserve to retained earnings	–	–	(19 595)	19 595	**–**
Issue of new shares	15	22 265	–	–	**22 280**
Balance at 30 June 2008	2 387	2 050 807	27 584	823 507	**2 904 285**
Credit in respect of share based payments	–	–	30 181	–	**30 181**
Profit attributable to shareholders	–	–	–	544 508	**544 508**
Transfer of equity compensation reserve to retained earnings	–	–	(2 588)	2 588	**–**
Dividends	–	–	–	(802 122)	**(802 122)**
Issue of new shares	1 212	5 568 562	–	–	**5 569 774**
Balance at 30 June 2009	**3 599**	**7 619 369**	**55 177**	**568 481**	**8 246 626**
Note	15	15	16		

Equity compensation reserve

The equity compensation reserve represents the value of equity-settled share-based payments provided to employees as part of their remuneration. Refer to note 16 for further details.

Cash flow statements

for the year ended 30 June 2009

	Note	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Cash flows from operating activities		**717 838**	1 546 908	**660 613**	1 547 292
Cash generated from operations	30	**1 049 056**	2 429 382	**1 001 453**	2 429 646
Interest income		**127 739**	95 454	**113 136**	95 454
Change in working capital	31	**357 340**	(265 004)	**357 890**	(264 883)
Change in provisions		**(24 361)**	35 305	**(24 361)**	35 305
Taxation	32	**(791 936)**	(748 229)	**(787 505)**	(748 230)
Cash flows utilised in investing activities		**(445 665)**	(263 795)	**(613 649)**	(262 582)
Property plant and equipment					
– additions to maintain operations		**(331 267)**	(264 976)	**(331 267)**	(264 976)
– additions to expand operations		**(36 177)**	–	**–**	–
– disposals proceeds		**1 717**	2 890	**1 717**	2 890
Additions to township development		**(22 440)**	(1 707)	**–**	–
Investment in associate					
– acquisition of participation interest		**(65 000)**	–	**(65 000)**	–
– cash distribution received		**7 500**	–	**7 500**	–
Increase in subsidiary loans				**(226 601)**	(494)
Increase in available for sale investment		**2**	(2)	**2**	(2)
Cash flows utilised in financing activities		**(851 018)**	(993 277)	**(804 416)**	(993 277)
Proceeds from issue of shares		**3 774**	22 280	**3 774**	22 280
Dividends paid		**(802 122)**	(1 010 068)	**(802 122)**	(1 010 068)
Increase in investments held by Northam Platinum Restoration Trust Fund		**(3 073)**	(2 900)	**(3 073)**	(2 900)
Increase in investments held by Environmental Contingency Fund		**(2 995)**	(2 589)	**(2 995)**	(2 589)
Increase in investments held by Toro Employee Empowerment Trust		**(46 602)**	–	**–**	–
(Decrease)/increase in cash and cash equivalents		**(578 845)**	289 836	**(757 452)**	291 433
Cash and cash equivalents at beginning of year		**1 499 748**	1 209 912	**1 499 511**	1 208 078
Cash and cash equivalents at end of year		**920 903**	1 499 748	**742 059**	1 499 511

Notes to the annual financial statements

for the year ended 30 June 2009

1. Key accounting estimates assumptions and judgments

The preparation of the Company and Group's Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date.

However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of assets or liabilities affected in future.

These estimates and 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 of assets

The Group assesses each cash generating unit annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate to determine the net present value. Management has assessed its cash generating units as being an individual mine site, which is the lowest level for which cash flows are largely independent of other assets.

In assessing the recoverable amount the following key estimates and judgements were made by management, which are based on management interpretation of market forecast.

	2009 Group	2008 Group	2009 Company	2008 Company
The main assumptions include:				
– long term real platinum price – US$/oz	**1 050**	1 845	**1 050**	1 845
– long term real exchange rate – US$ = R	**9.00**	7.80	**9.00**	7.80
– long term real discount rate – %	**8.18**	11.50	**8.18**	11.50
1.2 Provisions				
The net present value of current decommissioning and restoration costs are based on the following assumptions:				
– long term inflation rate for South Africa – %	**6.00**	9.50	**6.00**	9.50
– long term real discount rate – % (based on long bond yield rates)	**8.18**	11.50	**8.18**	11.50

The group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at balance date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the balance sheet by adjusting the rehabilitation asset and liability. If, for mature mines, the revised mine assets net of rehabilitation provisions exceed the carrying value, that portion of the increase is charged directly to expense.

1.3 Useful lives and residual values of property, plant and equipment

The group estimates the useful life of its assets by taking into account the age of the asset, its physical condition and technical obsolescence as well as the life of the mine.

As residual values are the expected values at the end of and assets useful life, a process of estimation is required to determine the residual values at year end.

Notes to the annual financial statements (continued)

for the year ended 30 June 2009

1. Key accounting estimates assumptions and judgments (continued)

1.4 Life of mine and estimation of reserves

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resources estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortisation charges.

2. Property, plant and equipment

	Plant and equipment R000	Pre-production mine development expenditure R000	Decommissioning asset R000	Motor vehicles R000	Total R000
Group					
30 June 2009					
Property, plant and equipment					
– at cost	3 421 608	35 868	47 918	12 068	3 517 462
– accumulated depreciation	(1 767 063)	–	(9 044)	(4 246)	(1 780 353)
	1 654 545	35 868	38 874	7 822	1 737 109
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	1 475 161	–	40 196	7 736	1 523 093
– additions	328 071	35 868	–	3 505	367 444
– present value of decommissioning asset capitalised (note 18)	–	–	816	–	816
– disposals	(1 370)	–	–	(2 348)	(3 718)
– depreciation charged for the year (note 23)	(131 976)	–	(2 138)	(1 661)	(135 775)
– impairment of assets (note 23)	(16 711)	–	–	–	(16 711)
– depreciation on disposals during the year	1 370	–	–	590	1 960
– balance at end of year	1 654 545	35 868	38 874	7 822	1 737 109
30 June 2008					
Property, plant and equipment					
– at cost	3 094 907	–	47 102	10 912	3 152 921
– accumulated depreciation	(1 619 746)	–	(6 906)	(3 176)	(1 629 828)
	1 475 161	–	40 196	7 736	1 523 093
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	1 347 532	–	8 280	8 240	1 364 052
– additions	260 960	–	–	4 016	264 976
– present value of decommissioning asset capitalised (note 18)	–	–	34 873	–	34 873
– disposals	(250)	–	–	(3 828)	(4 078)
– depreciation charged for the year (note 23)	(133 308)	–	(2 957)	(1 631)	(137 896)
– depreciation on disposals during the year	227	–	–	939	1 166
– balance at end of year	1 475 161	–	40 196	7 736	1 523 093

A register containing the information required by paragraph 22(3) of Schedule to the Companies Act is available for inspection at the registered address of the company.

Certain mining 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 8).

2. Property, plant and equipment

	Plant and equipment R000	Pre-production mine development expenditure R000	Decommissioning asset R000	Motor vehicles R000	Total R000
Company					
30 June 2009					
Property, plant and equipment					
– at cost	3 421 608	–	47 918	11 759	3 481 285
– accumulated depreciation	(1 767 063)	–	(9 044)	(4 246)	(1 780 353)
	1 654 545	–	38 874	7 513	1 700 932
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	1 475 161	–	40 196	7 736	1 523 093
– additions	328 071	–	–	3 196	331 267
– present value of decommissioning asset capitalised (note 18)	–	–	816	–	816
– disposals	(1 370)	–	–	(2 348)	(3 718)
– depreciation charged for the year (note 23)	(131 976)	–	(2 138)	(1 661)	(135 775)
– impairment of assets (note 23)	(16 711)	–	–	–	(16 711)
– depreciation on disposals during the year	1 370	–	–	590	1 960
– balance at end of year	1 654 545	–	38 874	7 513	1 700 932
30 June 2008					
Property, plant and equipment					
– at cost	3 094 907	–	47 102	10 912	3 152 921
– accumulated depreciation	(1 619 746)	–	(6 906)	(3 176)	(1 629 828)
	1 475 161	–	40 196	7 736	1 523 093
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	1 347 532	–	8 280	8 240	1 364 052
– additions	260 960	–	–	4 016	264 976
– present value of decommissioning asset capitalised (note 18)	–	–	34 873	–	34 873
– disposals	(250)	–	–	(3 828)	(4 078)
– depreciation charged for the year (note 23)	(133 308)	–	(2 957)	(1 631)	(137 896)
– depreciation on disposals during the year	227	–	–	939	1 166
– balance at end of year	1 475 161	–	40 196	7 736	1 523 093

A register containing the information required by paragraph 22(3) of Schedule to the Companies Act is available for inspection at the registered address of the company.

Certain mining 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 8).

for the year ended 30 June 2009

	Mining properties R000	Mineral reserves R000	Total R000
3. Mining properties and mineral reserves			
Group			
30 June 2009			
– at cost	**263 004**	**5 566 000**	**5 829 004**
– accumulated depreciation	**(110 617)**	**–**	**(110 617)**
	152 387	**5 566 000**	**5 718 387**
Reconciliation of movement in mining properties			
– balance at beginning of year	**160 808**	**–**	**160 808**
– additions	**–**	**5 566 000**	**5 566 000**
– depreciation charged for the year	**(8 421)**	**–**	**(8 421)**
– balance at end of year	**152 387**	**5 566 000**	**5 718 387**
30 June 2008			
– at cost	263 004	–	263 004
– accumulated depreciation	(102 196)	–	(102 196)
	160 808	–	160 808
Reconciliation of movement in mining properties			
– balance at beginning of year	172 237	–	172 237
– depreciation charged for the year	(11 429)	–	(11 429)
– balance at end of year	160 808	–	160 808

The mineral reserve relates to the mining titles that were acquired from Mvelaphanda Resources with the Booysendal transaction.

	Mining properties R000	Mineral reserves R000	Total R000
Company			
30 June 2009			
– at cost	**263 004**	**–**	**263 004**
– accumulated depreciation	**(110 617)**	**–**	**(110 617)**
	152 387	**–**	**152 387**
Reconciliation of movement in mining properties			
– balance at beginning of year	**160 808**	**–**	**160 808**
– depreciation charged for the year	**(8 421)**	**–**	**(8 421)**
– balance at end of year	**152 387**	**–**	**152 387**
30 June 2008			
– at cost	263 004	–	263 004
– accumulated depreciation	(102 196)	–	(102 196)
	160 808	–	160 808
Reconciliation of movement in mining properties			
– balance at beginning of year	172 237	–	172 237
– additions	–	–	–
– depreciation charged for the year	(11 429)	–	(11 429)
– balance at end of year	160 808	–	160 808

A register containing the information required by paragraph 22(3) of Schedule to the Companies Act is available for inspection at the registered address of the company.

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company

4. Interest in associate

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Investment in associate comprises a 7.5% (2008: Nil%) interest in the Pandora Joint venture – see annexure 2	130 106	–	55 333	–

5. Investment in subsidiaries

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Norplats Properties (Proprietary) Limited			*	*
Khumama Platinum (Proprietary) Limited			5 566 000	–
			5 566 000	–

* Investment R100 (2008: R100)

Both companies are wholly-owned and incorporated in the Republic of South Africa.

Khumama Platinum (Proprietary) Limited was acquired during the year as part of the Booysendal transaction.

Also refer annexure 3.

6. Unlisted investments

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Available for sale investments	6	8	6	8

The investments comprise equity investments in various mining industry service organisations, and are valued by the directors at R5 880 (2008: R8 280). The fair value of the unquoted shares has been estimated as the latest transaction value.

7. Township development

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Opening balance	36 905	35 198	–	–
Construction in progress	6 440	1 707	–	–
Acquisitions	16 000	–	–	–
Closing balance	59 345	36 905	–	–

Township development comprising 382 residential erven with houses erected thereon in Northam, District of Thabazimbi, as well as 1 757 undeveloped erven in Northam. These properties have been acquired in order to assist the Group's employees to acquire affordable housing. The 382 erven are registered in the name of the company's subsidiary, Norplats Properties (Proprietary) Limited, whilst the 1 757 erven, which were acquired during the year, are registered in the name of Broad Brush Investments 2 (Proprietary) Limited, a wholly-owned subsidiary of Norplats Properties (Proprietary) Limited.

8. 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.

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
The balance of the fund comprises:				
– balance at beginning of year	21 820	18 920	21 820	18 920
– contributions made during the year	740	847	740	847
– income earned during the year (note 25)	2 333	2 053	2 333	2 053
– balance at end of year	24 893	21 820	24 893	21 820

The assets of the Fund are separately administered and the group’s right of access to these funds are restricted. In addition, the company has passed a notarial bond for R27.3 million (2008: 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.

Notes to the annual financial statements (continued)

for the year ended 30 June 2009

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
9. Environmental Guarantee Investment				
The balance of the fund comprises:				
– balance at beginning of year	**12 900**	10 311	**12 900**	10 311
– contributions made during the year	**3 000**	3 000	**3 000**	3 000
– management fees	**(350)**	(411)	**(350)**	(411)
– income earned during the year (note 25)	**345**	–	**345**	–
– balance at end of year	**15 895**	12 900	**15 895**	12 900
The Environmental Guarantee Investment policy was issued in terms of the insurance guarantee for R24.0 million (2008: R24.0 million).				
10. Toro Employee Empowerment Trust				
The balance of the fund comprises:				
– balance at beginning of year	**–**	–		
– contributions made during the year	**45 044**	–		
– net income earned during the year	**1 558**	–		
– balance at end of year	**46 602**	–		
The company has entered into an agreement with the representative unions at the Northam mine in terms of which the company has undertaken to contribute 4% of its after tax profits to the Toro Employee Empowerment Trust, providing the Northam mine's unskilled and semi-skilled employees an opportunity to participate in the profits of the company. Eligible employees will receive payment at the end of each five year cycle, starting with effect from 2013.				
11. Subsidiary loans				
Norplats Properties (Proprietary) Limited			**58 178**	37 553
Micawber 278 (Proprietary) Limited			**205 976**	–
			264 154	37 553
The loans are unsecured and interest fee, repayable on demand and therefore stated as current.				
Also refer annexure 3.				
12. Inventories				
Inventories comprise:				
Metals on hand and in transit – at cost	**413 567**	453 791	**413 567**	453 791
Consumable stores – at cost	**54 687**	51 189	**54 687**	51 189
Total inventories at the lower of cost and net realisable value	**468 254**	504 980	**468 254**	504 980
The cost of sales figure disclosed in the income statement approximates the cost of inventory expensed.				
The amount of write-downs of consumable stores recognised as an expense in cost of sales:	**1 014**	935	**1 014**	935
13. Trade and other receivables				
Trade and other receivables comprise:				
Trade receivables	**161 900**	303 351	**161 900**	303 351
Prepayments	**2 183**	1 376	**2 183**	1 376
Receiver of Revenue – value added tax	**35 189**	33 872	**35 189**	33 872
Other	**27 578**	20 665	**24 287**	20 594
	226 850	359 264	**223 559**	359 193

Trade receivables are unsecured, non-interest-bearing and are generally on 30 day terms. As at June 2009 there were no receivables (2008: RNil) which were impaired and fully provided for. There is no provision for doubtful debts (2008: RNil).

The age analysis of trade and other receivables as at 30 June 2009 is set out in Annexure 1, which forms part of these notes.

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company

14. Cash and cash equivalents

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Cash and cash equivalents comprise:				
Cash at banks and on hand	**230 119**	128 409	**51 275**	128 172
Short term deposits	**690 784**	1 371 339	**690 784**	1 371 339
	920 903	1 499 748	**742 059**	1 499 511

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Short term deposits earned interest during the year at rates varying between 8% and 12% (2008: 10% and 14%), whilst cash at bank earned interest at rates varying between 6% and 8% (2008: 8% and 10%).

15. Share capital and share premium

	2009 R000 Group	2009 Number of shares Group	2008 R000 Company	2008 Number of shares Company
Authorised	**4 750**	475 000 000	**4 750**	475 000 000
Issued				
At 1 July 2007	**2 372**	237 226 000	**2 372**	237 226 000
Shares issued during the year for cash on the exercise of share options	**15**	1 461 500	**15**	1 461 500
At 1 July 2008	**2 387**	238 687 500	**2 387**	238 687 500
Shares were allotted and issued to Mvelaphanda Resources Limited pursuant to the acquisition of Booysendal	**1 210**	121 000 000	**1 210**	121 000 000
Shares issued during the year for cash on the exercise of share options	**2**	222 000	**2**	222 000
At 30 June 2009	**3 599**	359 909 500	**3 599**	359 909 500
Share premium	**7 619 369**		**7 619 369**	
	7 622 968	359 909 500	**7 622 968**	359 909 500

During the year 121 000 000 shares were allotted and issued to Mvelaphanda Resources Limited pursuant to the acquisition of Booysendal. These shares, together with 222 000 shares allotted and issued in terms of the rules of Northam Share Option Scheme resulted in issued share capital increasing to 359 909 500.

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.

Shares of the company have a par value of one cent each.

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

16. Equity compensation reserve

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Opening balance	**27 584**	29 777	**27 584**	29 777
Increase in equity compensation reserve	**30 181**	17 402	**30 181**	17 402
Transfer to retained earnings	**(2 588)**	(19 595)	**(2 588)**	(19 595)
Closing balance	**55 177**	27 584	**55 177**	27 584

Options are offered at the 30-day volume weighted average price at which Northam shares traded on the JSE up to the trading day immediately preceding the offer date. In terms of the rules of the Northam Share Option 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. (See annexure 5).

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
17. Deferred tax liability				
The principal components of the deferred tax are as follows:				
Deferred tax liabilities				
– property, plant and equipment	**457 389**	413 178	**457 389**	413 178
– metal inventory	**2 187**	13 225	**2 187**	13 225
	459 576	426 403	**459 576**	426 403
Deferred tax assets				
– employee benefits relating to leave pay provisions	**(19 270)**	(26 091)	**(19 270)**	(26 091)
– decommissioning and environmental restoration provisions	**(11 485)**	(12 257)	**(11 485)**	(12 257)
	(30 755)	(38 348)	**(30 755)**	(38 348)
Net deferred tax liability	**428 821**	388 055	**428 821**	388 055
The charge in the deferred tax balance is reconciled as follows:				
Deferred tax liability at beginning of year	**388 055**	376 163	**388 055**	376 207
– charge for the year (per note 28)	**40 766**	11 892	**40 766**	11 848
– temporary differences in respect of property, plant and equipment	**44 211**	26 535	**44 211**	26 535
– depreciation component included in metals on hand and in transit	**(11 038)**	3 827	**(11 038)**	3 827
– estimated tax losses available for set-off against future income reversed	**–**	44	**–**	–
– temporary difference in respect of employee benefits	**6 821**	(9 306)	**6 821**	(9 306)
– temporary difference in respect of long-term provisions	**772**	(9 208)	**772**	(9 208)
Deferred tax liability at end of year	**428 821**	388 055	**428 821**	388 055
18. Long-term provisions				
Provision for decommissioning costs				
– balance at beginning of year	**49 583**	19 305	**49 583**	19 305
– present value of decommissioning asset capitalised (note 2)	**816**	34 873	**816**	34 873
– unwinding of discount and revisions (note 22)	**(2 518)**	(4 595)	**(2 518)**	(4 595)
– balance at end of year	**47 881**	49 583	**47 881**	49 583
Provision for restoration costs				
– balance at beginning of year	**6 275**	2 444	**6 275**	2 444
– unwinding of discount and revisions (note 22)	**(318)**	3 831	**(318)**	3 831
– balance at end of year	**5 957**	6 275	**5 957**	6 275
Provisions at year end	**53 838**	55 858	**53 838**	55 858
Provisions before funding	**53 838**	55 858	**53 838**	55 858
Less: Northam Platinum Restoration Trust Fund (note 8)	**(24 893)**	(21 820)	**(24 893)**	(21 820)
Net present value of unfunded environmental rehabilitation obligations	**28 945**	34 038	**28 945**	34 038

The future value of the environmental rehabilitation obligation will be paid over to the Northam Platinum Restoration Trust Fund (note 8) over the remaining life of the mine, which is currently estimated at 18 years.

The present value of the environmental restoration obligation is determined by applying a pre-tax discount rate of 8.18% (2008: 11.50%) over the remaining life of the mine.

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company

18. Long-term provisions (continued)

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Provision for Toro Employee Empowerment Trust				
– transfer from short-term provision	30 000	–	–	–
– provided for during the year	15 044	–	–	–
– net income earned during the year	1 558	–	–	–
– balance at end of year	46 602	–	–	–

The company has entered into an agreement with the representative unions at the Northam mine in terms of which the company has undertaken to contribute 4% of its after tax profits to the Toro Employee Empowerment Trust, providing the Northam mine's unskilled and semi-skilled employees an opportunity to participate in the profits of the company. Eligible employees will receive payment at the end of each five year cycle, starting with effect from 2013.

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Total long-term provisions	100 440	55 858	53 838	55 858

In terms of, *inter alia*, the Minerals Act, 1991, the company is required to make financial provision for its decommissioning and restoration costs that will be incurred upon the cessation of mining activities. The future value of the environmental obligation will be paid over to the Northam Platinum Restoration Trust Fund (note 8) over the remaining life of the mine, which is currently estimated at 18 years. Financial provision is not, however, required to be made for the decommissioning of certain structures, such as housing, which may have alternative use.

The decommissioning and restoration costs are reviewed on an annual basis, and at the balance sheet date the net unfunded future obligations were as follows:

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Undiscounted decommissioning obligations	69 072	66 239	69 072	66 239
Undiscounted restoration obligations	8 593	8 383	8 693	8 383
Total decommissioning and restoration obligation	77 665	74 622	77 665	74 622
Less: Obligation not requiring financial provision	30 066	28 185	30 066	28 185
	47 599	46 437	47 599	46 437
Less: Funds held by Northam Platinum Restoration Trust Fund (note 8)	24 893	21 820	24 893	21 820
Less: Environmental Guarantee Investment (note 9)	15 895	12 900	15 895	12 900
Total unfunded future rehabilitation obligations	6 811	11 717	6 811	11 717

The company has procured the issue of an insurance guarantee for R24.0 million (2008: R24.0 million) in respect of the unfunded decommissioning and restoration costs.

Notes to the annual financial statements (continued)

for the year ended 30 June 2009

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
19. Trade and other payables				
Trade and other payables comprise:				
Trade payables	**207 893**	127 366	**207 893**	127 366
Accruals	**68 489**	87 362	**68 489**	87 362
Accrual for acquisition of participating interest in Pandora joint venture	**65 000**	–	**65 000**	–
Other	**76 267**	14 721	**73 523**	14 647
	417 649	229 449	**414 905**	229 375

Trade payables are unsecured, non-interest bearing and are normally settled on 30 day terms.

20. Short-term provisions

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Provision for leave pay				
– balance at beginning of year	**63 183**	57 878	**63 183**	57 878
– provided for during the year	**52 941**	80 770	**52 941**	80 770
– utilised	**(47 302)**	(75 465)	**(47 302)**	(75 465)
– balance at end of year	**68 822**	63 183	**68 822**	63 183

A provision for leave pay is recognised for the employer's liability for annual leave and associated costs.

The provision for compensated absences is recognised when the employee renders service. The provision is updated on a monthly basis.

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Provision for Toro Employee Empowerment Trust				
– balance at beginning of year	**30 000**	–	**30 000**	–
– provided for during the year	**–**	30 000	**–**	30 000
– utilised	**–**	–	**(30 000)**	–
– transfer to long-term provisions	**(30 000)**	–	**–**	–
– balance at end of year	**–**	30 000	**–**	30 000
Total short-term provisions	**68 822**	93 183	**68 822**	93 183

The company has entered into an agreement with the representative unions at the Northam mine in terms of which the company has undertaken to contribute 4% of its after tax profits to the Toro Employee Empowerment Trust, providing the Northam mine's unskilled and semi-skilled employees an opportunity to participate in the profits of the company. Eligible employees will receive payment at the end of each five year cycle, starting with effect from 2013.

21. Total revenue and sales revenue

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Total revenue comprises:				
– sales revenue (note 36)	**3 186 042**	3 886 137	**3 186 042**	3 886 137
– investment income (note 25)	**130 417**	97 507	**115 814**	97 507
– sundry revenue (note 26)	**19 764**	11 870	**19 764**	11 870
	3 336 223	3 995 514	**3 321 620**	3 995 514

Sales revenue comprises the turnover of platinum, palladium, rhodium and gold, net of value added tax and trade discounts.

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company

22. Operating costs

Operating costs comprise mining and concentrating costs, excluding depreciation, and consist of the following principal categories:				
– labour	824 278	716 717	824 278	716 717
– stores	599 636	502 569	599 636	502 569
– utilities	140 577	110 226	140 577	110 226
– sundries	344 234	297 862	344 234	297 862
– provision for decommissioning costs (note 18)	(2 518)	(4 595)	(2 518)	(4 595)
– provision for restoration costs (note 18)	(318)	3 831	(318)	3 831
	1 905 889	1 626 610	1 905 889	1 626 610
Operating costs include the following:				
External auditors' remuneration				
– current year	1 570	1 384	1 570	1 325
– prior year adjustment	212	38	212	35
Internal audit fees				
– current year	2 001	1 885	2 001	1 885
– prior year adjustment	–	(702)	–	(702)
Directors' remuneration				
– non executive fees	8 709	1 684	8 709	1 684
– executive remuneration	1 643	2 256	1 643	2 256
Share based payment expense (note 16)	30 181	17 402	30 181	17 402
Operating lease payments				
– office equipment	244	437	244	437
– premises	597	465	597	465

Details of directors' remuneration are contained in the directors' report on page 46.

23. Depreciation and impairments

Depreciation of mining properties, plant and equipment consists of the following:				
– mining property	8 421	11 429	8 421	11 429
– plant and equipment	131 976	133 308	131 976	133 308
– decommissioning asset	2 138	2 957	2 138	2 957
– vehicles	1 661	1 631	1 661	1 631
– impairment of assets	16 711	–	16 711	–
	160 907	149 325	160 907	149 325

The rebuild of the smelter, which was some five years earlier than originally anticipated, resulted in an impairment charge of R16 711 000 (2008: RNil).

for the year ended 30 June 2009

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
24. Share of earnings from associate				
Income received from Pandora joint venture – see annexure 2	72 606	–	–	–

Following the implementation of various agreements relating to the acquisition of Booysendal, the group achieved recognition as a HDSA entity. Consequently it became entitled to acquire the 7.5% interest in Pandora joint venture that had been warehoused in Mvelaphanda Resources Limited. The group brought into account income of R72 million, R68 million of which relate to periods prior to the group being entitled to account for their interest in the Pandora joint venture.

25. Investment income

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Investment income consists of the following:				
– interest received on cash and cash equivalents	127 739	95 454	113 136	95 454
– growth in Northam Platinum Restoration Trust Fund (note 8)	2 333	2 053	2 333	2 053
– growth in Environmental Contingency Fund (note 9)	345	–	345	–
	130 417	97 507	115 814	97 507

26.Sundry (expenditure)/income

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Net sundry (expenditure)/income is arrived at as follows:				
– foreign currency hedging profit	5 476	–	5 476	–
– metal hedging loss	(9 454)	–	(9 454)	–
– loss on sale of property, plant and equipment	(41)	(22)	(41)	(22)
– currency translation profit/(loss)	2 128	(9 527)	2 128	(9 527)
– cost incurred in relation to expression of interest by Impala Platinum Holdings Limited	(16 108)	–	(16 108)	–
– cost incurred in relation to the implementation of Booysendal transaction	(7 309)	–	(7 309)	–
– depreciation of participation interest	–	–	(2 167)	–
– other expenditure	(886)	(497)	(1 887)	(233)
– sundry revenue	19 764	11 870	19 764	11 870
– rent received	1 218	804	1 218	804
– royalties received from chrome recovery plant	14 836	6 262	14 836	6 262
– sale of scrap	2 656	2 438	2 656	2 438
– other income	365	–	365	–
– toll treatment revenue	689	48	689	48
– dividends received	–	2 318	–	2 318
	(6 430)	1 824	(9 598)	2 088

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company

27. Expenditure incurred on Booysendal Project

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Total expenditure incurred				
– project cost	–	9 678	–	9 678
– transaction cost	–	8 291	–	8 291
	–	17 969	–	17 969

The majority of the expenditure incurred for the Booysendal Project was on the feasibility study that was conducted during the prior year before the acquisition of Booysendal.

28. Taxation

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Current	**343 258**	854 148	**338 855**	854 149
Deferred (note 17)	**40 766**	24 863	**40 766**	24 821
Current year's tax charge	**384 024**	879 011	**379 621**	878 970
Adjustment to deferred tax liability arising from the change in tax rate	–	(12 971)	–	(12 973)
	384 024	866 040	**379 621**	865 997
Taxation comprises:				
– mining tax	**247 750**	610 115	**243 347**	610 115
– non mining tax	**31 037**	26 843	**31 037**	26 845
– state's share of profits	**7 580**	124 629	**7 580**	124 629
– tax on share of earnings from associate – current year	**1 357**	–	**1 357**	–
– tax on share of earnings from associate – prior years	**16 088**	–	**16 088**	–
– adjustment in respect of previous years	–	43	–	–
– adjustment in respect of change in tax rate	–	(12 971)	–	(12 973)
– secondary tax on companies	**80 212**	117 381	**80 212**	117 381
	384 024	866 040	**379 621**	865 997
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	**28.0**	28.0	**28.0**	28.0
– state's share of profits	**0.7**	5.3	**0.8**	5.3
– secondary tax on companies	**7.9**	5.0	**8.7**	5.0
	36.6	38.3	**37.5**	38.3
– expenditure disallowed	**1.3**	0.4	**1.7**	0.4
– other	–	(1.4)	**1.9**	(1.4)
– effective tax rate	**37.9**	36.7	**41.1**	36.7

28.1 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%.

for the year ended 30 June 2009

28. Taxation (continued)

28.2 Mining tax

The current rate of mining tax applicable to the company is 28% (2008: 28%)

28.3 Non-mining tax

Non-mining income is subject to a rate of 28% (2008: 28%)

28.4 Deferred tax

Deferred tax is provided at the statutory rate of 28% (2008: 28%) for all temporary differences.

28.5 Secondary tax on companies

Secondary tax on companies is levied at the rate of 10% (2008: 10%) of net dividends declared.

29. Earnings per share

Basic earnings per share amounts are calculated dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares of 343 162 299 (2008: 238 006 682) outstanding during the year. Headline earnings per share are based on headline earnings and are reconciled to profit attributable to shareholders as follows:

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Profit attributable to shareholders/earnings	**630 482**	1 492 811	**544 508**	1 493 118
Loss on sale of property, plant and equipment	**41**	22	**41**	22
Income from joint venture in prior periods/negative goodwill	**(67 847)**	–	**(67 847)**	–
Impairment effect	**16 711**	–	**16 711**	–
Tax effect	**11 370**	(6)	**11 370**	(6)
Headline earnings	**590 757**	1 492 827	**504 783**	1 493 134
Fully diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.				
Fully diluted headline earnings per share are based on the profit attributable to shareholders and the average number of potential diluted shares in issue.				
The number of potential diluted shares are calculated as follows:				
Average number of ordinary shares in issue during the year	**343 162 299**	238 006 682	**343 162 299**	238 006 682
Average number of Northam Share Option Scheme options outstanding during the year	**416 980**	2 515 744	**416 980**	2 515 744
Average number of potential diluted ordinary shares in issue	**343 579 279**	240 522 426	**343 579 279**	240 522 426

The company's authorised ordinary share capital did not change during the year.

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company

30. Cash generated from operations

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Profit before taxation	1 014 506	2 358 851	924 129	2 359 115
Adjusted for non-cash items				
– loss on disposal of property, plant and equipment	41	22	41	22
– depreciation and impairment	160 907	149 325	160 907	149 325
– increase/(decrease) in long-term provisions	43 766	(764)	(2 836)	(764)
– share based payment expense	30 181	17 402	30 181	17 402
– share of profit from associate	(72 606)	–	–	–
– depreciation of participation interest	–	–	2 167	–
Interest received	(127 739)	(95 454)	(113 136)	(95 454)
	1 049 056	2 429 382	1 001 453	2 429 646

31. Change in working capital

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Inventories	36 726	(250 490)	36 726	(250 490)
Trade and other receivables	132 414	(90 402)	135 634	(90 463)
Trade and other payables	188 200	75 888	185 530	76 070
	357 340	(265 004)	357 890	(264 883)

32. Tax paid

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Balance owing at beginning of year	449 110	343 191	449 110	343 191
Charge per income statement, excluding deferred tax	343 258	854 148	338 855	854 149
Balance owing at end of year	(432)	(449 110)	(460)	(449 110)
	791 936	748 229	787 505	748 230

33. Commitments and contingencies

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Capital Expenditure – plant and equipment				
Authorised but not contracted	191 504	248 699	191 504	248 699
Contracted	45 046	91 466	45 046	91 466
Information Technology Outsource Service Providers				
Due within one year	10 933	1 889	10 933	1 889
Due within two to five years	29 353	–	29 353	–
Operating lease rentals – office equipment				
Due within one year	300	270	300	270
Due within two to five years	176	191	176	191
Operating lease – premises				
Due within one year	651	598	651	598
Due within two to five years	459	1 110	459	1 110
Housing development				
Contracted	–	16 000	–	–
Unutilised loan facility granted to subsidiary			270 000	18 000

These commitments will be financed out of operating cash flows.

Bank guarantees in respect of Eskom	33 284	5 062	33 284	5 062

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
34. Employee benefits				
The aggregate earnings and benefits of employees, including directors, were				
– salaries, wages and other benefits	**692 426**	610 781	**692 246**	610 781
– contributions to retirement benefit funds	**61 042**	53 564	**61 042**	53 564
– contributions to health-care funds	**37 417**	34 970	**37 417**	34 970
– share based payment expense (note 16)	**30 181**	17 402	**30 181**	17 402
– employee empowerment scheme (note 18)	**15 044**	30 000	**15 044**	30 000
	836 110	746 717	**836 110**	746 717
– fees paid to non-executive directors (note 22)	**1 643**	1 684	**1 643**	1 684
	837 753	748 401	**837 753**	748 401
– Included in salaries, wages and other benefits are the following amounts in respect of retrenchment benefits and termination costs.	**729**	151	**729**	151

35. 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 apart from an interest free loan provided by the company to Micawber 278 (Proprietary) Limited and Norplats Properties (Proprietary) Limited.

Details of transactions and period end balances with those entities identified as related parties are contained in Annexure 3 and 4.

36. 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 14.

Geographic segment: By location of customers:

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
Segment revenue				
Europe	**1 400 735**	1 464 514	**1 400 735**	1 464 514
Japan	**604 789**	1 055 075	**604 789**	1 055 075
North America	**916 996**	972 583	**916 996**	972 583
South Africa	**263 522**	393 965	**263 522**	393 965
	3 186 042	3 886 137	**3 186 042**	3 886 137
Segment accounts receivable				
Europe	**71 245**	81 593	**71 245**	81 593
Japan	**–**	120 980	**–**	120 980
North America	**41 276**	44 268	**41 276**	44 268
South Africa	**114 329**	112 423	**111 038**	112 352
	226 850	359 264	**223 559**	359 193

Trade receivables are non-interest bearing and no provision has been made for doubtful debts (2008: RNil).

37. Financial risk management objectives and policies

The group's principal financial liabilities comprise trade payables and loans received. The main purpose of these financial liabilities are to raise finance for the group's operations. The group has various financial assets such as trade receivables, investment and cash and short-term deposits, which arise directly from its operations.

The group may enter into derivative transactions, being forward currency contracts or metal hedging contracts. The purpose is to manage the currency risks arising from the group's operations and its sources of finance.

The group is exposed to market, credit and liquidity risk.

The main risks arising from the group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk, commodity price risk and credit risk. The board of directors reviews and agrees policies for managing each of these risks which are summarised below:

(a) Market risk

Market risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because changes in market prices. Market prices comprise three types of risk: interest rate, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits and available for sale investments.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.The group has transactional currency exposures. Such exposure arises from sales in currencies other than the unit's functional currency. All the group's sales are denominated in currencies other than functional currency of the operating unit making the sale, whilst approximately 96% of costs are denominated in the unit's functional currency.

The company does not have a formal policy with regards to foreign currency risk.

The following table demonstrates the sensitivity to a possible change in the US dollar exchange rate with all other variables held constant, of the group's profit before tax, due to changes in the fair value of monetary assets and liabilities.

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
– weakening by 10%	**33 716**	35 982	**33 716**	35 982
– strengthening by 10%	**(33 716)**	(35 982)	**(33 716)**	(35 982)
At year end the foreign currency value of items under their respective balance sheet classifications were as follows:				
– accounts receivable – US$	**14 670**	30 940	**14 670**	30 940
– cash and cash equivalents – US$	**29 289**	14 422	**29 289**	14 422
– accounts payable – €	**–**	748	**–**	748
Exchange rates at year end				
Rand/Dollar	**7.67**	7.83	**7.67**	7.83
Rand/Euro	**10.77**	12.33	**10.77**	12.33

During the year, in anticipation of a strengthening of the Rand, the group hedged minor volumes of currency. The table below summarises the contracts that were entered into.

Volumes hedged (US$000)	Type of contract	Contract rates US$1.00 = R	Gain realised (R000)
4 000	Zero cost collars	R9.9000 to R12.0810	5 476

There were no contracts outstanding at year end.

37. Financial risk management objectives and policies (continued)

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
(c) 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.				
The company does not have a formal policy with regards to commodity price risk.				
The following is an indication of the effect that changes in the commodity prices would have on the profit before tax:				
– increase of 10%	**11 252**	35 982	**11 252**	35 982
– decrease of 10%	**(11 252)**	(35 982)	**(11 252)**	(35 982)

During the year, in anticipation of a decline in the prices of platinum and palladium, the group entered into contracts to hedge both platinum and palladium. The table below summarises the contracts that were entered into.

Metal	Volumes hedged (ounces)	Type of contract	Contract prices	Loss realised (R000)
Platinum	28 000	Zero cost collars	950.00 to 1 131.00	5 476
Palladium	14 000	Zero cost collars	180.00 to 200.00	3 978

(d) Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss.The group is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions.The group trades only with recognised, creditworthy third parties. It is the group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In additional, receivable balances are monitored on an ongoing basis with the result that the group’s exposure to bad debts is not significant. There are no significant concentration of credit risk within the group.

With respect to credit risk arising from other financial assets of the group, which comprise cash and cash equivalents, available-for-sale investments and loans, the group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as per Annexure 1.

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market interest rate.The group’s exposure to risk of changes in market interest rates relates primarily to the group's cash balances with floating interest rates.

As part of the process of managing the group’s interest rate risk, all borrowing and the refinancing of existing borrowings are positioned according to expected movements in interest rates. At the year end there were no borrowings.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the group’s profit before tax (through the impact on floating rate borrowings). There is no impact on the group’s equity.

	2009 R000 Group	2008 R000 Group	2009 R000 Company	2008 R000 Company
– increase of 1%	**9 209**	14 997	**7 421**	14 997
– decrease of 1%	**(9 209)**	(14 997)	**(7 421)**	(14 997)

(f) Fair value

Management is of the opinion that the book value of financial instruments approximates fair value, except for the loan to subsidiary which is stated at cost.

37. Financial risk management objectives and policies (continued)

(g) Liquidity risk

The group's treasury operations are managed by a reputable treasury management institution.

They assist the group in monitoring its risk to a shortage of funds by only depositing its surplus cash funds with major banks of high credit standing. They consider and monitor the maturity and returns of all financial investments. Management performs regular projected cash flow forecasts for the group. The group does not have any borrowings and all trade accounts payable are due within 30 days. The following table summarises the maturity profile of the group's financial liabilities.

	On demand R000	1 to 6 months R000	More than six months R000	Total R000
Group				
2009				
Trade payables	207 893	–	–	207 893
Accruals	–	68 489	–	68 489
Accrual for the acquisition of the interest in the Pandora Joint Venture	–	–	65 000	65 000
Other	–	76 267	–	76 267
	207 893	144 756	65 000	417 649
2008				
Trade payables	127 366	–	–	127 366
Accruals	–	87 362	–	87 362
Other	–	14 721	–	14 721
	127 366	102 083	–	229 449
Company				
2009				
Trade payables	207 893	–	–	207 893
Accruals	–	68 489	–	68 489
Accrual for the acquisition of the interest in the Pandora Joint Venture	–	–	65 000	65 000
Other	–	73 523	–	73 523
	207 893	142 012	65 000	414 905
2008				
Trade payables	127 366	–	–	127 366
Accruals	–	87 362	–	87 362
Other	–	14 647	–	14 647
	207 893	102 009	–	229 375

(h) Capital management

The primary objective of the group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2009 and 30 June 2008.

The group regards shareholders’ equity as capital and is not exposed to any externally imposed capital requirements.

(i) Categories of financial instruments

The various categories of financial instruments are set out in Annexure 1, which form part of these notes.

Annexure 1

Analysis of financial instruments

at 30 June 2009

	Available for sale		Loans and receivables	
	Year ended 30 June 2009 R000	Year ended 30 June 2008 R000	Year ended 30 June 2009 R000	Year ended 30 June 2008 R000
a) Categories of financial instruments – group				
Available for sale investments	6	8	–	–
Investments held by Northam Platinum Restoration Trust Fund	–	–	–	–
Environmental Guarantee Investment	–	–	–	–
Trade and other receivables	–	–	189 478	324 016
Cash and cash equivalents	–	–	920 903	1 499 748
Trade and other payables	–	–	–	–
	6	8	1 110 381	1 823 764
Categories of financial instruments – company				
Available for sale investments	6	8	–	–
Investments held by Northam Platinum Restoration Trust Fund	–	–	–	–
Environmental Guarantee Investment	–	–	–	–
Trade and other receivables	–	–	186 187	323 945
Cash and cash equivalents	–	–	742 059	1 499 511
Trade and other payables	–	–	–	–
	6	8	928 246	1 823 456

b) Trade receivables – group and company

The table below summarises the maturity profile of the company and group's trade and other receivables

	Neither past due nor impaired		< 30 days	
	Year ended 30 June 2009 R000	Year ended 30 June 2008 R000	Year ended 30 June 2009 R000	Year ended 30 June 2008 R000
Group	112 521	358 553	69 153	655
Company	112 521	358 482	65 862	655

	Assets designated at fair value through profit or loss		Financial liabilities at		Non-financial instruments		Total	
	Year ended 30 June 2009 R000	Year ended 30 June 2008 R000	Year ended 30 June 2009 R000	Year ended 30 June 2008 R000	Year ended 30 June 2009 R000	Year ended 30 June 2008 R000	Year ended 30 June 2009 R000	Year ended 30 June 2008 R000
	–	–	–	–	–	–	6	8
	24 893	21 820	–	–	–	–	24 893	21 820
	15 895	12 900	–	–	–	–	15 895	12 900
	–	–	–	–	37 372	35 248	226 850	359 264
	–	–	–	–	–	–	920 903	1 499 748
	–	–	(417 649)	(229 375)	–	–	(417 649)	(229 449)
	40 788	34 720	(417 649)	(229 375)	37 372	35 248	770 898	1 664 291
	–	–	–	–	–	–	6	8
	24 893	21 820	–	–	–	–	24 893	21 820
	15 895	12 900	–	–	–	–	15 895	12 900
	–	–	–	–	37 372	35 248	223 559	359 193
	–	–	–	–	–	–	742 059	1 499 511
	–	–	(414 905)	(229 375)	–	–	(414 905)	(229 375)
	40 788	34 720	(414 905)	(229 375)	37 372	35 248	591 507	1 664 057

	30 – 60 days		60 – 90 days		> 90 days		Total	
	Year ended 30 June 2009 R000	Year ended 30 June 2008 R000	Year ended 30 June 2009 R000	Year ended 30 June 2008 R000	Year ended 30 June 2009 R000	Year ended 30 June 2008 R000	Year ended 30 June 2009 R000	Year ended 30 June 2008 R000
	25 822	53	19 354	3	–	–	226 850	359 264
	25 822	53	19 354	3	–	–	223 559	359 193

Annexure 2

Investment in associate

at 30 June 2009

	Interest of Northam 7.50% Group R'000	Interest of Northam 7.50% Company R'000
Reconciliation of Northam's interest in Pandora Joint Venture		
Cost of investment	65 000	65 000
Accumulated depreciation	(2 167)	(2 167)
Investment in associate	62 833	62 833
Participants interest	67 273	(7 500)
Pre-acquisition profits/negative goodwill	67 847	–
Post acquisition profits	6 926	–
Profit before depreciation	74 773	–
Cash distribution received	(7 500)	(7 500)
Carrying value in investment in associate	130 106	55 333
Income statement		
Revenue	25 195	–
Cost of sales	23 508	–
Operating profit	1 687	–
Investment revenue	5 363	–
Finance costs	(124)	–
Post acquisition profits	6 926	–
Pre-acquisition profits/negative goodwill	67 847	–
Profit before depreciation	74 773	–
Depreciation	(2 167)	–
Profit before tax	72 606	–
Balance sheet		
Non-current assets		
Property, plant and equipment	17 267	–
Cost	21 153	–
Accumulated depreciation	3 886	–
Current assets	62 579	–
Trade and other receivables	8 246	–
Cash and cash equivalents	54 333	–
Total assets	79 846	–
Participants interest	67 273	–
Non-current liabilities	5 264	–
Capital loans from participants	3 480	–
Provision for environmental and rehabilitation obligations	1 784	–
Current liabilities	7 309	–
Royalties payable	450	–
Trade and other payables	6 859	–
Total equity and liabilities	79 846	–

Annexure 3

Subsidiaries

at 30 June 2009

Name of company	Effective holding 2009 %	Effective holding 2008 %	Share capital and premium R000	Interest in holding company: Shares 2009 R000	Shares 2008 R000	Indebtedness 2009 R000	Indebtedness 2008 R000	Nature of business
Khumama Platinum (Proprietary) Limited	**100**	–	2 506 125	**5 566 000**	–	**–**	–	Khumama owns 100% of the issued capital of Micawber 278 (Proprietary) Limited.
Micawber 278 (Proprietary) Limited	**100**	–	**	**–**	–	**205 976**	–	Micawber owns the mining titles in respect of Booysendal.
Norplats Properties (Proprietary) Limited	**100**	100	**	**–**	–	**58 178**	37 553	Norplats Properties (Proprietary) Limited owns residential erven in the town of Northam, and has erected houses thereon as part of an initiative to assist Northam employees in acquiring their own affordable houses. In addition, Norplats Properties owns 100% of the issued capital of Broad Brush Investments 2 (Proprietary) Limited.
Broad Brush Investments 2 (Proprietary) Limited	**100**	–	**	**–**	–	**–**	–	Broad Brush owns certain property in the town of Northam, and will develop a residential township as a further part the initiative to assist Northam employees in acquiring their own affordable houses.
Interest in subsidiaries				**5 566 000**	–	**264 154**	37 553	

*** issued capital is less than R1 000.*

All companies are incorporated in the Republic of South Africa.

The loans are unsecured, interest free and are payable on demand and are therefore stated as current.

Khumama Platinum (Proprietary) Limited and Micawber 278 (Proprietary) Limited were acquired as part of the Booysendal transaction.

Annexure 4

Related party transactions

for the year ended 30 June 2009

Name of entity	Basis of identification as a related party	Related director	Nature of service provided
Anglo Platinum Limited	Major shareholder		Sales of by-products – nickel and cobalt Purchase of concentrates Supply of internal audit services
Barnard Jacobs Mellett Holdings Limited	Common directorship	AR Martin (1)	JSE Limited sponsor services
GijimaAst Group Limited	Common directorship	NJ Dlamini	Maintenance of computer systems
Gold Fields Training Services (Proprietary) Limited	Common directorship	TMG Sexwale, director of holding company (2)	Supply of training services
Mvelaphanda Resources Limited	Major shareholder and common directors	ME Beckett, CK Chabedi, BR van Rooyen, MJ Willcox and PL Zim (3)	Reimbursement of expenses
Protea Aviation Services (Proprietary) Limited	Common directorship	MJ Willcox (3)	Transport of products
Protea Security Services (2000) (Proprietary) Limited	Common directorship	MJ Willcox (3)	Supply of security services
Trollope Mining Services (2000) (Proprietary) Limited	Common directorship	MJ Willcox (3)	Transport of waste and hire of plant

Key management personnel	
Non-executive directors' fees	See Directors' Report page 42
Executive directors remuneration	
GT Lewis	Remuneration
	Performance bonus
	Contribution to retirement fund
	Other benefits
	See Directors' Report page 42
	Equity compensation charge
Senior management remuneration	Remuneration
	Performance bonus
	Contribution to retirement fund
	Other benefits
	Equity compensation charge

The subsidiaries referred to in Annexure 3 are also related parties.

Notes

Note 1. Mr AR Martin was appointed a director on 22 June 2009.
Note 2. Mr TMG Sexwale resigned as a director of the company on 20 April 2007.
Note 3. Mr MJ Willcox was appointed an alternate director on 22 June 2009.

Where charged/(credited) in income statement	Charged/(credited) to income statement		Year end balance		Year end balance included in
	2009	2008	2009	2008	
	R000	R000	R000	R000	
Sales revenue	(8 510)	(13 254)	–	14 861	Trade and other receivables
Concentrates purchased	97 306	–	93 863	–	Trade and other payables
Operating costs – sundries	–	194	–	–	Trade and other payables
Operating costs – sundries	11	–	–	–	Trade and other payables
Operating costs – sundries	450	425	36	2 313	Trade and other payables
Operating costs – sundries	2 459	3 211	48	–	Trade and other payables
Operating costs – sundries	54	108	–	–	n/a
Refining and other costs	880	156	219	–	Trade and other payables
Operating costs – sundries	9 070	1 166	–	–	Trade and other payables
Operating costs – sundries	27 523	2 544	4 029	–	Trade and other payables
Operating costs – sundries	1 643	1 684			
Operating costs – labour	2 140	1 785			
Operating costs – labour	6 284	235			
Operating costs – labour	268	223			
Operating costs – labour	17	13			
	8 709	2 256			
Operating costs – labour	2 723	1 987			
	11 432	4 243			
Operating costs – labour	10 214	7 499			
Operating costs – labour	6 085	945			
Operating costs – labour	1 277	937			
Operating costs – labour	903	506			
Operating costs – labour	10 918	7 504			
	29 397	17 391			

Annexure 5

Analysis of share options

as at 30 June 2009

						Total
Grant date	14 Oct 2004	24 Oct 2005	23 Oct 2006	22 Oct 2007	27 Nov 2008	
Earliest exercise date	14 Oct 2006	24 Oct 2007	23 Oct 2008	22 Oct 2009	27 Nov 2010	
Expiry date	13 Oct 2009	23 Oct 2010	22 Oct 2011	21 Oct 2012	26 Nov 2013	
Exercise price – rands	8.30	17.00	38.45	48.00	32.38	
Balance at 30 June 2008	92 500	858 000	1 712 500	1 897 500	–	**4 560 500**
New options granted during the year	–	–	–	–	3 392 500	**3 392 500**
Options forfeited during the year	–	–	(115 000)	(160 000)	(180 000)	**(455 000)**
Options exercised during the year	–	(222 000)	–	–	–	**(222 000)**
Month						
July	–	–	–	–	–	–
August	–	–	–	–	–	–
September	–	–	–	–	–	–
October	–	–	–	–	–	–
November	–	(22 000)	–	–	–	**(22 000)**
December	–	(6 000)	–	–	–	**(6 000)**
January	–	–	–	–	–	–
February	–	–	–	–	–	–
March	–	(45 000)	–	–	–	**(45 000)**
April	–	(45 000)	–	–	–	**(45 000)**
May	–	(72 500)	–	–	–	**(72 500)**
June	–	(31 500)	–	–	–	**(31 500)**
Balance at 30 June 2009	**92 500**	**636 000**	**1 597 500**	**1 737 500**	**3 212 500**	**7 276 000**
Total consideration received R000	–	3 774	–	–	–	**3 774**
Details of options granted to directors – GT Lewis						
Balance at 30 June 2008	75 000	187 500	187 500	187 500	–	**637 500**
New options granted during the year	–	–	–	–	187 500	**187 500**
Balance at 30 June 2009	**75 000**	**187 500**	**187 500**	**187 500**	**187 500**	**825 000**
No options were exercised by directors during the year.						
Options currently exercisable	92 500	636 000	798 750	–	–	1 527 250

Notice of annual general meeting

Date: 5 November 2009

Time: 10:00

Venue: The Auditorium
Hackle Brooke
Corner of Jan Smuts Avenue and Conrad Drive
Craighall
Johannesburg

Notice is hereby given that the annual general meeting of shareholders of Northam Platinum Limited will be held in the Auditorium, Hackle Brooke, Corner of Jan Smuts Avenue and Conrad Drive, Craighall, Johannesburg on Thursday, 5 November 2009 at 10:00 for the following purposes:

1. Annual financial statements

To receive and consider the annual financial statements for the year ended 30 June 2009.

2. Election of directors

2.1 To elect directors in place of Messrs ME Beckett, BR van Rooyen and PL Zim who retire in accordance with the provisions of article 57 of the company's articles of association and, being eligible and available, have offered themselves for election and appointment. Brief curricula vitae appear on pages 34 to 37 of the annual report of which this notice forms part.

2.2 To elect directors in place of Messrs CK Chabedi, AR Martin and MSMM Xayiya who, having been appointed during the year, retire at the forthcoming annual general meeting in accordance with the provisions of article 50 of the company's articles of association, and being eligible and available, have offered themselves for election and appointment. Brief curricula vitae appear on pages 34 to 37 of the annual report of which this notice forms part.

3. Increase in directors' fees

To consider the proposed increase in the fees paid to non-executive directors for their services as such, as set out on page 45 of the annual report of which this notice forms part, and accordingly, if deemed fit, to pass the following resolution as an ordinary resolution:

"**Resolved** that in terms of article 51 of the company's articles of association, the following fees be payable to the non-executive directors of the company with effect from 1 July 2009:

Board fees

- Board chairman – R86 000 per annum.
- Board members – R43 000 per annum.
- Board meeting attendance fees – R28 000 per meeting.

Board appointed committees

- Committee chairmen – R32 400 per annum.
- Committee members – R16 200 per annum.
- Committee meeting attendance fees – R10 800 per meeting."

4. Amendments to the Northam Share Option Scheme (the Scheme)

To consider a proposal to amend the rules of the Scheme as detailed on page 44 of the annual report of which this notice forms part and, accordingly, if deemed fit, to pass the following resolution as an ordinary resolution:

That the rules of the Scheme be and are hereby amended as follows:

a. That the exercise price of share options will be based on the average price at which Northam shares traded on the JSE up to the trading day immediately preceding the offer date;
b. That the period within which share options must be exercised or beyond which unexercised share options lapse, be extended form five (5) years to seven (7) years;
c. That the number of unissued shares reserved for participants of the Scheme be increased from 11 550 000 to 25 000 000; and
d. That the maximum number of share options that any one participant may hold be limited to 1 440 000 options.

"**Resolved** as an ordinary resolution that the amended rules of the Scheme be and are hereby approved."

5. Increase of authorised share capital

To consider the proposed increase of the company's authorised share capital to allow for growth and a possible rights issue as detailed on page 43 of the annual report of which this notice forms part and, accordingly if deemed fit, to pass the following resolution as a special resolution:

Special resolution number 1

"**Resolved**, as a special resolution in accordance with the provisions of section 199 of the Companies Act (Act 61 of 1973) (as amended) (the Companies Act), that the authorised share capital of the company be increased from 475 000 000 to 545 000 000 ordinary par value shares of one cent each by the creation of 70 000 000 shares of one cent each."

Notice of annual general meeting (continued)

The reason for special resolution number 1 is to increase the company's authorised share capital, and the effect of special resolution number 1 is that the company will have increased its authorised share capital by 70 000 000 ordinary shares of 1 cent each.

Special resolution number 2

"**Resolved** as a special resolution that, subject to the passing of ordinary resolution number 1 and the registration of special resolution number 1, the company's Memorandum of Association be amended by deleting the existing paragraph 8(a) of the Memorandum of Association and replacing it with the following new paragraph 8(a):

"8(a) Par value: The share capital of the company is R5 450 000, divided into:

i 545 000 000 ordinary par value shares of R0.01 each;
ii Nil preference par value shares of Nil Rand each; and
iii Nil redeemable preference par value shares of Nil Rand each".

The reason for special resolution number 2 is to amend paragraph 8(a) of the company's Memorandum of Association to reflect the increased authorised share capital of the company pursuant to special resolution number 1 and this special resolution will have that effect.

6. 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 section 221 of the Companies Act (as amended), and the Listings Requirements of the 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 25 000 000 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, as amended, and the Listings Requirements of the JSE Limited."

7. Payments to shareholders

To consider a proposal that the general authority granted to the 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 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 namely:

1. That the directors be and are authorised and empowered to make payments to shareholders from time to time up to a maximum of 20% of the company's issued share capital, including reserves but excluding minority interests, and re-valuations of assets and intangible assets that are not supported by a valuation by an independent professional expert acceptable to the JSE prepared within the last six months, in any one financial year, measured as at the beginning of such financial year; and
2. That this general authority to make payments to shareholders be valid until the company's next annual general meeting or for 15 months from the date of this resolution, whichever period is the shorter."

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

8. 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 3

"**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:

a. 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;
b. At any one time, the company may only appoint one agent to effect any acquisition;
c. 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;

d. The acquisition of shares will not take place during a closed period and will not affect compliance with the shareholder spread requirements as laid down by the JSE;
e. 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;
f. 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;
g. 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; and
h. Neither the company nor its subsidiaries may repurchase securities during a prohibited period unless the company has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period."

The reason for the special resolution is, and the effect thereof will be to grant, in terms of the provisions of the Companies Act as amended, and the Listings Requirements of the JSE, 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 to be granted in terms of the ordinary resolution set out under 6 and the special resolution set out under 7 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 annual group 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 6 and 7 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 34 to 38;

Major shareholders of the company – see page 48;

Directors' interests in the company's securities – see page 47;

Share capital – see page 43;

Directors' intention regarding the use of the general authorities to acquire shares and make payments to shareholders – see page 43.

In addition, the following disclosures are required:

Litigation statement

The directors of the company, whose names appear on pages 34 to 37 of this annual report, are not aware of any legal or arbitration proceedings, pending or threatened against the company, which may have or have had, in the 12 months preceding the date of this notice, a material effect on the company's financial position.

Directors' responsibility statement

The directors, whose names appear on pages 34 to 37 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 6 and 7 above and certify that to the best of their knowledge and belief that 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.

Notice of annual general meeting (continued)

Material change

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

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

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

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

A proxy form is attached for use by registered certificated shareholders and dematerialised shareholders with own name registration. To be effective, a proxy form must be executed in terms of the 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

B Ngwenya
Company secretary

Johannesburg

18 September 2009

Form of proxy

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

NORTHAM PLATINUM LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1977/003282/06)
Share code: NHM ISIN: ZAE000030912
("Northam" or "the company")

For use in respect of the annual general meeting to be held in the Auditorium, Hackle Brooke, Corner of Jan Smuts Avenue and Conrad Drive, Craighall, Johannesburg on Thursday, 5 November 2009 at 10:00.

Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the general meeting or the shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We (Full names in block letters)

Telephone (work) Telephone (home)

being the holder(s) of ordinary shares in the company, appoint (see note 1):

1. or failing him/her,

2. or failing him/her,

3. the chairman of the general meeting, as my/our proxy to act on my/our behalf at the general meeting which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof and to vote for or against the ordinary resolution and special resolutions or to abstain from voting in respect of the Northam ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 2):

	Number of votes (one vote per Northam ordinary share)		
Resolutions	For	Against	Abstain
Ordinary resolution number 1 – approval of annual financial statements for the year ended 30 June 2009			
Ordinary resolution number 2 – election of ME Beckett as a director			
Ordinary resolution number 3 – election of BR van Rooyen as a director			
Ordinary resolution number 4 – election of PL Zim as a director			
Ordinary resolution number 5 – election of CK Chabedi as a director			
Ordinary resolution number 6 – election of AR Martin as a director			
Ordinary resolution number 7 – election of MSMM Xayiya as a director			
Ordinary resolution number 8 – increase in directors fees			
Ordinary resolution number 9 – amendments to Northam Share Scheme			
Special resolution number 1 – increase of authorised share capital			
Special resolution number 2 – amendment to memorandum of association			
Ordinary resolution number 10 – placement of unissued shares under the control of directors			
Ordinary resolution number 11 – payments to shareholders			
Special resolution number 3 – acquisition of the company's own shares			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.)
Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak, and on a poll, vote in place of that shareholder at the general meeting.

Signed at on 2009

Signature(s) Capacity

Please read the notes on the reverse side hereof.

Form of proxy *(continued)*

Notes:

1. A member may insert the name of a proxy or the names of two alternate proxies of the member's choice in the space(s) provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member should insert an "X" in the relevant space according to how they wish their votes to be cast. However, if a member wishes to cast a vote in respect of a lesser number of Northam ordinary shares than they own in the company, they should insert the number of Northam 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 general meeting as he/she deems fit in respect of all the member's votes exercisable at the 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 reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.
5. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, 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 in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.
6. Any alteration to this form of proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the company or waived by the chairman of the 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 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) so as to be received by no later than 10:00 on Tuesday, 3 November 2009.

Russell and Associates 2813/09

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