



Key features:

- Sales volumes up by 22% to 333 000 oz
- 31% decline in rand basket price received
- Cash cost increases held to 14%
- Strong cash position maintained

NORTHAM

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

Reviewed preliminary
announcement of results and
dividend declaration for the year
ended 30 June 2009

Consolidated Income Statement

	Change %	Year ended 30 June 2009 R000 Reviewed	Year ended 30 June 2008 R000 Audited
Sales revenue	(18.0)	3 186 042	3 886 137
Cost of sales	47.2	2 368 129	1 608 648
Operating costs	17.2	1 905 889	1 626 610
Concentrates purchased		140 192	–
Refining and other costs	60.1	120 917	75 540
Depreciation	7.8	160 907	149 325
Change in metal inventories		40 224	(242 827)
Operating profit	(64.1)	817 913	2 277 489
Share of profits from associate		72 606	–
Investment income	33.8	130 417	97 507
Net sundry income/(expenditure)		(6 430)	1 824
Expenditure on Booyesendal Platinum Project		–	(17 969)
Profit before tax	(57.0)	1 014 506	2 358 851
Tax	(55.7)	384 024	866 040
Profit attributable to shareholders	(57.8)	630 482	1 492 811
Reconciliation of headline earnings			
Profit attributable to shareholders		630 482	1 492 811
Loss/(profit) on sale of property, plant and equipment		42	22
Income from joint venture in prior periods		(67 847)	–
Tax effect		16 048	(6)
	61.2	578 725	1 492 827
Earnings per share – cents	(70.7)	183.7	627.2
Fully diluted earnings per share – cents	(70.4)	183.5	620.7
Headline earnings per share – cents	(73.1)	168.6	627.2
Dividends per share – cents		78.0	330.0
Weighted average number of shares in issue		343 162 299	238 006 682
Fully diluted number of shares in issue		343 579 279	240 522 426
Number of shares in issue at year end		359 909 500	238 687 500

Consolidated Cash Flow Statement

Cash flows from operations	606 241	1 546 908
Profit before tax	1 014 506	2 358 851
Depreciation	160 907	149 325
Share of profits from associate	(74 773)	–
Change in working capital	292 703	(265 004)
Change in provisions	(24 361)	35 305
Tax paid	(791 936)	(748 229)
Other	29 195	16 660
Cash flows utilised in investing activities	(380 666)	(263 795)
Property, plant and equipment		
Additions to maintain operations	(367 445)	(264 976)
Disposals proceeds	1 717	2 890
Investment in associate	7 500	–
Township development	(22 440)	(1 707)
Investments	2	(2)
Cash flows utilised in financing activities	(804 416)	(993 277)
Proceeds from issue of shares	3 774	22 280
Dividends paid	(802 122)	(1 010 068)
Increase in investments held by Northam Platinum Restoration Trust Fund	(3 073)	(2 900)
Increase in investments held by Environmental Guarantee Fund	(2 995)	(2 589)
Net increase in cash and cash equivalents	(578 841)	289 836
Cash and cash equivalents of subsidiary at date of acquisition	(4)	–
Cash and cash equivalents at beginning of period	1 499 748	1 209 912
Cash and cash equivalents at end of period	920 903	1 499 748

Consolidated Balance Sheet

	Year ended 30 June 2009 R000 Reviewed	Year ended 30 June 2008 R000 Audited
Property, plant and equipment	7 459 883	1 683 901
Investment in associate	130 106	–
Township development	59 345	36 905
Available for sale investments	6	8
Investments held by Northam Platinum Restoration Trust Fund	24 893	21 820
Environmental Guarantee Investment	15 895	12 900
Toro Employee Empowerment Trust	46 602	–
Current assets	1 616 006	2 363 992
Inventories	468 254	504 980
Trade and other receivables	226 849	359 264
Cash and cash equivalents	920 903	1 499 748
Total assets	9 352 736	4 119 526
Share capital	7 622 968	2 053 194
Equity compensation reserve	55 177	27 584
Retained earnings	654 040	823 093
Shareholders' equity	8 332 185	2 903 871
Deferred tax	428 821	388 055
Long-term provisions	53 838	55 858
Current liabilities	537 892	771 742
Trade and other payables	418 011	229 449
Tax	4 456	449 110
Short-term provisions	115 669	93 183
Total equity and liabilities	9 352 736	4 119 526
Consolidated Statement of Changes in Equity		
Equity at beginning of period as previously stated	2 903 871	2 381 446
Profit attributable to shareholders	630 482	1 492 811
Credit in respect of share based payments	30 180	17 402
Issue of new shares	5 569 774	22 280
Dividends distributed	(802 122)	(1 010 068)
Equity at end of period	8 332 185	2 903 871
Capital Commitments		
Authorised but not contracted	191 504	248 699
Contracted	45 046	91 466
	236 550	340 165
Other Commitments		
Information Technology Outsource Service Provider		
Due in one year	10 933	1 889
Due in two to five years	29 353	–
Operating lease rentals – office equipment		
Due in one year	300	270
Due in two to five years	176	191
Operating lease rentals – premises		
Due in one year	651	598
Due in two to five years	459	1 110
Employee housing development		
Contracted	–	16 000
These commitments will be financed out of operating cash flows.		

Operating Statistics

	Change %	Year ended 30 June 2009 R000	Year ended 30 June 2008 R000	
Merensky				
Development metres	(16.1)	8 071	9 615	
Square metres mined	(2.1)	201 014	205 251	
Tonnes milled	(0.9)	1 050 404	1 059 624	
Head grade (g/ton – 3 PGEs + Au)	2.8	5.8	5.6	
Available ore reserves in months		20	18	
UG2				
Development metres	20.9	3 770	3 117	
Square metres mined	1.4	160 555	158 294	
Tonnes milled	9.5	1 054 687	963 033	
Head grade (g/ton – 3 PGEs + Au)	–	4.4	4.4	
Available ore reserves in months		19	21	
Combined				
Development metres	(7.0)	11 841	12 732	
Square metres mined	(0.5)	361 569	363 545	
Tonnes milled	4.1	2 105 091	2 022 657	
Head grade (g/ton – 3 PGEs + Au)	1.2	5.1	5.0	
Financial Statistics				
Precious metals in concentrates produced *	kg	3.2	9 408	9 113
Precious metals in concentrates purchased *	kg		487	–
Precious metals sold *	kg	20.7	10 362	8 586
Average price realised *	R/kg	(31.4)	280 609	409 161
Operating costs *	R/kg	13.6	219 691	193 409
Cash operating costs *	R/kg	14.0	199 680	175 197
Precious metals in concentrates produced *	oz	3.2	302 474	292 989
Precious metals sold *	oz	20.7	333 159	276 059
Average price realised *	US\$/oz	(41.9)	1 001	1 722
Operating costs *	US\$/oz	(6.7)	766	821
Cash operating costs *	US\$/oz	(6.5)	696	744
Average exchange rate realised	US\$1.00 = R	18.0	8.72	7.39
* – 3PGE + Au				
Operating cost per tonne milled	R/tonne	12.7	982	871
Cash cost per tonne milled	R/tonne	13.1	892	789

Comment on results

Introduction

The singular most important development in the past year was the finalisation of the Booyensdal transaction and the implementation of the agreements associated with the acquisition of the Booyensdal platinum asset from Mvelaphanda Resources Limited (Mvela Resources).

This transaction has resulted in Northam's empowerment status being cemented at the equity level, which in turn has led to the inclusion of revenues from the company's 7.5% stake in the Pandora Joint Venture ("Pandora"), which, prior to the Booyensdal transaction, had been warehoused in Mvela Resources.

These developments signal the transformation of Northam, as it begins to make progress in reducing the risk attached to a single operating asset, diversifying its income streams and starts to benefit from lower cost volume growth.

Financial results

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

Production of metals in concentrate during the reporting year increased by 3% to 9 408 kg (302 474 oz). The increased output, together with the purchase of 487 kg (15 657 oz) of custom material, and a decrease in metal inventories, accounted for the 21% increase in unit sales to 10 382 kg (333 159 oz). The increased sales volumes partially offset the effects of the lower rand metal prices received, and limited the drop in sales revenue, at R3 186 million, to 18%.

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

During the year, concentrates to the value of R140 million were purchased.

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

The depreciation charge increased by 8% to R161 million, whilst metal inventories decreased by R40 million. The net effect was that cost of sales increased by 47% to R2 368 million.

Operating profit was 64% lower at R818 million. Nevertheless the operating margin was kept to 25.7%.

Following the implementation of the various agreements relating to the acquisition of Booyensdal, the Group achieved recognition as an Historically Disadvantaged South African ("HDSA") entity. Consequently it became entitled to acquire the 7.5% interest in Pandora that had been warehoused by Mvela Resources. As a consequence, Northam brought to account an investment of R130 million and income of R72 million, R68 million of which related to the periods prior to the Group being entitled to account for Pandora. The investment of R130 million includes R65 million in respect of the cost of acquiring the interest.

The higher interest rates earlier in the year had a positive impact on investment income which was 35% higher at R130 million. Net sundry expenditure was R6 million compared to net sundry revenue of R2 million the previous year.

As a consequence of the above, profit attributable to shareholders decreased by 58% to R630 million, with headline earnings per share decreasing from 627 cents per share to 169 cents per share.

Cash flows reflect a net decrease of R578 million. Cash flows from operations of R606 million included a decrease in working capital of R293 million and taxes paid of R792 million. Investing cash flows absorbed R381 million, the principal contributors to which were capital expenditure of R367 million and the R8 million cash received from Pandora. Major items of capital expenditure included R14 million on development, R78 million on access infrastructure to 1 and 18 levels, R74 million on the once-off smelter rebuild, R23 million on additional accommodation and R36 million on the Booyensdal project. Expenditure on the employee housing project absorbed a further R22 million. The main component of the financing cash flows were the dividends of R802 million paid during the year under review.

Changes in share capital

During the year under review, 121.0 million shares were allotted and issued to Mvelaphanda Resources Limited pursuant to the acquisition of Booyensdal. These shares, together with 222 000 shares allotted and issued in terms of the rules of the Northam Share Option Scheme, resulted in the issued share capital increasing to 359 909 500 shares of 1 cent each.

Safety and health

Management and the board acknowledge the sad loss of life of four employees who died in separate mining related accidents over the year and extend their condolences to the families of the deceased.

The year under review has seen a particularly stringent focus on safety and safety related issues on the operations which resulted in an improvement in the safety indicators, such as lost time and reportable injury rates.

The challenge for management and the employees is to sustain this positive safety trend and continuously improve on safety. The board remains fully supportive of the combined efforts of management, organised labour and the Department of Mineral Resources (DMR) in promoting a culture which seeks to empower employees to take responsibility for their health and safety, and so protect them from the inherent risks of mining operations.

Management and the board acknowledge the sad loss of life of four employees who died in separate mining related accidents over the reporting period.

Northam mine – operating performance

Production of metals in concentrates from the Zondereinde mine during the year increased by 3.2% to 9 408 kg (302 474 oz) and metal purchases totalled 487 kg (15 657 oz). Unit sales increased by 20.7% to 10 362 kg (333 159 oz). Tonnages milled from both the Merensky and UG2 reefs were 4.1% higher at 2 105 091 tonnes while the combined average head grade rose by some 2.0% to 5.1 g/t (3PGE+Au), reflecting the improved grade of 5.8g/t from the Merensky reef.

Merensky ore reserve availability increased from 18 months to 20 months. The UG2 ore reserve availability remained satisfactory at 20 months.

Booysendal transaction update

As announced on 19 August 2008, the implementation of the Booysendal transaction commenced with the 121 000 000 ordinary shares being allotted and issued to Mvelaphanda Equity (Proprietary) Limited, a wholly-owned subsidiary of Mvela Resources Limited on 20 August 2008, and Northam acquiring the entire issued share capital of Khumama Platinum (Proprietary) Limited (Khumama). The first 50% of the issued share capital of Micawber 278 (Proprietary) Limited (Micawber), which holds the Booysendal mining titles, was transferred to Khumama in August 2008, with the remaining 50% being acquired in June 2009, following the approval by the department of Mineral Resources of the change in control of Booysendal.

The DMR has given notice that the conversion of Booysendal's old order mining title covering nine of the 11 Booysendal farms has been approved. The process of formalising the conversion has commenced. The application for mining rights over the remaining two farms presently held under new order prospecting rights is currently being processed.

Booysendal project – progress report

The Booysendal feasibility study has progressed according to plan and remains scheduled for completion during the second half of this calendar year after which a value engineering exercise will be undertaken to optimise designs, layouts and schedules. Specialist consulting teams are close to finalising the metallurgical and mine design as well as the infrastructure and environmental components of the project.

As indicated at the end of the 2008 financial year, a modular design and incremental production build-up remains the preferred method of developing the Booysendal mine. This approach should provide flexibility in implementation, as it is dependent on additional power and water as well as the prevailing market conditions.

Prospects

In the absence of any unforeseen production interruptions, metal production at the Northam mine in the year ahead is likely to be marginally higher than that achieved in the past year. Management at Northam continues to work closely with Eskom to ensure optimal operations in line with Eskom's guidelines.

Whilst unit cash operating costs are expected to increase in line with inflation, earnings will be determined largely by the average Rand basket price received in F2010. This is currently at a lower level than the R280 609 per kilogram received during this reporting period.

Impairment

Management has performed an impairment test on the Northam mine and the Booysendal project, and is satisfied that no impairment is necessary.

Audit review

Ernst & Young Inc., the Group's auditors, have reviewed the financial results. A copy of their unmodified report is available for inspection at the company's registered office.

Accounting policies – basis of preparation

The financial statements have been prepared on the historical cost basis, except for financial instruments that are fairly valued, in accordance with IAS 34 – Interim Reporting, issued by the International Accounting Standards Board and incorporate the accounting policies which are consistent with those adopted in the financial year ended 30 June 2009, with the exception of the adoption of the following changes in International Financial Reporting Standards (IFRS):

- IAS 39 – Financial Instruments: Recognition and Measurement (amendment);
- IFRS 7 – Financial Instruments; Disclosure (amendment);
- IFRIC 12 – Service Concession Arrangements;
- IFRIC 13 – Customer Loyalty Programmes; and
- IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The adoption of IAS 31, the adoption of these amendments, standards and interpretations did not have any impact on the results.

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.

Segmental reporting

The Group's primary segment reporting format is by business segment. During the year the Group derived its sales revenue from customers in Europe, Japan, North America and South Africa, with accounts receivable at the end of the year comprising amounts receivable from entities in the abovementioned countries.

Directorate

The following changes occurred during the period under review:

- Mr N B Mbazima resigned as a director on 20 August 2008;
- Mr A K Gupta was appointed alternate director to P L Zim on 27 February 2009; and
- Messrs C K Chabedi, A R Martin and M S M M Xayiya were appointed directors on 22 June 2009, with Mr M J Willcox being appointed alternate director to Mr M S M M Xayiya on the same date.

Dividend

Dividend number 21 of 40 cents per share has been declared in South African currency, in respect of the year ended 30 June 2009. In compliance with the requirements of Strate, the following dates are applicable:

Last day to trade (<i>cum div</i>)	Friday, 4 September 2009
Last day to trade (<i>ex div</i>)	Monday, 7 September 2009
Record date	Friday, 11 September 2009
Payment date	Monday, 14 September 2009

No share certificates may be dematerialised or rematerialised between Monday, 7 September 2009 and Friday, 11 September 2009, both days inclusive.

On behalf of the board

P L Zim

Chairman

Johannesburg

12 August 2009

G T Lewis

Chief Executive Officer

Directors:

P L Zim (Chairman), (Alternate: A K Gupta)

G T Lewis (Chief Executive Officer) (British)

C K Chabedi, M E Beckett (British)

Ms N J Dlamini (Dr), R Havenstein

Ms E T Kgosi, A R Martin, B R van Rooyen

M S M M Xayiya (Alternate: M J Willcox)



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These results are available on our website at www.northam.co.za

(Incorporated in the Republic of South Africa)

(Registration number 1977/003282/06)

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("Northam" or "the Company" or "the Group")