ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 55 to 133 have been prepared under the supervision of the financial director Mr A Khumalo, CA (SA). The annual financial statements have been audited by Ernst & Young Inc.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

In approving the annual financial statements the directors hereby confirm:

1. That they are responsible for the preparation, integrity and fair presentation of the annual financial statements of Northam Platinum Limited and its subsidiaries. The auditors are responsible for auditing and reporting on whether the financial statements are free of material misstatements presented. Their report appears on page 57.

   The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

2. The annual financial statements presented on pages 58 to 133 have been prepared in accordance with International Financial Reporting Standards. They conform and adhere to applicable accounting standards and are presented applying accounting policies supported by reasonable and prudent judgements and estimates made by management, which have been consistently applied.

3. Adequate accounting records and an effective system of internal controls and risk management have been maintained during the entire accounting period.

4. They have reviewed the additional information included in the annual report and they are responsible for both its accuracy and its consistency with the annual financial statements.

5. The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the group will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the company and the group.

6. The annual financial statements have been audited by the independent auditors, Ernst & Young Inc. who were given unrestricted access to all financial records and related data including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate. The audit report of Ernst & Young Inc. is presented on page 57.

7. A corporate governance report appears on pages 46 to 53 and includes information regarding the group's compliance with the King III Code.

The annual financial statements were approved by the board of directors on 20 September 2011 and are signed on its behalf by:

PL Zim	GT Lewis	AR Martin
Chairman	Chief executive officer	Chairman – audit and risk committee

Johannesburg
30 September 2011

COMPANY SECRETARY'S CONFIRMATION

I, Dawid Lukas Swanepoel, being the group company secretary of Northam Platinum Limited, hereby certify in terms of the Companies Act that all returns required of a public company have, in respect of the year under review, been lodged with the Registrar of Companies and that all such returns are true, correct and up to date.

D L Swanepoel
Company secretary

Johannesburg
30 September 2011

REPORT OF THE AUDIT AND RISK COMMITTEE TO THE DIRECTORS

Responsibilities of the committee

The responsibilities of the committee, which meets at least five times a year, are:

- appointment and evaluation of external auditors and their terms of engagement;
- appointment and evaluation of the internal auditors and their mandate;
- approval of remuneration of external and internal auditors;
- approved ensuring independence of external and internal auditors;
- approval of non-audit work which may be performed by the external auditors;
- approving the external audit and internal audit plan;
- reviewing interim and preliminary results of the company;
- reviewing and recommending to the board for approval the interim report and preliminary announcement of results, the annual financial statements, annual integrated report and the sustainability report;
- ensuring that the risks of the company are adequately assessed and monitored by management through a risk register, and ensuring that such risks are properly mitigated;
- ensuring that internal controls of the company are implemented, effective and monitored;
- ensuring a cordial working relationship between management and external and internal auditors;

Permitted non-audit related services, which external auditors may perform, include: tax compliance services, assurance related work in respect of any corporate actions and opinions not related to any prohibited services. It is the responsibility of this committee, in terms of risk management, to identify risks associated with the group and review the company's internal control policies. As part of its risk assessment the audit and risk committee also reviews the role of the information technology systems ensuring that IT risk and controls support business continuity.

Appropriateness of the expertise and experience of the financial director

In terms of the JSE Listings Requirements, the audit and risk committee has satisfied itself as to the appropriateness of the expertise and experience of the financial director.

Appointment of external auditors

The committee confirms the skills, independence, audit plan, reporting and overall performance of the external auditors are acceptable and that it recommends their re-appointment for the financial year ending June 2012.

Going concern statement

The directors report that they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future.

Annual financial statements

The committee has:
- reviewed and discussed the audited annual financial statements included in the integrated annual report with the external auditors, the chief executive officer and the financial director;
- reviewed the external auditor's management letter and management's response thereto; and
- reviewed significant adjustments resulting from external audit queries and accepted any unadjusted audit differences; and received and considered reports from the internal auditors.

The committee concurs with and accepts the external auditor's conclusions on the annual financial statements and has recommended the approval thereof to the board. The board has subsequently approved the financial statements, which will be open for discussion at the forthcoming annual general meeting.

A R Martin
Chairman – audit and risk committee

Johannesburg
30 September 2011

INDEPENDENT AUDITOR'S REPORT

To the members of Northam Platinum Limited

Report on the consolidated financial statements

We have audited the accompanying group annual financial statements and the annual financial statements of Northam Platinum Limited, which comprise the consolidated and separate statements of financial position as at 30 June 2011, and the statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 58 to 133.

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgment, 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 consolidated and separate financial position of Northam Platinum Limited as at 30 June 2011, and its consolidated and separate financial performance and its consolidated and separate 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.

Director – Crispen Maongera
Registered auditor
Chartered accountant (SA)

Wanderers Office Park
52 Corlett Drive, Illovo
Johannesburg

30 September 2011

DIRECTORS' REPORT

The directors have pleasure in submitting their report for the year ended 30 June 2011. The review of the group's operational performance is set out in the operations review on pages 20 to 27 and the financial director's review on pages 28 to 31, whilst the nature of business is described in the business profile which appears on page 3.

Mvelaphanda Resources Limited

At a general meeting of shareholders held on 14 March 2011, shareholders approved the necessary resolutions for the acquisition of Mvelaphanda Resources Limited (Mvela Resources) by means of a scheme of arrangement. The scheme was sanctioned by the court on 29 March 2011, and the 20 912 190 consideration shares were issued on 6 June 2011 at a value of R928 501 000. At the date of acquisition, Mvela Resources held the following principal assets:

	R million
• 20.3% interest in the issued share capital of Trans Hex Group Limited, a diamond producing and marketing company listed on the JSE Limited	68.9
• a 50% interest in the Dwaalkop platinum project, a PGM development opportunity which is a joint venture with Lonmin plc	300.7
• a 51% initial participatory interest in the Kokerboom joint venture	–
• Sundry current and non-current assets	3.4
• Cash and cash equivalents	757.8
• Tax and other current liabilities	(202.3)
Transaction value	928.5

The acquisition was accounted for as an asset acquisition.

Booysendal mine

Satisfactory progress has been made at Booysendal during the year. Following receipt of the necessary environmental authorisations during the first half of the year, bulk earthworks and terracing for the concentrator plant, mine offices, workshops and stores commenced. Several terraces have been handed over to civil and building contractors to start construction. The on-reef and reverse decline boxcuts have been completed and development is in progress. Fabrication of long lead items is on schedule. Capital expenditure incurred during the current year was R688.0 million, with R852.8 million having been spent in total to date, all of which has been funded from internal resources. Anticipated capital expenditure for the 2012 financial year is expected to be R2.2 billion.

The development of the mine will be funded from a combination of internal resources in the short term and a revolving credit facility in the longer term. Further details are contained on page 60 in the paragraph dealing with borrowing powers.

Pandora joint venture

The group's share of earnings from the Pandora joint venture amounted to R7.2 million (2010: R12.4 million). After deducting the depreciation charge of R2.6 million (2010: R2.6 million), the carrying value of the group's investment was R133.6 million (2010: R129.7 million). Further details of the group's interest in Pandora are set out in Annexure 2 on page 122.

Corporate governance

The board of directors of the company seeks to ensure that all deliberations, decisions and actions of the company's business and operational structures are based on good corporate governance and fundamentally sound values including but not limited to integrity, responsibility, accountability, fairness and transparency. The pursuit of good corporate governance is guided by the company's articles of association, the board charter, the listings requirements of the JSE Limited (the listings requirements), the Companies Act Act No 71 of 2008 (the Companies Act), the third King Report on Governance Principles in South Africa (the King III Report) and the Global Reporting Initiative (GRI) as well as other applicable legislation.

Further details on the group's corporate governance practices are set out in the corporate governance report on page 46 to 53.

Mining licences

Zondereinde

The company holds two new order mining rights in respect of the Zondereinde mine covering 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, Vrugbaar 387 KQ, Witvley 423 KQ and Zondereinde 384 KQ.

The converted new order mining rights were executed on 13 July 2011 and have been lodged for registration in the Mining Titles Registration Office (MTRO).

The Zondereinde mine has not yet received its new water use licence in terms of the National Water Act, 1988 and continues to operate in terms of its original water use licence.

Booysendal

Micawber 278 (Proprietary) Limited holds a consolidated new order mining right for the Booysendal mine which covers an area of approximately 15 151 hectares on the farms Booysendal 43 JT, Buttonshope 51 JT, Der Brochen 7 JT, Draaikraal 48 JT, Hebron 5 JT, Hermansdal 3 JT, Kliprivier 73 JT, Pietersburg 44 JT and Uysedoorns 47 JT, Johannesberg 45 JT, Sheeprun 50 JT and Sheeprun 179 JT.

The conversion of Booysendal mine's old order mining right was executed on 10 September 2009. This right was amended on 29 September 2010 to include an additional mining area over the farms Der Brochen 7 JT, Hebron 5 JT and Hermansdal 3 JT known as the Booysendal extension farms. The right was further amended on 15 December 2010 to include the farms Johannesberg 45 JT and Sheeprun 50 JT which were previously held under new order prospecting rights.

The amended environmental management programme (EMP) for the Booysendal mine was approved on 13 September 2010 and a water use licence for the Booysendal mine was granted on 17 May 2011.

Financial results

The accounting policies, statements of financial position, statements of comprehensive income, statements of cash flow and statements of changes in equity and notes to the financial statements, on pages 93 to 117, reflect the financial results and position of the company and the group.

Dividends

Dividends totalling – 15 cents per share (2010: 40 cents per share) absorbing R56 304 544 (2010: R144 256 800) were declared. Details are as set out below. Secondary Tax on Companies (STC) amounting to R3.8 million is payable as a consequence of the final dividend. The STC will be charged to comprehensive income in the 2012 financial year.

Interim dividend (No 24) – 5 cents per share

Declaration date:	23 February 2011
Last day to trade *cum div*:	17 March 2011
Commencement of trading *ex div*:	18 March 2011
Record date:	25 March 2011
Payment date:	28 March 2011

Final dividend (No 25) – 10 cents per share

Declaration date:	16 August 2011
Last day to trade *cum div*:	9 September 2011
Commencement of trading *ex div*:	12 September 2011
Record date:	16 September 2011
Payment date:	19 September 2011

DIRECTORS' REPORT cont.

Shareholders who have dematerialised their shares receive payment electronically. Shareholders who have not yet dematerialised their shares, or who have not yet given a dividend payment mandate to the company's transfer secretaries are advised that, in terms of article 84 of the company's articles of association, cheques will no longer be issued for the payment of dividends unless the shareholder has specifically requested the company to make payment in this manner.

Share capital

The authorised share capital of the company remains R5 450 000 divided into 545 000 000 shares of one cent each.

During the year 20 912 190 shares were allotted and issued to the shareholders of Mvela Resources pursuant to a scheme of arrangement between Northam and that company, which together with the 862 000 shares that were allotted and issued to participants of the Northam Share Option Scheme, resulted in the issued share capital at 30 June 2011 being 382 416 190 (2010: 360 642 000) shares of one cent each and the share premium increasing from R7 634 879 904 to R8 592 257 358.

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 the 12 000 000 shares that are reserved for purposes of the Northam Share Option Scheme and 38 000 000 shares that are reserved for the Northam Share Incentive Plan, under the control of the directors, subject to the Companies Act and listings requirements. The text of the necessary resolution appears in the notice of annual general meeting.

Repayments of share premium

At the annual general meeting held on 11 November 2010 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 and subject to the provisions of Section 46 of the Companies Act.

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 11 November 2010 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 11 November 2010) whichever period is the shorter. The directors have proposed that this general authority be renewed for a further period once again 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, which forms part of the abridged audited financial statements.

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, including the issuing of convertible bonds. The company is currently in negotiations to secure a R1.0 billion revolving credit facility.

STRATE (Share Transactions Totally Electronic)

Shareholders who have not already dematerialised their shares (certificated shareholders) are once again 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.

Options are offered at the volume weighted average price at which Northam shares traded on the JSE on 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 seven years of the offer date shall lapse.

A summary of the options held at the year end is as follows:

Earliest and latest exercise date	Price per share R	Total number of options
24 October 2007 and 23 October 2012	17.00	183 500
23 October 2008 and 21 October 2013	38.45	1 435 000
22 October 2009 and 21 October 2014	48.00	1 737 500
27 November 2010 and 26 November 2015	32.38	3 047 500
5 November 2011 and 4 November 2016	36.95	3 617 500
Number of options held at 30 June 2010		10 021 000
New options granted during the year at R45.59 per share		125 000
New options granted during the year at R46.57 per share		4 087 500
Number of options forfeited during the year		(1 397 500)
Number of options exercised during the year – refer Annexure 5 on page 130		(862 000)
Number of options held at 30 June 2011		11 974 000

At 30 June 2011 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 2011	Options exercisable in F2012	Options exercisable thereafter
24 October 2007 and 23 October 2012	17.00	125 000	125 000		
23 October 2008 and 22 October 2013	38.45	1 116 000	1 116 000		
22 October 2009 and 21 October 2014	48.00	1 512 500	1 512 500		
27 November 2010 and 26 November 2015	32.38	2 075 500	1 037 750	1 037 750	
5 November 2011 and 4 November 2016	36.95	3 182 500		1 591 250	1 591 250
1 July 2012 and 30 June 2017	45.59	125 000			125 000
12 October 2012 and 11 October 2017	46.57	3 837 500			3 837 500
		11 974 000	3 791 250	2 629 000	5 553 750

Full details of the options exercised during the year are set out in Annexure 5 on page 130, and are summarised as follows:

Grant date	Number of options exercised	Exercise price R	Consideration R000
24 October 2005	13 500	17.00	230
23 October 2006	229 000	38.45	8 805
27 November 2008	619 500	32.38	20 060
Total	**862 000**		**29 095**

DIRECTORS' REPORT cont.

Following a review of the group's remuneration policy, and taking cognisance of current market trends, the board has determined that the Scheme, which has a dilutionary effect on shareholders and on the BEE status of the group, no longer serves its primary purpose of attracting and retaining employees, and has proposed that the current scheme be discontinued and replaced by a new Share Incentive Plan (the New Plan).

The proposed New Plan is a full share-type plan which will incorporate a combination of a conditional share plan (CSP) and a forfeitable share plan (FSP). The key features that are common to both the CSP and the FSP are as follows:

- All senior officials and executives, including executive directors, in job grade D1 and above will be eligible.
- Non-executive directors will not be eligible to participate.
- Employees will not be required to pay for shares granted to them.
- No further awards will be made in respect of the existing share option scheme.
- In the event of a change of control of the company, all awards will vest.
- In the event of a variation in share capital such as a capitalisation issue, subdivision of shares, consolidation of shares, liquidation etc., employees will continue to participate in the share incentive scheme. The committee may make such adjustment to awards or take such other action to place employees in no worse a position than they were prior to the happening of the relevant event, and to provide that the fair value of awards immediately after the event is materially the same as the fair value thereof immediately before the event. 14.3(a) and (b)
- The issue of shares as consideration for an acquisition or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to awards. 14.3(c)
- Where necessary, the auditors of the company will confirm to the company and JSE that the adjustments are calculated on a non-prejudicial basis. 14.3(d)
- Any adjustments made will be reported in the company's annual financial statements in the year during which the adjustment is made. 14.3(e)
- Subject to approval by the JSE, employees will also, for their own account, be entitled to participate in any rights issue in respect of their forfeitable shares held.
- To prevent the dilutionary effect of issuing new shares, shares to be allocated, whether in terms of the Scheme, the CSP or the FSP, will be settled by the use of treasury shares purchased for this purpose on the market.

The key features of the CSP and FSP are as follows:

CSP

- Shares will be awarded on a regular basis.
- The number of conditional shares awarded, and the extent to which it will be subject to performance conditions, will primarily be based on the employee's annual salary, grade, performance, retention requirements and market benchmarks or some combination thereof. 14.1(f)
- Vesting of a portion of the conditional shares will be made subject to company performance conditions, in addition to the particular employee remaining in the employ of a group company for a pre-determined vesting period.
- Conditional shares will only be registered in the name of the employees, free of any further restrictions or conditions, after vesting. Before such time, the employees will not enjoy any shareholder rights in relation to the conditional shares. 14.1(e)
- Once vested and delivered, the employees will have all shareholder rights thereto.
- The employees will not be required to pay for the conditional shares. 14.1(d)(i)
- Performance conditions will be set by the remuneration committee of the company (the committee) before an award is made, and will be based on appropriate company performance measures at the time.

FSP

- Shares will only be allocated in exceptional circumstances.
- The number of forfeitable shares to be made to an employee will primarily be based on the employee's annual salary, grade, performance and retention or attraction requirements. 14.1(f)
- The forfeitable shares will be delivered to the employees, free of charge, subsequent to the award date, with them enjoying all shareholder rights from inception. 14.1(d)(i) and (e)
- Awards will, however, be subject to restrictions that will prevent the forfeitable shares from being disposed of, ceded, transferred or otherwise encumbered before vesting.
- Vesting of the forfeitable shares will only be subject to the particular employee remaining in the employ of a group company for a pre-determined vesting period. No company performance conditions will apply.

The Remuneration, Nomination and Employment Equity Committee, which is charged with overseeing the group's remuneration policy, will review the performance criteria annually and revise them as economic and operational circumstances dictate.

It is proposed that a maximum of 38 000 000 unissued shares will be reserved for the New Plan and that the maximum number of shares which may be allocated to any single employee in any cycle will be limited to 4 000 000.

At the forthcoming annual general meeting members will accordingly be requested to consider a special resolution approving the rules of the proposed New Plan. A copy of the rules of the New Plan is available for inspection at the company's registered office during normal business hours.

In addition, in order to cater for the use of treasury shares to settle the exercise of any options in terms of the Scheme, the rules of the Scheme will have to be suitably amended. Consequently at the forthcoming annual general meeting members will accordingly be requested to consider a special resolution approving the change to the rules of the Scheme to cater for this.

Copies of the rules of the Scheme and the New Plan are available for inspection at the company's registered office during normal business hours.

Directorate

There have been no changes in the composition of the directorate since the date of the last annual report, save for Mr BR van Rooyen being appointed an executive director with effect from 6 June 2011.

The composition of the board of directors, as well as of board appointed committees, at the date of this report, is reflected on pages 49 to 53.

In terms of article 50 of the company's articles of association any person appointed to the board during the year shall hold office only until the next following annual general meeting of the company and shall then retire and be eligible for re-election. Mr BR van Rooyen was appointed an executive director on 6 June 2011 and, in accordance with the provisions of article 50, retires from office and, being eligible and available, has offered himself for re-election and appointment. Accordingly at the forthcoming annual general meeting members will be requested to consider a resolution providing for the election and re-appointment of Mr BR van Rooyen as an executive director of the company.

A brief summary of his curriculum vitae appears on page 45.

Further, in terms of article 57 of the company's articles of association, one third of the non-executive directors, being those longest in office, must retire from office at each annual general meeting. A retiring director who is eligible and available may offer himself or herself for re-election and appointment. Messrs Chabedi, Martin and Xayiya 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. Chabedi, Martin and Xayiya as non-executive directors of the company.

DIRECTORS' REPORT cont.

Brief summaries of their curricula vitae appear on pages 44 and 45.

In addition, in terms of Section 94 of the Companies Act of 2008, shareholders are required to appoint the company's audit committee. The members of the audit committee are Mr A R Martin (Chairman), Mr M E Beckett, Mr R Havenstein and Ms E T Kgosi, all of whom are independent non-executive directors. Accordingly at the forthcoming annual general meeting members will be requested to consider resolutions providing for the appointment of Mr A R Martin, Mr M E Beckett, Mr R Havenstein and M. E T Kgosi as member of the audit committee.

Brief summaries of their curricula vitae appear on pages 44 and 45.

In addition, members will be asked to consider a resolution providing for the appointment of Mr J Cochrane as a director of the company. Mr Cochrane, who is 47, holds an MBA and a B Eng (honours) degree in mining and petrochemical engineering, is an executive director and chief commercial officer of Eurasian Natural Resources Corporation plc (ENRC) responsible for marketing and logistical operations. Mr Cochrane is the current president of the International Chrome Development Association and is an independent director of of JLS Stainless, India's largest stainless steel producer. His previous appointments include head of M&A and business development at ENRC, marketing director at Samancor Chrome Limited and operations manager at Impala Platinum Holdings Limited.

ENRC plc, which is listed on the London Stock Exchange, holds a 13.5% interest in Northam.

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 – R93 000 per annum.
- Board members – R46 500 per annum.
- Board meeting attendance fees – R30 000 per meeting.

Board appointed committees

- Committee chairmen – R34 800 per annum.
- Committee members – R17 400 per annum.
- Committee meeting attendance fees – R11 600 per meeting.

The above fees were set in 2010, and with the ever increasing responsibilities imposed on directors by the more stringent regulatory environment, it is proposed by the remuneration, nomination and employment equity committee that they be increased by an average of approximately 6.0% to bring them into line with market norms, and in addition it is proposed to differentiate between fees paid to members of the audit and risk committee and fees paid to members of other board appointed committees. Subject to approval by members, the revised level of fees will be as follows:

Board fees

- Board chairman – R99 000 per annum.
- Board members – R49 200 per annum.
- Board meeting attendance fees – R31 800 per meeting.

Audit and risk committee fees

- Committee chairmen – R46 200 per annum.
- Committee members – R23 400 per annum.
- Committee meeting attendance fees – R15 400 per meeting.

Board appointed committees fees

- Committee chairmen – R36 900 per annum.
- Committee members – R18 600 per annum.
- Committee meeting attendance fees – R12 300 per meeting.

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

Directors' remuneration

The directors' remuneration for the year ended 30 June 2011 was as follows:

2011	Fees R000	Remuneration package R000	Performance bonus R000	Benefits R000	Gain on exercise of options R000	Total R000
Executive						
AZ Khumalo	–	1 626	143	203	–	1 972
GT Lewis	–	2 637	500	345	–	3 482
BR van Rooyen (Note 1)	273	217	–	–	–	490
Non-executive						
ME Beckett	259	–	–	–	–	259
CK Chabedi	230	–	–	–	–	230
NJ Dlamini (Note 2)	408	–	–	–	–	408
R Havenstein (Note 2)	395	–	–	–	–	395
ET Kgosi (Note 2)	425	–	–	–	–	425
AR Martin (Note 2)	338	–	–	–	–	338
MSMM Xayiya	106	–	–	–	–	106
PL Zim	213	–	–	–	–	213
	2 647	4 480	643	548	–	8 318

Note 1. Mr BR van Rooyen was appointed an executive director with effect from 6 June 2011. Prior to this date he received fees as a non–executive director.

Note 2. Dr Dlamini, Mr Havenstein Ms Kgosi and Mr Martin were paid a special fee of R20 000 each in their capacity as members of the independent board committee appointed to advise shareholders on the proposed scheme of arrangement with Mvelaphanda Resources Limited.

The directors' remuneration for the year ended 30 June 2010 was as follows:

2010	Fees R000	Remuneration package R000	Performance bonus R000	Benefits R000	Gain on exercise of options R000	Total R000
Executive						
GT Lewis	–	2 354	782	309	6 559	10 004
DR Wolstenholme (Note 1)	–	1 084	286	136	–	1 506
Non-executive						
ME Beckett	248	–	–	–	–	248
CK Chabedi	242	–	–	–	–	242
NJ Dlamini	345	–	–	–	–	345
R Havenstein	345	–	–	–	–	345
ET Kgosi	372	–	–	–	–	372
AR Martin	285	–	–	–	–	285
BR van Rooyen	350	–	–	–	–	350
MSMM Xayiya	127	–	–	–	–	127
PL Zim	226	–	–	–	–	226
	2 540	3 438	1 068	445	6 559	14 050

Note 1: Mr DR Wolstenholme was appointed a director on 4 November 2009 and resigned with effect from 1 July 2010.

Details of gains made by directors on the exercise of options are disclosed in Annexure 5 on page 130.

Service contracts

The executive directors have service contracts with the company which are subject to a notice period varying between three months and one year. None of the non-executive directors have 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 2011 were as follows:

	30 June 2011			
	Direct beneficial holding	Indirect beneficial holding	Indirect non-beneficial holding	Total
ME Beckett	30 000	–	–	30 000
AK Gupta	–	–	6 317 559	6 317 559
BR van Rooyen	391 324	37 462	–	428 786
MJ Willcox	336 085	–	6 976 171	7 312 256
MSMM Xayiya	614 598	–	2 108 098	2 722 696
PL Zim	–	–	12 184 226	12 184 226
	1 372 007	**37 462**	**27 586 054**	**28 995 523**

	30 June 2010			
	Direct beneficial holding	Indirect beneficial holding	Indirect non–beneficial holding	Total
ME Beckett	30 000	–	–	30 000
BR van Rooyen	–	37 462	211 881	249 343
MJ Willcox	–	–	7 133 185	7 133 185
DR Wolstenholme	–	82 500	–	82 500
MSMM Xayiya	–	–	2 723 776	2 723 776
PL Zim	–	–	7 302 881	7 302 881
	30 000	**119 962**	**17 371 723**	**17 521 685**

Analysis of shareholders at 30 June 2011

Shareholding range	Number of holders	Total shareholding	Percentage holding
1 – 5 000	7 673	6 255 552	1.6
5 001 – 10 000	318	2 407 609	0.6
10 001 – 50 000	419	9 615 287	2.5
50 001 – 100 000	102	7 008 982	1.8
100 001 – 1 000 000	179	56 267 153	14.7
1 000 001 and over	41	300 861 607	78.8
Total	**8 732**	**382 416 190**	**100.0**

Category of shareholder	Number of holders	Total shareholding	Percentage holding
Individuals	8 214	15 136 496	4.0
Companies	4	144 038 106	37.7
Managed funds and other bodies	514	223 241 588	58.3
Total	**8 732**	**382 416 190**	**100.0**

Major shareholders at 30 June 2011

	Number of shares	Percentage holding
Owner		
ENRC NV	51 732 782	13.5
Afripalm Resources (Proprietary) Limited	40 581 203	10.6
Mvelaphanda Holdings (Proprietary) Limited	43 903 952	11.5
Fund manager		
Public Investment Commission	23 230 424	6.1
Sanlam Investment Managers	17 666 403	4.6
Coronation Fund Managers	15 632 682	4.1

Shareholder spread at 30 June 2011

The company's shareholder spread is set out below.

	Number of shareholders	Percentage holding
Public	8 725	56.8
Non-public		
– Directors	4	7.6
– Other (any who fall outside the scope of the above)	3	35.6
Total	8 732	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 group's mines, as required by the Mineral and Petroleum Resources Development Act, No. 28 of 2002, upon cessation of its mining operations. Details of the contributions made and provisions raised are disclosed in notes 9, 10 and 20 of the notes to the financial statements. In addition, the group has procured the issue of guarantees for R89.9 million (2010: R24.0 million) in respect of certain unfunded environmental restoration costs, as more fully disclosed in note 20 of the notes to the financial statements.

Toro Employee Empowerment Trust Fund

The company has entered into an agreement with the representative unions at the Zondereinde 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 Zondereinde 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, beginning in 2013.

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

Subsidiaries

Details of Northam's subsidiaries at 30 June 2011 are set out in Annexure 3 on page 126.

DIRECTORS' REPORT cont.

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. The group annual financial statements have accordingly been prepared on this basis. In addition management has assessed whether there are any indicators of impairment in the market and believes that the increase in the average price realised, the firmer outlook of the platinum price, as well as the recovery in the automotive industry indicates that no impairment testing is required for the operating mine.

Management has assessed the valuation of the Booysendal mine as required in terms of IAS 36 – Impairments of Assets, and has concluded that the project is not impaired. The assessment was based on previous independent valuations taking into account the current available future outlook of commodity prices and exchange rates and Booysendal's ore reserves. None of Northam's investments in subsidiaries manifested any indicators of impairment requiring management to perform impairment testing.

Company secretary

Mr DL Swanepoel continues in office as company secretary. Relevant details appear on the inside back cover of this report.

Listing

The company's shares are listed in the Basic Resources – Mining [Platinum and Precious Metals] sector of the JSE exchange with the share code of NHM. The ISIN is ZAE000030912.

ADR Listing

During the year the company launched a Level 1 American Depositary Receipt (ADR facility). The shares are traded with the ticker code of NMPNY on the over-the-counter (OTC) market in the United States of America.

Events after reporting date

No material changes, other than those highlighted in this report, have occurred 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.

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 group 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 group has adopted the following new and amended International Financial Reporting Standards and IFRIC interpretations during the year.

- IFRS 1 First time adoption of International Financial Reporting Standards – Additional exemptions for first time adoption (amendment)
- IFRS 1 First time adoption of International Financial Reporting Standards – Limited exception from comparative IFRS 7 disclosure for first time adopters (amendment)
- IFRS 2 Shared based payments – Group Cash Settled based Payment Transactions (amendment)
- IFRS 3 Business Combinations – Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS (Annual improvements project 2010)
- IFRS 3 Business Combination – Measurement of non controlling interest (Annual improvements project 2010)
- IFRS 3 Business Combinations – Unreplaced and voluntarily replaced share-based payment awards (Annual improvements project 2010)
- IFRS 5 Non-current Assets (or Disposal Groups) Held for Sale and Discontinued Operations – Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations (Annual improvements project 2009)
- IFRS 8 Operating Segments – Disclosure of information about segment assets (Annual improvements project 2009)
- IAS 1 Presentation of Financial Statements – Current / non-current classification of convertible instruments (Annual improvements project 2009)
- IAS 7 Statements of Cash Flows – Classification of expenditures on unrecognised assets (Annual improvements project 2009)
- IAS 17 Leases – Classification of leases of land and buildings (Annual improvements project 2009)
- IAS 27 Consolidated and Separate Financial Statements – Transition requirements for amendments made as a result of IAS 27 (Annual improvements project 2010)
- IAS 32 Financial Instruments Presentation – Classification of rights issues (amendment)
- IAS 36 Impairment of Assets – Unit of accounting for goodwill impairment test (Annual improvements project 2009)
- IAS 39 Financial Instruments: Recognition and Measurement – Assessment of loan prepayment penalties as embedded derivatives (Annual improvements project 2009)
- IAS 39 Financial Instruments: Recognition and Measurement – Scope exemption for business combination contracts (Annual improvements project 2009)
- IAS 39 Financial Instruments: Recognition and Measurement – Cash flow hedge accounting (Annual improvements project 2009)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

ACCOUNTING POLICIES cont.

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

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 has no effect on the group's financial statements as the group adopted IFRS in 2006.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Limited exceptions from comparative IFRS 7 disclosure for first time adopters (amendments)

This amendments allows first-time adopters to utilise the transitional provisions in IFRS 7 as they relate to the March 2009 amendment.

The adoption of this amendment has no effect on the group's financial statements as the group adopted IFRS in 2006.

IFRS 2 Share based payments – Group Cash Settled Share–based Payment Transactions (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 has no material effect on the group's financial statements as the group does not have any cash settled share-based payment plans.

IFRS 3 Business Combinations – Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS (Annual improvements project 2010)

The amendment clarifies that the amendments to IFRS 7, IAS 32 and IAS 39, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of FRS 3 (as revised in 2008).

The amendment has had no impact on the entity, as these principles are already considered to have been appropriately applied.

IFRS 3 Business Combinations – Measurement of non-controlling interests (Annual improvements project 2010)

The amendment limits the scope of the measurement choices that only the components of NCI that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, shall be measured either at fair value or present ownership instruments proportionate share of the acquiree's identifiable net assets. Other components of NCI are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS, e.g. IFRS 2.

This amendment had no impact on the entity as this will only apply on new business combinations on a prospective basis.

IFRS 3 Business Combinations – Un-replaced and voluntarily replaced share-based payment awards (Annual improvements project 2010)

The amendment requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses. However, if the entity replaces the acquiree's awards that expire as a consequence of the business combination, these are recognised as post-combination expenses.

As the amendment will be applied prospectively, it will only impact future business combinations. The adoption of this amendment had no effect on the group's financial statements.

IFRS 5 Non-current Assets (or Disposal Groups) Held for Sale and Discontinued Operations – Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations (Annual improvements project 2009)

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 has had no impact on the group's financial statements as there were no non-current assets (or disposal groups) held for sale or discontinued operations.

IFRS 8 Operating Segments – Disclosure of information about segment assets (Annual improvements project 2009)

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 has had no material effect on the group's financial statements as the group had already considered potential impacts of this amendment upon adopting IFRS 8 in 2010.

IAS 1 Presentation of Financial Statements – Current/non-current classification of convertible instruments (amendment)

The terms of a liability that could at anytime result in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.

The adoption of this amendment has had no material effect on the group's financial statements as the group has not issued any such convertible instruments.

IAS 7 Statement of Cash Flows – Classification of expenditures on unrecognised assets (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 has had no material effect on the group's financial statements as the group does not classify any such expenditure as investing activities.

IAS 17 Leases – Classification of leases of land and buildings (Annual improvements project 2009)

The specific guidance on classifying land as a lease has been removed so that only the general guidance remains.

The adoption of this amendment has had no material effect on the group's financial statements as the group does not have any such leases of land.

IAS 27 Consolidated and Separate Financial Statements – Transition requirements for amendments made as a result of IAS 27 (Annual improvements project 2010)

The amendment clarifies that the consequential amendments from IAS 27 made to IAS 21, IAS 28 and IAS 31 apply prospectively for annual periods beginning on or after 1 July 2010 or earlier when IAS 27 is applied earlier.

The amendments have had no impact on Northam, as there were no investments in associates / joint ventures in which an interest is retained under IAS 39 upon sale.

IAS 32 Financial Instruments Presentation – Classification of rights issues (amendment)

This amendment states that if rights are issued pro rata to an entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is determined.

The adoption of this amendment has had no material effect on the group's financial statements, as the group has not made such rights issues.

IAS 36 Impairment of Assets – Unit of accounting for goodwill impairment test (Annual improvements project 2009)

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 has had no material effect on the group's financial statements as the group has already adopted these principles in impairment testing.

IAS 39 Recognition and Measurement – Assessment of loan prepayment penalties as embedded derivatives (Annual improvements project 2009)

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 has had no material effect on the group's financial statements as the group does not have such instruments.

ACCOUNTING POLICIES cont.

IAS 39 Recognition and Measurement – Scope exemption for business combination contract (Annual improvements project 2009)

This amendment clarifies that the scope exemption of contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree 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 has had no material effect on the group's financial statements as the group does not have such instruments.

IAS 39 Recognition and Measurement – Cash flow hedge accounting (Annual improvements project 2009)

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 has had no material effect on the group's financial statements as the group does not apply hedge accounting.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

This interpretation clarifies the requirements of IFRSs when an entity negotiates the terms of a financial liability with a creditor and the creditor accepts the entity's shares or other equity instruments to settle the financial liability fully or partially.

The adoption of this interpretation has had no material effect on the group's financial statements, as the entity has not entered into any such transactions.

1.2 Standards and Interpretations issued and not yet effective:

At the date of 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 – Accounting policy changes in the year of adoption (Annual improvements project 2010)	This amendment clarifies that, if a first-time adopter changes its accounting policies or its use of the exemptions in IFRS 1 after it has published interim financial statements, it needs to explain those changes and update reconciliations between previous GAAP and IFRS. The adoption of this amendment will have no effect on the group's financial statements as the group adopted IFRS in 2006.	1 January 2011
IFRS 1	First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (amendment)	This amendment provides guidance for entities emerging from severe hyperinflation and resuming presentation of IFRS compliant financial statements or presenting IFRS compliance statements for the first time. The adoption of this amendment will have no effect on the group's financial statements as Northam did not have any interests in Zimbabwean entities.	1 July 2011
IFRS 1	First-time Adoption of International Financial Reporting Standards – Replacement of fixed dates for certain exceptions with the date of transition to IFRS (amendment)	Standard amended to remove the fixed date of 1 January 2004 relating to retrospective application of the derecognition requirements of IAS 39, and relief for first time adopters from calculating day 1 gains on transactions that occurred before the date of adoption. The adoption of this amendment will have no effect on the group's financial statements as the group adopted IFRS in 2006.	1 July 2011

Standard or Interpretation	Description	Impact	Effective date
IFRS 1	First-time Adoption of International Financial Reporting Standards – Revaluation basis as deemed cost (Annual Improvements Project 2010)	The amendment allows first-time adopters to use an event-driven fair value as deemed cost, even if the event occurs after the date of transition, but before the first IFRS financial statements are issued. The adoption of this amendment will have no effect on the group's financial statements as the group adopted IFRS in 2006.	1January 2011
IFRS 1	First-time Adoption of International Financial Reporting Standards – Use of deemed cost for operations subject to rate regulation (Annual Improvements Project 2010)	The amendment expands the scope of 'deemed cost' for property, plant and equipment or intangible assets to include items used subject to rate regulated activities. The exemption will be applied on an item-by-item basis. All such assets will also need to be tested for impairment at the date of transition. The adoption of this amendment will have no effect on the group's financial statements as the group adopted IFRS in 2006.	1 January 2011
IFRS 7	Financial Instruments: Disclosures – Clarifications of disclosures (Annual Improvements Project 2010)	The amendments are intended to simplify the disclosures provided and reduce time and effort in preparing the entity's financial statements. This is achieved especially by reducing disclosure requirements around collateral held, maximum exposure to credit risk and the renegotiation of financial assets in order to avoid it becoming past due or impaired. The disclosures would be reduced upon adoption of the amendment. The additional disclosure requirements now stipulated will have a minor impact as the information is readily available.	1 January 2011
IFRS 7	Financial Instruments: Disclosures – Transfers of financial assets (amendment)	For those financial assets that are derecognised in their entirety, but where the entity has a continuing involvement in them (e.g., through options, guarantees, etc.), additional quantitative and qualitative disclosures will be required. For financial assets that are not derecognised in their entirety, the entity will be required to disclose additional information as well. In order to increase the prominence of these disclosures, all this information will need to be presented in a single note in an entity's financial statements. The impacts of this Amendment are still to be assessed.	1 July 2011

ACCOUNTING POLICIES cont.

Standard or Interpretation	Description	Impact	Effective date
IFRS 9	Financial Instruments- Classification and Measurement	Financial Assets: This phase applies to financial assets and simplifies the classification of financial assets whilst retaining the measurement principles, being at fair value or amortised cost. Financial assets are classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The IAS 39 exemption which allows equity instruments to be measured at cost will be limited further and reclassification between categories will only be allowed in exceptional circumstances. IFRS 9 could impact the classification and measurement of the group's financial assets – the impact has not yet been determined. Financial Liabilities: The Standard retains the existing IAS 39 classification and measurement requirements for financial liabilities not designated at fair value through profit or loss using the Fair Value Option as well as the criteria within IAS 39 for using the fair value option for financial liabilities. The changes only affect the measurement of fair value option liabilities. All other requirements in IAS 39 in respect of liabilities are carried forward into IFRS 9. For fair value option liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income (OCI). The remainder of the change in fair value is presented in profit or loss. The Standard prohibits any recycling through profit or loss of amounts recognised in OCI upon derecognition of the liability, but these amounts may be transferred to retained earnings upon derecognition. Liabilities arising from certain derivatives on unquoted equity instruments will no longer be able to be measured at cost and will be required to be measured at fair value. The impacts of this Standard are still to be assessed.	1 January 2013
IFRS 10	Consolidated Financial Statements	IFRS 10 includes a new definition of control which is used to determine which entities are consolidated. This will apply to all entities, including special purpose entities (now known as 'structured entities'). The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore consolidated, and may result in a change to the entities which are within the group.	1 January 2013

Standard or Interpretation	Description	Impact	Effective date
IFRS 11	Joint Arrangements	This standard deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement rather than its legal form. The impact of adoption of this new standard on all existing contracts is still to be assessed.	1 January 2013
IFRS 12	Disclosure of interest in other entities	IFRS 12 includes all the disclosures that are required relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. An entity is now required to disclose the judgements made to determine whether it controls another entity and as such the adoption of this new standard in future will result in additional disclosures.	1 January 2013
IFRS 13	Fair Value Measurement	IFRS 13 provides guidance on how to measure fair value of financial and non-financial assets and liabilities when fair value measurement is required or permitted by IFRS. The impact of the adoption of this Standard is yet to be assessed in detail	1 January 2013
IAS 1	Presentation of Financial Statements – Clarification of statement of changes in equity (Annual Improvements Project 2010)	The amendment clarifies that an entity should present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The adoption of this amendment will have no material effect on the group's financial statements, as Northam does not currently have any other comprehensive income items.	1 January 2011
IAS 1	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (Amendment)	This is a new requirement to group together and disclose items within other comprehensive income that may be reclassified to profit and loss in a future period versus those that cannot be reclassified. The amendments also reaffirm existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements. The adoption of this amendment will have no material effect on the group's financial statements, as Northam does not currently have any other comprehensive income items.	1 July 2012

ACCOUNTING POLICIES cont.

Standard or Interpretation	Description	Impact	Effective date
IAS 12	Income Taxes – Recovery of underlying assets (amendment)	The amendments incorporate SIC 21 into IAS 12 for non-depreciable assets measured using the revaluation model in IAS 16. The aim for the amendments is to provide a practical solution for jurisdictions where entities currently find it difficult and subjective to determine the expected manner of recovery for investment property that is measured using the fair value model in IAS 40. A rebuttable presumption was introduced that an investment property measured using the fair value model will be recovered in its entirety through sale. Deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16 should always be measured on a sale basis. The adoption of this amended standard will have no material effect on the group as the group does not have investment properties or non-depreciable assets measured using the revaluation model.	1 January 2012
IAS 19	Employee Benefits (revised)	Numerous changes to IAS 19 have been made. The two most significant of these relates firstly to short and long-term benefits that will now be distinguished based on the expected timing of settlement, rather than employee entitlement. The second item relates to the corridor mechanism for pension plans being removed. This means all changes in the value of defined benefit plans will be recognised as they occur. The adoption of this revised standard with regards to defined benefit plans will have no material effect on the group's financial statements, as there are no such plans. However it may impact the measurement of other long-term employee benefits (Toro), although remeasurements will continue to be recognised in profit or loss, unlike the requirements for defined benefit plans. The impacts of the amendments to short-term employee benefits are still to be assessed and may result in a different measurement basis for certain leave pay accruals.	1 January 2013
IAS 24	Related Party Disclosure (revised)	This revision simplifies the disclosure requirements for government related entities and clarifies the definition of related parties. The adoption of this amendment will have no material effect on the group's financial statements, as it does not amend the principles applicable to Northam.	1 January 2011
IAS 27	Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (as amended in 2011)	This amendment is as a consequence of amendments resulting from the issue of IFRS 10, 11 and 12 The amendment should not have an impact on Northam, as the consequential amendments noted do not impact the consolidation process *per se*.	1 January 2013

Standard or Interpretation	Description	Impact	Effective date
IAS 28	Investments in associates (amended)	Consequential amendments resulting from the issue of IFRS 10, 11 and 12. The adoption of this amended standard is not to expected impact the group as the disclosure requirements are now addressed in IFRS 12.	1 January 2013
IAS 34	Interim Financial Reporting – Significant events and transactions (Annual improvements project 2010)	The amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add certain new disclosure requirements. The amendment may impact disclosures provided in Northam's interim reports and press releases prepared in accordance with IAS 34.	1 January 2011
IFRIC 13	Customer Loyalty Programmes – Fair value of award credit (Annual improvements project 2010)	The amendment clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account. The amendment should have no impact on Northam, as the group does not have any customer loyalty programmes.	1 January 2011
IFRIC 14	IAS 19-The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interactions – Prepayments of a minimum funding requirement (amendment)	This amendment clarifies the accounting where an entity makes voluntary prepaid contributions and there is a minimum funding requirement. The adoption of this amendment will have no material effect on the group's financial statements as the group does not have any such prepayments of minimum funding requirements.	1 January 2011

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, its subsidiaries, joint ventures and associates. 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.

Non-controlling 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 statement of financial position, separately from parent shareholders equity.

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

ACCOUNTING POLICIES cont.

3. Associates and joint ventures

The group has an interest in joint ventures which are classified as investments in associates. The group's investment in its associates is accounted for using the equity method of accounting except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5-Non-current Assets Held for Sale and Discontinued Operations. 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 statement of financial position at cost plus post acquisition changes in the group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Profit or loss in the Statement of Comprehensive Income 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. Unrealised 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 Statement of Comprehensive Income in profit or loss. This is the profit attributable to equity holders of the associate and is therefore profit after tax and non-controlling interests.

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 reporting 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 profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

The group has an interest in a joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The agreement requires unanimous agreement for financial and operating decisions among the venturers. The group recognises its interest in the joint venture using the proportionate consolidation method. The group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as the group. Adjustments are made where necessary to bring the accounting policies in line with those of the group.

Adjustments are made in the group's consolidated financial statements to eliminate the group's share of intragroup balances, transactions and unrealised gains and losses on such transactions between the group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. The joint venture is proportionately consolidated until the date on which the group ceases to have joint control over the joint venture.

Upon loss of joint control, the group measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the former joint controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal are recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

4. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised in accordance with IAS 39 either in profit or loss or as a charge to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

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 profit or loss. 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) that is expected to benefit from the combination. 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.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

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, 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, 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 impaired.

5.4 Decommissioning asset

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

The decommissioning asset is recognised and subsequent changes in the assumptions which impact the asset is reflected in the asset 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, 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 expensed 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 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 profit or loss 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 from indefinite to finite is made on a prospective basis.

Gains or losses arising from 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 profit or loss 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 group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists or where annual impairment testing for an asset is required, 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 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 by making use of a valuation model.

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

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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.

5.10 Annual Review of residual values, depreciation method and useful lives

The assets' residual value, depreciation method and useful life are 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 and land 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 in accordance with Policy 5.8. Cost is determined on the basis of land acquisition, development and housing construction cost. Township land and development is derecognised when the risks and rewards of ownership of the property transfers to the employees.

7. Financial instruments

Financial instruments recognised on the statement of financial position 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 acquired for the purpose of selling in the near term are classified as held for trading and is part of the 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 unrealised gains or losses recognised as other comprehensive income 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 – refer to Policy 7.7.

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.

ACCOUNTING POLICIES cont.

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

After initial recognition, 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/(expenditure) at the time that the contracts expire.

7.7 Impairment of financial instruments

The group assesses at each reporting 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 loans and 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). Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in estimated future cash flows. 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 loans and 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

For available-for-sale investments, the Group assesses at each reporting date whether there is objective evidence that an investment or group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

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 and are reversed in other comprehensive income. 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 pay 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 (3 PGEs + 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 capitalised as inventory.

10. Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases 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 venture, 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 extent 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 reporting 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 reporting 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 reporting date.

Deferred income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income 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 as part of the underlying property, plant and equipment, 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 and the risks specific to the liability.

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 adjusted in the determination of the carrying value of the decommissioning asset as opposed to being recognised in profit or loss.

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 statement of comprehensive income 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 reporting date. 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. Profits and losses arising on the translation of foreign currencies, whether realised or unrealised, are credited to or charged to profit or loss.

ACCOUNTING POLICIES cont.

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 and is recorded at the invoiced amounts with an adjustment for provisional pricing at each reporting date. 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 revenue

Interest revenue is recognised as it accrues, using the effective interest rate method.

13.4 Dividends

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

13.5 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 statement of financial position 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 and diluted headline 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.

Options granted to an employee are forfeited in the event of the employee resigning or dismissed.

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.

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.

16.6 Toro employee empowerment trust

The Toro employee empowerment trust (the Trust) was established for the benefit of eligible employees. Northam contributes 4% of its after tax profits to the trust whereafter eligible employees will receive payment at the end of each 5 year cycle. The amount of this cash to be distributed is based on the valuation of the fund and Northam does not guarantee any values over and above what is included in the trust and managed accordingly by the investment manager.

The trust is a special purpose entity that is consolidated in terms of SIC-12 Consolidation – Special Purpose Entities.

Since the cash distribution is payable to employees after the end of the period in which the related services are rendered and it is not a post employment benefit or a termination benefit, the trust is accounted for as an 'Other Long Term Employee Benefit' in terms of IAS 19. The benefits payable to employees are therefore measured using the Projected Unit Credit Method. All actuarial gains or losses as well as past service costs are recognised in profit or loss immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by the Trust and are not available to the creditors of the Group.

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 such as those relating to mining properties 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 reporting date.

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

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 reporting date, on net dividends declared, is charged to profit or loss 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.

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2011

	Note	30 June 2011 R000 Group	30 June 2010 R000 Group	30 June 2011 R000 Company	30 June 2010 R000 Company
Assets					
Non-current assets		9 203 655	7 971 624	8 626 825	7 579 794
Property, plant and equipment	2	2 779 519	1 938 061	1 890 355	1 769 501
Mining properties and mineral resources	3	5 719 416	5 722 659	135 110	143 532
Interest in associates, joint ventures and others	4	505 327	129 741	50 133	52 733
Investments in subsidiaries	5			6 494 501	5 566 000
Unlisted investment	6	6	6	6	6
Township land and development	7	55 918	63 805	–	–
Long-term receivables	8	27 292	–	–	–
Investments held by Northam Platinum Restoration Trust Fund	9	31 591	27 259	29 299	27 259
Environmental Guarantee Investment	10	29 471	20 763	27 421	20 763
Toro Employee Empowerment Trust	11	55 115	69 330	–	–
Current assets		2 725 916	2 117 683	2 854 800	2 275 741
Subsidiary loans	12			942 163	298 793
Inventories	13	604 647	521 462	604 647	521 462
Trade and other receivables	14	410 621	318 054	321 556	280 861
Investments in escrow	15	–	91 458	–	–
Cash and cash equivalents	16	1 697 853	1 186 709	986 434	1 174 625
Receiver of revenue		12 795	–	–	–
Total assets		11 929 571	10 089 307	11 481 625	9 855 535
Equity and liabilities					
Share capital and share premium	17	8 596 082	7 638 486	8 596 082	7 638 486
Retained earnings		1 363 194	1 081 862	1 185 911	927 919
Equity compensation reserve	18	156 076	112 806	156 076	112 806
Shareholders' equity		10 115 352	8 833 154	9 938 069	8 679 211
Non-current liabilities		639 595	581 490	547 159	512 160
Deferred tax liability	19	477 145	447 212	477 145	447 212
Long-term provisions	20	162 450	134 278	70 014	64 948
Current liabilities		1 174 624	674 663	996 397	664 164
Receiver of revenue		118 268	33 886	16 350	33 091
Trade and other payables	21	972 350	562 844	896 041	553 140
Short-term provisions	22	84 006	77 933	84 006	77 933
Total equity and liabilities		11 929 571	10 089 307	11 481 625	9 855 535

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2011

	Note	30 June 2011 R000 Group	30 June 2010 R000 Group	30 June 2011 R000 Company	30 June 2010 R000 Company
Total revenue	23	3 759 459	4 133 998	3 719 176	4 041 877
Sales revenue	23	3 571 048	3 945 083	3 546 895	3 945 083
Cost of sales		3 185 754	3 160 108	3 169 199	3 160 108
– operating costs	24	2 242 006	2 230 369	2 242 006	2 230 369
– concentrates purchased		787 316	735 090	787 316	735 090
– refining and other costs		68 804	92 972	68 804	92 972
– depreciation and impairments	25	147 838	167 346	147 825	167 346
– employee housing scheme costs		16 542	–	–	–
– change in metal inventories		(76 752)	(65 669)	(76 752)	(65 669)
Operating profit		385 294	784 975	377 696	784 975
Share of earnings and distributions from associate	26	7 248	12 440	792	10 205
Investment revenue	27	85 520	167 655	70 128	75 534
Sundry income	28	53 148	9 557	53 737	9 782
Profit before tax		531 210	974 627	502 353	880 496
Taxation	29	(182 001)	(333 601)	(176 484)	(307 853)
Profit and total comprehensive income for the year		349 209	641 026	325 869	572 643

		Cents	Cents
Earnings per share	30	96.2	177.9
Fully diluted earnings per share	30	96.2	177.8
Headlines earnings per share	30	89.5	177.8
Fully diluted headline earnings per share	30	89.5	177.7

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2011

	Share Capital R000	Share Premium R000	Equity Compensation Reserve R000	Retained earnings R000	Total R000
Group					
Balance at 1 July 2009	3 599	7 619 369	55 177	654 041	8 332 186
Share based payments expense	–	–	60 582	–	60 582
Profit and total comprehensive income for the year attributable to shareholders	–	–	–	641 026	641 026
Dividends distributed	–	–	–	(216 158)	(216 158)
Transfer of equity compensation reserve to retained earnings	–	–	(2 953)	2 953	–
Issue of new shares	7	15 511	–	–	15 518
Balance at 30 June 2010	3 606	7 634 880	112 806	1 081 862	8 833 154
Share based payments expense	–	–	65 595	–	65 595
Profit and total comprehensive income for the year attributable to shareholders	–	–	–	349 209	349 209
Dividends distributed	–	–	–	(90 202)	(90 202)
Transfer of equity compensation reserve to retained earnings	–	–	(22 325)	22 325	–
Issue of new shares	218	957 378	–	–	957 596
Balance at 30 June 2011	3 824	8 592 258	156 076	1 363 194	10 115 352
Note	17	17	18		

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 18 for further details.

	Share Capital R000	Share Premium R000	Equity Compensation Reserve R000	Retained earnings R000	Total R000
Company					
Balance at 1 July 2009	3 599	7 619 369	55 177	568 481	8 246 626
Share based payments expense	–	–	60 582	–	60 582
Profit and total comprehensive income for the year attributable to shareholders	–	–	–	572 643	572 643
Transfer of equity compensation reserve to retained earnings	–	–	(2 953)	2 953	–
Dividends distributed	–	–	–	(216 158)	(216 158)
Issue of new shares	7	15 511	–	–	15 518
Balance at 30 June 2010	3 606	7 634 880	112 806	927 919	8 679 211
Share based payments expense	–	–	65 595	–	65 595
Profit and total comprehensive income for the year attributable to shareholders	–	–	–	325 869	325 869
Dividends distributed	–	–	–	(90 202)	(90 202)
Transfer of equity compensation reserve to retained earnings	–	–	(22 325)	22 325	–
Issue of new shares	218	957 378	–	–	957 596
Balance at 30 June 2011	3 824	8 592 258	156 076	1 185 911	9 938 069
Note	17	17	18		

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 18 for further details.

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2011

	Note	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
Cash flows from operating activities		785 558	862 411	786 365	891 112
Cash generated from operations	31	742 943	970 648	657 772	1 039 603
Interest received		82 183	163 625	66 791	71 504
Change in working capital	32	182 380	783	219 021	27 725
Change in short-term provisions		6 073	9 111	6 073	9 111
Taxation paid	33	(228 021)	(281 756)	(163 292)	(256 831)
Cash flows utilised in investing activities		(213 307)	(395 965)	(913 449)	(257 906)
Property, plant, equipment and mining properties and mineral reserves					
– additions to maintain operations		(268 932)	(231 481)	(268 851)	(231 481)
– additions to expand operations		(688 394)	(145 510)	–	–
– disposals proceeds		6 678	5 243	6 678	5 243
Township land and development					
– additions		(234)	(4 460)	–	–
– disposals proceeds		8 121	–	–	–
Investment in associate					
– cash distributed		792	10 205	792	10 205
Increase in subsidiary loans				(643 370)	(34 639)
Increase in investments held by Northam Platinum Restoration Trust Fund		(4 332)	(2 366)	(2 040)	(2 366)
Increase in investments held by Environmental Contingency Fund		(8 708)	(4 868)	(6 658)	(4 868)
Movement in investments held by Toro Employee Empowerment Trust		(16 136)	(22 728)	–	–
Cash and cash equivalent acquired at date of acquisition of Mvelaphanda Resources Limited		757 838	–	–	–
Cash flows utilised in financing activities		(61 107)	(200 640)	(61 107)	(200 640)
Proceeds from issue of shares		29 095	15 518	29 095	15 518
Dividends paid		(90 202)	(216 158)	(90 202)	(216 158)
Increase/(decrease) in cash and cash equivalents		511 144	265 806	(188 191)	432 566
Cash and cash equivalents at beginning of year		1 186 709	920 903	1 174 625	742 059
Cash and cash equivalents at end of year	16	1 697 853	1 186 709	986 434	1 174 625

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2011

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.

	2011 Group	2010 Group	2011 Company	2010 Company
The main assumptions include:				
– long-term real platinum price – US$ per ounce	1 838	1 545	1 838	1 545
– long-term real exchange rate – US$ = R	7.00	8.00	7.00	8.00
– long-term real pre-tax discount rate – %	8.00	8.07	8.00	8.07

1.2 Provisions

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 reporting 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 statement of financial position 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 expensed. The net present value of current decommissioning and restoration costs are based on the following assumptions:

	2011 Group	2010 Group	2011 Company	2010 Company
– long-term inflation rate for South Africa – %	6.00	6.00	6.00	6.00
– long-term real pre-tax discount rate – % (based on long bond yield rates)	8.00	8.07	8.00	8.07

NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont.

for the year ended 30 June 2011

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 an asset's useful life, a process of estimation is required to determine the residual values at year end.

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

	Mining plant and equipment R000	Pre-production development costs R000	Decommissioning asset R000	Motor vehicles R000	Total R000
Group – 30 June 2011					
Property, Plant and Equipment					
– at cost	3 104 756	845 577	85 895	25 243	4 061 471
– accumulated depreciation	(1 262 608)	–	(13 395)	(5 949)	(1 281 952)
– **balance at end of year**	1 842 148	845 577	72 500	19 294	2 779 519
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	1 718 476	165 732	36 715	17 138	1 938 061
– additions to maintain operations	259 368	–	–	9 564	268 932
– present value of decommissioning asset capitalised (note 20)	–	–	37 977	–	37 977
– additions to expand operations	–	680 825	–	3 370	684 195
– reclassification from mining properties and mineral resources	–	(980)	–	–	(980)
– disposals	(7 610)	–	–	(8 702)	(16 312)
– depreciation charged for the year	(133 154)	–	(2 192)	(4 070)	(139 416)
– depreciation on disposals during the year	5 068	–	–	1 994	7 062
– **balance at end of year**	1 842 148	845 577	72 500	19 294	2 779 519
Group – 30 June 2010					
Property, plant and equipment					
– at cost	3 637 695	165 732	47 918	21 011	3 872 356
– accumulated depreciation	(1 919 219)	–	(11 203)	(3 873)	(1 934 295)
– **balance at end of year**	1 718 476	165 732	36 715	17 138	1 938 061
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	1 654 545	35 868	38 874	7 822	1 737 109
– additions to maintain operations	218 402	–	–	13 079	231 481
– additions to expand operations	–	129 864	–	2 519	132 383
– disposals	(2 316)	–	–	(6 654)	(8 970)
– depreciation charged for the year	(154 471)	–	(2 159)	(2 295)	(158 925)
– depreciation on disposals during the year	2 316	–	–	2 667	4 983
– **balance at end of year**	1 718 476	165 732	36 715	17 138	1 938 061

NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont.

for the year ended 30 June 2011

2. Property, plant and equipment cont.

	Mining plant and equipment R000	Pre- production development costs R000	Decommis-sioning asset R000	Motor vehicles R000	Total R000
Company – 30 June 2011					
Property, plant and equipment					
– at cost	3 103 600	–	48 574	19 045	3 171 219
– accumulated depreciation	(1 262 594)	–	(13 395)	(4 875)	(1 280 864)
– balance at end of year	1 841 006	–	35 179	14 170	1 890 355
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	1 718 476	–	36 715	14 310	1 769 501
– additions to maintain operations	259 287	–	–	9 564	268 851
– present value of decommissioning asset capitalised (note 20)	–	–	656	–	656
– disposals	(7 610)	–	–	(8 702)	(16 312)
– depreciation charged for the year	(134 215)	–	(2 192)	(2 996)	(139 403)
– depreciation on disposals during the year	5 068	–	–	1 994	7 062
– balance at end of year	1 841 006	–	35 179	14 170	1 890 355
Company – 30 June 2010					
Property, plant and equipment					
– at cost	3 637 695	–	47 918	18 183	3 703 796
– accumulated depreciation	(1 919 219)	–	(11 203)	(3 873)	(1 934 295)
– balance at end of year	1 718 476	–	36 715	14 310	1 769 501
Reconciliation of movement in property, plant and equipment					
– balance at beginning of year	1 654 545	–	38 874	7 513	1 700 932
– additions to maintain operations	218 402	–	–	13 079	231 481
– disposals	(2 316)	–	–	(6 654)	(8 970)
– depreciation charged for the year	(154 471)	–	(2 159)	(2 295)	(158 925)
– depreciation on disposals during the year	2 316	–	–	2 667	4 983
– balance at end of year	1 718 476	–	36 715	14 310	1 769 501

3. Mining properties and mineral resources

	Mining properties R000	Mineral resource* R000	Total R000
Group – 30 June 2011			
– at cost	275 873	5 571 003	5 846 876
– accumulated depreciation	(127 460)	–	(127 460)
– balance at end of year	148 413	5 571 003	5 719 416
Reconciliation of movement in mining properties			
– balance at beginning of year	152 636	5 570 023	5 722 659
– reclassification to property, plant and equipment	–	980	980
– additions to expand operations	4 199	–	4 199
– depreciation charged for the year	(8 422)	–	(8 422)
– balance at end of year	148 413	5 571 003	5 719 416
Group – 30 June 2010			
– at cost	271 674	5 570 023	5 841 697
– accumulated depreciation	(119 038)	–	(119 038)
– balance at end of year	152 636	5 570 023	5 722 659
Reconciliation of movement in mining properties			
– balance at beginning of year	152 387	5 566 000	5 718 387
– additions to expand operations	9 104	4 023	13 127
– disposals	(434)	–	(434)
– depreciation charged for the year	(8 421)	–	(8 421)
– balance at end of year	152 636	5 570 023	5 722 659

**The mineral resource relates to the mining titles that were acquired in respect of the Booysendal mine.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont.

	Mining properties R000	Mineral resource* R000	Total R000
3. Mining properties and mineral resources cont.			
Company – 30 June 2011			
– at cost	262 570	–	262 570
– accumulated depreciation	(127 460)	–	(127 460)
– balance at end of year	135 110	–	135 110
Reconciliation of movement in mining properties			
– balance at beginning of year	143 532	–	143 532
– depreciation charged for the year	(8 422)	–	(8 422)
– balance at end of year	135 110	–	135 110
Company – 30 June 2010			
– at cost	262 570	–	262 570
– accumulated depreciation	(119 038)	–	(119 038)
– balance at end of year	143 532	–	143 532
Reconciliation of movement in mining properties			
– balance at beginning of year	152 387	–	152 387
– depreciation charged for the year	(8 421)	–	(8 421)
– disposal during the year	(434)	–	(434)
– balance at end of year	143 532	–	143 532

Certain mining properties have been secured by a notarial bond in favour of Northam Platinum Restoration Trust Fund to meet future decommissioning and restoration costs (see note 9). The bond was cancelled subsequent to the year end.

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
4. Interest in associates, joint ventures and other				
Investment in associates and joint ventures comprises a 7.5% (2010: 7.5%) interest in Pandora joint venture, a 50% interest in the Dwaalkop platinum project, a 51% interest in the Kokerboom exploration project and a 20.3% interest in the issued share capital of Trans Hex Group Limited. Details of the group's share of the comprehensive income and financial position are set out in Annexure 2, which forms part of these notes.	505 327	129 741	50 133	52 733
5. Investments in subsidiaries				
Dialstat Trading (Proprietary) Limited			*	*
Khumama Platinum (Proprietary) Limited			5 566 000	5 566 000
Mvelaphanda Resources (Proprietary) Limited			928 501	–
Norplats Properties (Proprietary) Limited			*	*
Windfall 38 Properties (Proprietary) Limited			*	*
– balance at end of year			6 494 501	5 566 000

*The company holds 120 ordinary shares of par value R1 each at cost of R120 (2010: R Nil) in Dialstat Trading (Proprietary) Limited

*The company holds 405 ordinary shares of par value R1 representing a 100% equity interest in Khumama Platinum (Proprietary) Limited.

*The company issued 20 912 190 ordinary shares at an exchange ratio of 9.598 Northam ordinary shares for every 100 Mvela Resources shares through a scheme of arrangement in terms of Section 311 of the Companies Act 61 of 1973, as amended.

Members are referred to the comment in the directors' report on page 58, wherein details of the assets acquired are disclosed.

*The company holds 100 ordinary shares of par value R1 each at cost of R100 (2010: R100) representing a 100% equity interest in Norplats Properties (Proprietary) Limited.

*The company holds 100 ordinary shares of par value R1 each at cost of R100 (2010: R100) representing a 100% equity interest in Windfall 38 Properties (Proprietary) Limited.

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

Details of the subsidiaries are contained in Annexure 3, which forms part of these notes.

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
6. Unlisted investment				
Available for sale investment	6	6	6	6

NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont.

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
7. Township land and development				
– balance at beginning of year	63 805	59 345	–	–
– construction in progress	235	4 460	–	–
– improvements	8 420	–	–	–
– sales	(16 542)	–	–	–
– balance at end of year	55 918	63 805	–	–

Township development comprising 282 residential erven (2010: 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 282 erven are registered in the name of the company's subsidiary, Norplats Properties (Proprietary) Limited, whilst the 1 757 erven are registered in the name of Broad Brush Investments 2 (Proprietary) Limited, a wholly-owned subsidiary of Norplats Properties (Proprietary) Limited. 100 houses were sold in Mojuteng Township of Northam town during the year.

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
8. Long-term receivables	27 292	–	–	–

This comprises balances due by employees in respect of Northam's employee home ownership scheme under instalment sale agreements. The loans to the employees bear interest at prime, and repayable over 15 years. In terms of the agreements, employees enjoy the full benefits of home ownership, and at such a time as the loan is paid off, the title to the houses will be transferred to the employees as at 30 June 2011 there were no receivables (2010: Rnil) which were impaired and fully provided for.

9. Investments held by Northam Platinum Restoration Trust Fund

The company contributes to a dedicated environmental restoration trust fund to provide for the estimated decommissioning and environmental restoration costs at the end of the mine's life.

The balance of the fund comprises:

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
– balance at beginning of year	27 259	24 893	27 259	24 893
– contributions made during the year	2 455	354	165	354
– income earned during the year (note 27)	1 877	2 012	1 875	2 012
– balance at end of year	31 591	27 259	29 299	27 259

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 (2010: R27.3 million) over certain of the mine's freehold property in favour of the fund to ensure that the fund will be able to meet future rehabilitation obligations.

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company

10. Environmental Guarantee Investment

The balance of the fund comprises:				
– balance at beginning of year	20 763	15 895	20 763	15 895
– contributions made during the year	9 000	3 000	6 000	3 000
– management fees	(1 765)	(150)	(804)	(150)
– income earned during the year (note 27)	1 473	2 018	1 462	2 018
– balance at end of year	29 471	20 763	27 421	20 763

The Environmental Guarantee Investment policy was issued in terms of the insurance guarantee for R89.9 million (2010: R24.0 million).

11. Toro Employee Empowerment Trust

The balance of the fund comprises:				
– balance at beginning of year	69 330	46 602	–	–
– contributions made during the year (note 20)	15 188	21 543	–	–
– income earned during the year (note 20)	2 217	1 691	–	–
– payments to beneficiaries (note 20)	(1 269)	(506)	–	–
	85 466	69 330	–	–
– actuarial adjustment	(30 351)	–	–	–
– balance at end of year	55 115	69 330	–	–

12. Subsidiary loans

Broadbrush Investments 2 (Proprietary) Limited			9 487	10 261
Micawber 278 (Proprietary) Limited			851 780	233 825
Norplats Properties (Proprietary) Limited			67 958	54 536
Windfall 38 Properties (Proprietary) Limited			12 938	171
			942 163	298 793

The loans are unsecured and interest free, repayable on demand and therefore stated as current. Details of the subsidiaries are set out in Annexure 3, which forms part of these notes.

13. Inventories

Inventory comprise:				
Metals on hand and in transit – at cost	555 988	479 236	555 988	479 236
Consumable stores – at cost	48 659	42 226	48 659	42 226
Total inventories at the lower of cost and net realisable value	604 647	521 462	604 647	521 462

The cost of sales figure disclosed in the statement of comprehensive income approximates the cost of inventory expensed.

The amount of write-downs of consumable stores recognised as an expense in cost of sales.	1 840	1 111	1 840	1 111

NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont.

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
14. Trade and other receivables				
Trade and other receivables comprise:				
Trade receivables	162 349	202 047	161 083	202 047
Prepayments	55 013	1 800	55 013	1 800
Receiver of revenue – value added tax	95 548	86 051	49 345	59 953
Other	97 711	28 156	56 115	17 061
	410 621	318 054	321 556	280 861

Trade receivables are unsecured, non-interest-bearing and are generally on 30 day terms. As at June 2011 there were no receivables (2010: RNil) which were impaired and fully provided for.

The age analysis of trade receivables as at 30 June 2011 is set out in Annexure 1, which forms part of these notes.

15. Investment in escrow

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
Capital and interest	627 963	627 963	–	–
Funds due to Anglo American Platinum Limited	(536 505)	(536 505)	–	–
Funds due to Micawber 278 (Proprietary) Limited	(91 458)	–	–	–
	–	91 458	–	–

The capital funds were held in escrow pending the transfer of certain new order mining licences in respect of the Booysendal extension to Micawber 278 (Proprietary) Limited (Micawber). The capital funds were paid to Anglo Platinum, and the balance, representing interest earned, was paid to Micawber, in October 2010.

16. Cash and cash equivalents

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
Cash and cash equivalents comprise:				
Cash at banks and on hand	741 323	68 024	29 904	55 940
Short-term deposits	956 530	1 118 685	956 530	1 118 685
	1 697 853	1 186 709	986 434	1 174 625

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 5% and 6% (2010: 6% and 8%), whilst cash at bank earned interest at rates varying between 2% and 4% (2010: 2% and 4%).

17. Share capital and share premium

	2011 R000 Group and Company	2011 Number of shares Group and Company	2010 R000 Group and Company	2010 Number of shares Group and Company
Authorised	5 450	545 000 000	5 450	545 000 000
Issued				
At 1 July 2009	3 599	359 909 500	3 599	359 909 500
Shares issued during the year for cash on the exercise of share options	7	732 500	7	732 500
At 30 June 2010	3 606	360 642 000	3 606	360 642 000
Shares allotted and issued for the Mvelaphanda scheme of arrangement		209	20 912 190	
Shares issued during the year for cash on the exercise of share options	9	862 000		
At 30 June 2011	3 824	382 416 190		
Share premium	8 592 258	–	7 634 880	–
	8 596 082	382 416 190	7 638 486	360 642 000

During the year 862 000 (2010: 732 500) shares were allotted and issued it terms of the rules of Northam Share Option Scheme. 20 912 190 Shares were also issued for the Mvela Resources scheme of arrangement. This resulted in issued share capital increasing to 382 416 190 (2010: 360 642 000).

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

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

18. Equity compensation reserve

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
– balance at beginning of year	112 806	55 177	112 806	55 177
– increase in equity compensation reserve	65 595	60 582	65 595	60 582
– transfer to retained earnings	(22 325)	(2 953)	(22 325)	(2 953)
– balance at end of year	156 076	112 806	156 076	112 806

Options are offered at the 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 seven years of the offer date shall lapse. (See annexure 5).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont.

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
19. Deferred tax liability				
The principal components of the deferred tax are as follows:				
Deferred tax liabilities				
– property, plant and equipment	507 983	475 872	507 983	475 872
– metal inventory	7 273	6 917	7 273	6 917
	515 256	482 789	515 256	482 789
Deferred tax assets				
– employee benefits relating to leave pay provisions	(23 522)	(21 822)	(23 522)	(21 822)
– decommissioning and environmental restoration provisions	(14 589)	(13 755)	(14 589)	(13 755)
	(38 111)	(35 577)	(38 111)	(35 577)
Net deferred tax liability	477 145	447 212	477 145	447 212
The charge in the deferred tax balance is reconciled as follows:				
Deferred tax liability at beginning of year	447 212	428 821	447 212	428 821
– charge for the year (per note 29)	29 933	18 391	29 933	18 391
– temporary differences in respect of property, plant and equipment	32 111	18 483	32 111	18 483
– depreciation component included in metals on hand and in transit	356	4 730	356	4 730
– temporary difference in respect of employee benefits	(1 700)	(2 552)	(1 700)	(2 552)
– temporary difference in respect of long-term provisions	(834)	(2 270)	(834)	(2 270)
Net deferred tax liability at end of year	477 145	447 212	477 145	447 212
20. Long-term provisions				
Provision for decommissioning costs				
– balance at beginning of year	57 754	47 881	57 754	47 881
– present value of decommissioning asset capitalised (note 2)	31 429	–	656	–
– additional provision raised (note 24)	(698)	6 009	(698)	6 009
– unwinding of discount (note 24)	4 620	3 864	4 620	3 864
– balance at end of year	93 105	57 754	62 332	57 754
Provision for restoration costs				
– balance at beginning of year	7 194	5 957	7 194	5 957
– capitalisation of restoration cost as part of the development of the Booysendal mine (note 2)	6 548	–	–	–
– additional provision raised (note 24)	(88)	756	(88)	756
– unwinding of discount (note 24)	576	481	576	481
– balance at end of year	14 230	7 194	7 682	7 194
Provisions at year end	107 335	64 948	70 014	64 948

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company

20. Long-term provisions cont.

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
Provision for Toro Employee Empowerment Trust				
– balance at beginning of the year	69 330	46 602	–	–
– provided during the year	17 405	23 234	–	–
– amount utilised	(1 269)	(506)	–	–
	85 466	69 330	–	–
– actuarial adjustment	(30 351)	–	–	–
– balance at end of year	55 115	69 330	–	–
The company 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.				
Total long-term provisions	162 450	134 278	70 014	64 948
In terms of, *inter alia*, the Mineral and Petroleum Resources Development Act no 28, of 2002, 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 Environmental obligation will be paid over to Northam Platinum Restoration Trust fund (note 9) 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.				
Provisions before funding	107 335	64 948	70 014	64 948
Less: Northam Platinum Restoration Trust Fund (note 9)	(31 591)	(27 259)	(29 299)	(27 259)
Less: Environmental Guarantee Investment (note 10)	(29 471)	(20 763)	(27 421)	(20 763)
Net present value of unfunded environmental rehabilitation obligations	46 273	16 926	13 294	16 926
The future value of the environmental rehabilitation obligation will be paid over to the Northam Platinum Restoration Trust Fund (note 9) 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 8.00% (2010: 8.07%) over the remaining life of the mine.				
The decommissioning and restoration costs are reviewed on an annual basis, and at the reporting date the net unfunded future obligations were as follows:				
Undiscounted decommissioning obligations	131 277	78 699	84 061	78 699
Undiscounted restoration obligations	20 406	9 802	10 360	9 802
Total decommissioning and restoration obligation	151 683	88 501	94 421	88 501
Less: Obligation not requiring financial provision	(36 309)	(34 237)	(36 309)	(34 237)
	115 374	54 264	58 112	54 264
Less: Funds held by Northam Platinum Restoration Trust Fund (note 9)	(31 591)	(27 259)	(29 299)	(27 259)
Environmental Guarantee Investment (note 10)	(29 471)	(20 763)	(27 421)	(20 763)
Total unfunded future rehabilitation obligations	54 312	6 242	1 392	6 242

NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont.

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company

20. Long-term provisions cont.

The group has procured the issue of an insurance guarantee for R89.9 million (2010: R24.0 million) in respect of the unfunded decommissioning and restoration costs.

21. Trade and other payables

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
Trade and other payables comprise:				
Trade payables	221 321	145 442	158 527	145 442
Accruals	569 578	255 278	569 578	255 278
Accrual for acquisition of participating interest in Pandora joint venture	65 000	65 000	65 000	65 000
Receiver of revenue – value added tax	3 376	548	–	–
Other	113 075	96 576	102 936	87 420
	972 350	562 844	896 041	553 140

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

22. Short-term provisions

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
Provision for leave pay				
– balance at beginning of year	77 933	68 822	77 933	68 822
– additional amounts raised	94 378	88 939	94 378	88 939
– utilised	(88 305)	(79 828)	(88 305)	(79 828)
– balance at end of year	84 006	77 933	84 006	77 933

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date based on the basic cost of employment and available leave entitlement at that date.

23. Total revenue and sales revenue

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
Total revenue comprises:				
– sales revenue	3 571 048	3 945 083	3 546 895	3 945 083
– investment income (note 27)	85 520	167 655	70 128	75 534
– sundry revenue (note 28)	102 891	21 260	102 153	21 260
	3 759 459	4 133 998	3 719 176	4 041 877

Sales revenue comprises the turnover of platinum group metals and related precious and base metals, net of value added tax, trade discounts and intra-group sales.

24. Operating costs

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
Operating costs comprise mining and concentrating costs, excluding depreciation, and consist of the following principal prime cost categories:				
– labour (note 35)	992 421	974 701	992 421	974 701
– stores	596 239	649 992	596 239	649 992
– utilities	249 336	208 478	249 336	208 478
– sundries	399 600	386 088	399 600	386 088
– provision for decommissioning and restoration costs (note 20)	3 922	9 873	3 922	9 873
– provision for restoration costs (note 20)	488	1 237	488	1 237
	2 242 006	2 230 369	2 242 006	2 230 369
The analysis of operating costs by principal activity is as follows:				
– mining operations	1 663 476	1 662 892	1 663 476	1 662 892
– smelter operations	72 092	98 724	72 092	98 724
– base metal removal plant operations	104 454	87 719	104 454	87 719
– overheads	397 574	369 924	397 574	369 924
– provision for decommissioning and restoration costs (note 20)	3 922	9 873	3 922	9 873
– provision for restoration costs (note 20)	488	1 237	488	1 237
	2 242 006	2 230 369	2 242 006	2 230 369
Operating costs include the following:				
External auditors remuneration				
– current year	2 886	1 514	2 354	1 514
– prior year adjustment	143	613	143	613
Internal audit fees				
– current year	1 669	2 252	1 669	2 252
– prior year adjustment	160	146	160	146
Directors' remuneration				
– non executive fees	2 647	2 540	2 647	2 540
– executive remuneration	5 671	4 951	5 671	4 951
Share based payment expense (note 18)	65 595	60 582	65 595	60 582
Operating lease payments				
– office equipment	500	500	500	500
– premises	590	590	590	590

Details of directors' remuneration are contained in the directors' report on page 65.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont.

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
25. Depreciation and impairments				
Depreciation of mining properties, plant and equipment consists of the following:				
– mining property	8 422	8 421	8 422	8 421
– plant and equipment	133 154	154 471	134 215	154 471
– decommissioning asset	2 192	2 159	2 192	2 159
– vehicles	4 070	2 295	2 996	2 295
	147 838	167 346	147 825	167 346
26. Share of earnings and distributions from associate				
Income received from Pandora joint venture (refer annexure 2)	7 248	12 440	792	10 205
27. Investment revenue				
Investment income consists of the following:				
– interest received on cash and cash equivalents	82 170	163 625	66 791	71 504
– growth in Northam Platinum Restoration Trust Fund (note 9)	1 877	2 012	1 875	2 012
– growth in Environmental Contingency Fund (note 10)	1 473	2 018	1 462	2 018
	85 520	167 655	70 128	75 534
28. Sundry income				
Net sundry income is arrived at taking into account the following:				
– rent received	1 285	1 232	1 285	1 232
– royalties received from chrome recovery plant	4 521	5 853	4 521	5 853
– sale of scrap	1 616	2 228	1 616	2 228
– insurance claim	36 267	–	36 267	–
– other income	2 805	578	2 067	578
– treatment charges in respect of concentrates purchased	56 397	11 369	56 397	11 369
Sundry income	102 891	21 260	102 153	21 260
Other sundry expenditure				
– profit/(loss) on sale of property, plant and equipment	(2 572)	822	(2 572)	822
– currency translation loss	(21 247)	(7 416)	(21 247)	(7 416)
– depreciation of participation interest	(2 600)	(2 600)	(2 600)	(2 600)
– dividends forfeited	58	131	58	131
– other expenditure	(23 382)	(2 640)	(22 055)	(2 415)
Sundry expenditure	(49 743)	(11 703)	(48 416)	(11 478)
	53 148	9 557	53 737	9 782

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company

29. Taxation

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
Current	152 068	319 991	146 551	294 243
Deferred (note 19)	29 933	18 391	29 933	18 391
Current year's tax charge	182 001	338 382	176 484	312 634
Adjustment in respect of prior years	–	(4 781)	–	(4 781)
	182 001	333 601	176 484	307 853
Taxation comprises:				
– mining tax	137 761	237 465	137 761	237 465
– non-mining tax	34 433	47 608	28 916	21 860
– state's share of profits	–	30 660	–	30 660
– tax on share of earnings from associate	787	867	787	867
– secondary tax on companies	9 020	21 616	9 020	21 616
– capital gains tax	–	166	–	166
Adjustment in respect of prior years	–	(4 781)	–	(4 781)
	182 001	333 601	176 484	307 853

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	–	3.1	–	3.5
– secondary tax on companies	1.7	2.2	1.8	2.5
– expenditure disallowed and other adjustments	4.6	0.9	5.3	1.0
– effective tax rate	34.3	34.2	35.1	35.0

29.1 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%.

29.2 Mining tax

The current rate of mining tax applicable to the company is 28% (2010: 28%).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont.

29.3 Non-mining tax

Non-mining income is subject to a rate of 28% (2010: 28%).

29.4 Deferred tax

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

29.5 Secondary tax on companies

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

29.6 Capital gains tax

Capital gains tax, at an effective rate of 14% (2010: 14%), is payable on any gains realised on the disposal of investments or mining properties.

29.7 Tax on share of earnings from associate

Mining and non-mining income is subject to a rate of 28% (2010: 28%)

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
30. Earnings and dividend 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 363 087 830 (2010: 360 291 885) outstanding during the year. Headline earnings per share are based on headline earnings and are reconciled to profit attributable to shareholders as follows:				
Profit attributable to shareholders – earnings	349 209	641 026		
Loss/(profit) on sale of property, plant and equipment	2 572	(822)		
Tax effect	(720)	230		
Insurance claim	(36 267)	–		
Tax effect	10 155	–		
Headline earnings	324 949	640 434		

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company

30. Earnings per share cont.

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 headline earnings and the average number of potential diluted shares in issue.

The number of potential diluted shares are calculated as follows:

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
Average number of ordinary shares in issue during the year	363 087 830	360 291 885		
Average number of Northam Share Option Scheme options outstanding during the year	62 452	172 611		
Average number of potential diluted ordinary shares in issue	363 150 282	360 464 496		
Dividends per share (cents)	15.0	40.0		

31. Cash generated from operations

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
Profit before taxation	531 210	974 627	502 353	880 496
Adjusted for non-cash items				
– loss/(profit) on disposal of property, plant and equipment	2 572	(822)	2 572	(822)
– depreciation and impairment	147 838	167 346	147 825	167 346
– increase in long-term provisions	20 546	33 838	4 410	11 110
– long-term receivables	(27 292)	–	–	–
– share based payment expense	65 595	60 582	65 595	60 582
– share of profit from associate	(7 248)	(12 440)	(792)	(10 205)
– depreciation of participation interest	2 600	2 600	2 600	2 600
Interest received	(82 183)	(163 625)	(66 791)	(71 504)
Investment in escrow	91 458	(91 458)	–	
Fair value adjustment on the investment of Trans Hex	(2 153)	–	–	
	742 943	970 648	657 772	1 039 603

NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont.

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company

32. Change in working capital

Inventories	(83 185)	(53 208)	(83 185)	(53 208)
Trade and other receivables	(92 567)	(91 204)	(40 695)	(57 302)
Trade and other payables	409 506	145 195	342 901	138 235
Working capital of Mvelaphanda Resources Limited group at date of acquisition	(51 374)	–	–	–
	182 380	783	219 021	27 725

33. Taxation paid

Balance owing at beginning of year	33 886	432	33 091	460
Profit or loss charge	152 068	315 210	146 551	289 462
Net tax liability of Mvelaphanda Resources Limited group at date of acquisition	147 540	–	–	–
Balance owing at end of year	(105 473)	(33 886)	(16 350)	(33 091)
	228 021	281 756	163 292	256 831

34. Commitments

Capital Expenditure – Booysendal mine				
Authorised but not contracted	3 111 449	3 597 045	–	–
Contracted	762 336	46 955	–	–
Capital Expenditure – Zondereinde mine				
Authorised but not contracted	325 127	330 499	325 127	330 499
Contracted	59 125	16 318	59 125	16 318
Information Technology Outsource Service Providers. The IT services for the group is contracted out to a third party service provider.				
Due within one year	13 432	11 241	13 432	11 241
Due within two to five years	31 026	21 418	31 026	21 418
Operating lease rentals – office equipment				
Due within one year	1 182	214	1 054	214
Due within two to five years	575	8	12	8
Operating lease – premises				
Due within one year	3 872	459	729	459
Due within two to five years	11 504	–	2 569	–
More than five years	14 855	–	–	–
Housing development				
Contracted	–	2 395	–	2 395
Unutilised loan facility granted to subsidiary	–	–	51 207	51 207
Bank guarantees issued	49 250	60 457	49 250	60 457

The commitments in respect of the Zondereinde mine and the other commitments will be financed out of operating cash flows.

The Booysendal commitment will be funded from a combination of internal retentions and debt as more fully described in the financial review and directors' report.

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company

35. Employee benefits

The aggregate earnings and benefits of employees, including directors, were:				
– salaries, wages and other benefits	782 936	779 286	782 936	779 286
– contributions to retirement benefit funds	74 096	68 211	74 096	68 211
– contributions to health-care funds	54 606	45 079	54 606	45 079
– share based payment expense (note 18)	65 595	60 582	65 595	60 582
– employee empowerment scheme (note 11)	15 188	21 543	15 188	21 543
	992 421	974 701	992 421	974 701
– fees paid to non-executive directors	2 647	2 540	2 647	2 540
	995 068	977 241	995 068	977 241
Included in salaries, wages and other benefits are the following amounts in respect of retrenchment benefits and termination costs	–	439	–	439

36. 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 arm's length basis apart from interest free loans provided by the company to Broad Brush Investment 2 (Proprietary) Limited, Micawber 278 (Proprietary) Limited, Norplats Properties (Proprietary) Limited and Windfall 36 Properties (Proprietary) Limited.

Details of transactions and period end balances with those entities identified as related parties are contained in Annexure 4 which forms part of these notes.

37. Segmental reporting

The group has two business segments, the Zondereinde mine and the Booysendal mine. The group's operating committee looks at the performance of the Zondereinde and Booysendal mines when allocating resources and assessing the segment performance.

Details of the financial position and net income of the two segments are set out in Annexure 6 which forms part of these notes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont.

38. Financial risk management objectives and policies

The group's principal financial liabilities comprise trade payables and other payables, loans given and long-term receivables. 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 and cash and cash equivalents, 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 main risks arising from the group's financial instruments are 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 of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk, and other price risk, such as equity risk.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future 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, namely the US dollar, whilst 96% of costs are denominated in the group's functional currency, the South African rand.

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.

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
– weakening by 10%	12 309	20 064	12 309	20 064
– strengthening by 10%	(12 309)	(20 064)	(12 309)	(20 064)
At year end the foreign currency value of items under their respective balance sheet classifications were as follows:				
– accounts receivable – US$	15 628	18 574	15 628	18 574
– cash and cash equivalents – US$	3 571	6 613	3 571	6 613
– accounts payable – €	722	819	722	819
Exchange rates at year end				
ZAR/US$	6.78	7.66	6.78	7.66
ZAR/€	9.81	9.41	9.81	9.41

(c) Commodity price risk

The group 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 following is an indication of the effect that changes in the commodity prices would have on the profit before tax:

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
– increase of 10%	3 433	20 205	3 433	20 205
– decrease of 10%	(3 433)	(20 205)	(3 433)	(20 205)

The group did not enter into any hedging contracts during the year.

(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 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 addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. The significant concentration of credit risk within the group is disclosed in Annexure 6.

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, which forms part of these notes.

(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 cash and cash equivalents). There is no impact on the group's equity.

	2011 R000 Group	2010 R000 Group	2011 R000 Company	2010 R000 Company
– increase of 1%	16 979	11 867	9 864	11 746
– decrease of 1%	(16 979)	(11 867)	(9 864)	(11 746)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS cont.

38. Financial risk management objectives and policies cont.

(f) Fair value

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

(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 maturity profile of the group's financial liabilities is set out in Annexure 1, which forms part of these notes.

(h) Capital management

Capital comprises the equity attributable to the shareholders of Northam.

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 share holders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2011 and 30 June 2010.

(i) Categories of financial instruments

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

(j) Fair value hierarchy

Details of the group's fair value hierarchy are set out below:

As at 30 June 2011 the group held the following financial instruments measured at fair value:

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 – other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 – techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Assets measured at fair value	Level 1 R000	Group at 30 June 2011 Level 2 R000	Level 3 R000	Total R000
Available-for-sale investments	–	6	–	6
Investments held by Northam Platinum Restoration Trust Fund	–	31 591	–	31 591
Environmental Guarantee Investment	–	29 471	–	29 471

Assets measured at fair value	Level 1 R000	Group at 30 June 2010 Level 2 R000	Level 3 R000	Total R000
Available-for-sale investments	–	6	–	6
Investments held by Northam Platinum Restoration Trust Fund	–	27 259	–	27 259
Environmental Guarantee Investment	–	20 763	–	20 763

Assets measured at fair value	Level 1 R000	Company at 30 June 2011 Level 2 R000	Level 3 R000	Total R000
Available-for-sale investments	–	6	–	6
Investments held by Northam Platinum Restoration Trust Fund	–	29 299	–	29 299
Environmental Guarantee Investment	–	27 421	–	27 421

Assets measured at fair value	Level 1 R000	Company at 30 June 2010 Level 2 R000	Level 3 R000	Total R000
Available-for-sale investments	–	6	–	6
Investments held by Northam Platinum Restoration Trust Fund	–	27 259	–	27 259
Environmental Guarantee Investment	–	20 763	–	20 763

ANNEXURE 1

Analysis of financial instruments at 30 June 2011

	Available for sale		Loans and receivables	
	Year ended 30 June 2011 R000	Year ended 30 June 2010 R000	Year ended 30 June 2011 R000	Year ended 30 June 2010 R000
a) Categories of financial instruments – group				
Available-for-sale investments	6	6	–	–
Long-term receivables	–	–	27 292	–
Investments held by Northam Platinum Restoration Trust Fund	–	–	–	–
Environmental Guarantee Investment	–	–	–	–
Trade and other receivables	–	–	260 060	257 174
Investment in escrow	–	–	–	91 458
Cash and cash equivalents	–	–	1 697 853	1 186 709
Trade and other payables	–	–	–	–
	6	6	1 985 205	1 535 341
Categories of financial instruments – company				
Available-for-sale investments	6	6	–	–
Investments held by Northam Platinum Restoration Trust Fund	–	–	–	–
Environmental Guarantee Investment	–	–	–	–
Trade and other receivables	–	–	217 198	220 908
Cash and cash equivalents	–	–	986 434	1 174 625
Trade and other payables	–	–	–	–
	6	6	1 203 632	1 395 533

None of the trade receivables are past due or considered impaired.

	Assets designated at fair value through profit and loss		Financial liabilities at amortised cost		Non-financial instruments		Total	
	Year ended 30 June 2011 R000	Year ended 30 June 2010 R000	Year ended 30 June 2011 R000	Year ended 30 June 2010 R000	Year ended 30 June 2011 R000	Year ended 30 June 2010 R000	Year ended 30 June 2011 R000	Year ended 30 June 2010 R000
	–	–	–	–	–	–	6	6
	–	–	–	–	–	–	27 292	–
	31 591	27 259	–	–	–	–	31 591	27 259
	29 471	20 763	–	–	–	–	29 471	20 763
	–	–	–	–	150 561	60 880	410 621	318 054
	–	–	–	–	–	–	–	91 458
	–	–	–	–	–	–	1 697 853	1 186 709
	–	–	(972 350)	(562 844)	–	–	(972 350)	(562 844)
	61 062	48 022	(972 350)	(562 844)	150 561	60 880	1 224 484	1 081 405
	–	–	–	–	–	–	6	6
	29 299	27,259	–	–	–	–	29 299	27 259
	27 421	20,763	–	–	–	–	27 421	20 763
	–	–	–	–	104 358	59 953	321 556	280 861
	–	–	–	–	–	–	986 434	1 174 625
	–	–	(896 041)	(553 140)	–	–	(896 041)	(553 140)
	56 720	48 022	(896 041)	(553 140)	104 358	59 953	468 675	950 374

ANNEXURE 1 cont.

Analysis of financial instruments at 30 June 2011 cont.

c) Trade payables – group and company

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

	Payable on demand		1 to 6 months	
	Year ended 30 June 2011 R000	Year ended 30 June 2010 R000	Year ended 30 June 2011 R000	Year ended 30 June 2010 R000
Group				
– trade payables	221 321	145 442	–	–
– accruals	–	–	569 578	255 278
– accrual for the acquisition of the interest in the Pandora joint venture	–	–	–	–
– South African Revenue Service – value added tax	3 376	548	–	–
– other	–	–	113 075	96 576
	224 697	145 990	682 653	351 854
Company				
– trade payables	158 527	145 442	–	–
– accruals	–	–	569 578	255 278
– accrual for the acquisition of the interest in the Pandora joint venture	–	–	–	–
– other	–	–	102 935	87 420
	158 527	145 442	672 513	342 698

More than 6 months		Total	
Year ended 30 June 2011 R000	Year ended 30 June 2010 R000	Year ended 30 June 2011 R000	Year ended 30 June 2010 R000
–	–	221 321	145 442
–	–	569 578	255 278
65 000	65 000	65 000	65 000
–	–	3 376	548
–	–	113 075	96 576
65 000	65 000	972 350	562 844
–	–	158 527	145 442
–	–	569 578	255 278
65 000	65 000	65 000	65 000
–	–	102 936	87 420
65 000	65 000	896 040	553 140

ANNEXURE 2

Interest in associates, joint ventures and other at 30 June 2011

	2011				
	Interest in Pandora joint venture 7.50% Group R000	Interest in Dwaalkop joint venture 50.00% Group R000	Interest in Trans Hex Group Ltd 20.30% Group R000	Total Group R000	Interest in Pandora joint venture 7.50% Company R000
Reconciliation of Northam's interest in associates and joint ventures					
Cost of investment	65 000	300 679	68 897	434 576	65 000
Accumulated depreciation	(7 367)	–	–	(7 367)	(7 367)
Fair value adjustment on other investments	–	–	2 153	2 153	–
Investment in associate	57 633	300 679	71 050	429 362	57 633
Participants interest	75 965	–	–	75 965	–
Profits to 30 June 2010	87 213	–	–	87 213	–
Profit for the year	7 249	–	–	7 249	–
Profit before depreciation	94 462	–	–	94 462	–
Cash distribution received	(18 497)	–	–	(18 497)	(17 705)
Carrying value in investment in associate	133 598	300 679	71 050	505 327	39 928
Distribution received from Pandora	–	–	–	–	792
Statement of comprehensive income					
Sales	23 297	–	–	23 297	
Cost of sales	(18 219)	–	–	(18 219)	
Operating profit	5 078	–	–	5 078	
Investment income	2 205	–	–	2 205	
Finance costs	(34)	–	–	(34)	
Post acquisition profits	7 249	–	–	7 249	
Profit before depreciation	7 249	–	–	7 249	
Depreciation	(2 600)	–	–	(2 600)	
Profit before tax	4 649	–	–	4 649	

The carrying value of the investment in Trans Hex Group Limited is stated at fair value being the closing price of the shares on the JSE Limited at year end.

2010				
Interest in Pandora joint venture 7.50% Group R000	Interest in Dwaalkop joint venture 50.00% Group R000	Trans Hex Group Ltd 20.30% Group R000	Total Group R000	Interest of Northam joint venture 7.50% Company R000
65 000	–	–	65 000	65 000
(4 767)	–	–	(4 767)	(4 767)
–	–	–	–	
60 233	–	–	60 233	60 233
69 508	–	–	69 508	(7 500)
74 773	–	–	74 773	–
12 440	–	–	12 440	–
87 213	–	–	87 213	–
(17 705)	–	–	(17 705)	(7 500)
129 741	–	–	129 741	52 733
–	–	–	–	10 205
22 885	–	–	22 885	–
13 605	–	–	13 605	–
9 280	–	–	9 280	–
3 160	–	–	3 160	–
–	–	–	–	–
12 440	–	–	12 440	–
12 440	–	–	12 440	–
(2 600)	–	–	(2 600)	–
9 840	–	–	9 840	–

ANNEXURE 2 cont.

Interest in associate, joint ventures and other at 30 June 2011 cont.

	2011				
	Interest in Pandora joint venture 7.50% Group R000	Interest in Dwaalkop joint venture 50.00% Group R000	Interest in Trans Hex Group Ltd 20.30% Group R000	Total Group R000	Interest in Pandora joint venture 7.50% Group R000
Statement of financial position					
Non-current assets					
Property, plant and equipment	43 004	–	–	43 004	31 082
Current assets	39 262	–	–	39 262	46 963
Trade and other receivables	4 094	–	–	4 049	9 117
Cash and cash equivalents	35 168	–	–	35 168	37 846
Total assets	82 266	–	–	82 266	78 045
Participants interest	75 965	–	–	75 965	69 508
Non-current liabilities	576	–	–	576	–
Provision for environmental and rehabilitation obligations	576	–	–	576	–
Current liabilities	5 725	–	–	5 725	8 537
Royalties payable	636	–	–	636	699
Trade and other payables	5 089	–	–	5 089	7 838
Total equity and liabilities	82 266	–	–	82 266	78 045

2010			
Interest in Dwaalkop joint venture 50.00% Group R000	Trans Hex Group Ltd 20.30% Group R000	Total Group R000	Interest of Northam joint venture 7.50% Company R000
–	–	31 082	–
–	–	46 963	–
–	–	9 117	–
–	–	37 846	–
–	–	78 045	–
–	–	69 508	–
–	–	–	–
–	–	–	–
–	–	8 537	–
–	–	699	–
–	–	7 838	–
–	–	78 045	–

ANNEXURE 3

Subsidiaries at 30 June 2011

	Effective holding		Share capital and premium
Name of company	2011 %	2010 %	R000
Broad Brush Investments 2 (Proprietary) Limited	100	100	***
Dialstat Trading 133 (Proprietary) Limited	100	–	***
Khumama Platinum (Proprietary) Limited	100	100	2 506 126
Micawber 278 (Proprietary) Limited	100	100	***
Micawber 325 (Proprietary) Limited #	100	–	1
Mvelaphanda Equity (Proprietary) Limited #	100	–	708
Mvelaphanda Gold (Proprietary) Limited #	100	–	1 685
Mvelaphanda Investment and Mining (Proprietary) Limited #	100	–	2 434
Mvelaphanda Platinum (Proprietary) Limited #	100	–	***
Mvelaphanda Resources Ltd #	100	–	4 358
Norplats Properties (Proprietary) Limited	100	100	***
Windfall 38 Properties (Proprietary) Limited	100	100	***
Interest in subsidiaries			

 # These companies were acquired as part of the acquisition of Mvelaphanda Resources Limited.
**** Issued capital is less than R1 000.*
*** Indirectly held subsidiary*
** Investment less than R1 000.*

All companies are wholly-owned and incorporated in the the Republic of South Africa. The loans are unsecured, interest free and repaya

	Interest of holding company				
	Shares		Indebtedness		
	2011	2010	2011	2010	
	R000	R000	R000	R000	Nature of business
	**	*	9 487	10 261	Broad Brush Investments 2 (Proprietary) Limited 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.
	*	–	–	–	Dormant.
	5 566 000	5 566 000	–	–	Khumama Platinum (Proprietary) Limited owns 100% of the issued capital of Micawber 278 (Proprietary) Limited.
	**	*	851 780	233 825	Micawber 278 (Proprietary) Limited owns the mining titles in respect of the Booysendal mine.
	**	–			Dormant.
	**	–			Dormant.
	**	–			Dormant.
	**	–			Dormant.
	**	–			Dormant.
	928 501	–			Mvelaphanda Resources Limited holds Dwaalkop exploration joint venture, the Kokerboom exploration joint venture and Trans Hex Group Limited.
	*	*	67 958	54 536	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.
	*	*	12 936	171	Windfall 38 Properties (Proprietary) Limited owns certain freehold in respect of Booysendal.
	6 494 501	5 566 000	942 161	298 793	

ble on demand and are therefore stated as current.

ANNEXURE 4

Related party transactions for the year ended 30 June 2011

Name of entity	Basis of identification as a related party	Related director	Nature of services provided	Where charged/ (credited) in statement of financial position
Barnard Jacobs Mellett Holdings Limited	Common directorship	AR Martin	JSE Limited sponsor services	n/a
First Rand Limited	Related by marriage	NJ Dlamini	Treasury operations – investment of surplus cash funds	Cash and cash equivalents
			Treasury operations	–
			– safe of export proceeds	–
GijimaAst Group Limited	Common directorship	NJ Dlamini	Maintenance of computer systems	n/a
Minova SA	Common diectorship	ME Beckett	Purchase of consumable stores	n/a
Mvelaphanda Resources Limited	Former major shareholder and common directors	ME Beckett, CK Chabedi, BR van Rooyen, MJ Willcox and PL Zim	Reimbursement of expenses	n/a
			Recovery of costs	n/a
			Purchase of motor vehicle	Property, plant and equipment
Protea Aviation Services (Proprietary) Limited	Common directorship	MJ Willcox	Transport of products	n/a
Protea Security Services (2000) (Proprietary) Limited	Common directorship	MJ Willcox	Supply of security services	n/a
Trollope Mining Services (2000) (Proprietary) Limited	Common directorship	MJ Willcox	Transport of waste and hire of plant	n/a

Related party transactions for the year ended 30 June 2011 – key management personnel

		Non-executive directors' fees		Remuneration		Contribution to retirement funds	
Where charged/(credited) in statement of comprehensive income		Operating costs – sundries		Operating costs – labour		Operating costs – labour	
		2011 R000	2010 R000	2011 R000	2010 R000	2011 R000	2010 R000
Non-executive directors' remuneration. See directors' report page 65		2 374	2 540	–	–	–	–
Executive directors							
AZ Khumalo		–	–	1 626	–	203	–
GT Lewis		–	–	2 637	2 354	330	294
BR van Rooyen	*Note 1*	273	–	217	–	–	–
DR Wolstenholme	*Note 2*	–	–	–	1 084	–	136
Total directors' remuneration		2 647	2 540	4 480	3 438	533	430
Senior management				16 219	13 192	2 027	1 649

Note 1. Mr. BR van Rooyen was appointed an executive director with effect from 6 June 2011.

Note 2. Mr DR Wolstenholme was appointed a director on 4 November 2009 and resigned with effect from 1 July 2010.

Where charged/(credited) to statement of comprehensive income	Charged/(credited) to statements of financial position 2011 R000	2010 R000	Charged/(credited) to statements of comprehensive income 2011 R000	2010 R000	Year end balance 2011 R000	2010 R000	Year end balance included in
Operating costs – sundries	–	–	66	150	–	–	n/a
n/a	23 904	8 000	–	–	23 904	8 000	Cash and cash equivalents
Investment income	–	–	1 834	1 556	–	–	
Sales revenue	–	–	603 586	779 133	–	–	
Operating costs – sundries	–	–	33	648	–	38	Trade and other payables
Operating costs – stores	–	–	4 801	4 526	1 003	478	Trade and other payables
Operating costs – sundries	–	–	1 159	308	–	–	n/a
Operating costs – sundries	–	–	(93)	(6)	–	(1)	Trade and other receivables
n/a	–	241		–	–	–	n/a
Refining and other costs	–	–	1 552	1 723	12	–	Trade and other payables
Operating costs – sundries	–	–	8 479	8 259	757	14	Trade and other payables
Operating costs – sundries	–	–	23 635	32 853	1 204	2 136	Trade and other payables

Performance bonus		Other benefits		Equity compensation charge		Sub total		Gain on exercise of share options		Total	
Operating costs – labour		Operating costs – labour		Operating costs – labour							
2011 R000	2010 R000	2011 R000	2010 R000	2011 R000	2010 R000	2011 R000	2010 R000	2011 R000	2010 R000	2011 R000	2010 R000
–	–	–	–	–	–	2 374	2 540	–	–	2 374	2 540
143	–	–	–	1 799	–	3 771	–	–	–	3 771	–
500	782	15	15	4 000	3 754	7 482	7 199	–	6 559	7 482	13 758
–	–	–	–	–	–	490	–	–	–	490	–
–	286	–	–	–	1 201	–	2 707	–	–	–	2 707
643	1 068	15	15	5 799	4 955	14 117	12 446	–	6 559	14 117	19 005
2 214	4 799	1 054	863	22 439	17 613	43 953	38 116	n/a	n/a	43 953	38 116

ANNEXURE 5

Analysis of share options held as at 30 June 2011

Grant date	24 October 2005	23 October 2006	22 October 2007
Earliest exercise date	24 October 2007	23 October 2008	22 October 2009
Expiry date	23 October 2012	22 October 2013	21 October 2014
Exercise price – rands	17.00	38.45	48.00
Balance at 30 June 2010	183 500	1 435 000	1 737 500
New options granted during the year	–	–	–
Options forfeited during the year	(45 000)	(90 000)	(225 000)
Options exercised during the year	(13 500)	(229 000)	–
Month			
July	–	–	–
August	–	–	–
September	–	–	–
October	(3 500)	(13 000)	–
November	(10 000)	(115 000)	–
December	–	(50 000)	–
January	–	–	–
February	–	–	–
March	–	(51 000)	–
April	–	–	–
May	–	–	–
June	–	–	–
Balance at 30 June 2011	125 000	1 116 000	1 512 500
Total consideration received R000	230	8 805	–
Details of options granted to directors			
GT Lewis			
Balance at 30 June 2010	–	187 500	187 500
New options granted during the year	–	–	–
Balance at 30 June 2011	–	187 500	187 500
AZ Khumalo			
Balance at 30 June 2010	–	–	–
New options granted during the year	–	–	–
Balance at 30 June 2011	–	–	–
During the 2010 financial year Mr GT Lewis made a gain of R6.6 million, made up as follows:			
Market value at date of exercise (R000)			
Consideration (R000)			
Gain (R000)			

No options were exercised by directors during the year.

				Total
27 November 2008	05 November 2009	01 July 2010	12 October 2010	
27 November 2010	05 November 2011	01 July 2012	12 October 2012	
26 November 2015	04 November 2016	30 June 2017	11 October 2017	
32.38	36.95	45.59	46.57	
3 047 500	3 617 500	–	–	**10 021 000**
–	–	125 000	4 087 500	**4 212 500**
(352 500)	(435 000)	–	(250 000)	**(1 397 500)**
(619 500)	–	–	–	**(862 000)**
–	–	–	–	**–**
–	–	–	–	**–**
–	–	–	–	**–**
–	–	–	–	**(16 500)**
–	–	–	–	**(125 000)**
(425 000)	–	–	–	**(475 000)**
–	–	–	–	**–**
–	–	–	–	**–**
(172 000)	–	–	–	**(223 000)**
–	–	–	–	**–**
–	–	–	–	**–**
(22 500)	–	–	–	**(22 500)**
2 075 500	3 182 500	125 000	3 837 500	**11 974 000**
20 059	–	–	–	**29 094**
187 500	187 500	–	–	**750 000**
–	–	–	187 500	**187 500**
187 500	187 500	–	187 500	**937 500**
–	–	–	–	**–**
–	–	125 000	125 000	**250 000**
–	–	125 000	125 000	**250 000**
				10 369
				(3 810)
				6 559

ANNEXURE 6

Segmental analysis at 30 June 2011

Segmental statement of financial position

	2011 Booysendal mine R000	2011 Zondereinde mine R000	2011 Total R000	2010 Booysendal mine R000	2010 Zondereinde mine R000	2010 Total R000
Non current assets	6 477 745	2 725 910	9 203 655	5 747 687	2 223 937	7 971 624
Property plant and equipment	902 035	1 890 422	2 792 457	168 560	1 769 501	1 938 061
Mining properties and mineral resources	5 571 368	135 110	5 706 478	5 579 127	143 532	5 722 659
Interest in associate and joint ventures	–	505 327	505 327	–	129 741	129 741
Unlisted investments	–	6	6	–	6	6
Township land and development	–	55 918	55 918	–	63 805	63 805
Long-term receivables	–	27 292	27 292	–	–	–
Investments held by Northam Platinum						
Restoration Trust Fund	2 292	29 299	31 591	–	27 259	27 259
Environmental Guarantee Investment	2 050	27 421	29 471	–	20 763	20 763
Toro Employee Empowerment Trust	–	55 115	55 115	–	69 330	69 330
Current assets	86 272	2 639 644	2 725 916	139 569	1 978 114	2 117 683
Inventories	–	604 647	604 647	–	521 462	521 462
Trade and other receivables	85 986	324 635	410 621	36 077	281 977	318 054
Investments in escrow	–	–	–	91 458	–	91 458
Cash and cash equivalents	18	1 697 835	1 697 853	12 034	1 174 675	1 186 709
Receiver of revenue	268	12 527	12 795	–	–	–
Total assets	6 564 017	5 365 554	11 929 571	5 887 256	4 202 051	10 089 307
Non-current liabilities	37 321	602 274	639 595	–	581 490	581 490
Deferred tax liability	–	477 145	477 145	–	447 212	447 212
Long term provisions	37 321	125 129	162 450	–	134 278	134 278
Current liabilities	10 140	1 164 484	1 174 624	10 090	664 573	674 663
Receiver of revenue	–	118 268	118 268	795	33 091	33 886
Trade and other payables	10 140	962 210	972 350	9 295	553 549	562 844
Short term provision	–	84 006	84 006	–	77 933	77 933
Net assets	6 516 556	3 598 796	10 115 352	5 877 166	2 955 988	8 833 154
Capital additions	688 394	268 932	957 326	145 510	231 481	376 991

Segmental statement of comprehensive income

	2011 Booysendal mine R000	2011 Zondereinde mine R000	2011 Total R000	2010 Booysendal mine R000	2010 Zondereinde mine R000	2010 Total R000
Sales revenue	–	3 571 048	3 571 048	–	3 945 083	3 945 083
Cost of sales	–	3 185 754	3 185 754	–	3 160 108	3 160 108
– operating costs	–	2 242 006	2 242 006	–	2 230 369	2 230 369
– concentrate purchased	–	787 316	787 316	–	735 090	735 090
– refining and other costs	–	68 804	68 804	–	92 972	92 972
– depreciation and impairments	–	147 838	147 838	–	167 346	167 346
– employee housing scheme costs	–	16 542	16 542	–	–	–
– change in metal inventories	–	(76 752)	(76 752)	–	(65 669)	(65 669)
Operating profit	–	385 294	385 294	–	784 975	784 975
Share of earnings from associate	–	7 248	7 248	–	12 440	12 440
Investment revenue	12 499	73 021	85 520	92 121	75 534	167 655
Sundry (expenditure)/income	(961)	54 109	53 148	(95)	9 652	9 557
Profit before tax	11 538	519 672	531 210	92 026	882 601	974 627
Taxation	(3 231)	(178 770)	(182 001)	(25 748)	(307 853)	(333 601)
Profit attributable to shareholders	8 307	340 902	349 209	66 278	574 748	641 026

Analysis of sales revenue by geographic location of customer

Europe	–	1 131 373	1 131 373	–	1 496 581	1 496 581
Japan	–	886 216	886 216	–	868 078	868 078
North America	–	1 058 083	1 058 083	–	1 289 318	1 289 318
South Africa	–	495 376	495 376	–	291 106	291 106
	–	3 571 048	3 571 048	–	3 945 083	3 945 083

Analysis of trade and other receivables by geographic location of customer

Europe	–	60 003	60 003	–	64 535	64 535
Japan	–	31 015	31 015	–	–	–
North America	–	19 362	19 362	–	77 677	77 677
South Africa	85 986	214 255	300 241	36 077	139 765	175 842
	85 986	324 635	410 621	36 077	281 977	318 054