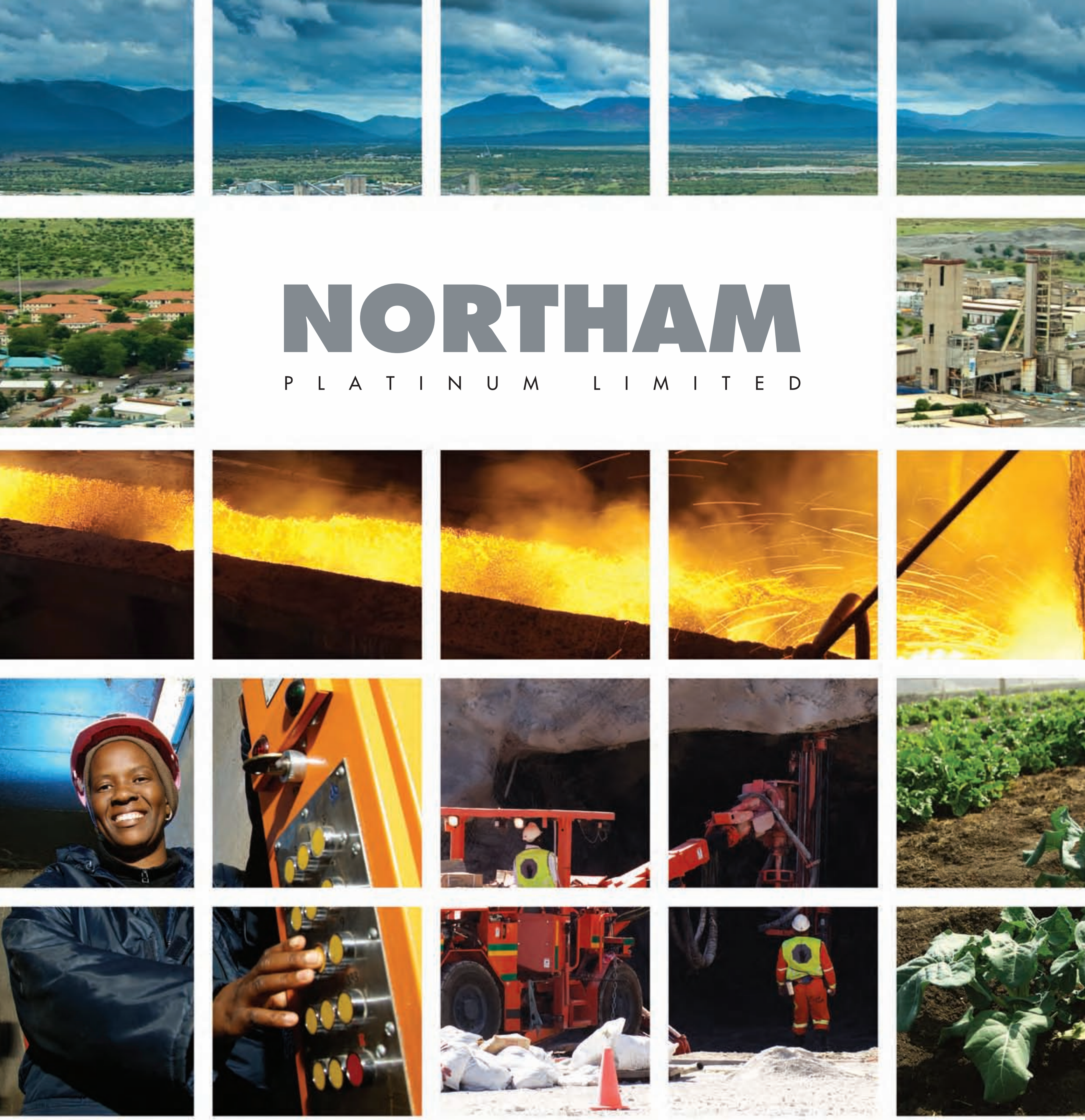


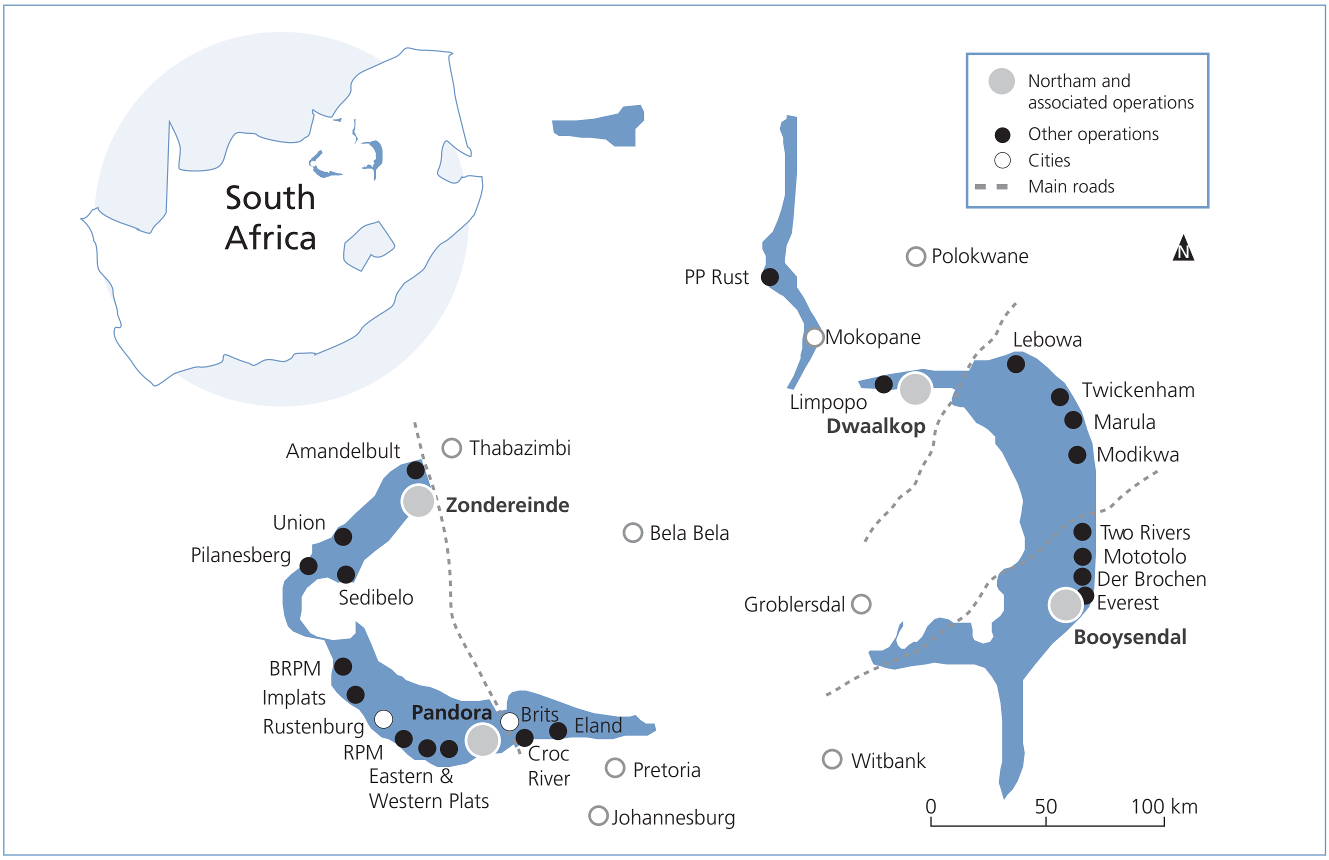
NORTHAM

PLATINUM LIMITED

ANNUAL INTEGRATED REPORT 2011

CONTENTS

Northam operations on the Bushveld Complex



REPORT SCOPE AND BOUNDARY

This annual integrated report is Northam's first report of this nature. In it we have addressed the sustainability of the business in an holistic way, including both financial and non-financial performance.

This report forms part of a suite of reports prepared for stakeholders, namely:

- Notice of annual general meeting and abridged report 2011, posted to shareholders.
- This annual integrated report 2011.
- Northam's sustainable development report, which reports primarily on our non-financial performance.

These reports are all available on our website – *www.northam.co.za*, and in a printed format on request.

Northam's primary listing is on the JSE Limited in South Africa, and the company reports in line with JSE's listing requirements. Reporting is also in line with International Financial Reporting Standards (IFRS), the new South African Companies Act, SAMREC's guidance in respect of the reporting of mineral reserves and ore resources. Northam is committed to reporting in line with the King Report on Governance for South Africa 2009 (King III) and has reported on the application of these guidelines in the corporate governance section of its annual report. Northam has also adopted the Global Reporting Initiative's G3 (GRI version 3.1) guidelines as the basis of reporting, and has declared a B+ level of report. The report has also been submitted to GRI for review.

Northam has in place a significant level of internal and external control. The internal audit function is undertaken by KPMG Services (Proprietary) Limited (KPMG) on an outsourced basis, to provide an independent appraisal function with specific responsibility for examining and evaluating the group's systems of internal control in the mitigation of business risks, and to assist members of management to effectively discharge their duties. The group's consolidated annual financial statements have been audited by external auditor, Ernst & Young Inc. (Ernst & Young), and the independent auditor's statement may be found on page 57 of the annual financial statements. Certain non-financial key performance indicators (KPIs) have been assured by independent assurance provider, Environmental Resources Management Limited (ERM) in respect of Northam's application of the GRI G3 application, alignment with AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness and selected Performance Indicators (KPIs). ERM's statement of assurance may be found on page 49 of the sustainability report.

Information in this report pertains to F2011, the period from 1 July 2010 to 30 June 2011. Data for previous years is provided in certain instances for comparative purposes. There have not been any significant restatements of data or information during the year.

Unless otherwise specified, Northam reports on its production, reserves and resources as 3PGE+Au – which is made up of a basket of platinum, palladium, rhodium and gold.

This report covers Northam's core, managed operations – namely the Zondereinde mine and metallurgical complex, and the Booysendal project – see the group structure on page 3.

F2011 SALIENT FEATURES

Corporate

- Unbundling by major controlling shareholder, Mvelaphanda Resources Limited (Mvela Resources)
- Acquisition of entire share capital of Mvela Resources
- Proposed sale of Booysendal South mineral rights
- Approximately R1.9 billion in cash available for turning Booysendal to account
- American Depository Receipt facility launched

Operational

- 65 working days out of 301 lost to strike and safety stoppages
- 1.6 million tonnes milled (Mt), 22% down on F2010
- PGM production lower at 250 110 ounces (oz)
- Sales down by 9.5% from R3.9 billion to R3.6 billion owing to lower volumes
- Lower volumes and increasing input costs drive unit working costs higher
- Operating profit down by 51%, at R385 million compared to R785 million in F2010
- Capital expenditure was R268.9 million (F2010: R231.5 million) at Zondereinde, while R688 million was spent at Booysendal (F2010: R132.4 million)
- Shareholders received R90 million (F2010: R216 million) by way of dividends
- Good progress at Booysendal – on track for 2013 production start-up

Safety, health and environment

- Five fatalities recorded during the year. Both the lost time injury and the reportable injury rate also deteriorated in the year
- Zondereinde mining operation awarded ISO14001 certification on 28 February 2011
- Northam participated in the Carbon Disclosure Project's (CDP) 2011 survey, as well as the CDP's Water survey. Northam recognised by CDP as a leading performer and reporter in 2010
- Booysendal establishing a trust to fund, conservation in an offset area

Governance and compliance

- The Zondereinde mine has all its mining rights in place
- All mining rights and permits have been awarded to the Booysendal project following the granting of its water use licence on 17 May 2011
- Northam remains a constituent of the JSE SRI Index

BUSINESS PROFILE

Northam Platinum Limited (Northam) is an independent, mid-tier, integrated platinum group metals (PGM) producer. The company wholly owns and operates the established Zondereinde platinum mine and metallurgical complex on the upper end of the western limb of the South African Bushveld Complex near the town of Thabazimbi, which produces some 300 000oz annually.

Northam is currently developing the shallower Booysendal platinum project, located near the town of Mashishing on the eastern limb of the Bushveld Complex. Booysendal is due to start producing in 2013, and at full production should produce approximately 160 000oz annually.

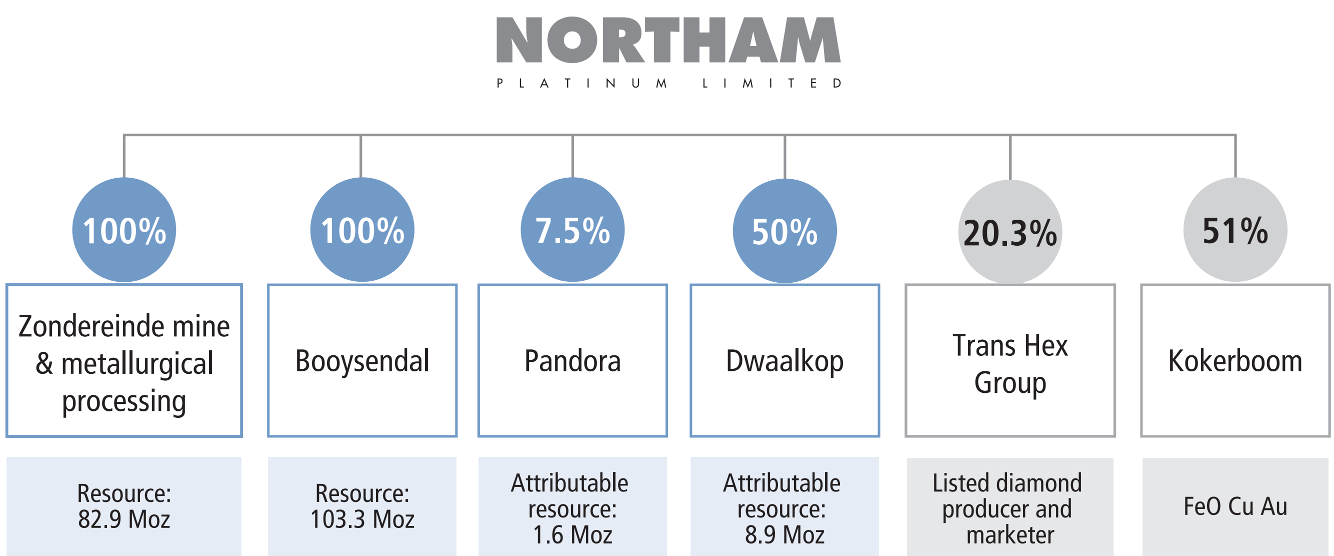
In addition, the company holds a 7.5% interest in the Pandora joint venture, a PGM mining operation at the lower end of the western limb of the Bushveld Complex, in partnership with Anglo American Platinum Limited (Amplats), the Bapo Ba Mogale community and Lonmin plc (Lonmin).

Following the unbundling of major shareholder, Mvelaphanda Resources Limited (Mvela Resources) and the acquisition by Northam of its entire issued share capital by means of a scheme arrangement, Northam now also owns a 50% interest in the Dwaalkop PGM joint venture, a 51% initial participatory interest in the Kokerboom joint venture exploration project and 20.3% interest in listed diamond miner, Trans Hex Group Limited (Trans Hex).

The company has a combined resource base of 196.75 million ounces (Moz) (14.18Moz in the reserve category), with a mining life of more than 50 years. As an independent, fully integrated PGM producer, Northam has full control over the entire beneficiation stream of its metals from mine to market.

Northam is listed on the JSE Limited (JSE), trading under the symbol NHM. Northam is a member of the JSE's Socially Responsible Investment Index (SRI). The company also runs a sponsored level 1 American Depositary Receipt (ADR) facility. The shares trade with the ticker code NMPNY on the over-the-counter market in the United States.

Group structure



OUR PRODUCTS AND OUR MARKETS

Our products – how the world uses PGMs

PGMs are the platinum group metals – platinum, palladium, rhodium, ruthenium, iridium and osmium. They are particularly rare and share a set of unusual chemical properties which have made them indispensable to many critical sectors of the global economy.

These characteristics include electrical stability and conductivity, ductility, durability, resistance to corrosion, resistance to oxidation and high melting points, which allow them to remain stable and strong even in environments of extreme heat.

Autocatalysts

Autocatalysts are small devices installed in the exhaust systems of motor vehicles, designed to chemically control the environmentally harmful emissions that are part of the exhaust fumes. Autocatalysts, coated with platinum or palladium, convert over 90% of hydrocarbons, carbon monoxide and oxides of nitrogen into less harmful carbon dioxide, nitrogen and water vapour.

This forms the largest portion of overall PGM demand – almost 46% in 2010. As emissions control legislation continues to tighten in the fight against climate change, the importance of PGMs in the global automotive sector can only rise. The demand for platinum and palladium is therefore strongly tied to this pivotal industry.

Electronics

Because of their conductivity, durability, high temperature stability and oxidation resistance, platinum and palladium are used to build and coat many of the tiny electronic circuit components used in digital devices from computers and mobile phones to specialist industrial equipment. The growing need for computers to store large amounts of information has also created a role for platinum, along with ruthenium, to improve their data storage capacity, an increasingly important area of PGM application. In 2010, this sector boosted ruthenium demand by 79%.

Chemical and manufacturing applications

PGM-based catalysts are used in many other areas of industry and manufacturing for their chemical resistance to corrosion and high heat thresholds. Manufacturers of glass, nitric acid, silicones, petroleum and plastics all use PGMs, either to achieve the right properties in the products themselves, or to enhance the efficiency or longevity of the equipment used in the manufacturing process. Demand for platinum in this sector rocketed 48% in 2010, driven particularly by increasing manufacturing in emerging markets.

Jewellery

In addition to its high resistance to tarnish and its attractive lustre, platinum is also one of the densest metals in nature, giving it a strength ideal for jewellery. It can be heated and cooled again and again without losing its ductility, and even the most delicate pieces retain their shape, giving designers more creative freedom than they would have using other metals.

Platinum jewellery is particularly sought after in the markets of the Far East, which accounts for more than half of global demand.

Fuel cells

Fuel cells are electrochemical cells that convert chemical energy into electrical energy. Unlike batteries however, fuel cells do not need to be recharged; the flow of electricity is continuous as long as the supply of fuel is maintained. Their only emission, is water.

Research is currently focused on the development of fuel cell technology for use in vehicles, as fuel cell vehicles have virtually zero emissions, but the possibilities extend much further than the road. Fuel cells will also be used as power sources in homes, offices and industry as an uninterrupted supplement to.

The most common source of fuel for fuel cells is a combination of hydrogen and oxygen, reacted in the presence of a catalyst, which is usually platinum.

Investment

Global investment markets offer a range of platinum-backed exchange traded funds. While supply and demand were quite finely balanced in 2010, certain global investors believe that the ever increasing demand for platinum will soon outweigh its supply. In 2010, over 650 000oz platinum produced went into the investment market.

BUSINESS AND RISK ENVIRONMENT

The board is ultimately responsible for ensuring that the group's system of internal control is effective to guard against any loss of the group's assets. This caters for any routine transactional risks that any group of its nature and size is subjected to in the ordinary course of business. The group operates in a South African business environment characterised by the following specific major business risks:

- country risk;
- market, financial and financing risk;
- geological and ore reserve risk; and
- health, safety and environment risk.

Country risk

The South African mining landscape is characterised by various pieces of legislation which have been put in place to redress some of the imbalances created by the discriminatory polices and practices of the past. The MPRDA and the Mining Charter (revised in 2011) create the framework for the transformation of the mining industry, and focus on the following key aspects:

- The vesting of all mineral rights in the state and promoting more equitable ownership of South Africa's mineral resources;
- Onerous commitments to community, employees and training when applying for new order mining rights;
- The promotion of previously disadvantaged individuals and women into management positions;
- Downstream beneficiation; and
- Encouraging home ownership.

Northam's operations continue to make progress against some of the onerous targets of the legislation and the Mining Charter and are implementing policies that foster the achievement of these national priorities, thereby retaining their licence to operate, both in the legal and the social sense. All the group's old order mining rights have been converted to new order mining rights.

Human resource capacity and skills

Global competition for human resource expertise and skills, particularly in the technical field, has put pressure on companies like Northam to attract and retain appropriate technical prowess. The company has developed appropriate remuneration policies and practices to retain its technical competitive edge in the industry.

Infrastructure supply constraints

South Africa suffers from certain infrastructural supply constraints arising for various reasons. The most vulnerable services for Northam's operations are:

- water resources; and
- electricity supply.

Disruption and/or shortages of these services occasionally affect the business of the company. However, the company has put a number of measures in place to mitigate the risk arising from any such potential disruption.

Market, financial and financing risk

The risks of metal price fluctuations and exchange rate are inextricably linked with the business of Northam. As a PGM producer the company is a price taker and thus has no control over the commodity prices which are denominated in US dollars. On the basis that investors prefer to have full exposure to the PGM markets, the company does not hedge either its currency or commodity price risk.

Northam's mining operations are exposed to the effects of increases in mining input costs which are denominated in South African rands. The costs of a number of these mining inputs, notably labour and power, have risen at a faster rate than inflation. Northam continues to proactively monitor and manage its cost base.

Northam has had no exposure to financing risk to date. With the development of the Booysendal mine, Northam is looking to supplementing its internal cash resources with borrowings. In a high interest environment, this could expose the company to some finance risk in the short to medium term.

Geological and ore resource risks

The geology at the group's Zondereinde mine is challenging, and associated with difficult mining conditions, which could result in ore reserve losses. Geological and mining conditions are constantly monitored to reduce the associated risk.

Health, safety and environmental risk

The occupational hazards of mining in South Africa include noise and dust pollution, high numbers of accidents, infection from HIV/AIDS and tuberculosis. Levels of education are low amongst South African mineworkers.

The MPRDA and the Mine Health and Safety Act have a wide range of regulations to be complied with by mining companies. The company complies with all legislation and regulations by ensuring mining procedures are documented, medical facilities sufficiently equipped and staffed and education and training programmes are run continuously for employees.

STAKEHOLDER ENGAGEMENT

Northam ensures that the principles of openness, integrity and accountability are adopted at every level of engagement with identified stakeholders and endeavours to report timeous, relevant and meaningful information to all stakeholders.

The board and its sub-committees are kept informed of stakeholder concerns; issues raised by stakeholders of the company's operations are dealt with directly at the operational level.

Governing stakeholder relationships

In F2010, the company commissioned an independent review of its compliance with King III. Specifically, this review examined current practices, and an analysis of the gaps that exist between current practice and the recommendations of King III.

In relation to the governance of stakeholder relationships, the outcome of the analysis suggested:
- the development of an overarching group stakeholder engagement strategy and policy;
- the development of stakeholder communication guidelines by management to be approved by Northam's board; and
- the development and implementation of a formal dispute resolution process for external stakeholders.

These suggestions have been considered by management and Northam is committed to full implementation of these measures within the next financial year.

Engaging with stakeholders

Extensive and ongoing interaction with stakeholders is undertaken by the various disciplines, for example:

Discipline	Stakeholder	Comment
Investor relations	Shareholders (providers of capital), research analysts, fund managers	Shareholders are encouraged to participate in the annual general meeting of the company and directly raise issues of concern or interest.
Marketing discipline	Refining partner (Heraeus) and customers	Active well-established two-way communication via formal and informal visits, feedback reports from customers.
Human resources department	Employees, unions and communities	Employees are encouraged to raise issues of concern and interest via the formal and informal structures in place, including through the human resources discipline, line management and union structures.
Procurement department	Suppliers and contractors	One-on-one meetings, open days and stakeholder forums where company policies and procedures are communicated.
All	Local, provincial and national government (DMR, Treasury, DWA, DEAT)	Through formal submission of regulatory and legislative compliance documentation, and feedback.
HR/community relations	Communities, local authorities, NGOs	Open days, visits and community forum meetings.

Community development is prescribed by the commitments made in the company's Social and Labour Plans (SLPs). In terms of the requirements of the broad-based socio-economic empowerment charter (the Mining Charter), Northam ensures that its policies and practices are aligned with those of the local municipalities' Integrated Development Plans (IDPs).

The company engages with recognised community leaders on a regular basis and community forums are in place to address community concerns, in particular, local employment, training and development and procurement.

Northam does not engage individually in government lobbying. Executive director, Bernard van Rooyen, is a member of the executive of the Chamber of Mines of South Africa, and represents Northam's interest in the Chamber's representation to and deliberations with government. Specific areas of interaction during the year include the development and amendments to the Mining Charter, energy tariffs and carbon regulation.

Stakeholder group	Key topics and concerns	Engagement process

Shareholders and investors	• Overall financial performance
	• Issues relating to the overall sustainability of the company in particular:
	  • safety
	  • energy
	  • carbon emissions
	  • equity and transformation
	  • operating performance
	  • project status
		• Annual general meetings
		• Road shows
		• One-on-one investor meetings
		• Interim and annual results briefings
		• Investor site visits
		• Company announcements
		• Company website
		• Annual reports
		• Sustainable development reports
		• CDP submissions
		• CDP water submissions

Customers	• Carbon and clean production • Innovation • Health and safety • Production	• CDP submissions • CDP Water submissions • Formal presentations • Website • Road shows • Company announcements • Company reports • Site visits

Employees	• Training and development
	• Remuneration
	• Health and safety topics
	• Production related information
	• Employment practices
		• Group policies
		• Collective bargaining practices
		• Team briefings
		• Two-way manager employee communication
		• Intranet
		• Campaigns:
		  • recruitment
		  • HIV/AIDS
		  • education
		  • performance

Suppliers and contractors	• Employment practices • Local procurement practices • Business training and support • Quality control • Preferential procurement practices • BEE status	• Company practices and policies • Preferential procurement programmes • Open days • Dialogue

STAKEHOLDER ENGAGEMENT cont.

Stakeholder group	Key topics and concerns	Engagement process
Government and regulating authorities	• Licence to operate • Employment • Education and training • Local economic development programmes • Environmental impact and rehabilitation	• Formal processes • Participation in industry associations • Social and labour plans • Dialogue • Company reports • Open days • Site visits
Communities and NGOs	• Local economic development • Employment and local job creation • local procurement programmes • Corporate social investment practices • Health related issues, in particular HIV/AIDS • Environmental impact and rehabilitation	• Community forums • Stakeholder forums • Peer educators • Industry partnerships • Community engagement programmes • Wellness campaigns, in particular HIV/AIDS awareness • Skills development programmes • Company announcements • Advertising in local newspapers
Media	• Financial results • Corporate activity • Environmental issues • Marketing • Industrial relationships • Safety and health • Community related topics	• Company announcements • Company website • Online presentations • Company announcements • Media site visits • Company reports • Company reports • Interviews • Articles in local publications

Early earthworks at Booysendal

A NOTE FROM THE CHAIRMAN

There was always an acceptance that Northam's corporate character would be totally transformed post the long-anticipated unbundling and subsequent exit of Mvelaphanda Resources Limited (Mvela Resources), the company's major and controlling black economic empowerment (BEE) shareholder, and partner, for 11 years.

The consequences of these developments have been far-reaching and include:

- Northam's evolution from a lease-bound, single asset company to a multi-asset group with a healthy PGM resource base;
- a more balanced and robust ownership profile, with no single controlling stake;
- an improvement in Northam's liquidity, with the free float increasing from 37% to 64%; and
- an offshore shareholder base of over 30%, with 17% in the United States.

On some level the hard work to achieve a more geographically diversified shareholder base has perhaps had mixed results, in that the volatility in global markets, occasioned largely by the deeply worrying debt levels in the major economic centres of the world, has recently resulted in large-scale equity sell-offs, particularly in emerging market stocks, where, ironically, the risk is perceived to be greater.

Northam has not been immune from these perceptions, and in recent months some 20% of the company's share capital changed hands. Given the corporate activity, there was always going to be some churn in the company's stock, and may have been aggravated also by the volatile trading environment. We remain committed to continue rewarding our shareholders with superior returns, as management works towards a recovery at Zondereinde, and as Booysendal builds up to first production and cash flows. I would like to take this opportunity to reassure our shareholders that we have the assets, management and resources in place to take advantage of any upswing in the market, and that the stock will in time be rerated and once again reflect these fundamentals of the company

Towards the end of the financial year, global economic uncertainty and fears of a further recession were aggravated by the debate around the nationalisation of the country's mineral resources and the mining sector. The polarising and drawn out nature of the debate has had a negative impact on investor perceptions of the South African mining sector.

A more positive development for your company in the year, was the continuing improvement in the group's risk profile – particularly in terms of security of tenure and our licence to operate. Both the Zondereinde and Booysendal mines have been granted their required new order mining licences, and Booysendal obtained its water use licence in May this year. Given the substantially more onerous governance, compliance and reporting requirements, we hope that shareholders will take some comfort from the depth of reporting on other sustainability matters we have included in this report.

After some teething problems, the systems and processes management has put in place at Zondereinde now almost effortlessly contribute to our internal reporting mechanisms and inform our sustainable development and integrated reporting.

On behalf of the board I would like to welcome those shareholders who have recently become members of this company. I would also like to commend management and all our employees, who have emerged from a difficult year with a renewed sense of purpose to fuel a recovery at the Zondereinde mine. Although this is not going to be a quick fix, I would like to reassure you that there is light at the end of the tunnel at Zondereinde, brightened also by the start-up of Booysendal in a little more than 12 months' time.

P Lazarus Zim
Chairman

30 September 2011

CHIEF EXECUTIVE'S REVIEW

The loss of 65 production days at the company's only revenue-generating asset, the Zondereinde mine, and the effect these losses have had on production and in turn on earnings has clouded the overall performance of the company in 2011.

The Zondereinde mine's performance has been of concern and it has overshadowed some of the more positive developments in the group, which have been critical steps in realising our longer term strategy of geographic diversification, and adding shallower ounces to our production profile:

- The group's acquisition of the entire issued share capital of former major shareholder Mvelaphanda Resources Limited (Mvela Resources) through a scheme of arrangement. This follows the protracted unbundling process of Mvela Resources, and gave us access to a cash injection of some R650 million, a critical development for the financing of the development of Booysendal;
- The proposed sale of 31.3Moz of the mineral rights pertaining to southern Booysendal to Aquarius Platinum South Africa (Proprietary) Limited (AQPSA) for R1.2 billion thereby enabling us to secure additional funding for Booysendal;
- Progress at Booysendal has been satisfactory, and follows on from the approval of the new order mining licence for the Booysendal extension granted in October 2010 in terms of the section 102 amendment; and the issue of the water use licence issue in May 2011. Construction and development is now a priority, and Booysendal remains on track for first production in early 2013.

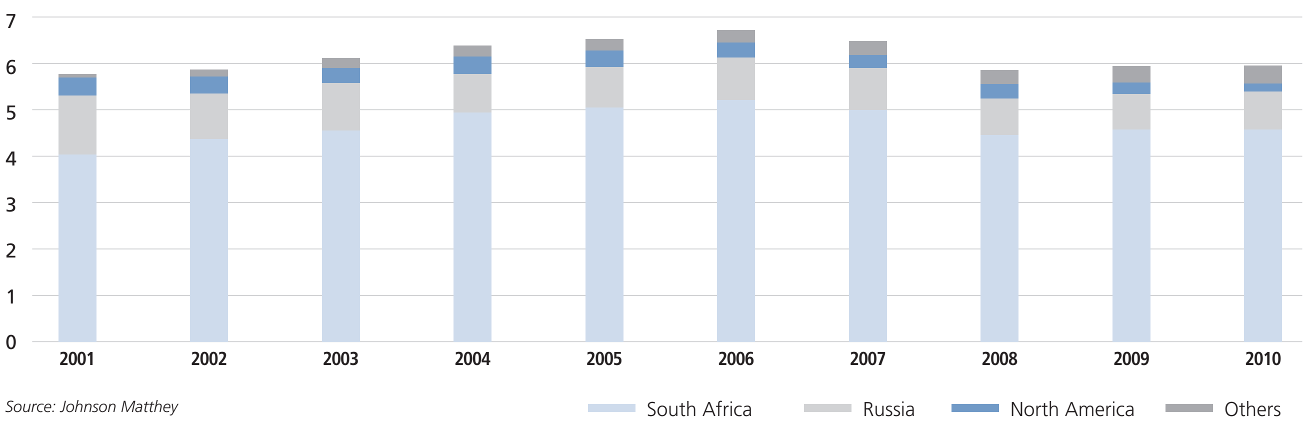
PGM markets

Following the economic uncertainties of 2009 the latter months of 2010 and the opening months of 2011 were typified by widespread economic recovery, a recovery realised in most of the principal applications and regions of consumption for Northam's basket of metals.

The autocatalyst sector in particular performed strongly throughout this period. In 2010 gross world demand for platinum from the sector increased by more than 40% to reach a total of approximately 3.1Moz out of total demand of 7.8Moz.

Palladium also benefited from autocatalyst demand, which escalated by some 35% to a total of 5.4Moz for the year. In rhodium too consumption totalled 725 000oz marking a year-on-year increase of 17%.

Platinum supply by region (Moz)



Source: Johnson Matthey

In Europe the strong rebound in vehicle sales was underpinned by two principal features:

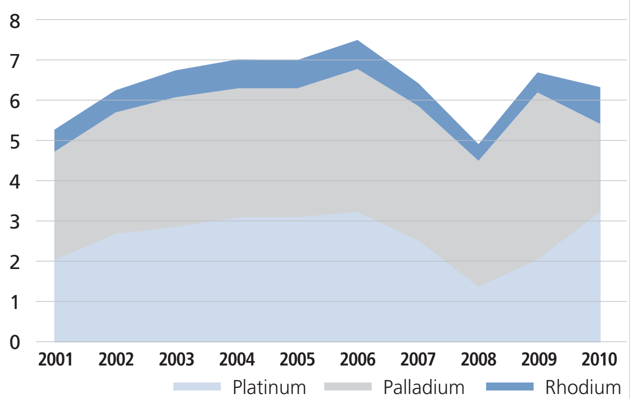
- firstly the increased production of diesel-fuelled vehicles – a trend particularly benefiting platinum as the diesel market now accounts for some 50% of European auto-sales;
- secondly, in Europe the full implementation of the Euro 5 emissions legislation in the heavy duty sector prompted heavier loadings of PGMs in oxidation catalysts and particulate filters on these vehicles.

China's motor industry maintains its status as the world's largest producer of vehicles, the majority of which are gasoline fuelled. Chinese autocatalyst demand alone accounts for almost 1Moz of palladium per annum.

In Japan the motor industry has recovered well from the tragic tsunami earlier this year. In fact, only five months after this disaster, projections for 2011 vehicle production are becoming more encouraging each month. Although the immediate devastation wrought by the tsunami and the associated nuclear threat in Japan appeared to be localised, the courage of the Japanese people in the midst of this disaster was humbling to say the least; with the exception of some minor rescheduling of shipments for logistical reasons, our customers and the 'receivers' of metal operated largely on a business as usual basis – a truly commendable effort.

Retail sales of jewellery contracted sharply throughout the course of 2010 as a result of the strong upward movement in the platinum price – a trend that continued into 2011. Thus gross demand for platinum from the jewellery sector shrank to some 2.4Moz during 2010 – a contraction of 15% on the prior year. Jewellery demand for palladium trended similarly – diminishing by 20% to 620 000oz for the year.

Autocatalyst net PGM demand (Moz)



Source: Johnson Matthey

And as the average platinum price for the first six months of 2011 increased towards $1 800/oz, so the upward trend in prices, along with significant price volatility over this period, conspired to reinforce the challenges facing manufacturers and retailers in this sector.

In the industrial sector demand for PGMs grew by almost 50% across the course of 2010 – a trend supported by surging demand for metal from each of the chemicals, glass products and electrical sectors in both established and newly emerging markets. Gross industrial demand for platinum was 1.7Moz in 2010 and 2.5Moz for palladium.

The chemical sector also manifested growing demand for platinum particularly in India and China where investment in new production capacity has driven demand for the platinum-based chemical catalysts. And in the glass and electrical sector once again rampant demand has endured for the broad range of goods and components required by household consumers and commercial and industrial buyers alike.

Platinum's appeal in the investment sector was mixed – holdings of metal in platinum ETFs saw growth in US held funds but profit taking in the European based funds. ETF demand for palladium surged across the course of 2010 but has since shown signs of softening. Nevertheless total ETF holdings continue to account for significant volumes of metal and currently stand at approximately 1.5Moz in platinum and 2.1Moz in palladium.

Performance

Given the growing fundamental demand for our basket of metals, dollar prices were well supported; in rand terms too the average rand basket price received was 12.4% higher year on year, peaking at R366 393/kg in February 2011, and averaging R323 899/kg for the year. Sadly, this failed to translate into better revenues, given the slump in production volumes during the year. A total of 65 production days were lost at Zondereinde, owing to strike action in the first half of the year, and safety stoppages spread throughout the year.

With the relatively high fixed cost base performance is critically linked to volumes at the Zondereinde mine – so the volume shortfalls translated into significantly lower revenues, and consequently lower profits, earnings and dividends, and helped to drive cash costs up by 29.3% to R279 118/kg.

CHIEF EXECUTIVE'S REVIEW cont.

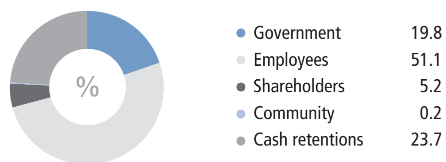
On one level the performance at Zondereinde over the year should not have come as a surprise to the market. Management has warned of the difficulties in accessing the Merensky reef horizon, the pressure of having lost ore reserve availability associated with the sterilisation of the eastern part of the mine, and the ongoing difficulties and delays associated with establishing mining face in the north-west quadrant. This situation was always going to pose challenges to the production position at Zondereinde which was then further bedevilled by an unprecedented six-week strike in the first half of the year, and a number of accidents which in turn led to a series of safety stoppages, contributing to a 22.2% decline in production volumes – Zondereinde's worst performance in more than a decade.

Although earnings were 45.9% lower year on year, we did declare dividends, albeit at a lower level, in both halves of the year. Internally we have given a lot of consideration to the company's ability and volition to pay dividends, and what signals the non-payment of dividends would send to our shareholders. This is particularly important since the unbundling of Mvela Resources and our exposure to a much larger offshore base of shareholders, many of whom have certain investment mandates in place which rely on the receipt of dividends from their investments. That Northam, as a relatively small producer, with only one revenue-generating asset remains in a position to reward shareholders, however modestly, should provide some comfort and reassurance to shareholders. We have always paid excess cash to shareholders, and that is something we will continue to do, hopefully at higher levels, as we recover from the operating difficulties at Zondereinde, and as we start to benefit from the cash flows at Booysendal.

We have provided more detail on the operating and financial performance of Zondereinde in the financial and operating reviews elsewhere in this report. The recovery at Zondereinde is critically associated with the availability of Merensky reef. Although it will be some 18 months before we are out of the woods, F2013 should see some gradual increase in the build-up of volumes from the establishment of face on the western side of the mine, and the extraction of tonnages from the deepening project, where we should also see an incremental improvement in productivity and efficiencies given the proximity to the shaft and the transport infrastructure being put in place.

Progress at Booysendal has been satisfactory, with infrastructural and construction activities continuing apace. Mining activities, although a little slower than we would have liked, owing to some minor initial challenges, will pick up in the year ahead. A particularly pleasing development over the year has been the permits

Economic performance value distributed



Surface earthworks and the reverse decline boxcut at Booysendal and approvals we have received in order to fast track the mining, and get the concentrator built on site. We remain on track to commission the concentrator in the second half of the 2013 financial year, building up to full production during 2014. Some changes of scope in the tailings dam along with other minor adjustments, have contributed to the capex profile of this project increasing to R3.9 billion, from a March 2010 base cost of R3.6 billion. In the broader context of establishing a mine and infrastructure in this area, we don't believe this is a significant variance, and the modifications it does provide will stand us in good stead when we begin to apply our minds to building the next phase of the Booysendal mine.

We have kept shareholders informed of various corporate activities over the year. These have been useful developments which have served to boost our internal cash reserves. Although the timing of the unbundling of Mvela Resources was largely out of our hands, the cash injection emanating from that transaction, along with the proposed sale of the Booysendal South mineral rights to AQPSA has been timeous in resolving our near term funding requirements. We are confident that we will be in a position to continue funding Booysendal from, amongst others, internal retentions and a revolving credit facility of R1 billion which is currently being finalised.

Rebalancing reserves and resources

In attempting to provide the market with additional information, in the interests of improved disclosure and transparency, our ore resource and reserve statement this year includes for the first time an inferred resource for the Middeldrift section of the Zondereinde mineral right area. It also includes the PGM resources attributable to the company from the Dwaalkop and Pandora joint ventures. The Booysendal resource classification includes a table showing the resources for southern Booysendal which are the subject of the transaction with AQPSA. Please see page 41 of the mineral reserve and resource statement.

Integrated reporting and King III

Northam is fully committed to timeous, relevant and transparent communication of issues relevant to all stakeholders, and has adopted an integrated approach to reporting and the guidance provided by King III.

During the year the board commissioned a King III gap analysis by Ernst & Young Inc. A number of areas have been identified for improvement. Management is currently putting action plans in place to deal with these matters.

Good progress has been made with the implementation of systems to integrate sustainability data into the broad reporting framework. We once again undertook an assessment of the material sustainability issues both from the group's and stakeholders' perspectives. Critical amongst these are:

Operating the Zondereinde mine and its concentrating and smelting operations efficiently and cost-effectively. More detail on the way in which the group is undertaking this may be found in the operational review of Zondereinde on page 20 of this document.

Ensuring the safety of employees and contractors. Over the past ten years safety at Zondereinde has shown a steadily improving trend. It is with sadness therefore that the company advises that there were five fatalities during the year. Investigations into the causes of these accidents have been undertaken in close co-operation with unions and the DMR. An intensive safety campaign has been launched to reverse the recent disappointing performance.

Establishing and maintaining constructive relations with unions. Industrial relations have again been challenging. 37 days were lost during the year owing to industrial action at Zondereinde. A concerted effort has since been launched to improve communication and relationships.

Achieving legislative and regulatory compliance. The Zondereinde mine's new order mining rights are now in place, having applied for conversion of its old order mining rights in 2006. Zondereinde has an exemption to operate without a water use licence, which was applied for in June 2005. All mining rights and permits have been awarded to the Booysendal operation following the allocation of its water use licence on 17 May 2011.

Delivering the Booysendal project at an acceptable cost of capital, to turn to account its extensive resources for a broad range of stakeholders. A detailed account of the progress made at the Booysendal operation is discussed on page 24 of this document.

CHIEF EXECUTIVE'S REVIEW cont.

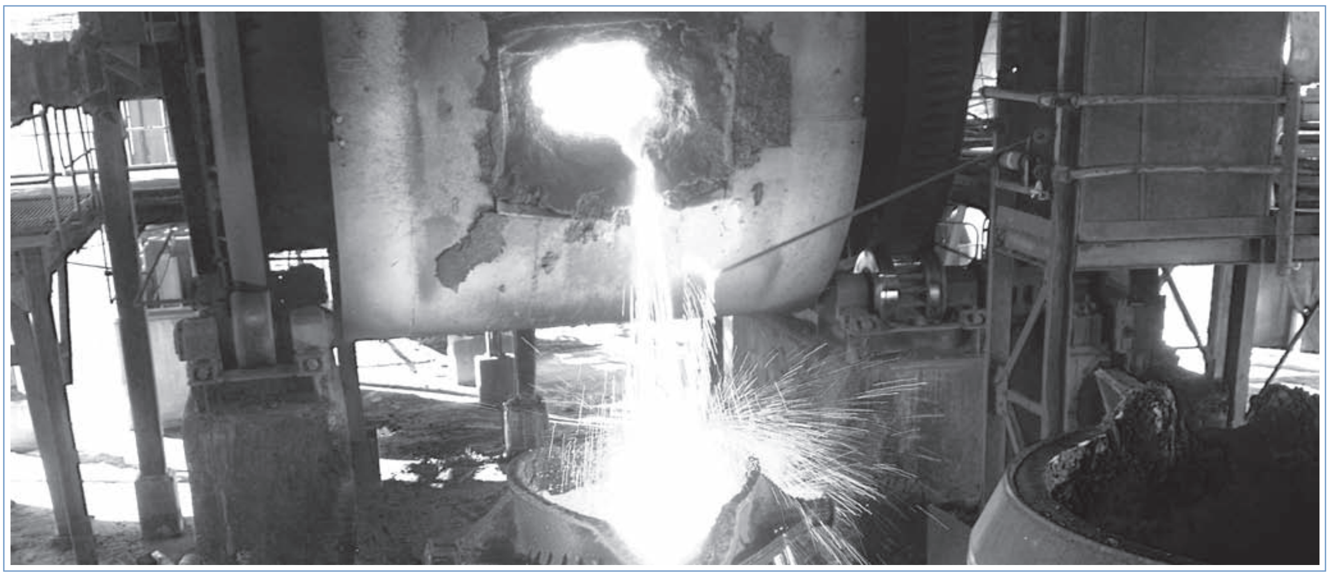
Implementing the ISO14001 environmental management system and to achieve certification against this standard. The Zondereinde mining operation was awarded ISO14001 certification on 28 February 2011. Application for this standard and certification of Zondereinde's metallurgical complex is underway. The ISO14001 standard will also be implemented at Booysendal.

Optimising water usage both at Zondereinde and at Booysendal. Water is fundamentally important for Zondereinde mine, not just from an environmental and permitting perspective, but also because the mine uses water as its primary source of energy for underground operations through a shaft-based hydropower system. Zondereinde's operations do not source water through abstraction, and the division aims to achieve zero discharge into the surrounding environment.

At Booysendal, water allocation too, is of critical importance. Northam has considered the risks and opportunities relating to water availability in its voluntary submission to the Carbon Disclosure Project (CDP) Water Disclosure for the second consecutive year. The CDP Water Disclosure 2011 Global Report may be viewed at: *http://www.greenbiz.com/sites/default/files/CDP-2010-Water-Disclosure-Global-Report.pdf.*

Optimising energy consumption and investigating potential and cost-effective alternative sources of energy. At Zondereinde, electricity accounts for 10.4% of total operating costs. This is expected to increase as Eskom's rates continue to reflect the NERSA-approved tariff increases. At Booysendal, optimisation studies undertaken during F2010 resulted in a revised mine design and higher rate of production at full capacity, which may result in electricity consumption exceeding the initially allocated 20MVA during peak demand periods. The revised design also makes provision for an energy management system, which is still to be formally approved by Eskom, and the introduction of energy recovery strategies.

To debate, monitor and manage our climate change strategy and, as part of that, to reduce our CO_2 emissions. Climate change presents moderate risks for Northam on a physical and regulatory front. However, climate change also presents an opportunity as PGMs are used in technologies that bring about reduction in noxious gases. Indeed, the global trend of tightening emissions legislation continues to stimulate PGMs usage in autocatalysis. For more detailed information on greenhouse gasses (GHGs) and Northam's assessment of the risks and opportunities presented to the company as a result of climate change, view Northam's submission to the Carbon Disclosure



Convertor in the Zondereinde metallurgical process

Projects 2011 annual survey which may be found at *www.cdproject.net*.

To identify conservation priorities in its areas of operation and, where necessary, to work with local authorities and conservation professionals in developing appropriate offsets. Given that Booysendal is located in a biodiversity-sensitive region, the company has developed a unique and progressive structure that will see oversight of land under management as a distinct and equal role to that of the management of the mine. Further, Booysendal is in the process of establishing an offset trust to be funded during the life of mine, for conservation in perpetuity.

Identifying and engaging with stakeholders on a regular basis, especially community stakeholders. Stakeholder engagement and relationships are deeply entrenched at the well-established Zondereinde mine. Zondereinde's Social and Labour Plan (SLP) has been approved by the DMR and work is now underway to implement these in conjunction with the Integrated Development Plans for local communities. Stakeholder identification and engagement at Booysendal is a far more complex undertaking, complicated by the scale, proximity and needs of local communities. A stakeholder engagement action plan is currently being developed and various forums have been set up to deal with concerns from stakeholders and to facilitate the flow of meaningful benefits to communities. A particular issue of concern at Booysendal in recent months has been the allocation of jobs; this is expected to intensify as the project is located in a region with little economic activity. Booysendal's SLP seeks to address some of the needs in the area, but it will be difficult for a single mining company to have a significant impact.

To attract and retain investors in the company so as to maintain its relative value for shareholders and to be able to raise capital cost-effectively to fund growth. Over the years the group's shareholder base has been relatively stable. With the recent unbundling of its major shareholder, Northam has retained its black economic empowerment status, and has acquired a strong new shareholder base, with some 32% now comprising offshore shareholders (June 2010: 17%). The recent global economic turmoil, and the ongoing debate on nationalisation have done little to support resource stocks, and we have seen some large-scale sell-offs in the Northam stock, in what appears to be offshore investors losing their appetite for emerging market risk. We don't believe that this "short-termism" does the market any good, and that the stock should start finding its level once some stability takes hold again in the global economy.

Outlook for 2012

Looking ahead then to the 2012 financial year, we will be watching the market cautiously; despite our view that our basket of metals will remain well supported in the key sectors of offtake, the likelihood of slowing rates of global growth and even the possibility of a return to a recessionary environment cannot be discounted.

In the autocatalyst sector the outlook for further gains in vehicle production and sales remains positive especially so in China, where despite the risk of some economic slowdown car ownership has become clearly entrenched as a key aspiration among large sectors of the Chinese population.

In projecting our future prospects, the performance of the South African currency against the US dollar is obviously a critical area, which we keep a close watch on. We remain conscious of projections that the rand will weaken in the longer term; the rand's protracted strength over five years now however has been confounding. Given the state of the global markets, the debt situation in Europe and the United States, we would expect more volatility going forward and we will need to keep a tight rein on costs, our production profile and those aspects of the business which we have some control over.

Glyn Lewis
Chief executive
30 September 2011

TEN YEAR FINANCIAL REVIEW

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

	2011 R000	2010 R000	2009 R000	2008 R000	2007 R000	2006 R000	2005 R000	2004 R000	2003 R000	2002 R000

Statement of comprehensive income

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Sales revenue	3 571 048	3 945 083	3 186 042	3 886 137	3 739 805	2 386 326	1 554 501	1 720 399	1 471 999	1 560 685
Cost of sales	3 185 754	3 160 108	2 368 129	1 608 648	1 727 945	1 372 727	1 280 405	1 335 217	1 093 908	976 905
Operating costs	2 242 006	2 230 369	1 905 889	1 626 610	1 360 818	1 240 320	1 118 906	1 061 171	1 011 664	804 870
Concentrates purchased	787 316	735 090	140 192	–	106 447	–	20 075	14 632	–	–
Refining and other costs	68 804	92 972	120 917	75 540	91 816	59 520	57 222	60 569	68 549	41 394
Leased metal costs	–	–	–	–	–	–	–	(14 149)	14 149	–
Depreciation and impairments	147 838	167 346	160 907	149 325	129 040	114 713	103 646	97 527	89 059	99 451
Other	16 542	–	–	–	–	–	–	–	–	–
Change in metal stocks	(76 752)	(65 669)	40 224	(242 827)	39 824	(41 826)	(19 444)	115 467	(89 513)	31 190
Operating profit	385 294	784 975	817 913	2 277 489	2 011 860	1 013 599	274 096	385 182	378 091	583 780
Share of profits from associate	7 248	12 440	72 606	–	–	–	–	–	–	–
Investment revenue	85 520	167 655	130 417	97 507	83 643	39 700	29 623	38 174	64 140	52 023
Net sundry income/(expenditure)	53 148	9 557	(6 430)	(16 145)	5 303	19 820	75 367	(36 392)	23 946	20 793
Profit before tax	531 210	974 627	1 014 506	2 358 851	2 100 806	1 073 119	379 086	386 964	466 177	656 596
Tax	182 001	333 601	384 024	866 040	774 562	367 555	128 440	136 869	198 601	259 121
Profit and comprehensive income for the year attributable to shareholders	349 209	641 026	630 482	1 492 811	1 326 244	705 564	250 646	250 095	267 576	397 475
Headline earnings	324 949	640 434	590 757	1 492 827	1 325 969	705 350	250 661	249 960	267 223	405 071

Statement of financial position

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Property plant and equipment	8 498 935	7 660 720	7 455 496	1 683 901	1 536 289	1 481 901	1 390 586	1 355 765	1 334 203	1 249 774
Investment in associate	505 327	129 741	130 106	–	–	–	–	–	–	–
Other non current assets	199 393	181 163	146 741	71 633	64 435	29 280	17 554	12 744	10 645	8 741
	9 203 655	7 971 624	7 732 343	1 755 534	1 600 724	1 511 181	1 408 140	1 368 509	1 344 848	1 258 515
Current assets	2 725 916	2 117 683	1 616 007	2 363 992	1 733 264	1 231 073	835 187	804 015	747 907	1 038 062
Inventories	604 647	521 462	468 254	504 980	254 490	280 372	246 302	223 187	339 156	249 252
Trade and other receivable	410 621	318 054	226 850	359 264	268 862	119 415	83 003	79 206	113 776	57 497
Investment in escrow	–	91 458								
Cash and cash equivalents	1 697 853	1 186 709	920 903	1 499 748	1 209 912	831 286	505 882	501 622	294 975	731 313
Receiver of revenue	12 795									
Total assets	11 929 571	10 089 307	9 348 350	4 119 526	3 333 988	2 742 254	2 243 327	2 172 524	2 092 755	2 296 577
Shareholders' equity	10 115 352	8 833 154	8 332 186	2 903 871	2 381 446	2 001 632	1 598 886	1 583 642	1 515 508	1 892 908
Deferred tax	477 145	447 212	428 821	388 055	376 163	357 632	325 298	332 395	330 323	249 103
Non-current liabilities and provisions	162 450	134 278	100 440	55 858	21 749	25 149	22 556	15 151	11 442	9 393
Current liabilities	1 174 624	674 663	486 903	771 742	554 630	357 841	296 587	241 336	235 482	145 173
Total equity and liabilities	11 929 571	10 089 307	9 348 350	4 119 526	3 333 988	2 742 254	2 243 327	2 172 524	2 092 755	2 296 577

Statement cash flows

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating cash flow	785 195	862 411	717 838	1 546 908	1 555 025	852 501	381 700	512 808	390 040	747 481
Cash generated from operations	742 944	970 642	1 049 056	2 429 382	2 156 896	1 159 025	460 689	454 070	500 170	706 849
Investment revenue	82 183	163 627	127 739	95 454	80 936	37 925	28 209	37 142	63 125	51 286
Change in working capital	182 018	783	(90 675)	357 340	(265 004)	(106 316)	(72 770)	(7 893)	132 007	(105 707)
Change in short-term provisions	6 073	9 111	(24 361)	35 305	7 810	3 015	4 779	7 355	8 006	4 274
Tax paid	(228 022)	(281 756)	(791 936)	(748 229)	(584 301)	(274 694)	(104 084)	(117 766)	(75 554)	(69 176)
Other										
Investing cash flow	(212 946)	(395 965)	(498 335)	(263 795)	(211 636)	(212 045)	(133 708)	(118 496)	(172 171)	(87 575)
Financing cash flow	(61 105)	(200 640)	(798 348)	(993 277)	(964 763)	(315 052)	(243 732)	(187 665)	(654 207)	(472 802)
Dividends paid	(90 202)	(216 158)	(802 122)	(1 010 068)	(970 332)	(373 880)	(196 822)	(104 194)	(439 449)	(472 942)
Share premium repaid	–	–	–	–	–	–	(46 310)	(81 394)	(219 606)	–
Other financing cash flows	29 097	15 518	3 774	16 791	5 569	58 828	(600)	(2 077)	4 848	140
Net cash flow	511 144	265 806	(578 845)	289 836	378 626	325 404	4 260	206 647	(436 338)	187 104
Cash and cash equivalents at beginning of year	1 186 709	920 903	1 499 748	1 209 912	831 286	505 882	501 622	294 975	731 313	544 209
Cash and cash equivalents at end of year	1 697 853	1 186 709	920 903	1 499 748	1 209 912	831 286	505 882	501 622	294 975	731 313

A 14-year operational and statistical review is available on the company website at www.northam.co.za

TEN YEAR STATISTICAL REVIEW

	2011 R000	2010 R000	2009 R000	2008 R000	2007 R000	2006 R000	2005 R000	2004 R000	2003 R000	2002 R000

Operating performance

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Merensky										
Tons milled	**793 490**	1 002 208	1 050 404	1 059 624	1 341 057	1 424 160	1 434 198	1 541 234	1 582 421	1 288 141
Head grade – g/ton (3PGEs + Au)	**5.6**	5.9	5.8	5.6	5.6	6.1	6.2	6.0	5.9	6.1
UG2										
Tons milled	**797 355**	1 036 017	1 054 687	963 033	928 149	878 924	715 946	691 353	636 717	643 286
Head grade – g/ton (3PGEs + Au)	**4.3**	4.5	4.4	4.4	4.4	4.5	4.4	4.3	4.0	3.8
Combined										
Tons milled	**1 590 845**	2 038 225	2 105 091	2 022 657	2 269 206	2 303 084	2 150 144	2 232 587	2 219 138	1 931 427
Head grade – g/ton (3PGEs + Au)	**4.9**	5.2	5.1	5.0	5.1	5.5	5.6	5.5	5.3	5.3
Precious metals in concentrates produced – kg	**7 779**	9 999	9 408	9 113	10 087	11 247	10 115	10 592	10 354	8 458
Precious metals in concentrates purchased – kg	**2 244**	2 106	487	–	404					
Precious metals sold – kg	**9 872**	12 313	10 362	8 586	10 703	11 285	9 922	11 733	9 174	8 944
Revenue – R/kg	**323 899**	288 255	280 609	409 159	297 292	189 286	137 517	130 874	145 273	160 367
Operating costs – R/kg	**307 203**	239 769	219 691	193 409	148 872	120 475	120 862	109 392	106 309	105 587
Cash costs – R/kg	**279 118**	215 900	199 680	175 197	135 248	109 441	110 005	99 532	96 880	94 861
Precious metals in concentrates produced – oz	**250 100**	321 475	302 474	292 989	324 296	361 599	325 214	340 547	332 888	271 931
Precious metals in concentrates purchased – oz	**72 146**	67 709	15 657	–	12 989					
Precious metals sold – oz	**317 392**	395 879	333 147	276 059	344 101	362 821	318 992	377 239	294 947	287 546
Price realised – US$/oz	**1 439**	1 185	1 001	1 722	1 288	918	686	597	498	497
Operating costs – US$/oz	**1 363**	983	766	821	643	586	607	493	365	325
Cash costs – US$/oz	**1 238**	885	696	744	584	532	552	449	333	292
Sales per metal – oz										
Platinum	**196 688**	242 596	202 141	169 611	212 484	221 580	196 056	236 792	179 108	177 580
Palladium	**90 710**	116 303	97 940	81 103	96 888	109 721	94 420	108 648	89 086	86 758
Rhodium	**23 550**	28 655	27 271	20 666	28 180	24 085	22 093	23 849	20 744	17 325
Gold	**6 444**	8 325	5 795	4 678	6 549	7 435	6 423	7 950	6 009	5 883
Total – 3PGE + Au	**317 392**	395 879	333 147	276 059	344 101	362 821	318 992	377 239	294 947	287 546
Prices realised – US$/oz										
Platinum	**1 698**	1 452	1 152	1 668	1 206	1 017	855	782	605	491
Palladium	**671**	384	236	400	342	265	201	216	265	407
Rhodium	**2 251**	2 193	2 660	7 553	5 310	3 107	1 338	573	621	1 076
Gold	**1 368**	1 093	878	832	654	529	424	390	322	292
Basket – 3PGE + Au	**1 439**	1 185	1 001	1 722	1 288	918	686	597	498	497
Prices realised – R/kg										
Platinum	**382 245**	353 507	325 730	396 780	278 054	210 131	171 186	171 534	175 249	159 696
Palladium	**150 703**	93 417	66 509	94 894	79 258	54 653	40 287	47 123	79 415	130 256
Rhodium	**508 056**	532 925	721 775	1 792 075	1 225 945	635 590	269 687	123 701	183 223	339 741
Gold	**308 068**	266 527	249 094	196 990	151 337	109 156	84 487	85 892	97 165	96 450
Basket – 3PGE + Au	**323 899**	288 255	280 609	409 159	297 292	189 286	137 517	130 874	145 273	160 367

Financial performance

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating margin – %	**10.8**	19.9	25.7	58.6	53.8	42.5	17.6	22.4	25.7	37.4
Effective tax rate – %	**34.3**	34.2	37.9	36.7	36.9	34.3	33.9	35.4	42.6	39.5
Return on shareholders' equity – %	**3.7**	7.3	7.6	56.5	60.5	39.2	15.8	16.1	15.7	20.6
Return on total assets – %	**2.9**	6.4	6.7	36.2	39.8	25.7	11.2	11.5	12.8	17.3
Current ratio	**2.3**	3.1	3.3	3.1	3.1	3.4	2.8	3.3	3.2	7.2
Acid ratio	**1.4**	1.8	1.7	1.9	2.2	2.3	1.7	2.1	1.3	5.0
US Dollar / Rand exchange rate										
– average	**7.01**	7.59	8.92	7.32	7.20	6.39	6.19	6.90	9.05	10.13
– at year end	**6.78**	7.67	7.72	7.83	7.04	7.14	6.69	6.20	7.57	10.27

Share performance

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Weighted average number of shares in issue – 000	**363 088**	360 292	343 162	238 007	236 747	233 704	231 578	231 540	231 313	230 744
Number of shares at year end – 000	**382 416**	360 642	359 910	238 688	237 226	236 003	231 969	231 544	231 539	230 915
Operating cash flow per share – cents	**216.3**	239.4	195.6	649.9	656.8	364.8	164.8	221.5	168.6	323.9
Earnings per share – cents	**96.2**	177.9	183.7	627.2	560.2	301.9	108.2	108.0	115.7	172.3
Headline earnings per share – cents	**89.5**	177.8	172.2	627.2	560.1	301.9	108.2	108.0	115.5	175.5
Dividends per share – cents	**15.0**	40.0	78.0	330.0	525.0	280.0	70.0	105.0	90.0	170.0
Capital repayments per share – cents	**–**	–	–	–	–	–	–	20.0	55.0	75.0
Dividend cover	**17.9**	4.4	2.2	1.9	1.1	1.1	1.5	1.0	1.3	1.0
Net assets value per share – cents	**2 645.0**	2 449.0	2 315.0	1 217.0	1 004.0	848.0	689.0	684.0	655.0	820.0
Share price (cents)										
– high	**5 153**	5 772	7 035	7 984	6 190	3 800	1 280	1 345	2 210	2 000
– low	**3 920**	2 700	1 650	3 800	3 400	1 240	775	825	955	1 000
– at year end	**4 247**	4 550	3 000	6 760	4 800	3 784	1 260	890	1 230	1 665
Platinum sector index at year end	**69.5**	73.5	63.0	128.5	101.1	70.4	29.0	23.4	28.6	29.3
Compound return over 5 years – %	**6.6**	35.7	36.9	45.8	32.3	25.5	21.6	29.2	49.5	58.3
Average monthly volume of shares traded – 000	**16 289**	17 188	13 655	13 920	12 339	5 542	5 384	4 916	4 906	8 014
Annual liquidity (%)	**53.8**	57.2	47.8	70.2	62.5	28.5	27.9	25.5	25.5	41.7

FIVE YEAR NON-FINANCIAL PERFORMANCE

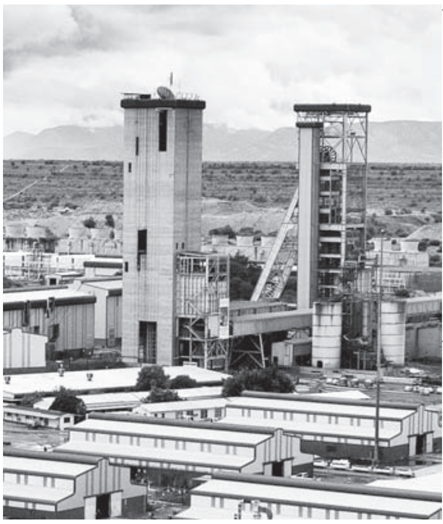
Five year sustainability review

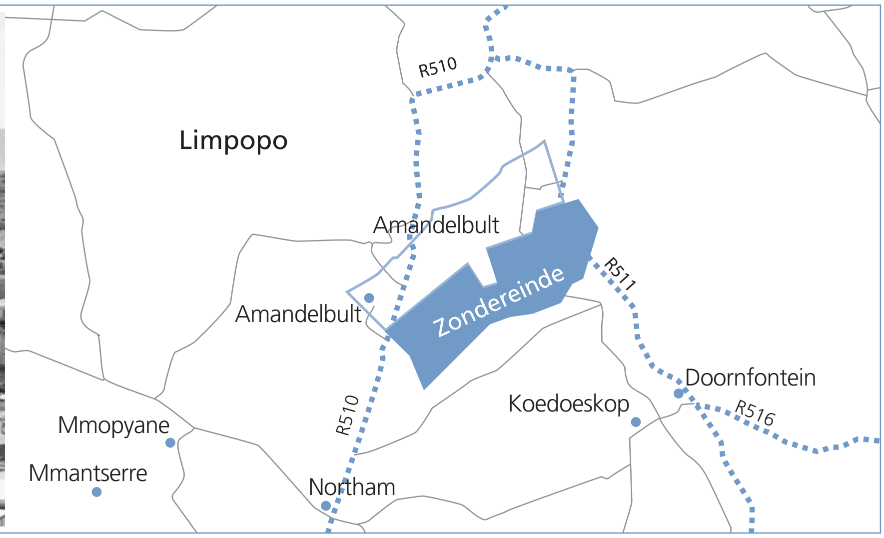
	2011	2010	2009	2008	2007
Social performance					
Safety					
Number of fatalities	5	1	4	4	3
Fatal injury incidence rate (FIIR)	0.06	0.01	0.05	0.06	0.04
Lost time injury incidence rate (LTIIR)	1.34	0.83	1.02	2.30	2.31
Reportable injury incidence rate (RIIR)	0.74	0.52	0.63	1.01	1.02
Health					
New cases of noise induced hearing loss (NIHL)	18	9	8	4	15
New cases of tuberculosis (TB)	93	127	128	120	107
Voluntary counselling and testing (VCT) encounters	271	1 840	388	698	527
Employees on antiretroviral therapy (ART)	577	434	355	325	254
Employment and human rights					
Average number of employees (including contractors)	9 983	8 724	8 462	8 794	8 379
Turnover rate (%)	7	8	11	9	13
HDSAs in management (%)	45	33	34	35	41
Women in mining (%)	7	7	4	4	3
HDSAs at board level (%)	62	62	60	38	44
Community development					
Total CSI and LED expenditure (Rm)	4.1	12.1	9.6	5.3	3.2
Environmental performance					
Rock mined (000t)	1 802	2 281	2 337	2 336	2 593
Ore milled (000t)	1 592	2 038	2 105	2 023	2 269
Water usage (000m^3):					
Potable water from external sources	2 441	2 601	2 250*	2 716*	2 958*
Fissure water used	2 392	1 385	1 445	2 817*	2 381*
Water recycled in process	24 308	23 439	24 292*	23 303*	24 522*
% water recycled	91	90	92*	90*	89*
Electricity consumption (MWh):					
Energy from electricity purchased by shafts	461 484	483 541	473 181	473 700	473 100
Energy from electricity purchased by plant	140 406	156 199	127 831	119 900	165 200
Total electricity purchased	601 890	639 740	601 012	593 600	638 300
Emissions (tonnes):					
Scope 1 (direct) emissions	14 365	16 796	14 755	Not measured	Not measured
Scope 2 (indirect) emissions	619 947	658 932	65 718	Not measured	Not measured
Scope 3 (indirect) emissions	1 089	1 388	Not measured	Not measured	Not measured
Total emissions	635 401	677 166	756 140	671 939	Not measured

** Figures for F2007-F2009 have been restated to include portable water used in the mine village and water used in the bulk air coolers.*

	2011	2010	2009	2008	2007
Land use (hectares)					
Land disturbed by mining-related activities	137	137	137	137	137
Land leased for farming purposes	273	273	273	273	273
Land protected for conservation	800	800	800	800	800
Total land under management (freehold)	4 439	4 439	4 439	4 439	4 439
Economic performance					
Value distributed (R000):					
Employees	883 444	873 419	733 430	630 432	526 950
Salaries and wages	863 719	861 411	725 819	628 183	509 280
Contributions to retirement benefit funds	74 096	68 211	61 042	53 564	47 693
Contributions to healthcare funds	54 606	45 079	37 417	34 970	36 107
Pay-as-you-earn deducted	(108 977)	(101 282)	(90 848)	(86 285)	(66 130)
Government					
Mining and non-mining tax	143 048	262 934	238 021	612 138	579 014
Deferred tax	29 933	18 391	40 766	11 892	18 531
State's share of profits	–	30 660	7 580	124 629	55 726
Secondary tax on companies	9 020	21 616	80 212	117 381	121 291
Royalties	51 994	27 946	9 216	13 855	10 443
Pay-as-you-earn deducted from employees	108 977	101 282	90 848	86 285	66 130
Providers of capital					
Dividends	90 202	216 158	802 122	1 010 068	970 332
Broader community					
Corporate social investment	4 116	12 140	9 583	5 269	3 236
Total value distributed	1 320 734	1 564 546	2 029 223	2 611 949	2 351 653
Retained by company	411 255	603 324	(13 569)	631 304	481 552
Depreciation	147 838	167 346	160 907	149 325	129 040
Decommissioning provision to meet statutory obligations	4 110	11 110	(2 836)	(764)	(3 400)
Retained income	259 007	424 868	171 640	482 742	355 912

OPERATIONAL REVIEW





Zondereinde

Zondereinde mine – key facts and statistics

Ownership	Wholly-owned by Northam Platinum Limited
Location	Northern part of the western limb of the Bushveld Complex in Limpopo Province; adjacent to the Amplats' Amandelbult operation
Access and infrastructure	Well-established infrastructure: tarred roads, railway, water and power
Project extent	7 625 hectares; strike length of 8km
Reserves	8.15Moz (3PGE+Au)
Resources	82.92Moz (3PGE+Au)
Life of mine	18 years
Operations	Underground mining operations on the Merensky and UG2 reefs between 1 200 and 2 200 metres in depth
	Underground equipment driven by hydropower
	Surface operations include a Merensky and UG2 concentrator plant, a smelter and base metals removal plant (BMR)
Production profile	Steady state output of approx 300 000oz (3PGE+Au) annually
Precious metals refining agreement	Performed by WC Heraeus GmbH (Heraeus) in terms of a toll-refining agreement
Marketing	In-house, independent marketing to established global customer base
F2011 capex	R287 million
F2012 capex (estimate)	R384 million
F2011 cash costs	R279 118/kg (3PGE+Au)

People, health and safety

At the end of June F2011, a total of 9 042 people were employed at the Zondereinde mine (6 851 permanent employees, 1 504 long-term contractors and 687 short-term contractors). In spite of the pressure on production, and the disappointing operational performance, no employees lost their jobs owing to any organisational restructuring or retrenchments during the year.

Maintaining the company's BEE credentials in the year was marked by progress in employing and developing historically disadvantaged South Africans (HDSAs). At the end of F2011, 45% of management positions were filled by HDSAs (F2010: 32%) with women making up 7% of the workforce compared with 6% during F2010.

Ensuring the safety of employees and contractors is a primary area of focus for the company and takes precedence over any production objectives. A critical objective has been to develop and instill a shared duty of care between employees at all levels in the company. The safety performance over the year was disappointing.

Key indicators

Safety

- Five fatalities (F2010: one)
- LTIIR[1] – 1.34 per 200 000 hours (F2010: 0.83)
- RIIR[2] – 0.74 per 200 000 hours (F2010: 0.52)
- FIIR[3] – 0.06 per 200 000 hours (F2010: 0.01)
- 4 234 shifts lost owing to occupational injury (F2010: 1 881)

Community and environment

- Water used – 4 832 000m^3
- Water recycled – 91%
- Energy usage – 601 890MWh
- SO_2 emissions – 6 374 tonnes
- CO_2e emission – 635 468 tonnes
- Environmental liability of R107.3 million
- Corporate social investment of R4.1 million

1 *LTIIR – lost time injury incidence rate – resulting in one to 13 days' absence from work*

2 *RIIR – reportable injury incidence rate – resulting in 14 or more days' absence from work*

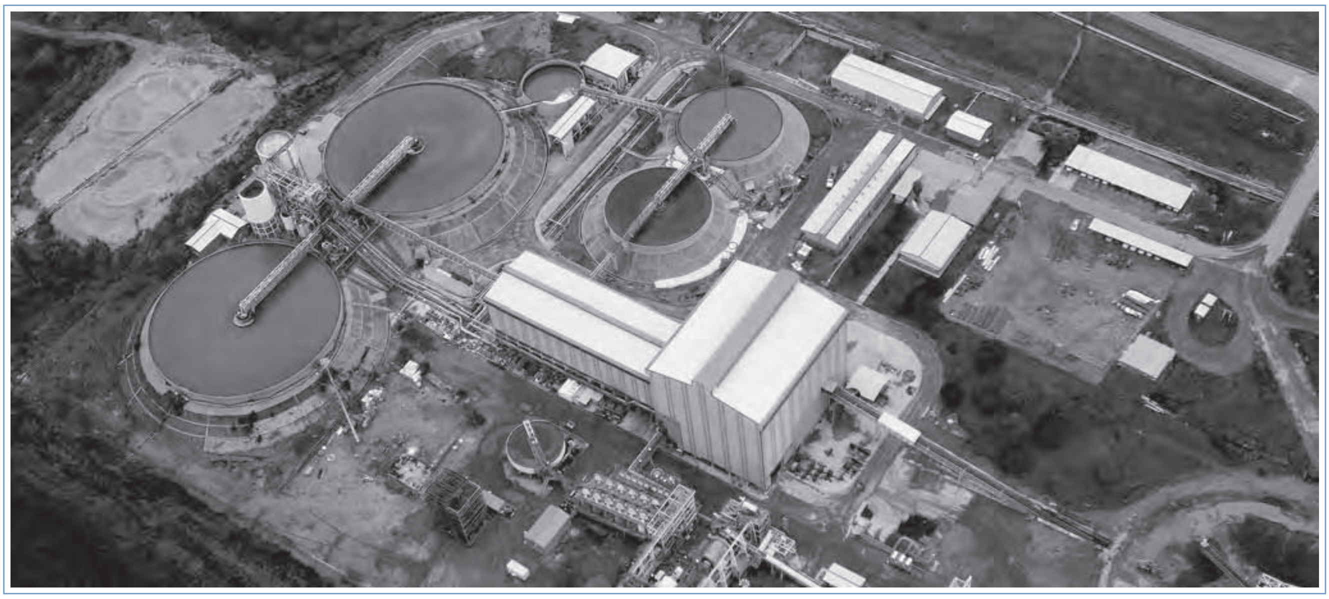
3 *FIIR – fatal injury incidence rate*

Metallurgical processing plant at Zondereinde

OPERATIONS REVIEW cont.

Zondereinde operating statistics

	F2011	F2010
Merensky reef		
Development metres	5 899	8 864
Square metres mined	140 501	201 569
Tonnes milled	793 490	1 002 208
Head grade (g/t 3PGE+Au)	5.6	5.9
PGMs in concentrate produced (kg)	3 792	5 094
Ore reserve availability (months)	18	20
UG2 reef		
Development metres	1 720	2 694
Square metres mined	125 726	166 129
Tonnes milled	797 355	1 036 017
Head grade (g/t 3PGE+Au)	4.3	4.6
PGMs in concentrate produced (kg)	2 882	3 917
Ore reserve availability (months)	24	24
Combined reefs		
Development metres	7 619	11 558
Square metres mined	266 227	367 698
Tonnes milled	1 590 845	2 038 225
Head grade (g/t 3PGE+Au)	4.9	5.2
PGMs in concentrate produced from u/g mining (kg)	6 674	9.011
PGMs in concentrate from other sources (kg)	1 105	988
Total (kg)	7 779	9 999
PGMs in concentrate purchased	2 240	2 106



Aerial view of the Zondereinde concentrator plants

The year in review – mining and production

The six-week strike in September/October 2010 had a predictably adverse effect on production results.

In total 65 out of 301 working days available for mining were lost due to strike action and safety-related incidents. A total of 1 590 845 tonnes were milled (F2010: 2 038 225), illustrating the effects of stoppages, but also of the anticipated constraints on the Merensky horizon and ore reserve position. The combined grade at 4.9/t (MR: 5.6g/t; UG2: 4.3g/t) was 5.8% lower year-on-year owing to some unavoidable waste mining, mining the normal reef at a higher average stoping width in order to maximise metal extraction, the incidence of transition zone intersections and poor control of the UG2 reef.

On the Merensky reef the grade reflected the incidence of a higher average stoping width on the normal reef in order to maximise metal extraction; the incidence of transition zone intersections; and ground conditions.

Going forward this will be addressed through a tighter focus on mining width and grade control.

Metals in concentrate produced declined by 22.2% to 7 779kg (250 110oz), due largely to the loss of operating shifts. Purchased concentrate amounted to 2 244kg (72 146oz).

The key to recovery at Zondereinde lies in the availability of the Merensky reef. Some progress has been made in this area, but some challenges remain:

- on 14 level development has intersected the Little John Dyke on the eastern side of the mine, and sealing is in progress. With high ground water yields delays are anticipated until at least the end of Q1 of F2012.
- on the western side of the mine, at year-end, the 3, 4 and 12 levels were on short rounds owing to adverse ground conditions. In traversing the 14 line fault, delays on both 3 and 4 levels have affected the establishment of footwall drives and crosscuts. On 3 level significant ground consolidation has been required ahead of development.
- operations on the 1, 5, 6, 13 and 14 levels were temporarily halted to enable ring covering and sealing.
- the lag on 6 and 7 levels has precluded connectivity between the upper and lower levels. This will remain so until raise connections hole between 8 and 5 levels. On 1 and 13 levels sealing work has advanced well, and the fissure appears to be less problematic on these two levels than on others.
- The deepening project has progressed, despite the slow introduction in the first half of the year of the new mechanised equipment. These problems have been largely overcome and the benefits of the larger equipment on the development cycle were evident in the second half of the year. In addition, increased volumes of normal reef are being mined from this area. Mining options remained limited, particularly in the second half of the year. These conditions are likely to persist for the next 18 months until the additional stoping areas in the upper and central western portions of the mine, together with the decline section, come on stream.

Metallurgical operations

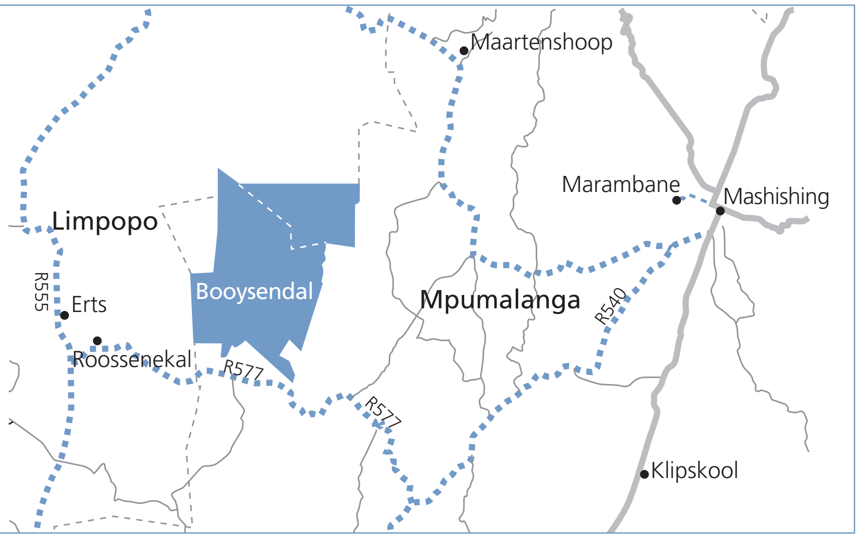
Since the repairs to the electrostatic precipitator, completed in October last year, the metallurgical operations continued to operate satisfactorily during the year. Work continues on assessing future smelting options.

Costs and capital expenditure

The combination of lower production volumes and higher mining costs resulted in unit cash cost increases of 29.3% to R279 118/kg compared to R215 900/kg in the previous comparable reporting period. Capital expenditure at Zondereinde absorbed R268.9 million (F2010: R231.5 million), with the major capital expenditure item being the deepening project, within budget at R92.7 million. Capital expenditure for F2012 is likely to be approximately R384.3 million with the deepening project and the accelerated development accounting for about R179.7 million.

Township land and development

In terms of the group's strategy of assisting employees to acquire affordable housing, management is pleased to advise that 100 houses were sold in the Mojuteng Township of Northam town during the reporting period.



Booysendal

Booysendal platinum project – key facts and statistics

Ownership	Wholly-owned by Northam Platinum Limited
Location	Eastern limb of the Bushveld Complex in Mpumalanga Province; adjacent to the Everest and Mototolo operations. Closest town is Mashishing (formerly Lydenburg)
Access and infrastructure	Tarred road access from Mashishing; new private road across the Der Brochen property now completed and in use. 16MW power secured from Amplats for construction; Eskom approved 20MVA; 5MVA self generation power has been installed and commissioned 7Ml of water secured for start-up
Project extent	15 151 hectares; strike length of 14.5km
Reserves	3.0Moz (3PGE+Au)
Resources	103.0Moz (3PGE+Au)
Life of mine	50 years and beyond
Project status	Infrastructure construction on track; mine construction advanced with box-cuts completed; on track for project start-up in H2 of F2012
F2011 capex	R688.0 million
F2012 capex	R2.2 billion

The year in review

Previously outstanding regulatory approvals for the Booysendal mine, including an integrated water use licence and a new order mining right were all secured during the year. Progress on site has been satisfactory, and the project remains on track for production start-up in early 2013. Following completion of the boxcuts, the on-reef and reverse declines was handed over to the mining contractor and development has started. The bulk earthworks for mining infrastructure and the concentrator are largely complete with various terraces handed over to civil and building contractors.

Capital expenditure

A total of R688.0 million (F2010: R132.4 million) was spent on capital expenditure for the Booysendal mine during the 2011 financial year, bringing the total capex spent to date to R870 million. In line with planning, project expenditure is anticipated to peak at R2.2 billion during F2012. Finalisation of the design of the slimes dam and certain scope changes to the project, have resulted in the total projected project cost increasing to R3.9 billion in June 2011 money terms.

Funding options

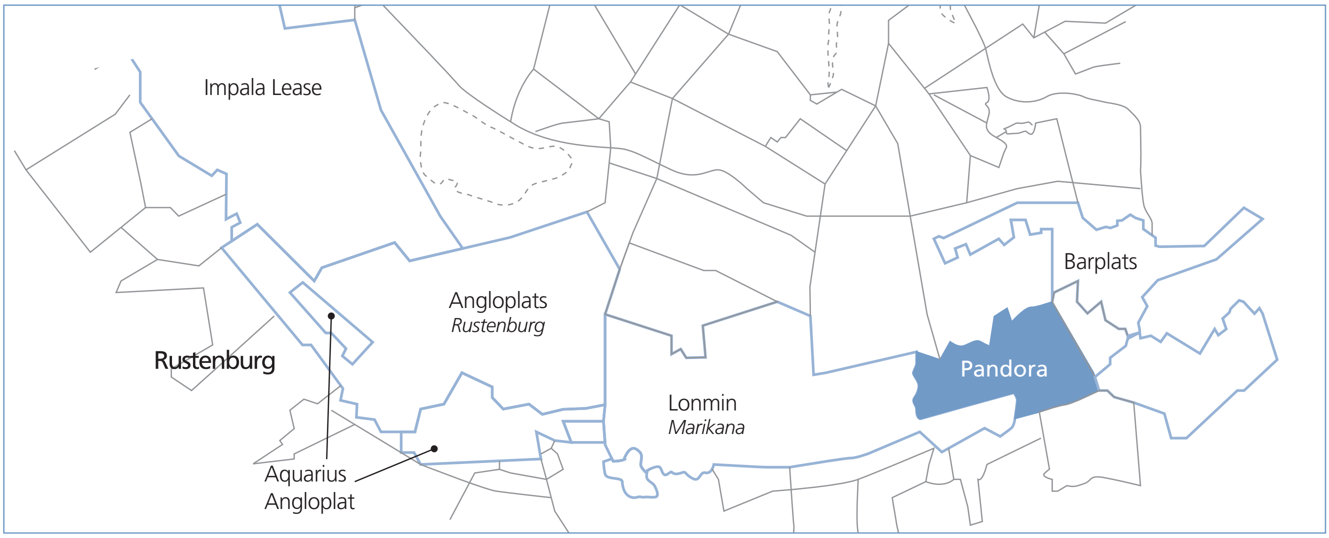
Management is in the process of securing access to additional funding in the form of a revolving credit facility to supplement its internal financial resources for the development of the Booysendal mine.

Into F2012

Development and mining activities will continue apace in F2012, along with the construction of the concentrator plant.

Reverse decline boxcut at Booysendal

OPERATIONS REVIEW cont.



Pandora joint venture

Pandora joint venture – key statistics

Ownership	Lonmin: 42.5%; Amplats:42.5%; Northam: 7.5%; Bapo Ba Mogale Mining Company: 7.5%
Location	Western limb of the Bushveld Complex on certain portions of the farms Hartebeespoort, Roodekopjes and Uitvalgrond near Brits in the North West Province adjacent to Eastern Platinum Mine (EPM)
Access and infrastructure	Existing infrastructure at EPM has been utilised to gain quick access to the Pandora mine
Reserves (total)	1.3Moz (3PGE+Au)
Resources (total)	21.3Moz (3PGE+Au)
Resources*	1.6Moz (3PGE+Au)
Reserves*	0.1Moz (3PGE+Au)
Life of mine	30 years and beyond
Project status	Pre-feasibility completed; stand-alone mine of 240 000tpm being considered

** attributable to Northam*

The year in review

The Pandora joint venture (Pandora) continues to produce on a relatively small scale from Lonmin's infrastructure. Lonmin purchases 100% of the ore produced from Pandora. Pandora produced 44 341 saleable ounces of total PGMs for the year ending 30 September 2010 and contributed R7.2 million to Northam's revenues for the year.

Dwaalkop joint venture

Dwaalkop joint venture – key statistics

Ownership	Lonmin: 41.0%; Incwala Resources: 9.0%; Northam: 50.0%
Location	Northern portion of the eastern limb of the Bushveld Complex near Zebediela in the Limpopo Province adjacent to Baobab Platinum Mine (BPM)
Access and infrastructure	Existing infrastructure at BPM could be utilised to gain access to the Dwaalkop prospect
Reserves (total)	5.7Moz (3PGE+Au)
Resources (total)	17.8Moz (3PGE+Au)
Reserves*	2.9Moz (3PGE+Au)
Resources*	8.9Moz (3PGE+Au)
Life of mine	Exploration project at present
Project status	Pre-feasibility completed in 2007; further feasibility study work being considered

** attributable to Northam*

The year in review

Resource modelling and mining feasibility study work has been progressed through the year by Lonmin plc who hold the management contract for the Dwaalkop joint venture (Dwaalkop). Northam took ownership of 50% of the project in June 2011 following its acquisition of Mvelaphanda Resources.

Into F2012

Northam will continue to assess the available options to turn the Dwaalkop orebody to account.

Trans Hex Group Limited

With the acquisition of the entire share capital of Mvela Resources Northam has acquired a 20.3% stake in the Trans Hex Group Limited (Trans Hex). Trans Hex turned in a respectable performance for the year ended 31 March 2011, generating profits of R116 million from the South African operations.

There have also been a number of fundamental changes to the business over the past 12 months with progress in Angola: the Somiluana mine is profitable and there is progress on the disposal of the Fucuama and Luarica operations.

Trans Hex remains confident that market demand for diamonds is likely to be sustained, although pricing levels should stabilise in the longer term.

Kokerboom exploration project

Northam has acquired an initial participatory interest of 51% in the Kokerboom exploration project (a greenfields iron oxide-copper-gold and massive sulphide exploration project) in the northern Cape. Northam has committed R10 million to an aero-magnetic survey in the year ahead.

FINANCIAL DIRECTOR'S REVIEW

Consolidated statement of comprehensive income

Revenue

The six-week labour strike at the Zondereinde division in the first half of the financial year had a major negative impact on the annual results of the group, adversely affecting production and therefore sales revenues. This was compounded by safety-related stoppages into the second half of the year which exacerbated the already compromised production position.

Metals in concentrate produced declined by 22.2% to 7 779kg (250 110oz). Lower production also negated the effect of the slightly higher Rand basket price received over the year of R323 899/kg (F2010: R288 255/kg).

Purchases of metals in concentrate were 6.6% higher year-on-year at 2 244kg (72 146oz). Total metal sales were lower, however, declining by 19.8% to 9 872kg (317 392oz). Consequently, total sales revenue was 9.5% lower than the previous year at R3.57 billion.

Despite costs incurred in certain components of cost of sales, such as refining costs, depreciation and amortisation, being lower than the previous year, the increase in operating costs (explained below) and a 7.1% increase in the value of concentrates purchased resulted in a 0.8% increase in cost of sales.

Metal sales and revenues

	F2011			F2010		
	Units sold kg	Average price received R/kg	Revenue R000	Units sold kg	Average price received R/kg	Revenue R000
Platinum	6 118	382 245	2 338 440	7 546	353 507	2 667 420
Palladium	2 821	150 703	425 198	3 617	93 417	337 929
Rhodium	732	508 055	372 145	891	532 925	474 980
Gold	201	308 070	61 756	259	266 528	69 015
Sub-total: 3PGE + Au	**9 872**	**323 899**	**3 197 539**	**12 313**	**288 255**	**3 549 344**
Iridium	241	190 400	45 896	293	114 364	33 544
Ruthenium	1 000	40 615	40 594	1 352	34 875	47 132
Other precious metals	241	n/a	1 550	337	n/a	1 385
Sub-total: precious metals	**11 354**		**3 285 579**	**14 295**		**3 631 405**
Nickel (tonnes)	1 372	157 481*	216 046		148 373*	259 966
Copper (tonnes)	777	56 610*	43 971		47 594*	45 549
Other by-product revenue			1 299			8 163
Total sales revenue			**3 546 895**			**3 945 083**

** Rand per tonne*

Cost of sales

	F2011 R000	F2010 R000
Labour	992 421	974 701
Stores	596 239	649 992
Utilities	249 336	208 478
Sundries	399 600	386 088
Decommissioning and restoration	4 410	11 110
Total operating costs	**2 242 006**	**2 230 369**
Concentrates purchased	787 316	735 090
Refining and other costs	68 804	92 972
Depreciation and impairments	147 824	167 346
Change in metal inventories	(76 752)	(65 669)
Cost of sales – core business activities	**3 169 198**	**3 160 108**
Cost of sales – other activities	**16 556**	**–**
	3 185 754	**3 160 108**

Operating costs

Labour cost increases were due mainly to the average 12.4% increase in wages and a marginal increase in manpower numbers. Stores-related costs were lower because of the 22.1% loss in shifts described above. The increases in sundries are a result of implementation costs relating to various human resources initiatives within the group, insurance and inflation. The decommissioning and restoration charge is attributable to a change in the discount rate assumption.

In total, operating costs were 0.5% higher at R2.24 billion compared to the previous year. Unit costs at Zondereinde mine were distorted by the significantly lower output. Costs continue to be driven by higher mining input costs, primarily labour and power, which increased at a rate above inflation. The net effect was a significant increase in unit costs with operating costs and cash costs in R/kg higher by 28.1% and 29.3% respectively. The equivalent increases in US$/oz were 38.7% and 39.9% respectively as a result of the strengthening of the Rand against the Dollar during the course of the year.

The royalty, which is required to be reflected as a cost and not a tax, amounted to R52.0 million (F2010: R21.4 million). A further analysis of costs associated with the group's operations is presented in note 24 of the annual financial statements on page 107 of this report.

Cost of sales

Although certain components of the cost of sales mix such as refining, depreciation and amortisation, were lower year-on-year, the increase in operating costs and a 7.1% increase in the value of concentrates purchased resulted in a 0.8% increase in cost of sales.

Metal concentrate to the value of R787.3 million (F2010: R735.1 million) was purchased during the year. The concentrate is purchased for its high sulphur and low chrome content which is important for the optimisation of the smelting process. The group makes a margin on the purchased material. The high value of purchases reflects the higher quantities of metal purchased and marginally higher metal prices compared to the year before.

Refining and other costs

The 26.0% decline in refining and other costs reflects a combination of the lower production on the one hand, and the effect of the stronger rand against the euro compared to the previous period, given that refining costs are incurred in euros.

Depreciation and impairments

The depreciation charge decreased by R19.5 million to R147.8 million, following a review of the useful life and residual values of the property, plant and equipment at the Zondereinde mine.

Change in inventories

Metal inventories were higher at year end due to the higher unit cost of stock values and higher quantities, particularly of purchased material, compared to the year before.

Operating profit

The net result of the above elements of the statement of comprehensive income was a 50.9% lower operating profit at R385.3 million (F2010: R785.0 million).

Analysis of concentrate purchases

	Purchase of concentrate	Own production	Sub-total	Other activities	Total group
Kilograms sold (3PGE + Au/kg)	1 972	7 900	9 872	–	9 872
Sales revenue (R000)	720 880	2 826 015	3 546 895	24 153	3 571 048
Cost of sales (R000)	742 613	2 426 585	3 169 198	16 556	3 185 754
Working costs (R000)	19 511	2 370 319	2 389 830	16 556	2 406 386
Change in metal stocks (R000)	(81 572)	4 820	(76 752)	–	(76 752)
Freight and realisation costs (R000)	–	13 817	13 817	–	13 817
Refining costs and other costs (R000)	17 358	37 629	54 987	–	54 987
Purchase custom material (R000)	787 316	–	787 316	–	787 316
Operating profit (R000)	(21 733)	399 430	377 697	7 597	385 294
Treatment charges recovered (R000)	56 396*				
Contribution to operating profit (R000)	**34 663**				

** This amount is included in sundry revenue in the statement of comprehensive income*

FINANCIAL DIRECTOR'S REVIEW cont.

Share of profits and distribution from associate

Northam's share of profits from its associate, Pandora, was 41.7% lower than the previous year at R7.2 million owing to lower production volumes.

Investment income and net sundry income

Investment revenue was 49.0% lower at R85.5 million owing to lower cash balances resulting from the capital expenditure on the development of the Booysendal mine as well as payment to Amplats of the investment in escrow for certain new order mining rights for the Booysendal extension area. Net sundry revenue however, was higher at R53.1 million reflecting mainly the proceeds of R36.2 million from an insurance claim following repairs to the precipitator in October 2010, treatment charges from purchased material and foreign currency translation losses.

Hedging

The group's current policy is not to hedge, thus exposing investors fully to the PGM prices and exchange rates consequently there were no outstanding contracts at the end of the period.

Tax expense

The tax charge for the current year amounted to R182.0 million (F2010: R333.6 million). This represents an effective rate of 34.3% (2010: 34.2%). An analysis of the tax paid, including the effect of permanent and other differences is set out in note 29 to the annual financial statements on page 109.

Net profit attributable to shareholders

Profit before tax declined by 45.5% to R531.2 million. Tax payable is correspondingly lower at R182.0 million, resulting in a profit after tax of R349.2 million.

Earnings per share for the June 2011 financial year were 45.9% lower at 96.2 cents compared to last year's 177.9 cents. This takes into account a 6.0% increase in the number of issued shares to 382 416 190 shares.

Consolidated statement of cash flows

Operating cash flow

Operating cash flows were 9.0% lower than the previous year mainly as a result of a decline in profit before tax and lower investment revenues.

Investing activity cash flow

Cash flows utilised in investing activities absorbed a net of R212.9 million (F2010: R396.0 million). The principal outflows were capital expenditure of R268.9 million at Zondereinde mine, R688.0 million on the Booysendal mine with the build-up to mining operations, increases of R13.0 million in respect of the funding of environmental obligations and R16.1 million in respect of the Toro Employee Empowerment Fund, whilst primary inflows comprised the cash and cash equivalents of the Mvela Resources group at the date of acquisition amounting to R757.8 million.

Financing activity cash flow

Cash flows utilised in financing activities fell to R61.1 million compared to last year's R200.1 million reflecting the lower dividends paid as management conserved cash for the Booysendal mine development.

Net increase in cash and cash equivalents

The result of all operating, investing and financing cash flow activities for the year was a net cash inflow into the group of R511.1 million (F2010: R265.8 million).

Consolidated statement of financial position

Non-current assets

Property, plant and equipment

The increase in this number is mainly because of the development of Booysendal mine during the year and routine capital expenditure at the Zondereinde mine.

Interest in associate and joint ventures

The increase in interest in associates and joint ventures is largely the result of the acquisition of assets in the Mvelaphanda Resources group, viz:
- a 50% interest in the Dwaalkop joint venture;
- a 51% initial participation interest in the Kokerboom exploration project; and
- 20.3% of Trans Hex Group Limited, a listed diamond producer and marketer listed on the JSE Limited.

An analysis of these assets is available in note 4 of these annual financial statements, on page 99, and in Annexure 2 on page 122.

Township land and development

The decrease in this balance is due to the sale of properties under the employee home ownership scheme at the Mojuteng township of Northam town.

Long term receivables

The long-term receivables are debts payable over a period longer than one year arising from Norplats

Properties (Proprietary) Limited selling houses to the employees of Northam.

Restoration Trust Fund and environmental guarantee

The R13.0 million increase in these combined balances is additional funds set aside to cover the obligations for decommissioning and restoration in terms of South African mining legislation.

Toro Employee Empowerment Trust

The decrease in this balance is due to an actuarial valuation which is based on the recognition of the group's liability to workers at 30 June 2011. Based on an actuarial valuation, a liability of R55.1 million has been raised.

Current assets

Change in inventories

Metal inventories were higher at year end due to the higher unit cost of stock values and higher quantities, particularly of purchased material, compared to the year before.

Trade and other receivables

The increase in these balances is due to the higher value of metal stock and higher quantities sold to debtors towards this year end compared to the previous year end, VAT claimable from SARS due to higher capital expenditure at Booysendal and the payments in advance to Eskom for the increase in power supply of 8MVA and 11MVA for the Zondereinde plant and shaft substation respectively.

Investment in escrow

The balance of cash held in escrow as part of the Booysendal agreements with Amplats was repaid during the current year when all conditions precedent were fulfilled.

Cash and cash equivalents

The total cash resource of the group at year end was R1 697.9 million (F2010: R1 186.7 million) with other current assets of R1 028.1 million (F2010: R930.9 million). This increase is due mainly to the acquisition of Mvela Resources and its cash resources in June 2011.

Non-current liabilities

Deferred tax

The deferred tax liability arises from normal timing differences.

Long-term provisions

The increase in long-term provisions is primarily due to the capitalisation of the decommissioning and restoration costs of the Booysendal mine estimated at R37.3 million.

Current liabilities

Receiver of Revenue

The increase in the liabilities due to the Receiver of Revenue arises from for the recently acquired Mvela Resources subsidiaries.

Trade and other payables

Increases in trades and payables reflects the increased number of suppliers associated with the ramp-up of construction and development at Booysendal, along with concentrate purchases, which were still unpaid towards year end.

Short-term provisions

This liability relates to employee leave and is higher due to the increasing salary and wages bill.

Capital expenditure – F2012

Zondereinde mine

Total capital expenditure of R268.9 million (F2010: 231.5 million) was spent at Zondereinde mine during the year. Capital expenditure for the F2012 year is anticipated to be R384.3 million, including the deepening project and accelerated development.

Booysendal mine

A total of R688.0 million (F2010: R132.4 million) was spent on capital expenditure for the Booysendal mine during the 2011 financial year. In line with planning, project expenditure is anticipated to peak at R2.2 billion during F2012. Following planning reviews, certain scope changes to the project have resulted in the total projected project cost increasing to R3.9 billion in June 2011 money terms.

MINERAL RESERVE AND RESOURCE STATEMENT

Resources and reserves reflected in this statement are reported on a Northam attributable basis, and include those of properties that are wholly-owned by Northam or its wholly owned subsidiaries, or joint venture properties in which Northam holds a stake.

Scope of reporting

Resources and reserves reflected in this statement include those from the following properties:

- Zondereinde, the company's wholly-owned PGM property in the Thabazimbi area of the Limpopo province. For the first time a resource is reported also for the Middeldrift portion of the Zondereinde mine lease;
- Booysendal, 100% owned by Northam's wholly-owned subsidiary, Micawber 278 (Proprietary) Limited (Micawber) and situated on the eastern limb of the Bushveld Complex;
- Dwaalkop, in which Northam holds a 50% stake through its wholly-owned subsidiary Mvela Resources; Dwaalkop is managed by Lonmin plc (Lonmin).
- Pandora, in which Northam holds a 7.5% stake. Pandora is managed by Lonmin.

Key points and significant revisions year on year

- the inclusion of the resource and reserve estimate attributable to Northam for the Dwaalkop project. Mvela Resources, a wholly owned subsidiary of Northam following its acquisition in during the year, holds a 50% stake in Dwaalkop.
- the inclusion in the resource estimate for the Zondereinde mining right of an estimate for the resource contained within the Middeldrift portion of Zondereinde. This materially increases the inferred resource estimate for Zondereinde.
- a slight increase in the estimate of indicated UG2 resource within the Zondereinde mining right, due to the inclusion of previously discounted ground in the east of the property.
- the subdivision of the resource estimate for the Booysendal property, comprising portions for the UG2 North mine, the Booysendal North prospect area, and the Booysendal South prospect area.

Regulatory compliance

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

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

Contact details for Northam's lead competent persons authorising publication of the resource estimates are contained within the notes on reporting criteria.

Status of mineral rights

Resources reflected in this statement include those of the Zondereinde and Booysendal concessions which are wholly owned by Northam or its wholly-owned subsidiaries. In addition, Northam holds a 7.5% stake in the Pandora mine and a 50% stake in the Dwaalkop prospect, both of which are managed by Lonmin plc, through its subsidiaries, Eastern Platinum Limited, and Western Platinum Limited respectively.

Northam previously held old order mining rights over the Zondereinde mine. These were converted to new order mining rights during the past year.

The Booysendal mine previously comprised three sub-areas; a portion comprising nine farms over which Northam held new order mining rights, granted on 10 September 2009; two farms over which Northam held new order prospecting rights, for which an application for new order mining rights had been submitted; and a portion in the north of the Booysendal prospect, the Booysendal extension. Following the transfer of ownership from the previous owners of this concession to Northam the new order prospecting rights were converted to new order mining rights. The three sub-areas were consolidated on 15 December 2010, and Northam currently holds a consolidated new order mining right over the entire 11 farms comprising the Booysendal property.

An old order mining right over the Pandora mine is proportionally held by the joint venture partners in line with their respective holding in the mine. Northam thereby holds a 7.5% portion of this right. An application to convert this old order right to a new order right has been submitted by the joint venture partners and is being processed.

Northam holds a 50% portion of a new order prospecting right over the Dwaalkop prospect in line with its respective holding in the prospect. An application for a new order mining right has been submitted and is being processed.

Northam also holds eight new order prospecting rights over the Kokerboom prospect. Kokerboom is an iron oxide copper gold and massive sulphide copper zinc exploration prospect covering some 1 000 000 hectares in the Northern Cape Province of the Republic of South Africa. A prospecting work program has just been launched and no resource or reserve has yet been estimated.

Prospecting and mining rights are held in good order, and Northam perceives no risk to its rights to continue prospecting for nor mining of minerals over any of its properties. New order prospecting rights over farms within the Booysendal prospect were converted to new order mining rights and thus the requirement of an extension to the expired new order prospecting right fell away.

Continuing operations

The notice of annual general meeting in the 2011 annual report contains responsibility and litigation statements which state the following:

Responsibility statement – The directors, whose names are given in Annexure 2 of the notice of AGM and abridged annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the resolutions set out above and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement in these resolutions false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the notice contains all information required by law and the Listings Requirements.

Litigation – The company and its subsidiaries are not, and have not in the twelve (12) months preceding the date of the notice of annual general meeting been involved in any legal or arbitration proceedings which may have or have had a material effect on the financial position of the company and its subsidiaries, nor is the company aware of any such proceedings that are pending or threatened save for what has been disclosed in the litigation statement included in Annexure 9 of the notice of AGM and abridged annual report.

Further to this, the risk management section on page 5 of this report, analyses potential risks which may impact the company's ability to continue its activities.

Environmental liabilities

The company's environmental obligations are managed in terms of approved environmental management plans. Compliance with the plans is audited by independent external parties on a regular basis. Details of the environmental liabilities are contained in note 20 to the 2011 annual financial statements and details of the funding of the environmental liabilities are contained in notes 9 and 10 to the 2011 annual financial statements.

Group resources and reserves

The following tables summarise the mineral resources and reserves attributable to Northam for both the current and previous year. Notes on the reporting criteria are pertinent, together with specific notes to this section.

Breakdowns of the mineral resources and reserves into their respective confidence categories can be found in the sections specific to the concessions.

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

Property	Type of right	Status
Zondereinde mine	New order mining right	Converted mining right
Booysendal mine	New order mining right	Converted mining right
Pandora mine	Old order mining right	Application for conversion to new order mining right in process
Dwaalkop prospect	New order prospecting right	Application for conversion to new order mining right in process
Kokerboom prospect	New order prospecting rights	Eight new order prospecting rights granted

MINERAL RESERVE AND RESOURCE STATEMENT cont.

Geological setting – The Bushveld Complex

The 2 billion year old Bushveld Complex is the largest layered igneous complex in the world, and is the repository for around 85% of known global platinum group metal (PGM) resources. Extending over an area of some 67 000km^2 within the north-eastern portion of the Republic of South Africa, it contains the intrusive, mafic-ultramafic Rustenburg Layered Suite (RLS), which outcrops as three main acicular limbs, namely the western, eastern and northern limbs (see figure on page 35), and ranges in thickness from 7km to 12km.

Northam group resource estimate

		3PGE + Au as at 30 June 2011			3PGE + Au as at 30 June 2010		
Reef		Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Booysendal North	164.90	5.32	28.22	164.90	5.32	28.22
	Booysendal South	90.57	3.54	10.32	90.57	3.54	10.32
	Booysendal UG2 Mine	0.00	0.00	0.00	0.00	0.00	0.00
	Dwaalkop[1]	38.05	2.98	3.64	0.00	0.00	0.00
	Pandora[1]	0.00	0.00	0.00	0.00	0.00	0.00
	Zondereinde	176.14	7.47	42.31	68.44	7.09	15.60
	Total	**469.65**	**5.60**	**84.50**	**323.91**	**5.20**	**54.14**
UG2	Booysendal North	328.77	3.61	38.19	328.77	3.61	38.19
	Booysendal South	208.10	3.10	20.74	208.10	3.10	20.74
	Booysendal UG2 Mine	43.64	4.16	5.84	43.64	4.16	5.84
	Dwaalkop!	37.56	4.35	5.25	0.00	0.00	0.00
	Pandora[1]	11.78	4.30	1.63	11.84	4.29	1.63
	Zondereinde	247.92	5.09	40.61	62.62	5.06	10.19
	Total	**877.77**	**3.98**	**112.25**	**654.96**	**3.64**	**76.59**
Combined	Booysendal North	493.67	4.18	66.41	493.67	4.18	66.41
	Booysendal South	298.67	3.23	31.06	298.67	3.23	31.06
	Booysendal UG2 Mine	43.64	4.16	5.84	43.64	4.16	5.84
	Dwaalkop[1]	75.61	3.66	8.90	0.00	0.00	0.00
	Pandora[1]	11.78	4.30	1.63	11.84	4.29	1.63
	Zondereinde	424.06	6.08	82.92	131.06	6.12	25.79
	Total	**1347.42**	**4.54**	**196.75**	**978.87**	**4.15**	**130.73**

Northam group reserve estimate

		3PGE + Au as at 30 June 2011			3PGE + Au as at 30 June 2010		
Reef		Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Booysendal North	0.00	0.00	0.00	0.00	0.00	0.00
	Booysendal South	0.00	0.00	0.00	0.00	0.00	0.00
	Booysendal UG2 Mine	0.00	0.00	0.00	0.00	0.00	0.00
	Dwaalkop[1]	13.66	2.61	1.15	0.00	0.00	0.00
	Pandora[1]	0.00	0.00	0.00	0.00	0.00	0.00
	Zondereinde	17.63	5.76	3.26	19.16	5.83	3.59
	Total	**31.28**	**4.38**	**4.41**	**19.16**	**5.83**	**3.59**
UG2	Booysendal North	0.00	0.00	0.00	0.00	0.00	0.00
	Booysendal South	0.00	0.00	0.00	0.00	0.00	0.00
	Booysendal UG2 Mine	30.64	3.08	3.03	31.05	2.99	2.99
	Dwaalkop[1]	16.10	3.30	1.71	0.00	0.00	0.00
	Pandora[1]	1.11	3.99	0.14	0.67	4.25	0.09
	Zondereinde	34.71	4.38	4.89	27.81	4.41	3.95
	Total	**82.55**	**3.68**	**9.77**	**59.53**	**3.67**	**7.02**
Combined	Booysendal North	0.00	0.00	0.00	0.00	0.00	0.00
	Booysendal South	0.00	0.00	0.00	0.00	0.00	0.00
	Booysendal UG2 Mine	30.64	3.08	3.03	31.05	2.99	2.99
	Dwaalkop[1]	29.76	2.98	2.85	0.00	0.00	0.00
	Pandora[1]	1.11	3.99	0.14	0.67	4.25	0.09
	Zondereinde	52.33	4.84	8.15	46.96	4.99	7.53
	Total	**113.84**	**3.87**	**14.18**	**78.68**	**4.19**	**10.61**

Notes

1 current resources and reserves of Pandora and Dwaalkop are quoted as of 30 September 2010, whilst the previous year's are of 30 September 2009

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

PGM and associated base metal mineralisation is hosted in or adjacent to chromitite seams located within the critical zone of the RLS. There are two significant ore bodies from which 75% of world PGM production is derived, these being the UG2 and Merensky reefs. The vertical separation between the UG2 and Merensky reefs is variable across the Bushveld Complex, ranging from 20m to 140m on the western limb, to between 170m and 400m on the eastern limb.

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

The two wholly-owned Northam properties, Zondereinde mine and the Booysendal project contain resources of both the UG2 and Merensky reefs.

Zondereinde mine

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

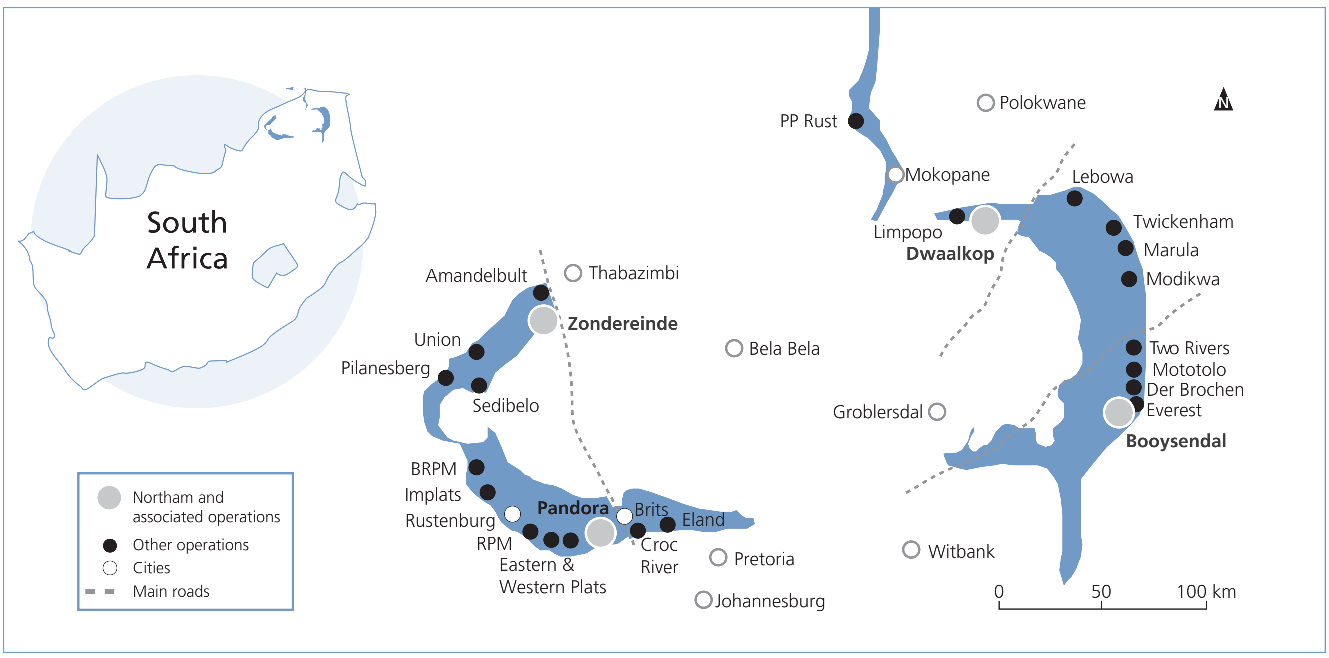
The mining concession covers some 7 625 hectares comprising the Zondereinde and Middeldrift portions, and is underlain by both the Merensky and UG2 ore bodies, which dip at approximately 20° and extend from a depth of 1 200m below surface to 2 900m below surface.

The company exploits both the Merensky and UG2 reefs of the upper critical zone of the Bushveld Igneous Complex. While there is lateral continuity of both reefs across the mine property, the Merensky reef displays a variety of reef types. The distribution of these is determined from a combination of surface exploration drilling, ongoing prospect drilling from underground development and reef mapping in development and stoping. In contrast to the Merensky reef, the UG2 displays little variation in reef attributes.

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

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

Bushveld location plan indicating PGM mining operations and properties



MINERAL RESERVE AND RESOURCE STATEMENT cont.

History and mining activities

Development of the Zondereinde mine started in 1986, following a five year exploration program. Mining of ore, commissioning of a PGM concentrator, smelter and base metal removal plant and the sale of first PGMs came in 1993. The mine originally exploited only the Merensky reef resource, but the commissioning of a UG2 concentrator in 2000, together with the necessary ore handling systems allowed mining and processing of UG2 from this time onwards. The Zondereinde mine produces approximately 2 000 000 tonnes of ore per annum, generating in the order of 300 000oz of final concentrate (3PGE+Au), together with associated precious and base metal by-products.

Underground mining focuses on the exploitation of platinum group metal ores by means of traditional narrow tabular reef drill and blast mining methods. A standard breast mining layout is used at Zondereinde. The vertical interval (distance) between levels is 63m. With the orebody dipping at 20°, this provides a raise length of 180m allowing for six panels of 30m each per raise connection. Strike gullies are inclined at 10° above strike. A dip gully handles the ore transported via the strike gullies to three orepasses situated in the original raise, all of which are fitted with radial-door control chutes. Ore is transported to the main shaft ore-passes by battery-powered locomotives (locos) pulling spans of eight hoppers. Broken ore is transported to a conventional shaft ore-pass system, with separate rock handling facilities for Merensky reef, UG2 reef and waste.

Mining is conducted using hydropowered equipment such as rock drills and high-pressure water-jets in conjunction with scraper winches.

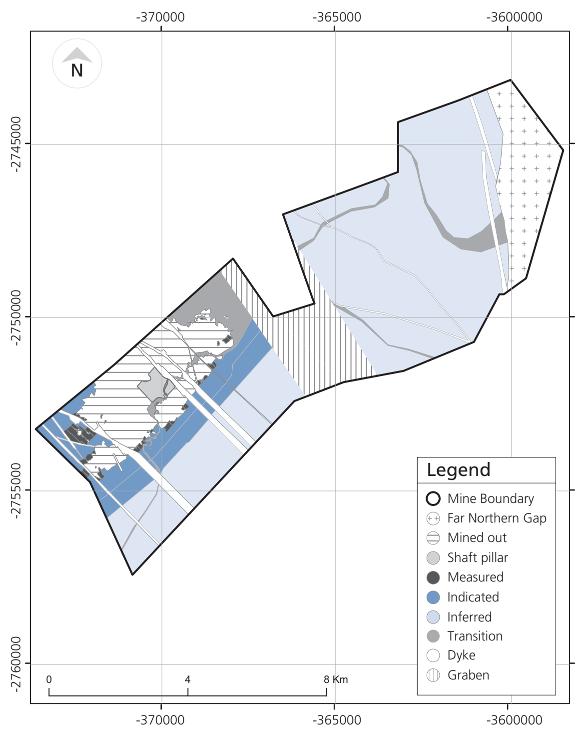
The underground workings are accessed from a twin shaft system. No 1 shaft extends to 13 level (2 039m below surface) and no 2 shaft serves workings down to 8 level (1 724m below surface). The shafts are 90 metres apart and are interconnected at an intermediate pump chamber at 1 019m below surface, and also on levels 4, 6, 7, 8 and 9. Workings below 13 level are serviced by a decline access way, designed to accommodate both people and materials, and equipped with a conveyor belt system that transports the broken rock.

Merensky reef

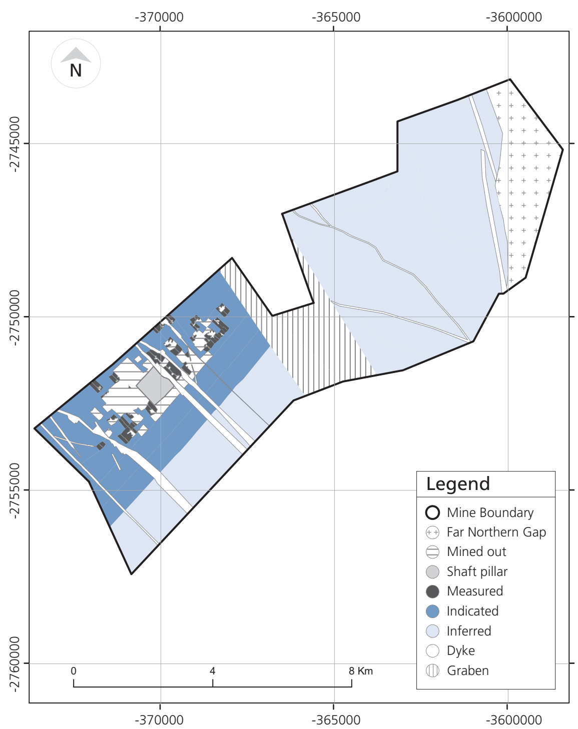
The Merensky reef is a zone of mineralisation which straddles the base of the Merensky cyclic unit. In the area of Zondereinde mine the Merensky reef consists of

Zondereinde resources and reserves

Merensky resource classes



UG2 resource classes



two sub-facies of the Zwartklip facies of the RLS, namely the normal and regional pothole sub-facies. The latter may be further subdivided into three reef types, each of which occurs at a specific stratigraphic level below that of the normal reef sub-facies. These being NP2 and P2, which constitute the main sources of ore, and FWP2 which, whilst not considered a primary mining target due to the undulating nature of this reef type, is successfully exploited in the south-western quadrant of the current mining area where it displays lesser disruption.

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

The measured resource is an estimate of the *in situ* tonnage, grade and PGM ounces that has been exposed through development and is immediately available for mining.

The Merensky measured resource has marginally decreased from 2.21Mt (581 000oz) in June 2010 to 2.06Mt (535 000oz) in June 2011. This is the result of a decrease in the exposed Merensky resource, combined with the application of a lower resource grade due to a relative increase in the lower grade normal sub-facies component of the Merensky measured resource.

The Merensky indicated resource has declined as a result of mining depletion and conversion to measured resource.

The Merensky inferred resource has materially increased as a result of the inclusion of the inferred resource estimate from the eastern Middeldrift section of the mining right area. There is no change to the inferred resource of the Zondereinde section.

UG2 reef

The UG2 reef at Zondereinde mine is remarkably conformable when compared with the Merensky reef. Reef disruption, in the form of potholes and reef rolls is extremely limited and localised. The reef consists of three chromitite seams separated by narrow pyroxenite

Zondereinde resource estimate

		3PGE + Au as at 30 June 2011			3PGE + Au as at 30 June 2010		
Reef		Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Measured	2.06	8.07	0.53	2.21	8.19	0.58
	Indicated	24.72	7.33	5.83	25.65	7.36	6.07
	Inferred	149.36	7.49	35.95	40.58	6.86	8.95
	Total	**176.14**	**7.47**	**42.31**	**68.44**	**7.09**	**15.60**
UG2	Measured	3.74	5.08	0.61	3.08	5.12	0.51
	Indicated	38.67	5.08	6.32	34.13	5.06	5.55
	Inferred	205.51	5.10	33.68	25.41	5.06	4.13
	Total	**247.92**	**5.09**	**40.61**	**62.62**	**5.06**	**10.19**
Combined	Measured	5.80	6.14	1.15	5.29	6.40	1.09
	Indicated	63.39	5.96	12.14	59.78	6.05	11.62
	Inferred	354.87	6.10	69.63	65.99	6.17	13.08
	Total	**424.06**	**6.08**	**82.92**	**131.06**	**6.12**	**25.79**

Zondereinde reserve estimate

		3PGE + Au as at 30 June 2011			3PGE + Au as at 30 June 2010		
Reef		Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Proven	2.37	5.88	0.45	2.60	5.94	0.50
	Probable	15.26	5.74	2.81	16.56	5.81	3.09
	Total	17.63	5.76	3.26	19.16	5.83	3.59
UG2	Proven	3.93	4.38	0.55	3.08	4.46	0.44
	Probable	30.77	4.38	4.33	24.73	4.41	3.51
	Total	34.71	4.38	4.89	27.81	4.42	3.95
Combined	Proven	6.30	0.00	1.00	5.68	5.14	0.94
	Probable	46.03	0.00	7.15	41.29	4.97	6.59
	Total	52.33	4.84	8.15	46.97	4.99	7.53

MINERAL RESERVE AND RESOURCE STATEMENT cont.

partings. The lower seam, termed the main member is generally in the order of 85cm thick, and is overlain by two leader seams, each in the order of 15cm thick. Total reef thickness, inclusive of a portion of mineralised reef footwall, is in the order of 150cm to 160cm. There is no basis for subdividing the UG2 reef into facies types.

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

The measured resource is an estimate of the *in situ* tonnage, grade and PGM ounces that has been exposed through development and is immediately available for mining.

The UG2 measured resource has increased from 3.08Mt (507 000oz) in June 2010 to 3.74Mt (610 000oz) in June 2011. This is the result of increased development of the UG2 reef, increasing the exposed UG2 resource, together with a reduced resource grade due to the application of a wider channel.

The UG2 indicated resource has increased following the inclusion of a portion of the eastern side of the Zondereinde section resource block. This portion had been excised last year while a feasible plan to mine this area was being investigated. The UG2 inferred resource has materially increased as a result of the inclusion of the inferred resource estimate from the eastern Middeldrift section of the mining right area. There is no change to the inferred resource of the Zondereinde section.

Competent persons

The resource and reserve statement for the Zondereinde and Middeldrift portions of Zondereinde mine was compiled by JC Roberts (MSc Mining Engineering, Professional Mine Surveyor (PLATO 0187)) chief surveyor of Zondereinde mine with 21 years' experience in Bushveld-related resource evaluation.

Resource and reserve estimates were reviewed by Damian Smith (BSc Hons, MSc, Pr.Sci.Nat. (400323/04)), principal member of Prospect Geoservices with 21 years' experience of mining and exploration geology, 15 of which in Bushveld-related geology.

Booysendal project

Description

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

The concession covers some 15 151 hectares and hosts both the UG2 and Merensky ore bodies, which outcrop over a strike length of 14.5 km and dip at approximately 10° to the west.

The resource estimate is informed by exploration data including over 35 000 assay samples derived from 248 boreholes. 90% of drilling was conducted within 2.5km down-dip of outcrop, with drill hole spacing in this near outcrop area ranging from 150m to 400m.

A study to determine the feasibility of mining UG2 and Merensky reefs within the northern most 8km of Booysendal strike, over a dip extent from outcrop of approximately 2km, was completed in September 2009. Development of a UG2 mine (UG2 North mine) in the northernmost 4km of strike commenced in May 2010.

In May 2011, Northam concluded an agreement to dispose of mineral rights within the southern section of the Booysendal concession, comprising some 6 620 hectares. The transaction requires the fulfilment or waiver of various conditions precedent, including a section 102 consent by the Minister of Mineral Resources, South African Competition Commission approval and a binding tax ruling from the South African Revenue Services (SARS).

In light of these developments, the resource estimate for the Booysendal concession has been subdivided into three sections, these being; the southern section of Booysendal subject to a sale transaction (Booysendal South), the UG2 North mine and the remainder of the northern section of the concession (Booysendal North). A mineral reserve estimate is presented for this UG2 North mine only.

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

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

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

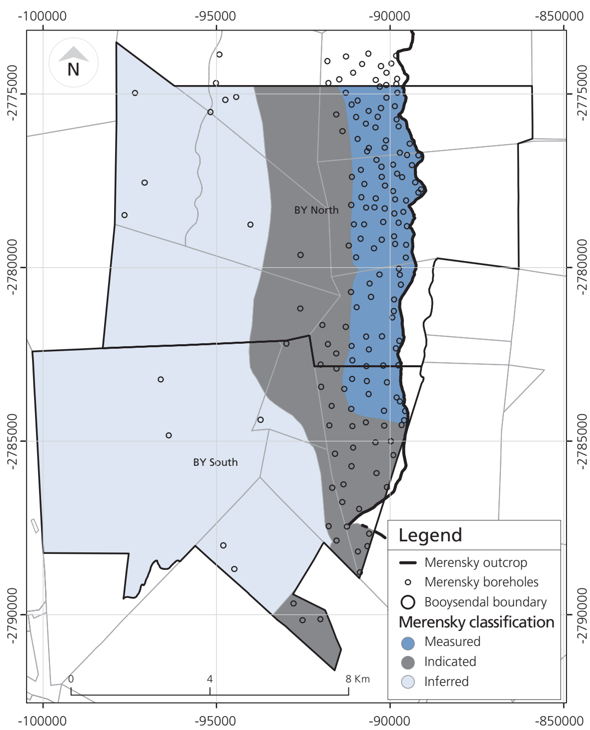
The Merensky reef is the upper mineralised portion of the Merensky pyroxenite, generally extending over 110cm. The Merensky reef is immediately overlain by a sequence of competent norites.

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

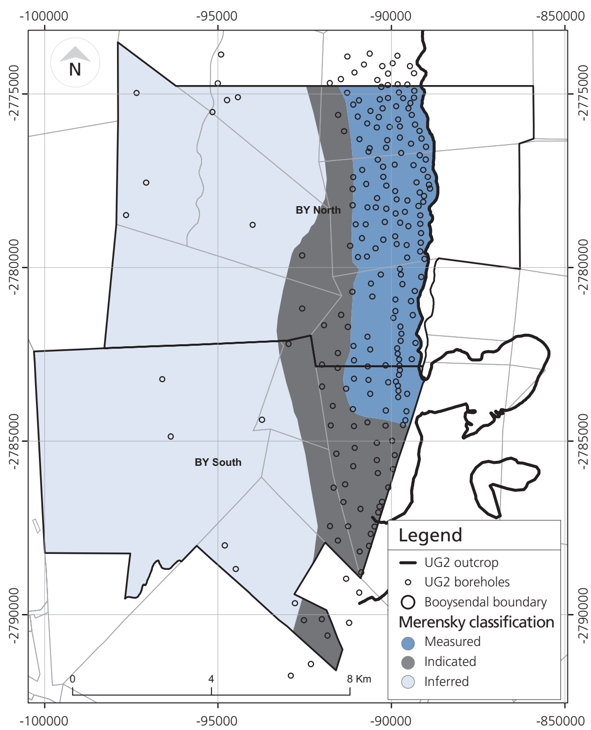
Geological losses were discounted from the resources for both reefs. These comprised pothole and structural losses. In the north and UG2 North mine sections of the concession, geological losses amounted to 24% and 23% for the UG2 and Merensky reefs respectively. In the south section of the concession geological losses of 30% and 23% respectively were applied, as well as losses related to a 30m thick surface oxidised zone. Furthermore, a channel cut-off 3PGE+Au grade of 2.5g/t was applied to estimated blocks in all three sections. In addition, a 30m thick surface oxidized zone was discounted along the lines of outcrop of the reefs.

Booysendal resources and reserves

Merensky resource classes



UG2 resource classes



MINERAL RESERVE AND RESOURCE STATEMENT cont.

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

Mine design

The UG2 North mine is being constructed as an underground, mechanised bord and pillar mine, accessed from surface via a ramp decline system, comprising three declines on the plane of reef and one decline situated 20m into the footwall of the reef, containing a belt for ore handling.

Mining sections extend over a dip length of 144m, equating to vertical intervals of 25m. Strike drives will be inclined at 5° above strike. Strike belts within the drives will transport ore to the central decline system, tipping through an ore-pass system to the footwall belt for transport to a UG2 concentrator plant on surface.

Mechanised boom rigs and load haul dumpers will be employed in mining and development.

The mine is planned to produce 2 250 000 tonnes of ore per annum at steady state, generating in the order of 160 000oz of 3 PGM+Au, together with associated by precious and base metal by-products.

Booysendal UG2 mine resource estimate

		3PGE + Au as at 30 June 2011			3PGE + Au as at 30 June 2010		
Reef		Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Measured	0.00	0.00	0.00	0.00	0.00	0.00
	Indicated	0.00	0.00	0.00	0.00	0.00	0.00
	Inferred	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
UG2	Measured	43.64	4.16	5.84	43.64	4.16	5.84
	Indicated	0.00	0.00	0.00	0.00	0.00	0.00
	Inferred	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**43.64**	**4.16**	**5.84**	**43.64**	**4.16**	**5.84**
Combined	Measured	43.64	4.16	5.84	43.64	4.16	5.84
	Indicated	0.00	0.00	0.00	0.00	0.00	0.00
	Inferred	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**43.64**	**4.16**	**5.84**	**43.64**	**4.16**	**5.84**

Booysendal UG2 mine reserve estimate

		3PGE + Au as at 30 June 2011			3PGE + Au as at 30 June 2010		
Reef		Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Proven	0.00	0.00	0.00	0.00	0.00	0.00
	Probable	0.00	0.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00	0.00
UG2	Proven	30.64	3.08	3.03	31.05	2.99	2.99
	Probable	0.00	0.00	0.00	0.00	0.00	0.00
	Total	30.64	3.08	3.03	31.05	2.99	2.99
Combined	Proven	30.64	3.08	3.03	31.05	2.99	2.99
	Probable	0.00	0.00	0.00	0.00	0.00	0.00
	Total	30.64	3.08	3.03	31.05	2.99	2.99

Booysendal north resource estimate

Reef		3PGE + Au as at 30 June 2011 Mt	g/t	Moz	3PGE + Au as at 30 June 2010 Mt	g/t	Moz
Merensky	Measured	33.30	5.37	5.75	33.30	5.37	5.75
	Indicated	46.34	5.43	8.08	46.34	5.43	8.08
	Inferred	85.26	5.25	14.39	85.26	5.25	14.39
	Total	**164.90**	**5.32**	**28.22**	**164.90**	**5.32**	**28.22**
UG2	Measured	51.73	3.88	6.45	51.73	3.88	6.45
	Indicated	46.23	4.66	6.92	46.23	4.66	6.92
	Inferred	230.81	3.34	24.82	230.81	3.34	24.82
	Total	**328.77**	**3.61**	**38.19**	**328.77**	**3.61**	**38.19**
Combined	Measured	85.03	4.46	12.20	85.03	4.46	12.20
	Indicated	92.57	5.04	15.00	92.57	5.04	15.00
	Inferred	316.07	3.86	39.21	316.07	3.86	39.21
	Total	**493.67**	**4.18**	**66.41**	**493.67**	**4.18**	**66.41**

Booysendal south resource estimate

Reef		3PGE + Au as at 30 June 2011 Mt	g/t	Moz	3PGE + Au as at 30 June 2010 Mt	g/t	Moz
Merensky	Measured	3.80	2.46	0.30	3.80	2.46	0.30
	Indicated	15.97	3.15	1.62	15.97	3.15	1.62
	Inferred	70.80	3.69	8.40	70.80	3.69	8.40
	Total	**90.57**	**3.54**	**10.32**	**90.57**	**3.54**	**10.32**
UG2	Measured	14.60	3.41	1.60	14.60	3.41	1.60
	Indicated	52.90	3.43	5.84	52.90	3.43	5.84
	Inferred	140.60	2.94	13.30	140.60	2.94	13.30
	Total	**208.10**	**3.10**	**20.74**	**208.10**	**3.10**	**20.74**
Combined	Measured	18.40	3.21	1.90	18.40	3.21	1.90
	Indicated	68.87	3.37	7.46	68.87	3.37	7.46
	Inferred	211.40	3.19	21.70	211.40	3.19	21.70
	Total	**298.67**	**3.23**	**31.06**	**298.67**	**3.23**	**31.06**

Booysendal prill splits

Prill splits	Pt	Pd	Rh	Au	% metal content Cu%	Ni%
UG2	58.1	32.0	8.9	1.0	0.009	0.075
Merensky	58.5	31.5	2.4	7.6	0.125	0.272
Combined	58.3	31.8	6.5	3.4	0.052	0.149

The Booysendal resource statement was jointly compiled by:

- Damian Smith (BSc Hons, MSc, Pr.Sci.Nat. (400323/04)), principal member of Prospect Geoservices with 21 years' experience of mining and exploration geology, 15 of which in Bushveld-related geology.
- Willem vd Schyff (BSc Hons geology, Pr.Sci.Nat. (400176/05)), senior resource geologist at Golder Associates with five years' experience in mining and exploration geology, 17 years' experience in resource modelling and estimation, four of which in Bushveld-related geology.
- Resource estimates were reviewed by David Young (BSc Hons geology, Pr.Sci.Nat. (400989/83), as part of an Independent Competent Person's Report for the Booysendal prospect. Mr Young is a director of The Mineral Corporation with 31 years' experience in mineral resource evaluation throughout the world, including Bushveld PGM and chromium geology.

MINERAL RESERVE AND RESOURCE STATEMENT cont.

Pandora resources and reserves

Pandora resource estimate

Reef		3PGE + Au as at 30 Sept 2010 Mt	g/t	Moz	3PGE + Au as at 30 Sept 2009 Mt	g/t	Moz
Merensky	Measured	0.00	0.00	0.00	0.00	0.00	0.00
	Indicated	0.00	0.00	0.00	0.00	0.00	0.00
	Inferred	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
UG2	Measured	0.95	4.86	0.15	0.99	4.85	0.15
	Indicated	3.42	4.52	0.50	3.42	4.51	0.50
	Inferred	7.41	4.12	0.98	7.42	4.12	0.98
	Total	**11.78**	**4.30**	**1.63**	**11.84**	**4.29**	**1.63**
Combined	Measured	0.95	4.86	0.15	0.99	4.85	0.15
	Indicated	3.42	4.52	0.50	3.42	4.51	0.50
	Inferred	7.41	4.12	0.98	7.42	4.12	0.98
	Total	**11.78**	**4.30**	**1.63**	**11.84**	**4.29**	**1.63**

Pandora reserve estimate

Reef		3PGE + Au as at 30 Sept 2010 Mt	g/t	Moz	3PGE + Au as at 30 Sept 2009 Mt	g/t	Moz
Merensky	Proven	0.00	0.00	0.00	0.00	0.00	0.00
	Probable	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
UG2	Proven	0.05	4.57	0.01	0.06	4.48	0.01
	Probable	1.06	3.96	0.13	0.60	4.23	0.08
	Total	**1.11**	**3.99**	**0.14**	**0.66**	**4.25**	**0.09**
Combined	Proven	0.05	4.57	0.01	0.06	4.48	0.01
	Probable	1.06	3.96	0.13	0.60	4.23	0.08
	Total	**1.11**	**3.99**	**0.14**	**0.66**	**4.25**	**0.09**

The resource and reserve estimates for the Pandora joint venture were prepared by a team from both Amplats and Lonmin. Resources were signed off by Jeremy Witley (Lonmin) and Paul Stevenson (Amplats), whilst reserves were signed off by Jonathan Hudson (Lonmin).

Dwaalkop resources and reserves

Dwaalkop resource estimate

Reef		3PGE + Au as at 30 Sept 2010 Mt	g/t	Moz	3PGE + Au as at 30 Sept 2009 Mt	g/t	Moz
Merensky	Measured	0.00	0.00	0.00	0.00	0.00	0.00
	Indicated	21.83	2.89	2.03	0.00	0.00	0.00
	Inferred	16.22	3.10	1.62	0.00	0.00	0.00
	Total	**38.05**	**2.98**	**3.64**	**0.00**	**0.00**	**0.00**
UG2	Measured	0.00	0.00	0.00	0.00	0.00	0.00
	Indicated	20.85	4.35	2.92	0.00	0.00	0.00
	Inferred	16.71	4.35	2.34	0.00	0.00	0.00
	Total	**37.56**	**4.35**	**5.25**	**0.00**	**0.00**	**0.00**
Combined	Measured	0.00	0.00	0.00	0.00	0.00	0.00
	Indicated	42.68	3.60	4.94	0.00	0.00	0.00
	Inferred	32.93	3.73	3.95	0.00	0.00	0.00
	Total	**75.61**	**3.66**	**8.90**	**0.00**	**0.00**	**0.00**

Dwaalkop reserve estimate

Reef		3PGE + Au as at 30 Sept 2010 Mt	g/t	Moz	3PGE + Au as at 30 Sept 2009 Mt	g/t	Moz
Merensky	Proven	0.00	0.00	0.00	0.00	0.00	0.00
	Probable	13.66	2.61	1.15	0.00	0.00	0.00
	Total	13.66	2.61	1.15	0.00	0.00	0.00
UG2	Proven	0.00	0.00	0.00	0.00	0.00	0.00
	Probable	16.10	3.30	1.71	0.00	0.00	0.00
	Total	16.10	3.30	1.71	0.00	0.00	0.00
Combined	Proven	0.00	0.00	0.00	0.00	0.00	0.00
	Probable	29.76	2.98	2.85	0.00	0.00	0.00
	Total	29.76	2.98	2.85	0.00	0.00	0.00

The resource and reserve estimates for the Dwaalkop joint venture were prepared by Lonmin. Resources were signed off by Jeremy Witley (Lonmin), whilst reserves were signed off by Jonathan Hudson (Lonmin).

Notes on reporting criteria

- Mineral resource tonnages and grades are in-situ estimates reported inclusive of internal waste dilution, but exclusive of external waste dilution
- PGE grade is expressed as corrected 4E (combined platinum, palladium, rhodium and gold) grade
- Structural losses, due to faults, dykes and joints, include the volumes of expected bracket pillars required to be placed on such features
- Kriging parameters are applied to discrete mining areas in order to estimate tonnage and metal content
- Kriging parameters are derived from the interrogation of an extensive sampling database
- Rounding of numbers in the tables may result in minor computational discrepancies; where this occurs it is deemed insignificant
- The most reasonable mining width is assumed based on practical mining conditions. PGE grade, as well as specific gravity are calculated for these widths
- Total mineral resources and reserves attributable to Northam Platinum Limited are listed in the summary tables
- Mineral resources for Pandora reflect Northam Platinum Limited's 7.5% attributable interest, are quoted as at the end of September 2010 and 2009 and are provided by Lonmin plc
- Mineral resources for Dwaalkop reflect Northam Platinum Limited's 50% attributable interest, are quoted as at the end of September 2010 and 2009 and are provided by Lonmin plc
- Measured and indicated mineral resources are reported separately and include those mineral resources modified to produce proven and probable mineral reserves
- Whilst mineral resources are quoted as *in situ* resources, all reserves provided by Northam are quoted at run-of-mine (ROM) grades and tonnages as delivered to the concentrator plants on site and are therefore fully diluted
- Mineral reserves for Zondereinde mine are quoted to 15 level
- Mineral reserves for Booysendal relate to the first planned mining module, the UG2 North mine
- Mineral reserves for Pandora and Dwaalkop are provided by Lonmin plc and reflect Lonmin's reserve modifying factors
- All references to tonnage are to the metric unit
- All references to ounces are troy with a conversion factor of 31.10348 used to convert from metric grams to ounces
- Contact details for lead competent persons are:
  - Mr JC Roberts, chief surveyor of Zondereinde mine PO Box 441, Thabazimbi 0380
  - Mr D Smith, principal member of Prospect Geoservices PO Box 37876, Faerie Glen 0043

DIRECTORS

ME Beckett (75) (British)
B Sc, FIMM
Independent non-executive director

Joined the board in 1999

Mr Beckett is Chairman of Thomas Cook Group plc, and Chairman of Endeavour Mining Corporation, and a director of International Hotels Investments Limited, Orica Limited, and Petroamerica Oil Corporation. A geologist by training, Mr Beckett was formerly managing director of Consolidated Gold Fields plc.

CK Chabedi (43)
BSc Mining Engineering, MDP
Independent non-executive director

Joined the board in 2009.

Mr Chabedi has many years' experience in the mining industry, having worked in various management positions for Anglo Coal. He currently consults to the mining industry while lecturing mining methods in both opencast and underground mining at the University of the Witwatersrand.

NJ Dlamini (Dr) (52)
MBChB, DOH, MBA
Independent non-executive director

Joined the board in 2004

Dr. Dlamini is the chairperson of Mbekani Group. She started as a medical practitioner before moving to business. Until 2003 she was a senior manager at HSBC, in the transport & energy corporate finance team. She was closely involved in advising and structuring BEE transactions. She is a trustee of Mkhiwa Trust and chairs the board of Aspen Pharmacare Holdings Limited. Her other directorships include Eyomhlaba Holdings Limited and Imithi Investments (Pty) Ltd.

AK Gupta (43)
Alternate director to PL Zim

Appointed an alternative director to PL Zim in 2009

Mr Gupta serves on the boards of several companies. He is chairman and managing director of Sahara Holdings (Proprietary) Limited and Sahara Media Holdings (Proprietary) Limited and is a member of the Afripalm Resources (Proprietary) Limited board of directors.

R Havenstein (55)
MSc Chemical Engineering, B Comm
Independent non-executive director

Joined the board in 2003

Mr Havenstein was formerly an executive director of Sasol Limited responsible for Sasol Chemical Industries. In June 2003 he was appointed chief executive officer of Amplats, a position he held until August 2007.

ET Kgosi (Ms) (57)
B Comm Hons
Independent non-executive director

Joined the board in 2004

Ms Kgosi is the Regional Commercial Manager at Eskom Central Region. She has extensive experience in the banking sector mainly in a treasury operations environment, having held positions at a number of South Africa's main banking groups as well as Credit Suisse First Boston (NY).

AZ Khumalo (46)
CA (SA)
Financial director

Joined the board in 2010

Mr Khumalo, a chartered accountant by profession, holds a B Compt (Honours) and B Comm degree from the University of South Africa and has extensive mining and corporate finance experience. From September 2008 he was the group finance executive of Coal of Africa Limited. Prior to that, from 2004 to 2008, he was director – finance, of Aquarius Platinum South Africa (Pty) Limited.

GT Lewis (54) (British)
B Sc Mining Engineering, MBA
Chief executive officer

Joined the board in 2005

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

AR Martin (73)
CA (SA)
Independent non-executive director

Joined the board in 2009

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

BR van Rooyen (78)
(BA LLB)
Executive director – business development

Joined the board in 1999

Mr van Rooyen is the executive director responsible for business development at Northam. He is also chairman of Trans Hex Group Limited and a director of Banro Corporation and Ndowana Exploration (Proprietary) Limited. Previously, he was an executive director at Gold Fields of South Africa Limited with responsibilities at various times for corporate finance, new business and technical services.

MJ Willcox (41)
(BA LLB, PGrad Dip Tax)
Alternate director

Appointed an alternate director to MSMM Xayiya in 2009

Mr Willcox is a founding member of Mvela Holdings. He currently sits on the boards of Avusa Limited. Mr Willcox is the current chief executive officer of African Management Limited/African Global Capital UK.

MSMM Xayiya (50)
(BA)
Non-executive director

Joined the board in 2009

Mr Xayiya is the executive chairman of Mvelaphanda Holdings (Pty) Ltd and Mvelaphanda Group Ltd. He has served as managing director of Mawenzi Asset Managers (Pty) Ltd and as a policy advisor at the Office of the Premier in the Gauteng Province.

PL Zim (51)
B Comm (Hons) M Comm D Comm
Non-executive chairman

Joined the board in 2007

Mr Zim is the chairman of Afripalm Holdings (Proprietary) Limited and Telkom Limited, and a director of Sanlam Limited and Sanlam Life Insurance Limited. He is also a previous past President of the Chamber of Mines of South Africa. Prior to establishing Afripalm, he held senior executive positions at Anglo American South Africa Limited and MTN Group Limited.

CORPORATE GOVERNANCE

Northam is committed to upholding and implementing principles of good corporate governance at all levels of the company. Northam's board of directors 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 new South African Companies Act (Act No 71 of 2008) which came into full effect on 1 May 2011, the third King report on Corporate Governance for South Africa (King III), the Global Reporting Initiative (GRI) and any other applicable laws and regulations.

Drivers of corporate governance

Laws/Regulations/Codes

- Mineral and Petroleum Resources Development Amendment Act, No 49 of 2008 (MPRDA) and the Mining Charter
- Companies Act, No 71 of 2008
- Employment Equity Act, No 55 of 1998
- Labour Relations Act, No 66 of 1995
- Mine Health and Safety Act, No 29 of 1996
- Basic Conditions of Employment Act, No 75 of 1997
- King III Report and Code on Governance for South Africa 2009
- JSE Listing Requirements (listings requirements)

Responsibility

The ultimate responsibility of the board of directors (the board) is to ensure that Northam Platinum Limited (Northam or the company or the group) is managed in terms of appropriate corporate governance structures and principles in order to secure optimal control the business. It is the board's responsibility to ensure that it has adequate supervision of the business of the company as a whole. This requires that corporate governance processes be implemented and reviewed continuously to ensure that they are in line with best practice.

In order to achieve good corporate governance, the group operates in terms of the structure illustrated above in which the board oversees board sub-committees to

Board of directors		
Non-executive directors PL Zim (alternate: AK Gupta) MSMM Xayiya (alternate: MJ Willcox) **Independent non-executive directors** ME Beckett CK Chabedi NJ Dlamini (Dr) R Havenstein ET Kgosi AR Martin	**Chairman:** PL Zim (non-executive director) **Chief executive officer:** GT Lewis (executive director) **Lead independent director:** AR Martin	**Executive directors** **Chief executive officer:** GT Lewis **Financial director:** AZ Khumalo **Business development and corporate strategy director:** BR van Rooyen

Board committees		
Audit and risk committee	**Health, safety and environmental committee**	**Remuneration, nomination and employment equity committee**
AR Martin (Chairman) ME Beckett R Havenstein ET Kgosi	BR van Rooyen (Chairman) ME Beckett CK Chabedi NJ Dlamini (Dr)	ET Kgosi (Chairman) NJ Dlamini (Dr) R Havenstein
By Invitation Corporate office management Internal audit External audit Mine management	**By Invitation** Corporate office management Mine management	**By Invitation** Corporate office management

which executive directors and senior management are accountable. The corporate governance framework of the group is informed by legislation and regulations such as the new Companies Act, No 71 of 2008 (Companies Act) (effective 1 May 2011), the King III Report and Code Governance for South Africa 2009 (King III) (effective 1 March 2010) and other regulatory bodies such as the JSE Limited (JSE).

Management seeks to comply with recommended corporate governance practices and procedures taking into account the ultimate objective which is to protect the assets of the group for the benefit of all stakeholders.

External drivers of corporate governance

The major external drivers of corporate governance of Northam are the new South African Companies Act, No 71 of 2008, the Mineral and Petroleum Resources Development Amendment Act, No 49 of 2008, the Mining Charter, the Listings Requirements of the JSE, King III and the Global Reporting Initiatives (GRI) on sustainability issues.

From 1 May 2011 the South African corporate business landscape changed markedly with the introduction of the new Companies Act. Given its fairly recent introduction, the full effects of the Act and the changes it has brought are yet to be felt in their entirety. Although most of the provisions of the new Companies Act apply immediately, the transitional arrangements allow for a window period of up to two years, from the date the Act was signed into law, for companies to be fully compliant with the Act. Whilst many of the changes are far reaching, the most significant two changes will require the adoption of a Memorandum of Incorporation to replace the current Memorandum of Association and Articles of Association, and the establishment of a Social and Ethics Committee. The group has drawn up an action plan the ensure compliance with the Act, and will revise its other governance structures where appropriate as required by King II.

The Memorandum of Incorporation, which will be the over-riding governance document for the company, will incorporate the key provisions of both the Memorandum of Association and the Articles of Association. In so far as the Social and Ethics Committee is concerned, the company is busy assessing the extent to which the required functions of this committee already form part of the terms of reference of the existing board committees.

One of the items that required an immediate response was the need to obtain shareholder approval for the granting of financial assistance by Northam to its subsidiaries, which is required in terms of section 45 of the Companies Act.

To this end the company held a general meeting on 18 August 2011 to seek shareholder approval by proposing an appropriate special resolution in terms of section 45 of the new Companies Act, No 71 of 2008. This resolution was approved by the requisite majority.

Mineral and Petroleum Resources Development Amendment Act, No 49 of 2008 (MPRDA) and Mining Charter

There have been recent amendments to this Act and the Mining Charter which have been motivated by the South African government in an attempt to clarify certain rules and regulations governing the mining industry in South Africa. This Act and the Charter have far-reaching implications for mining companies in South Africa by way of licensing requirements for mining companies which hinge on a continuing black economic empowerment (BEE) shareholding, and other Mining Charter compliance. Other elements of the mining charter which govern human resource development, training, mine community and migrant labour, procurement, employment equity and women in mining, housing and enterprise development and downstream beneficiation have also been the subject of a review.

The group seeks to continuously and incrementally comply with the requirements of this Act and the Mining Charter. These are considered to be business imperatives with compliance targets to be met by 2014, especially in terms of equity ownership levels, affirmative action employment equity.

Labour Relations Act, No 66 of 1996, Basic Conditions of Employment Act, No 75 of 1997 and Employment Equity Act, No 55 of 1998

All companies in South Africa are required to comply with these Acts which are designed to achieve fair practice, employment equity and to address some of the historical imbalances in relationships between employers and employees and between races in South Africa.

In the second half of the financial year, the Zondereinde and corporate divisions of the group were inspected by the Department of Labour for compliance with the Employment Equity Act and it reported its satisfaction with the progress made by Northam in complying with the legislation.

King III Report and Code on Governance for South Africa 2009

King III is a new recommended corporate governance framework which listed companies are required to

CORPORATE GOVERNANCE cont.

"comply or explain" their adherence to. In order to assist the board in identifying areas needing corporate governance improvement in the group, the audit and risk committee of the board was tasked with employing external advisors to identify gaps in the company's adherence to King III. This exercise was undertaken and completed in March 2011. The necessary action plans are being drawn up to ensure compliance, as far as is reasonable, taking into account cost and benefit of implementation, with King III by "closing the gaps" identified in the King III Gap Analysis Report.

JSE Listing Requirements

Being a listed entity, Northam is obliged to comply with all the listing requirements of the JSE. The listing requirements also state that a company should comply with King III or explain any areas where it does not comply with the King III recommendations. However, there are many other rules and regulations that a listed company has to comply with in terms of the JSE listing requirements. At the end of each year, the company secretary has to certify to the JSE that the company has complied with all the listing requirements of the JSE. Northam has complied with the listing requirements for the calendar year to December 2010.

Internal drivers of corporate governance

The main internal drivers are two charters that govern the board and the audit and risk committee and the terms of references for the board's sub-committees. These govern the running of the board and committees. The audit and risk committee is governed by an audit and risk committee charter, whilst the remuneration, nomination and employment equity committee (Remco) and the health, safety and environmental committee are governed by terms of reference.

These governance documents will be revised in the light of changes that may be required by both the Companies Act and King III.

In addition there are several internal policies documents which have bearing on the corporate governance of the company. These are: the Code of Ethics, the Ethics 24-hour whistle-blowing hotline, and the Approval Framework.

Code of ethics

An updated code of ethics policy was approved by the board and rolled out in October 2010. This code applies to both directors and employees and governs the interaction between these groups and the company's, suppliers, contractors, and customers and covers the use of company assets and confidential information.
A breach of the code of ethics could result in disciplinary action and/or civil or criminal action being taken against a perpetrator.

Insider trading

In terms of both the insider trading rules of the JSE and the company's rules on share investments, neither directors nor employees are allowed to deal in the company's shares if they are in possession of non-public information or during closed periods. This also applies to close relatives of directors and employees. Directors and employees are required to obtain prior approval for dealing in the company's shares. Employees are reminded of the company's closed periods from time to time.

Ethics 24-hour whistle-blowing hotline

In May 2011 the Northam ethics hotline number, 0800 15 25 39 became effective. This whistle-blowing line is monitored 24 hours a day in all official languages by an external party, in terms of which anyone (whistle-blower) can anonymously report corruption, fraudulent activity or other problems for investigation. All whistle-blowers are protected against any form of victimisation provided disclosures are made in accordance with the provisions of the Protected Disclosures Act, No 26 of 2000.

Donations

The company's policy is not to donate to political parties. Employees are not to accept gifts, hospitality or favours from suppliers or contractors of more than a nominal value. All gifts and entertainment details are recorded in a register for record purposes.

Conflicts of interests

At every board and committee meeting, members of the board or committees are requested to declare their interests in matters before the board or committee. All board and committee members are required to report any conflicts of interest that may arise in the course of their duties in order to avoid corruption.

Approval framework

An updated approval framework was considered by the audit and risk committee, recommended to and approved by the board in April 2011. This document governs the delegation of authority and value limits within the group. This is necessary to ensure that all transactions that occur are approved appropriately. This enables management to limit the potential damage that any unauthorised expenditure or corruption could inflict on the company.

Board of directors

The group ensures that fit and proper directors are appointed to the board as they are the primary executors of corporate governance. The board, through its Remco, adequately assesses the abilities of potential and new directors before they are appointed. Such directors are expected to be knowledgeable and be up to date on mining industry affairs in general, the business affairs of the group and to add value to the company's business propositions. To this extent, directors interact regularly with management and have access to management information.

The board runs the group within a corporate governance framework in line with King III. It is at board level that strategy, risk, performance and sustainability are fused in order to satisfy the various stakeholder interests of the group.

Board responsibilities

The key responsibilities of the board in terms of its charter are as follows:

- determine the group's strategy, plans and objectives of achieving this strategy;
- delegate adequate powers to the chief executive officer, financial director and other executive directors in order to execute the strategy and run the group's affairs;
- implement, maintain and monitor corporate governance;
- determine the charters and / or terms of reference of board committees;
- identify and monitor the risks of the group;
- ensure board committees are mandated for specific tasks and that they are effective;
- review performance of executive directors and senior management;
- approve the budget of the group;
- ensure that there are effective risk and internal controls over all business processes of the company, including information technology;
- consider and approve the interim report and preliminary announcement of results, the annual financial statements, the sustainability report and the annual and integrated report of the group;
- approve capital expenditure and projects of the group;
- have ultimate responsibility to report to the shareholders and other stakeholders of the group;
- ensure complete compliance with legislation and corporate governance rules;
- ensure board, committees and board member effectiveness.

Approval of the annual integrated report and sustainability report

For the first time this year, in response to the recommendations of King III, Northam has produced an integrated annual report, which seeks to provide stakeholders a broader view of the group's performance in terms of both financial and non-financial results. Integrated reporting provides greater context for performance data, clarifies how sustainability fits into the company's operations and helps to demonstrate how sustainability is woven into the decision-making structure of the group. Both the annual integrated report and the sustainability report are reviewed for approval by the audit and risk sub-committee of the board.

Board meetings

The board and its committee meet at least once a quarter; ad hoc meetings may also be called to consider specific issues.

Board composition

The board consists of 11 members, 3 of whom are executive directors, being the chief executive officer, the financial director and the business development and corporate strategy director. Of the 8 non-executive directors, 6 are independent. In line with the company's current articles of association, at least 50% of board members are historically disadvantaged persons. It is the responsibility of the board to ensure that its composition is appropriate in terms of skills, knowledge, experience and gender in line with legislation and best corporate governance practice.

Due to the black economic empowerment imperatives of the South African corporate environment, the chairman of Northam has traditionally been appointed on the basis of being a representative of the major black economic empowerment shareholder of the company, which over the past three years represented in excess of 50% of shareholding This percentage decreased following the unbundling by Mvelaphanda Resources Limited

CORPORATE GOVERNANCE cont.

Attendance of board meetings:

	19 Aug 2010	02 Nov 2010	23 Feb 2011	21 Apr 2011	28 Jun 2011
PL Zim (chairman)	✓	✓	✓	Apology	✓
GT Lewis (chief executive officer)	✓	✓	✓	✓	✓
AZ Khumalo (financial director)	✓	✓	✓	✓	✓
ME Beckett	✓	✓	T	Apology	✓
NJ Dlamini	✓	✓	✓	✓	✓
ET Kgosi	✓	✓	✓	✓	✓
R Havenstein	✓	✓	✓	✓	T
BR van Rooyen	✓	Apology	✓	✓	✓
MSMM Xayiya	✓	Apology	Apology	✓	Apology
CK Chabedi	✓	✓	✓	✓	X
AR Martin (lead independent)	✓	✓	✓	✓	✓
AK Gupta (alternate to PL Zim)	✓	X	✓	X	X
MJ Willcox (alternate to MSMM Xayiya)	X	Apology	✓	X	Apology

Key:

✓ *– attended* X *– did not attend* T *– participated telephonically*

(Mvela Resources) of its shareholding in Northam and the subsequent scheme of arrangement, which was effective on 6 June 2011, whereby Northam acquired the entire issued capital of Mvela Resources. Mvela Resources, the vehicle through which the BEE holding was previously held. Mvela Resources, which was previously the holding company of Northam, is now a subsidiary of Northam. Due to this decrease in BEE shareholding.

The chairman of the board, Mr Lazarus Zim who was appointed in 2007, although non-executive, is not independent in terms of King II recommendations and therefore a non-executive lead independent director, Mr Alwyn Martin, was appointed on 28 June 2010.

There have been no changes to the board since last year, except that Mr BR van Rooyen who was previously a non-executive director, was appointed an executive director from 01 June 2011.

The position of the chairman is subject to retirement and rotation in terms of the company's articles of association. Further, in terms of the articles of association, one-third of the non-executive directors who are longest serving in office, retire at each annual general meeting (AGM), and if eligible, may offer him/herself for re-election. At the 2011 AGM, to be held in November 2011, Messrs Chabedi, Martin and Xayiya retire from office and being eligible, are available for re-election. Their biographies appear on pages 44-45. All directors are required to declare their directorships and interests. At each meeting they are also required to declare any conflict of interest in matters pending before the board.

Lead independent director

Mr A Martin's role is to chair any meetings where the chairman may be absent, conflicted or on issues such as succession and the chairman's performance evaluation.

Board and performance evaluation

The board and its directors have been evaluated, the latest evaluation being in September 2011. Results of the evaluation are used by the board to determine performance improvements going forward. An internal evaluation process was undertaken to facilitate the evaluation of the board and each director.

Specific areas covered in the board's evaluation are:

- composition of the board and board committees;
- effectiveness of each board member;
- effectiveness of board meetings;
- relationship between senior management and the board;
- board transparency and accountability;
- performance criteria and succession.

The executive directors and company secretary were assessed by Remco in June 2011. (In terms of King III, the company secretary is also assessed by the board and the financial director by the audit committee.)

Strategic intent

Northam has recently adopted a strategic intent document, which is to remain known as a reliable supplier of PGM metals of London and Zurich 'good delivery' status, to continue providing returns to our providers of capital through capital appreciation and dividend payments, while continuing to offer sustained employment opportunities and economic benefits to all our stakeholders. This is a living document which is bound to change from time to time as the group's strategy changes.

Board committees

Audit and risk committee

The new Companies Act and King III both require that audit committee members be elected by shareholders at the annual general meeting. To this end shareholders will be requested, at the forthcoming annual general meeting, to approve the necessary resolution appointing the committee. The audit committee is chaired by an independent non-executive director, who in this instance is also the lead independent director. All the members of this committee are independent. The board is satisfied that members of the audit and risk committee have the requisite financial skills, understanding of corporate law and adequate practical experience relevant to the business of Northam. They also understand the International Financial Reporting Standards framework in terms of which Northam must report as a listed company.

The chief executive officer and financial director are permanent invitees to these meetings and, at appropriate times, both external and internal auditors are invited to attend. At least once a year, the external and internal audit plans are reviewed and approved for the year ahead. The internal audit plan is approved after management input regarding the focus areas needing attention. The committee also approves and reviews the risk register twice a year based on management proposals that identify the key risks and state the measures in place to mitigate of these risks.

The committee's charter will be revised in the light of changes that may be required by both the Companies Act and King III. In terms of the current charter, 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;
- approving the remuneration of external and internal auditors;
- ensuring the 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.

Attendance of audit and risk committee:

	13 Aug 2010	16 Sept 2010	01 Nov 2010	21 Feb 2011	19 Apr 2011
AR Martin (Chairman)	✓	✓	✓	✓	✓
ET Kgosi	✓	✓	✓	✓	✓
ME Beckett	T	T	✓	Apology	Apology
R Havenstein	✓	✓	✓	✓	✓

Key:

✓ – *attended* T – *participated telephonically*

CORPORATE GOVERNANCE cont.

External audit

The external auditors, Ernst & Young Inc have unrestricted access to the audit and risk committee. The audit committee is required to satisfy itself on an annual basis as to the external auditors' independence and approves their audit plan and fees.

Internal audit

The internal audit function of the company is outsourced to KPMG Services (Proprietary) Limited. The audit and risk committee satisfy themselves annually that the internal audit function is independent and effective. The internal auditors also have free access to the chairman of the audit and risk committee.

The annual approved scope of internal audit covers the following:
- testing the effectiveness of internal controls;
- checking the IT risks and controls and ensuring their effectiveness; and
- checking the reliability and integrity of financial information.

Health, safety and environmental committee

The HSE committee is charged with ensuring the group's performance on such sustainability issues as safety, health and the environment at the mines, especially as they affect the employees and communities in the areas the group operates. This committee has oversight of records and adequate reporting systems pertaining to typical occupational safety and other endemic health issues associated with the mining industry.

Until recently the chairman of this committee, Mr BR van Rooyen, was a non-executive director. As a result of his appointment as an executive director on 6 June 2011 this position is under review. In the interim Mr van Rooyen continues to bring the requisite experience and gravitas to the position. The chief executive officer is a permanent invitee to this committee. The committee meets every quarter.

Remuneration, nomination and employment equity committee

This committee is composed of three independent directors and one executive director chaired by an independent. It meets at least once every quarter.

The aims and objectives of the committee are:
- to enable the board to establish and implement a remuneration policy which empowers the company to source, reward and retain skilled personnel;
- to ensure that the company transforms adequately in order to comply with the MPRDA and Mining Charter in a manner that will enhance the group's performance; and

Attendance of health, safety and environmental (HSE) committee

	19 Aug 2010	01 Nov 2010	21 Feb 2011	19 Apr 2011
BR van Rooyen (Chairman)	✓	✓	✓	✓
ME Beckett	✓	✓	Apology	T
NJ Dlamini	✓	✓	✓	✓
CK Chabedi	✓	X	✓	✓

Attendance of remuneration, nomination and employment equity committee

	19 Aug 2010	28 Oct 2010	22 Feb 2011	11 Apr 2011	18 Apr 2011	27 Jun 2011
ET Kgosi (Chairman)	✓	✓	✓	✓	✓	✓
R Havenstein	✓	✓	✓	Apology	✓	T
NJ Dlamini	✓	✓	✓	T	✓	✓
BR van Rooyen	✓	✓	✓	✓	Apology	✓

Key:

✓ *– attended* X *– did not attend* T *– participated telephonically*

- to ensure competent individuals are nominated and appointed as directors and senior managers of the group.

In order to do this, the committee has set and continuously reviews three forms of remuneration:
1. Salaries;
2. Various bonus scheme;
3. A share option scheme.

The committee further mandates management on the wage negotiating percentages.

The committee advises on the appropriate composition and size of the board. Details of the group's remuneration policy are contained in Annexure 4 on page 14 of the notice of annual general meeting and abridged annual report.

Company secretary

The company secretary ensures compliance with all statutory and listings requirements relating to the group and ensures that minutes of meetings are kept for shareholder, board and committee meetings in terms of the new Companies Act, No 71 of 2008. The company secretary liaises with external stakeholders such as shareholders.

In line with King III and the new Companies Act, the company secretary co-ordinates corporate governance issues within the group and keeps board members and the chairman informed of appropriate developments and their duties in this area.

Stakeholder reporting

In line with Northam being a good corporate citizen and in order to comply with the various elements of the corporate governance framework as described above, the board mandates management to produce a sustainability report in which it outlines its responsibility not only to shareholders but to other interested parties which contribute to the sustainable development of the group. These stakeholders are the communities in the areas in which Northam operates, the government, employees, creditors, customers and the environment. A separate sustainability report is produced at each financial year-end, a summary of which forms part of this annual integrated report.

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' REPORT cont.

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.

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.

	Mining plant and equipment R000	Pre-production development costs R000	Decommis-sioning asset R000	Motor vehicles R000	Total R000

2. Property, plant and equipment

Group – 30 June 2011

	Mining plant and equipment R000	Pre-production development costs R000	Decommis-sioning asset R000	Motor vehicles R000	Total R000
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

	Mining plant and equipment R000	Pre-production development costs R000	Decommis-sioning asset R000	Motor vehicles R000	Total R000
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

	Mining plant and equipment R000	Pre- production development costs R000	Decommis-sioning asset R000	Motor vehicles R000	Total R000
2. Property, plant and equipment cont.					
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

	Mining properties R000	Mineral resource* R000	Total R000

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.				
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				
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				
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				
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.

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

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				
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.

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)

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.

	Group at 30 June 2011			
Assets measured at fair value	**Level 1 R000**	**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

	Group at 30 June 2010			
Assets measured at fair value	**Level 1 R000**	**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

	Company at 30 June 2011			
Assets measured at fair value	**Level 1 R000**	**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

	Company at 30 June 2010			
Assets measured at fair value	**Level 1 R000**	**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

Name of company	Effective holding 2011 %	Effective holding 2010 %	Share capital and premium 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 repay

Interest of holding company				
Shares		Indebtedness		
2011 R000	2010 R000	2011 R000	2010 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	

able 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

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