

# NORTHAM

P L A T I N U M   L I M I T E D



## RESULTS

FOR THE YEAR ENDED 30 JUNE 2007

3 August 2007

[www.northam.co.za](http://www.northam.co.za)

# Agenda

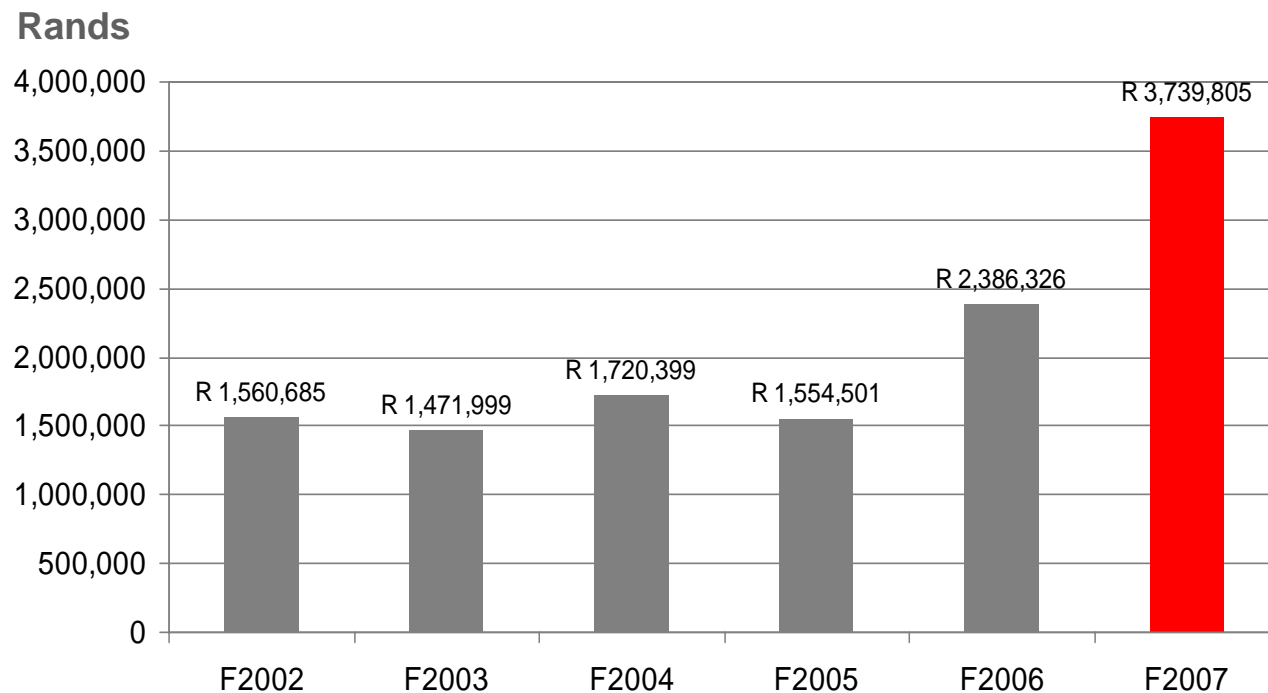
- Financial and operating results - *Glyn Lewis, CEO*
- Geology - *Damian Smith, Chief Geologist*
- Market review - *Jerry White, Marketing Manager*
- Outlook - *Glyn Lewis, CEO*

# Overview

- Rand basket price received 57% up year-on-year
- Record sales revenues of R3.7 billion
- 88% increase in attributable earnings to R1.3bn
- Costs increase, but operating margin healthy at 53.8%
- Pt and Pd now being refined locally at Heraeus SA in Port Elizabeth

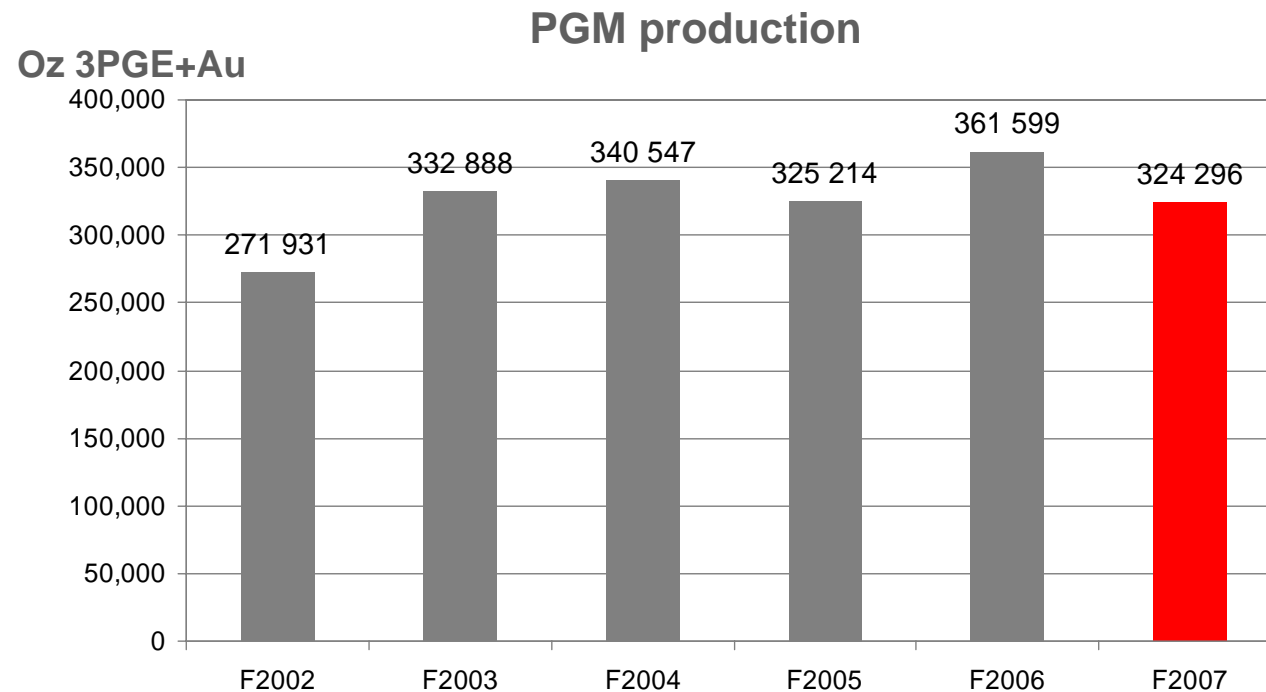
# Market fundamentals boost performance

- Buoyant PGM and nickel markets continue
- Basket price of R297 292/kg (\$1 288/oz) realised
- Sales revenue reaches R3.7 billion (F2006: R2.4 billion)



# Operating performance

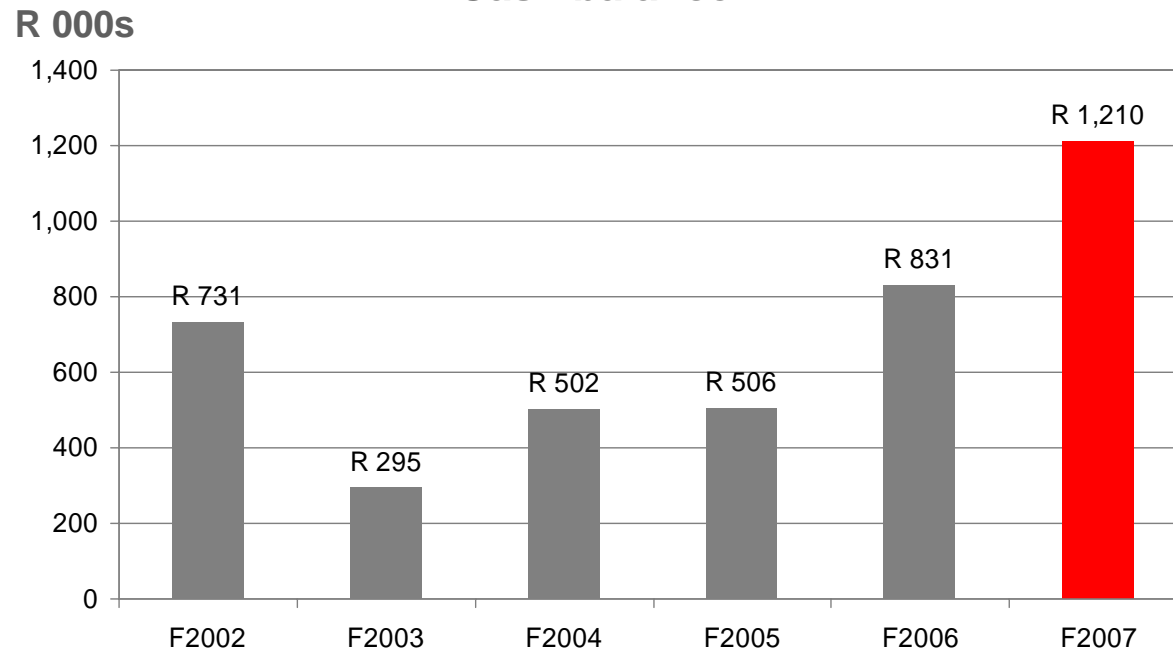
- Anticipated decline in production of 10.3% to 10 087 kg (3PGE+Au)
- Decline in average head grade from 5.5 g/t to 5.1 g/t
- R/tonne milled operating cost increased by 12.6%



# Strong financial performance

- 88% increase in after tax profits to R1.3 billion
- 85% increase in headline earnings to 560 cents per share
- Cash on hand of R1.2 billion
- Final dividend of 280 cps (525 cps for the year)

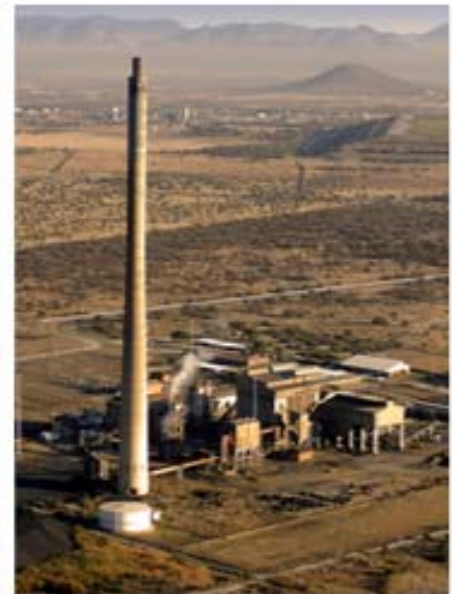
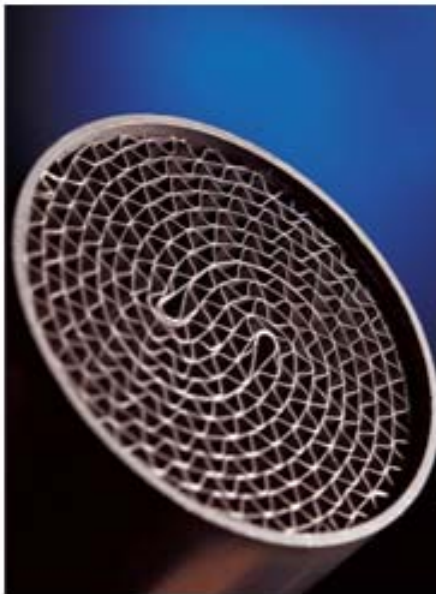
Cash balance





# NORTHAM

P L A T I N U M   L I M I T E D



Operating  
and financial performance

[www.northam.co.za](http://www.northam.co.za)

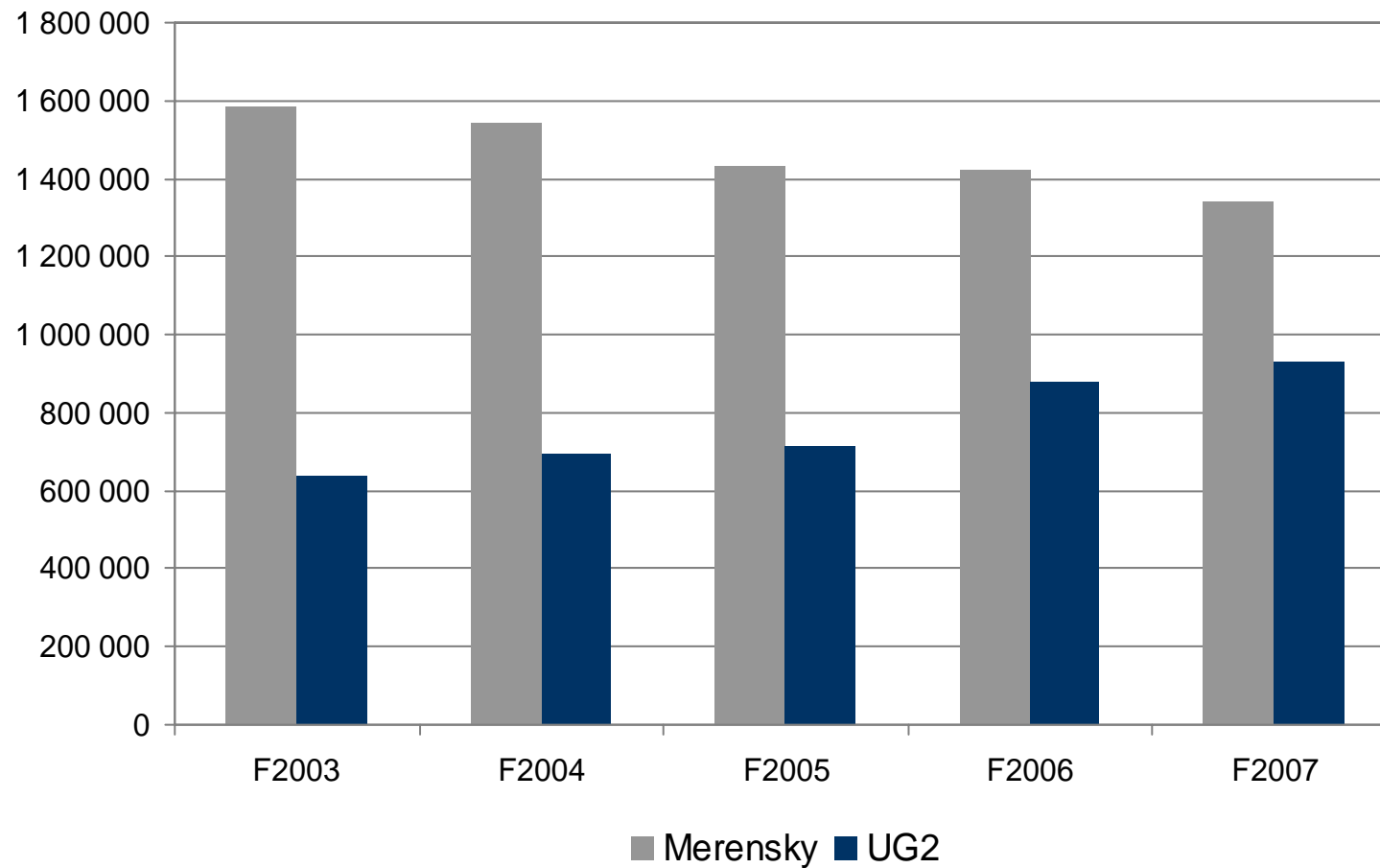
# Operating performance

	<b>F2007</b>	<b>F2006</b>	<b>Change</b>
Total development metres	<b>14 822</b>	13 920	6.5%
Merensky square metres	<b>249 812</b>	277 896	-10.1%
Merensky head grade (g/t)	<b>5.6</b>	6.1	-8.2%
UG2 square metres	<b>146 698</b>	138 170	6.2%
UG2 head grade (g/t)	<b>4.4</b>	4.6	-2.2%
Total square metres mined	<b>396 510</b>	416 066	-4.7%
Total tonnes milled	<b>2 269 206</b>	2 303 084	-1.5%
Average combined head grade (g/t)	<b>5.1</b>	5.5	-7.3%
PGMs in conc. produced (kg)	<b>10 087</b>	11 247	-10.3%



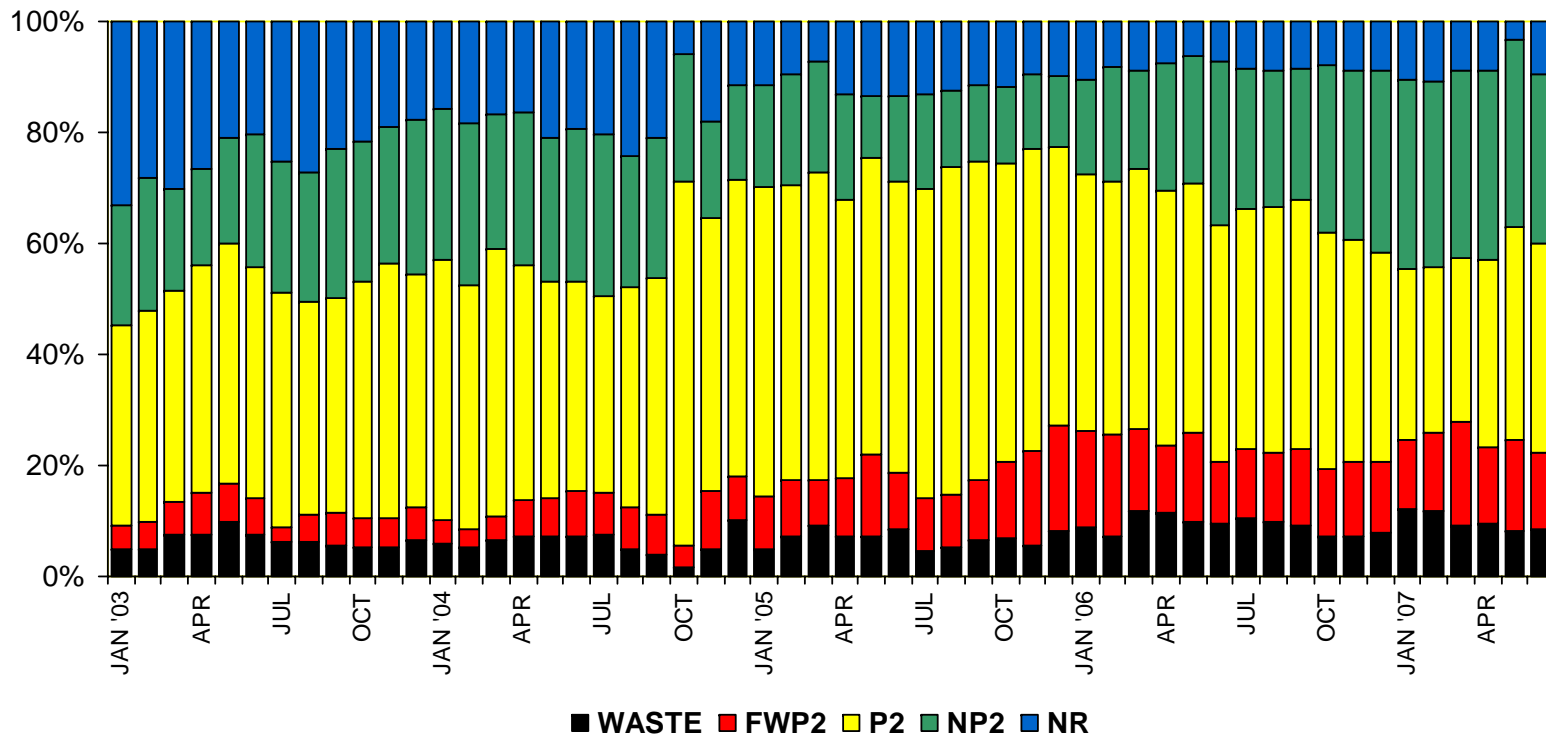
# Merensky / UG2 production ratio

Tonnes milled



# Merensky facies

Reef type	Normal	NP2	P2	FWP2	Waste
Current ratio	9 %	30%	39 %	13 %	9 %
Historical ratio	10 %	18%	51 %	14 %	8 %



# Cost of sales

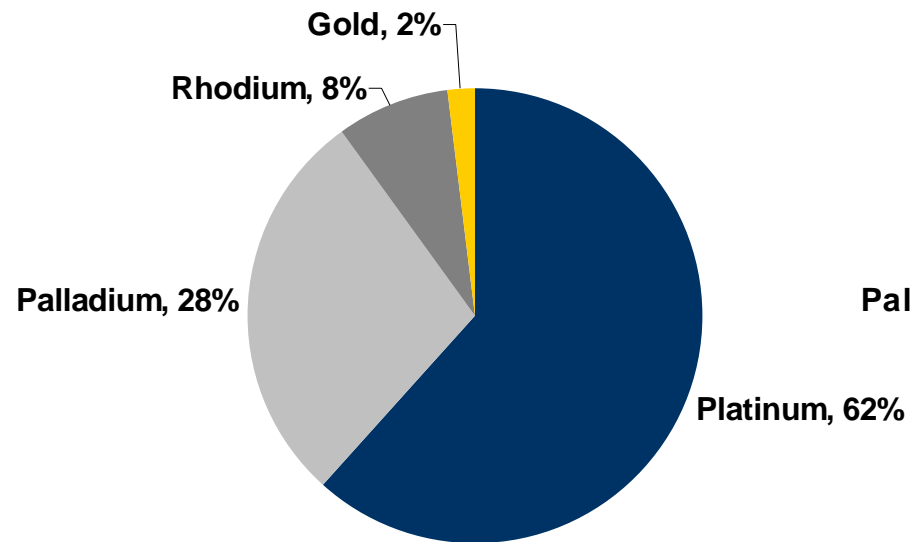
	<b>2007 (R000)</b>	<b>2006 (R000)</b>	<b>Change</b>
Cost of sales	<b>1 727 945</b>	1 372 727	25.9%
Operating costs	<b>1 360 818</b>	1 240 320	9.7%
Concentrates purchased	<b>106 447</b>	-	
Refining and realisation	<b>91 816</b>	59 520	54.3%
Depreciation	<b>129 040</b>	114 713	12.5%
Change in metal stocks	<b>39 824</b>	(41 826)	(195.2%)

# Unit cash costs

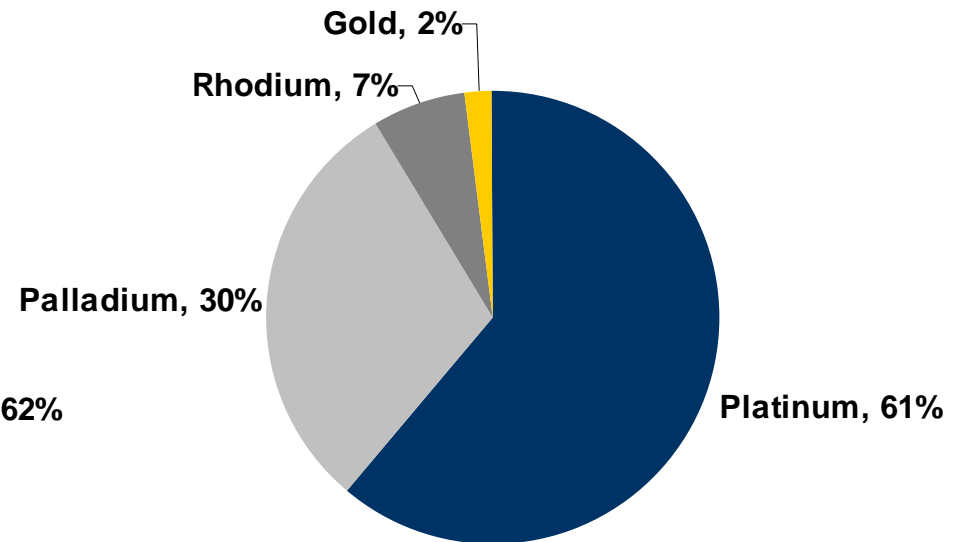
	<b>F2007</b>	F2006	Change
Rand / tonne mined	<b>526.00</b>	465.47	13.0%
Rand / tonne milled	<b>601.19</b>	534.47	12.5%
Rand /kilogram (3PGE Au) produced	<b>135 248</b>	109 441	23.6%

# Refined metal sales

F2007



F2006

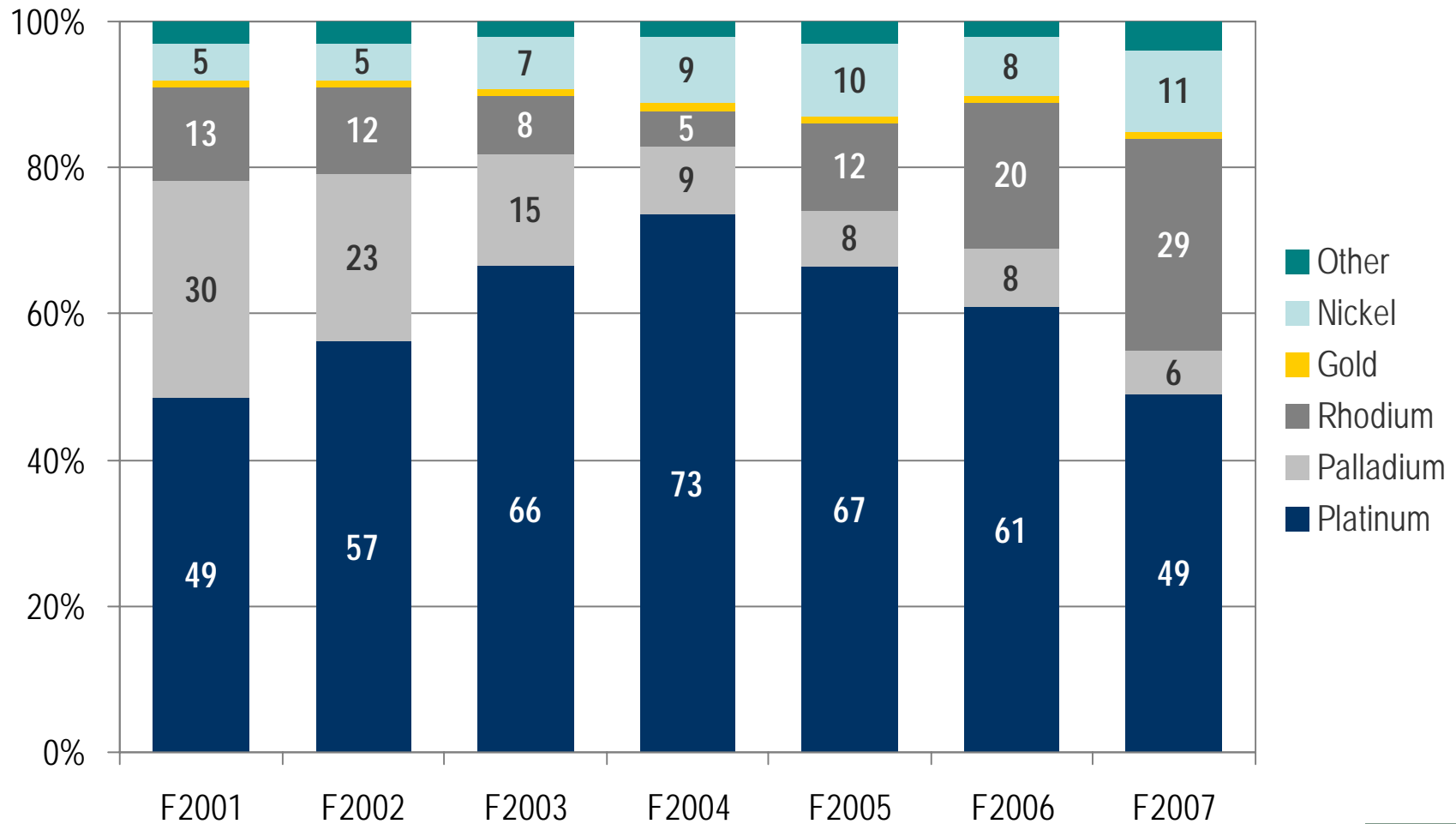


# Sales revenue

	<b>F2007 (R000)</b>	<b>F2006 (R000)</b>	<b>Change</b>
Platinum	<b>1 837 462</b>	1 448 160	26.9%
Palladium	<b>238 849</b>	186 513	28.1%
Rhodium	<b>1 074 565</b>	476 140	125.7%
Gold	<b>30 826</b>	25 242	21.2%
<b>Total (3PGE+Au)</b>	<b>3 181 702</b>	2 136 055	49.0%
Ruthenium	<b>87 308</b>	22 774	283.4%
Iridium	<b>25 221</b>	11 252	124.1%
Copper	<b>36 851</b>	27 818	32.5%
Nickel	<b>403 744</b>	185 480	117.7%
Other	<b>4 979</b>	2 947	69.0%
<b>Total</b>	<b>3 739 805</b>	2 386 326	56.7%



# Revenue contributions



# Income statement

	<b>F2007 (R000)</b>	<b>F2006 (R000)</b>	<b>Change</b>
Sales revenue	<b>3 739 805</b>	2 386 326	56.7%
Cost of sales	<b>1 727 945</b>	1 372 727	25.9%
Operating profit	<b>2 011 860</b>	1 013 599	98.5%
Investment income	<b>83 643</b>	39 700	110.7%
Net sundry income	<b>5 303</b>	19 820	-73.2%
Profit before tax	<b>774 562</b>	367 555	110.7%
Net profit attributable to shareholders	<b>1 326 244</b>	705 564	88.0%
Headline earnings – cents	<b>560.1</b>	301.8	85.6%
Operating margin	<b>53.8</b>	42.5	26.6%

# Capital expenditure

<b>Actual F2007</b>	<b>R million</b>
Access infrastructure to 1 & 14 levels	60.7
Development	30.1
Backfill reticulation	11.4
Underground equipment	8.3
Additional compressed air capacity	3.6
Metallurgical plants	8.3
Employee amenities	14.5
Routine	46.5
<b>Total</b>	<b>183.4</b>

# NORTHAM

P L A T I N U M   L I M I T E D



## Geology

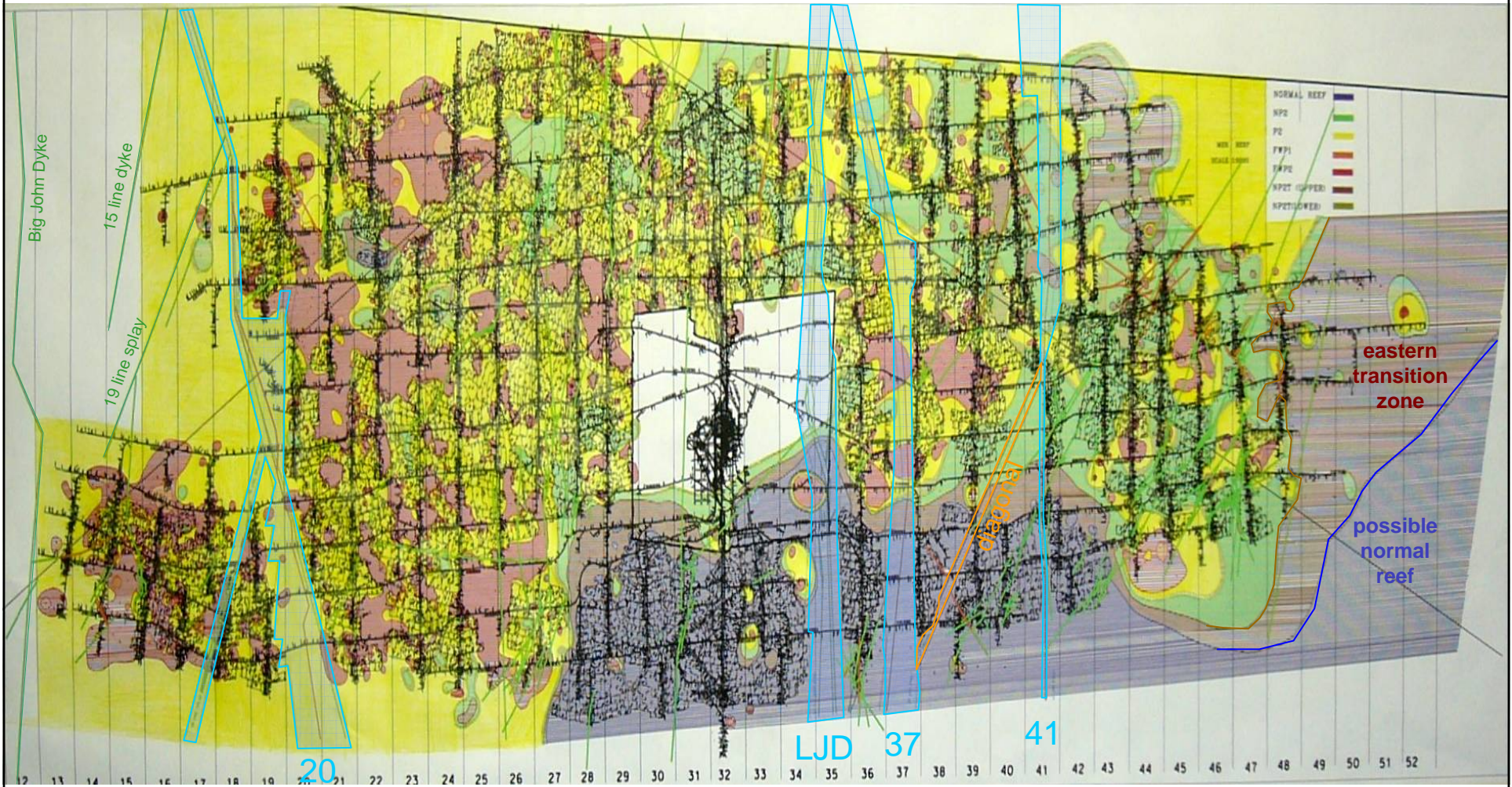
[www.northam.co.za](http://www.northam.co.za)

# Key points

- Eastern transition zone – *Merensky life-of-mine (LOM) loss*
- Deepening project progress – *LOM gain*
- 20 line progress – *continuing development but slow reserve build-up*
- NP2 reef – *lower inherent grade and dilution from reef rolls impacting mill head grade (MHG)*

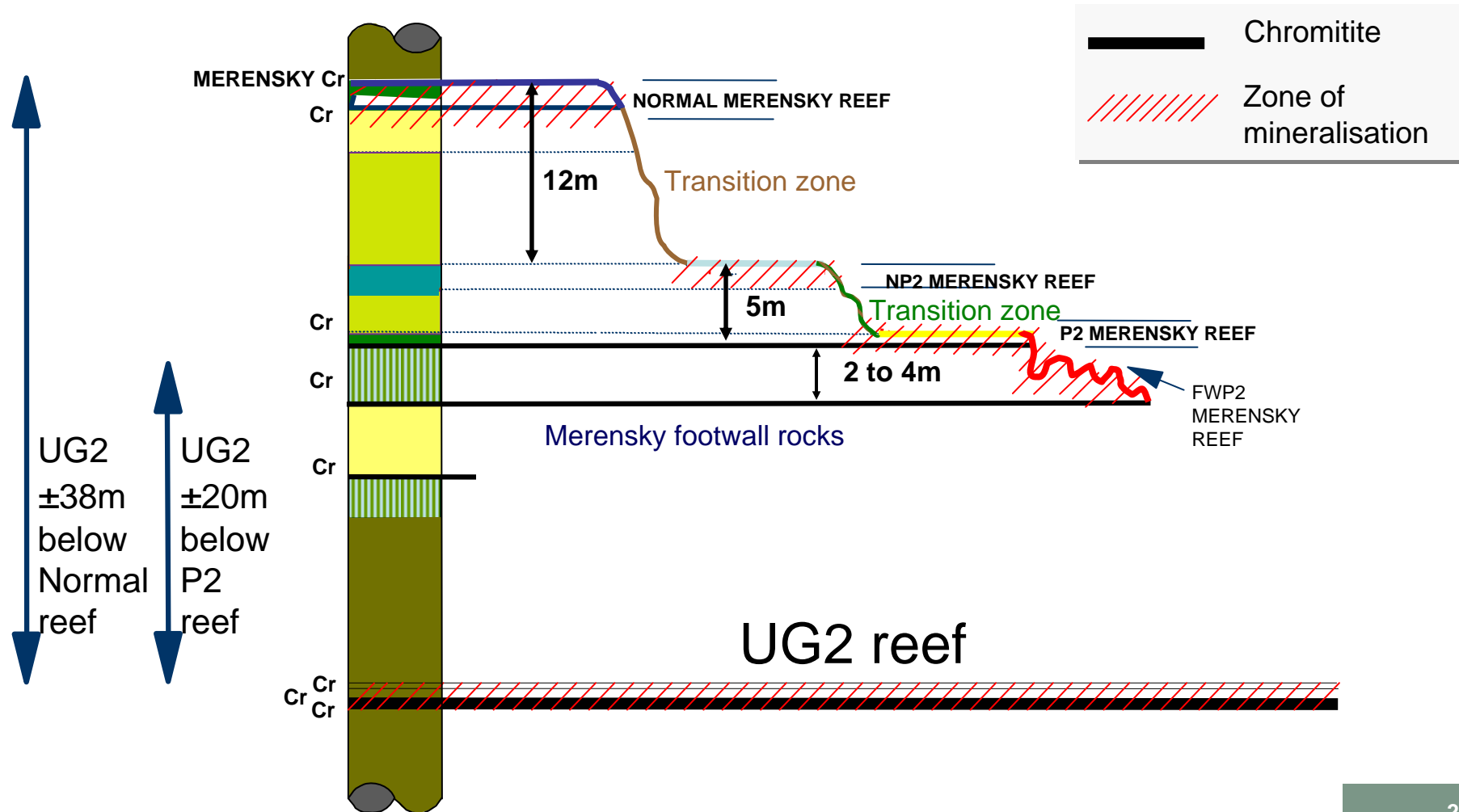


# Mine plan

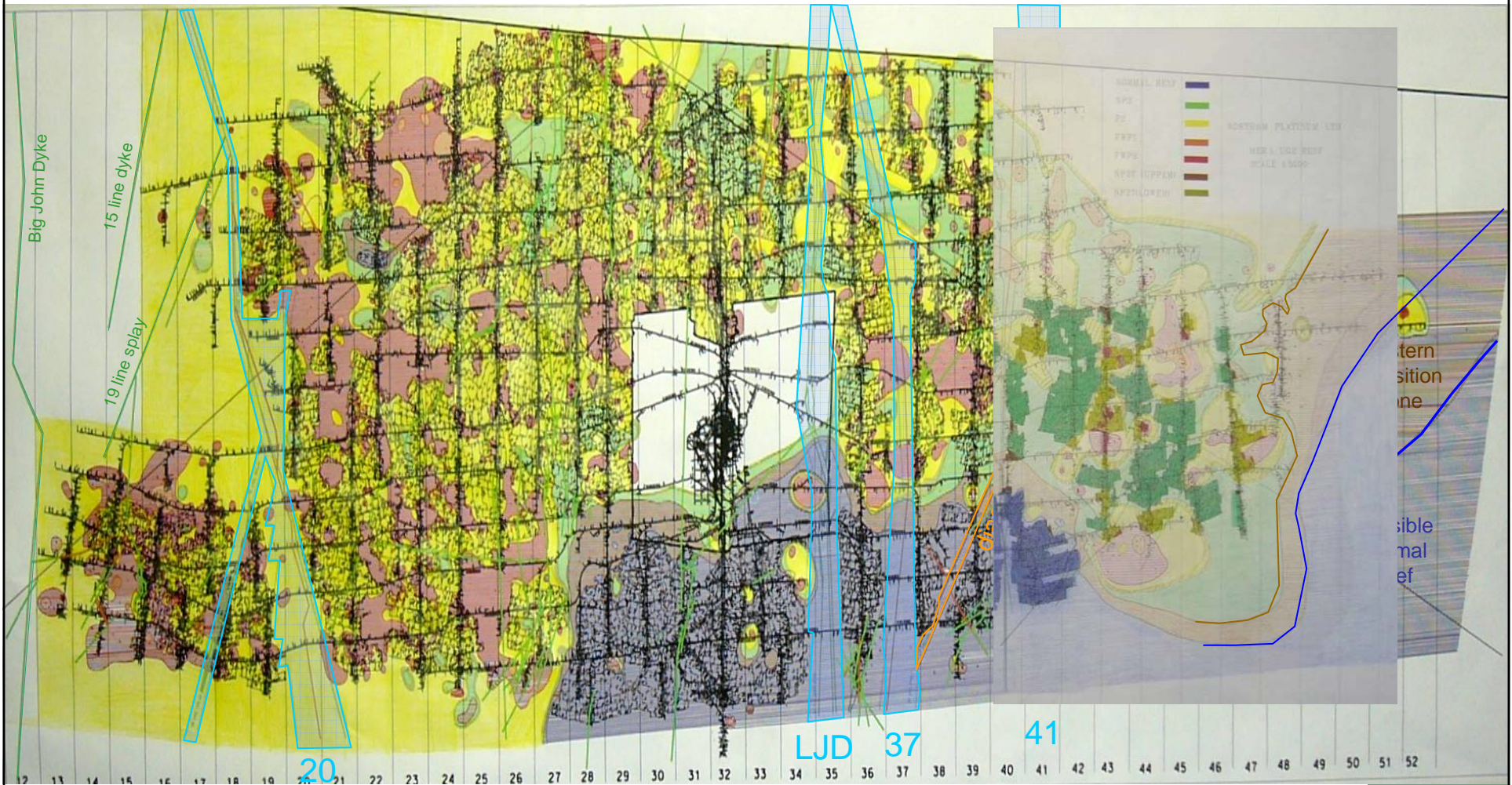




# Geological section

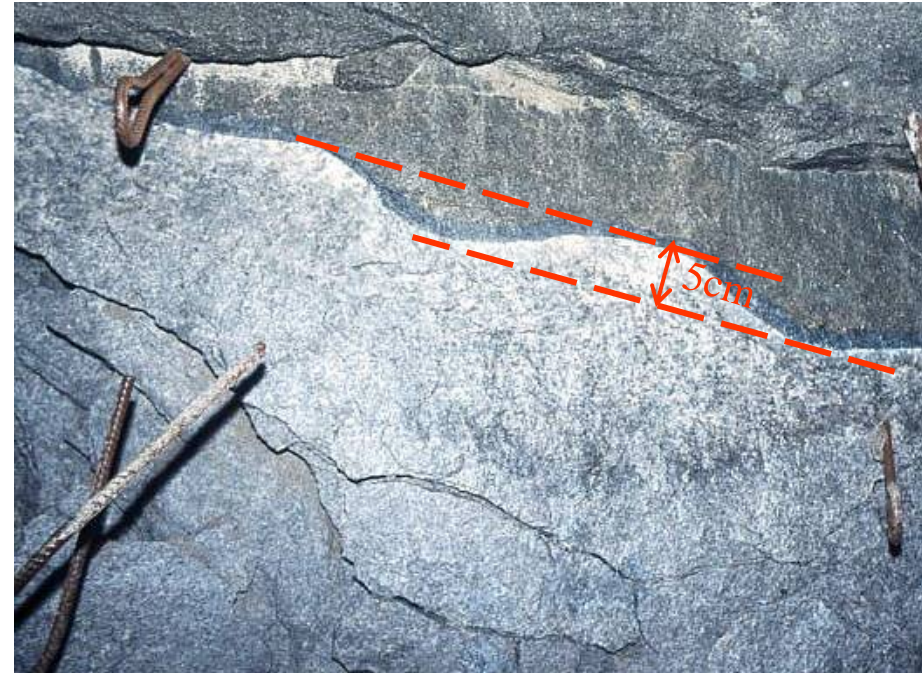


# Mine plan



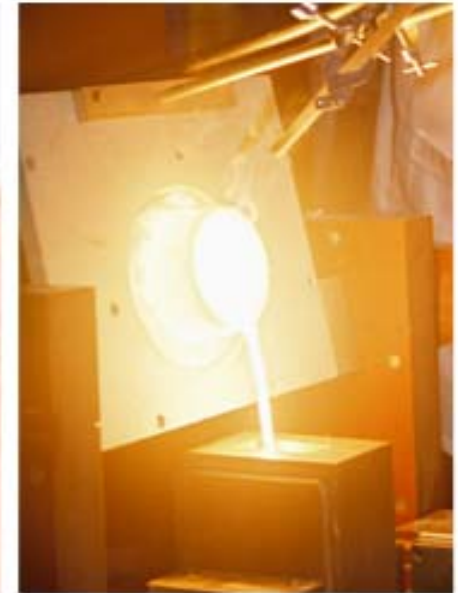
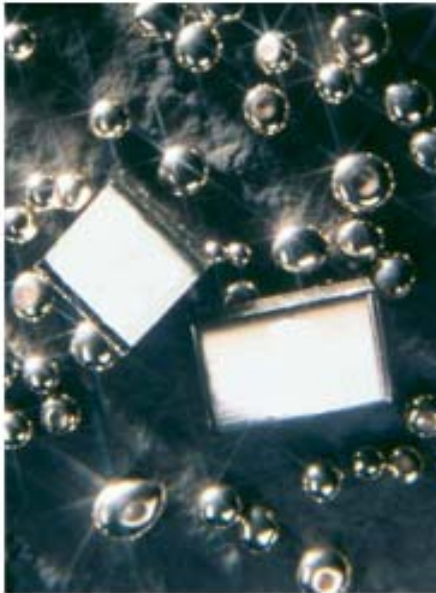


# NP2 reef and impact on grade



# NORTHAM

P L A T I N U M L I M I T E D



## Markets

[www.northam.co.za](http://www.northam.co.za)

# Market review

- Strong demand for Northam's basket of metals has persisted
- Pt - (49% of revenue) - continued growth in diesel autocats and industrial applications. Emerging role of ETFs - as yet modest, but lending support
- Pd (6% of revenue) - decline in jewellery demand but gains in autocat and electronic sectors
- Rh (29% of revenue) - increased consumption for autocats and glass fabrication - demand outpacing supply
- Ni (11% of revenue) - firm demand - historical price highs - recent softening
- Prices for metals have remained buoyant throughout the period

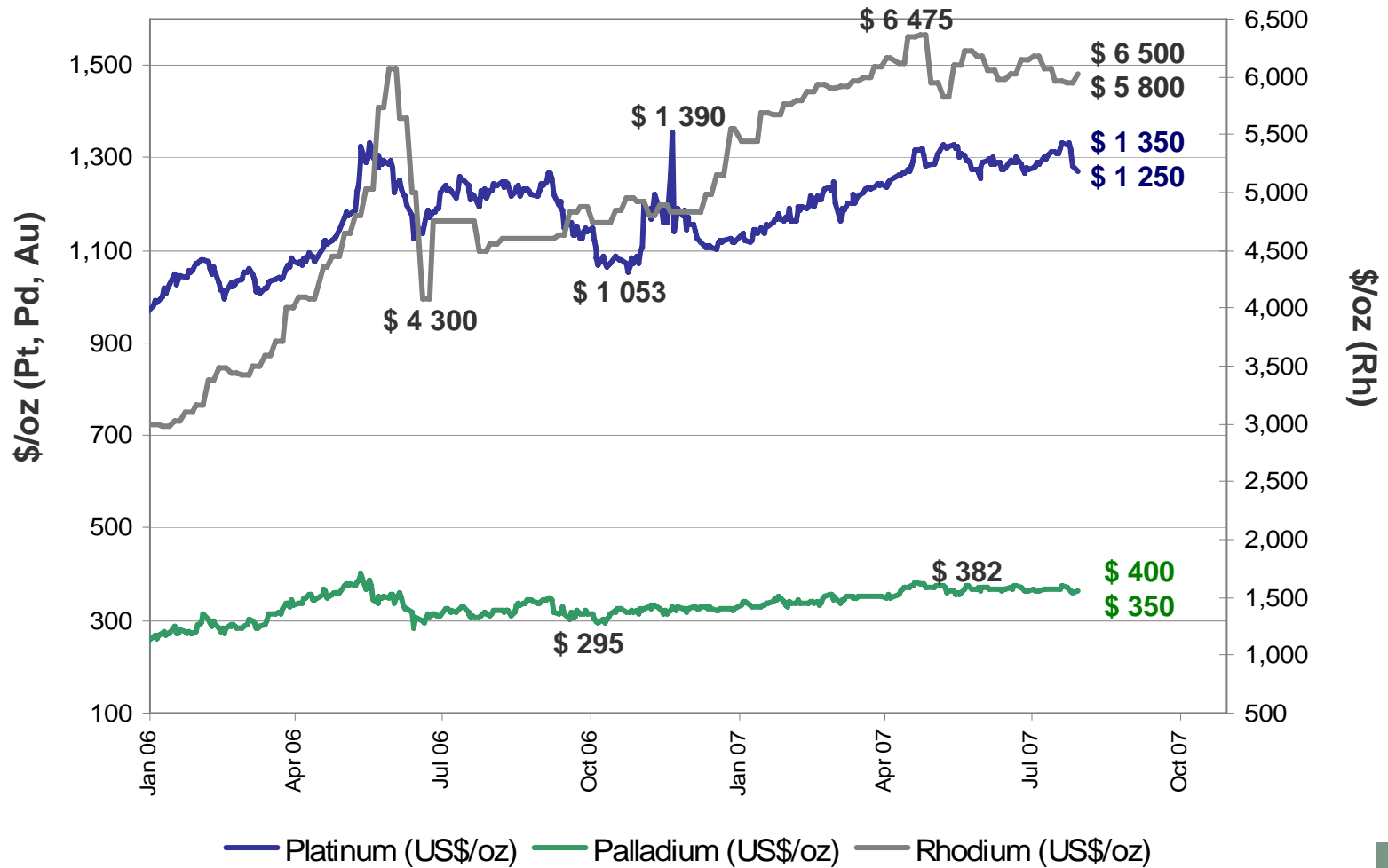


# Market outlook

- Global environmental focus - to broaden and strengthen - bodes well for fundamental demand - albeit facing thrifting, substitution, alternative technologies
- Pt - continuing robust demand; supply side risks – market deficit likely to continue. On-going PGI jewellery initiatives
- Pd - further substitution for Pt in autocats, and further growth in electronics likely – market surplus to maintain, but price support from reliable demand and fund interest
- Rh - on-going autocat demand but thrifting likely. Russian supply uncertainties. Limited liquidity to continue
- Ni - demand easing; LME stocks and supplies increasing – further softening from current prices likely



# Metal prices



# Refining

- Heraeus SA refinery - Port Elizabeth – official opening February 2007
- Fine Metal Refinery, Heraeus brand metal, sponge and ingot capability
- Application submitted to LPPA for London-Zurich Good Delivery status
- To date, +/- 1000kg Pt, 500 kg Pd produced in Port Elizabeth
- Facilitation of sales for downstream beneficiation



# Key issues going forward

## **Operating issues**

- Safety
- Difficult Merensky mining conditions
- Development west of 20 line fissure
- Eastern NP2 upper transition zone

## **Production**

- F2008 PGM production is very difficult to predict

## **Markets**

- Strong fundamental demand continues

## **Growth**

- Remains an imperative

## **Prospects**

- At current metal prices F2008 earnings likely to be in line with F2007

# NORTHAM

P L A T I N U M L I M I T E D



## RESULTS

FOR THE YEAR ENDED 30 JUNE 2007

3 August 2007

[www.northam.co.za](http://www.northam.co.za)