NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

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 both Zondereinde and Booysendal, which is the lowest level for which cash flows are largely independent of other assets.

Impairment testing requires management to make significant judgements concerning the existence of impairment indicators, identification of cash-generating units, remaining useful lives of assets and estimates of projected cash flows and fair value less costs to sell. Management's analysis of cash-generating units involves an assessment of a group of assets' ability to independently generate cash inflows and involves analysing the extent to which different products make use of the same assets. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

The determined value in use of the cash-generating unit is most sensitive to the platinum price, the US dollar exchange rate and the discount rate.

In assessing the value in use, the following key estimates and judgments were made by management, which are based on management interpretation of market forecast and the future.

1. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS CONTINUED

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
The main assumptions include:				
Long-term real platinum price – US$ per ounce	**1 750**	1 595	**1 750**	1 595
Long-term real exchange rate – US$ = R	**9.10**	7.50	**9.10**	7.50
Long-term real discount rate – %	**9.76**	10.00	**9.76**	10.00

Management estimated the residual amount of mineral assets that the group is not planning to develop. For those assets, the residual amount is calculated on a fair-value-less-cost-to-sell basis taking into account earlier binding sales agreements that did not occur.

1.2 PROVISIONS

	Group 2013	Group 2012	Company 2013	Company 2012
The net present value of current decommissioning and restoration costs are based on the following assumptions:				
Long-term inflation rate for South Africa – %	**6.00**	6.00	**6.00**	6.00
Long-term real discount rate – % (based on long bond yield rates)	**8.00**	8.00	**8.00**	8.00

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.

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 resource 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 (if any), and depreciation and amortisation charges.

1.5 PRODUCTION START DATE FOR BOOYSENDAL

The group assesses the stage of a mine under construction to determine when the mine moves into the production phase. This being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of that mines construction project, such as the complexity of the project and its location. The group considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from "pre-production development expenditure" to "property, plant and equipment".

Some of the criteria used to identify the production start date include, but are not limited to:
- Level of capital expenditure incurred compared to the original construction cost estimate
- Completion of a reasonable period of testing of the mine plant and equipment
- Ability to produce metal in saleable form (within specifications)
- Ability to sustain ongoing production of metal

When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation commences.

1.6 CAPITALISATION OF BORROWING COSTS

Northam obtained various forms of borrowings to fund the development of the Booysendal mine. In assessing these borrowing costs incurred, an allocation is made to estimate the percentage of these costs that funds working capital at the Zondereinde mine. Only borrowing costs relating to qualifying assets (development of the Booysendal mine) is capitalised.

1. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS CONTINUED

1.7 TORO EMPLOYEE EMPOWERMENT TRUST

In applying the projected unit credit method, the following estimates were used:

	2013	2012
	%	%
– Discount rate	**5.40**	7.75
– Expected rate of return on assets	**7.30**	7.45

2. PROPERTY, PLANT AND EQUIPMENT

	Mining plant and equipment	Development costs	Decom-missioning asset	Motor vehicles	Total
	R000	R000	R000	R000	R000
GROUP – 30 JUNE 2013					
Property, plant and equipment:					
– at cost	3 656 756	4 016 435	95 430	19 230	**7 787 851**
– accumulated depreciation	(1 539 254)	–	(17 953)	(8 418)	**(1 565 625)**
Balance at end of year	2 117 502	4 016 435	77 477	10 812	**6 222 226**
Reconciliation of movement in property, plant and equipment:					
– balance at beginning of year	1 983 761	2 529 543	69 172	16 213	**4 598 689**
– additions to maintain operations	345 745	–	–	478	**346 223**
– present value of decommissioning asset capitalised (note 20)	–	–	10 658	–	**10 658**
– additions to expand operations	–	1 381 135	–	2 065	**1 383 200**
– borrowing costs capitalised	–	105 757	–	–	**105 757**
– acquisition of a subsidiary (note 4)	10 039	–	–	456	**10 495**
– disposals at cost	(117 989)	–	–	(7 782)	**(125 771)**
– accumulated depreciation on disposals during the year	117 989	–	–	2 777	**120 766**
– depreciation charged for the year	(189 043)	–	(2 353)	(3 395)	**(194 791)**
– write-off of assets	(33 000)	–	–	–	**(33 000)**
Balance at end of year	2 117 502	4 016 435	77 477	10 812	**6 222 226**

	Mining plant and equipment	Development costs	Decom-missioning asset	Motor vehicles	Total
	R000	R000	R000	R000	R000
GROUP – 30 JUNE 2012					
Property, plant and equipment:					
– at cost	3 418 961	2 529 543	84 772	24 013	**6 057 289**
– accumulated depreciation	(1 435 200)	–	(15 600)	(7 800)	**(1 458 600)**
Balance at end of year	1 983 761	2 529 543	69 172	16 213	**4 598 689**
Reconciliation of movement in property, plant and equipment:					
– balance at beginning of year	1 842 148	845 577	72 500	19 294	**2 779 519**
– additions to maintain operations	319 832	–	–	4 800	**324 632**
– additions to expand operations	–	1 683 966	–	3 017	**1 686 983**
– present value of decommissioning asset capitalised (note 20)	–	–	(1 123)	–	**(1 123)**
– reclassification between categories	(12)	–	12	–	**–**
– disposals at cost	(5 613)	–	–	(9 047)	**(14 660)**
– accumulated depreciation on disposals during the year	4 471	–	–	2 135	**6 606**
– depreciation charged for the year	(177 065)	–	(2 217)	(3 986)	**(183 268)**
Balance at end of year	1 983 761	2 529 543	69 172	16 213	**4 598 689**

2. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Mining plant and equipment and development cost	Decom-missioning asset	Motor vehicles	Total
	R000	R000	R000	R000
COMPANY – 30 JUNE 2013				
Property, plant and equipment:				
– at cost	3 644 818	52 628	9 743	**3 707 189**
– accumulated depreciation	(1 537 621)	(17 953)	(4 525)	**(1 560 099)**
Balance at end of year	2 107 197	34 675	5 218	**2 147 090**
Reconciliation of movement in property, plant and equipment:				
– balance at beginning of year	1 983 761	33 545	10 308	**2 027 614**
– additions to maintain operations	343 846	–	478	**344 324**
– present value of decommissioning asset capitalised (note 19)		3 483	–	**3 483**
– disposals at cost	(117 989)	–	(6 570)	**(124 559)**
– accumulated depreciation on disposals during the year	117 989	–	2 498	**120 487**
– depreciation charged for the year	(187 410)	(2 353)	(1 496)	**(191 259)**
– write-off of assets	(33 000)	–	–	**(33 000)**
Balance at end of year	2 107 197	34 675	5 218	**2 147 090**

	Mining plant and equipment and development cost	Decom-missioning asset	Motor vehicles	Total
	R000	R000	R000	R000
COMPANY – 30 JUNE 2012				
Property, plant and equipment:				
– at cost	3 418 961	49 145	15 835	**3 483 941**
– accumulated depreciation	(1 435 200)	(15 600)	(5 527)	**(1 456 327)**
Balance at end of year	1 983 761	33 545	10 308	**2 027 614**
Reconciliation of movement in property, plant and equipment:				
– balance at beginning of year	1 841 006	35 179	14 170	**1 890 355**
– additions to maintain operations	319 832	–	4 800	**324 632**
– present value of decommissioning asset capitalised (note 19)	–	571	–	**571**
– transfer between categories	(12)	12	–	**–**
– disposals at cost	(4 471)	–	(8 009)	**(12 480)**
– accumulated depreciation on disposals during the year	4 471	–	1 931	**6 402**
– depreciation charged for the year	(177 065)	(2 217)	(2 584)	**(181 866)**
Balance at end of year	1 983 761	33 545	10 308	**2 027 614**

3. MINING PROPERTIES AND MINERAL RESOURCES

	Mining properties	Mineral resources*	Total
	R000	R000	R000
GROUP – 30 JUNE 2013			
– at cost	282 374	5 571 003	**5 853 377**
– accumulated depreciation	(144 552)	–	**(144 552)**
Balance at end of year	137 822	5 571 003	**5 708 825**
Reconciliation of movement in mining properties and mineral resources			
– balance at beginning of year	146 430	4 390 703	**4 537 133**
– additions during the year	63	–	**63**
– reclassification from mineral resource held for sale	–	1 180 300	**1 180 300**
– depreciation charged for the year	(8 671)	–	**(8 671)**
Balance at end of year	137 822	5 571 003	**5 708 825**
GROUP – 30 JUNE 2012			
At cost	282 311	4 390 703	**4 673 014**
Accumulated depreciation	(135 881)	–	**(135 881)**
Balance at end of year	146 430	4 390 703	**4 537 133**
Reconciliation of movement in mining properties and mineral resources			
– balance at beginning of year	148 413	5 571 003	**5 719 416**
– reclassification to mineral resource held for sale	–	(1 180 300)	**(1 180 300)**
– additions to expand operations	6 438	–	**6 438**
– depreciation charged for the year	(8 421)	–	**(8 421)**
Balance at end of year	146 430	4 390 703	**4 537 133**

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

MINERAL RESOURCE HELD FOR SALE

	Mineral resources	Total
	R000	R000
Balance at 1 July 2011	–	–
Carrying value of assets held for sale previously classified under mining properties and mineral resources	1 180 300	1 180 300
Balance at 30 June 2012	1 180 300	1 180 300
Carrying value of assets held for sale reclassified to mining properties and mineral resources	(1 180 300)	(1 180 300)
Balance at 30 June 2013	–	–

The aforementioned represented the agreement with Aquarius Platinum Limited and Aquarius Platinum (South Africa) Proprietary Limited to dispose of the mineral rights attached to the southern portion of Booysendal mine for an amount of R1.2 billion.

The agreement lapsed during the year and the mineral resource has subsequently been reclassified to mineral resources.

	Mining properties	Mineral resources	Total
	R000	R000	R000
COMPANY – 30 JUNE 2013			
– at cost	266 314	–	**266 314**
– accumulated depreciation	(144 552)	–	**(144 552)**
Balance at end of year	121 762	–	**121 762**
Reconciliation of movement in mining properties and mineral resources			
– balance at beginning of year	130 369	–	**130 369**
– additions during the year	64	–	**64**
– depreciation charged for the year	(8 671)	–	**(8 671)**
Balance at end of year	121 762	–	**121 762**
COMPANY – 30 JUNE 2012			
At cost	266 250	–	**266 250**
Accumulated depreciation	(135 881)	–	**(135 881)**
Balance at end of year	130 369	–	**130 369**
Reconciliation of movement in mining properties and mineral resources			
– balance at beginning of year	135 110	–	**135 110**
– additions during the year	3 680	–	**3 680**
– depreciation charged for the year	(8 421)	–	**(8 421)**
Balance at end of year	130 369	–	**130 369**

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 10). The bond was cancelled during the prior financial year.

4. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

ACQUISITIONS IN 2013

Acquisition of Northam Chrome Producers Proprietary Limited

On 1 July 2012, the company acquired 70% of the voting shares in Northam Chrome Producers Proprietary Limited (NCP), an unlisted company based in the town of Northam, and specialising in chrome recovery, for a cash consideration of R10 million. The group acquired NCP in order to capture benefits from the chrome industry, a by-product to PGM mining.

ASSETS ACQUIRED AND LIABILITIES ASSUMED

The fair values of the identifiable assets and liabilities of NCP as at the date of acquisition were:

	Group	
	2013	2012
	R000	R000
ASSETS		
Property, plant and equipment	**10 495**	–
Cash and cash equivalents	**16 416**	–
Trade receivables	**1 442**	–
Inventories	**689**	–
	29 042	–
LIABILITIES		
Long-term provisions	**166**	–
Short-term provisions	**18**	–
Trade payables	**6 619**	–
Receiver of revenue	**4 070**	–
	10 873	–
Total identifiable net assets	**18 169**	–
Non-controlling interest	**(8 169)**	–
Non-controlling interest's portion of the identifiable net assets	**(5 173)**	–
Non-controlling interest's portion of pre-acquisition dividends declared during the financial year	**(2 996)**	–
Purchase consideration transferred	**10 000**	–

The non-controlling interest in NCP has been determined as the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

Subsequent to year end, the company acquired an additional 10% of the voting shares in NCP for a consideration of R10 million.

From the date of acquisition, NCP has contributed R129.8 million of revenue and R105.6 million to profit before tax for the group.

Trade receivables are considered fully recoverable.

No significant transaction costs were incurred with the acquisition of NCP.

5. INTEREST IN ASSOCIATES AND JOINT VENTURES

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Interest in associates and joint ventures comprises of a 7.5% interest in the Pandora joint venture (associate), a 50% interest in the Dwaalkop platinum project (joint venture), a 51% interest in the Kokerboom exploration project and a 20.3% interest in the issued share capital of Trans Hex Group Limited (associate). The percentage holdings remain unchanged from the prior year.				
Dwaalkop joint venture	**300 679**	300 679	**–**	–
Pandora joint venture/associate	**120 915**	136 915	**44 933**	47 533
Trans Hex Group Limited	**73 904**	67 821	**77 509**	–
	495 498	505 415	**122 442**	47 533

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.

During the financial year the investment in Trans Hex Group Limited was transferred from Mvelaphanda Resources Proprietary Limited to Northam Platinum Limited.

6. INVESTMENTS IN SUBSIDIARIES

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Dialstat Trading Proprietary Limited [1]			*	*
Khumama Platinum Proprietary Limited [2]			**5 566 000**	5 566 000
Mvelaphanda Resources Proprietary Limited [3]			**225 514**	297 688
Norplats Properties Proprietary Limited [4]			*	*
Northam Chrome Producers Proprietary Limited [5]			**10 000**	–
Windfall 38 Properties Proprietary Limited [6]			*	*
Balance at end of year			**5 801 514**	5 863 688

(1) *The company holds 120 ordinary shares representing a 100% equity interest in Dialstat Trading Proprietary Limited.*

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

(3) *The company holds 217 881 101 ordinary shares representing a 100% equity interest in Mvelaphanda Resources Proprietary Limited.*

(4) *The company holds 100 ordinary shares representing a 100% equity interest in Norplats Properties Proprietary Limited.*

(5) *The company holds 70 ordinary shares representing a 70% equity interest in Northam Chrome Producers Proprietary Limited.*

(6) *The company holds 100 ordinary shares representing a 100% equity interest in Windfall 38 Properties Proprietary Limited.*

With the exception of NCP, all companies are wholly-owned.

All companies are incorporated in the Republic of South Africa.

* *Represents investment of less than R1 000.*

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

7. UNLISTED INVESTMENTS

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Available for sale investment	**6**	6	**6**	6

The unlisted investment represents an equity investment in a mining industry service organisation, Rand Mutual Assurance Company Limited.

8. LAND AND TOWNSHIP DEVELOPMENT

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Balance at beginning of year	**43 849**	55 918	**–**	–
Construction in progress	**28**	435	**–**	–
Acquisitions and surrenders	**17 655**	12 507	**–**	–
Disposals	**(45 979)**	(25 011)	**–**	–
Balance at end of year	**15 553**	43 849	**–**	–

Township development comprising 411 residential erven (2012: 382 residential erven) with houses erected thereon in Northam, District of Thabazimbi, as well as 502 undeveloped erven (2012: 1 757 undeveloped erven) in Northam. These properties have been acquired in order to assist the group's employees to acquire affordable housing. The 411 erven are registered in the name of the company's subsidiary, Norplats Properties Proprietary Limited, whilst the 502 erven are registered in the name of Broad Brush Investments 2 Proprietary Limited, a wholly-owned subsidiary of Norplats Properties Proprietary Limited.

97 houses (2012: 140 houses) were sold in Mojuteng Township of Northam town during the year, totalling the number of houses sold to date at 336 (2012: 239).

Broad Brush Investments 2 Proprietary Limited sold 1 255 undeveloped erven to Rustenburg Platinum Mines Limited during the year for R23 million, inclusive of VAT. The undeveloped erven were sold with the intention of township development.

9. LONG-TERM RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Long-term receivables	**92 961**	68 042	**–**	–
Current portion of long-term receivables (note 15)	**(5 561)**	(3 105)	**–**	–
Non-current portion of long-term receivables	**87 400**	64 937	**–**	–

This comprises balances due by employees in respect of Northam's employee home ownership scheme under suspensive sale agreements. The loans to the employees bear interest at the South African prime interest rate, and are 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 2013 there were no receivables (2012: R nil) which were impaired and fully provided for. The group has pledged the instalment sales agreements as security for the loan secured from Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden NV (FMO) (note 21).

10. 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:

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Balance at beginning of year	**35 689**	31 591	**31 231**	29 299
Contributions made during the year	**3 114**	2 183	**806**	156
Interest earned during the year (note 31)	**2 145**	1 915	**1 876**	1 776
Balance at end of year	**40 948**	35 689	**33 913**	31 231

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

11. ENVIRONMENTAL GUARANTEE INVESTMENT

The balance of the fund comprises:

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Balance at beginning of year	**35 720**	29 471	**31 523**	27 421
Contributions made during the year	**6 000**	6 000	**3 000**	3 000
Management fees	**(1 312)**	(1 312)	**(350)**	(350)
Interest earned during the year (note 31)	**1 999**	1 561	**1 792**	1 452
Balance at end of year	**42 407**	35 720	**35 965**	31 523

The Environmental Guarantee Investment policy was issued in terms of the insurance guarantee for R96.9 million (2012: R89.9 million) relating to the group and R31.0 million (2012: R24.0 million) for the company.

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

12. BUTTONSHOPE CONSERVANCY TRUST

The balance of the fund comprises:

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Balance at beginning of year	**9 775**	–	**–**	–
Contributions received during the year	**48**	10 000	**–**	–
Interest earned during the year (note 31)	**351**	–	**–**	–
Less expenditure incurred during the year	**(48)**	(225)	**–**	–
Balance at end of year	**10 126**	9 775	**–**	–

The trust was established as a conservancy trust by Northam Platinum Limited (Northam), with the principal objective of engaging in the conservation, rehabilitation and/or protection of the natural environment, including flora, fauna and the biosphere as well as promoting the establishment of, and education and training programmes relating to, environmental awareness, greening, clean-up and/or sustainable development projects in respect of Portion 1 of the Farm Buttonshope 51, Registration Division JT, Mpumalanga Province, and which may involve the participation by local communities. The aforementioned property is owned by Micawber 278 Proprietary Limited (Micawber), an indirect subsidiary of Northam. An initial contribution of R10 million was required by Micawber in terms of the trust agreement, which was paid in the previous financial year.

Funds of R10.1 million (2012: R9.8 million) are invested with Standard Bank Limited in a call fund account.

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

13. SUBSIDIARY LOANS

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Long-term subsidiary loans receivable				
Norplats Properties Proprietary Limited			**24 456**	15 965
The loan bears interest at 2.0% below South African prime interest rate and may only be repaid once the loan from FMO has been repaid by Norplats Properties Proprietary Limited (note 21).				
Short-term subsidiary loans receivable				
Broad Brush Investments 2 Proprietary Limited			**–**	13 066
Micawber 278 Proprietary Limited			**4 091 830**	2 583 789
Norplats Properties Proprietary Limited			**12 384**	27 948
Windfall 38 Properties Proprietary Limited			**15 424**	15 695
Dialstat Trading 133 Proprietary Limited			**1**	–
			4 119 639	2 640 498
Total subsidiary loans receivable			**4 144 095**	2 656 463
Short-term subsidiary loans payable				
Broad Brush Investments 2 Proprietary Limited			**(717)**	–
Total subsidiary loans payable			**(717)**	–

The loans to Broad Brush Investments 2, Dialstat Trading 133 and Norplats Properties Proprietary Limited are unsecured and interest-free, repayable on demand and, therefore, stated as current.

The loans to Micawber 278 and Windfall 38 Properties bear interest at 2.0% below the South African prime interest rate, repayable on demand and, therefore, stated as current.

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

14. INVENTORIES

Inventory comprises:

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Metals on hand and in transit – at net realisable value	**825 733**	759 275	**825 733**	759 275
Chrome finished product – at cost	**274**	–	**–**	–
Consumable stores – at cost	**52 523**	51 908	**46 600**	51 908
Total inventories at the lower of cost and net realisable value	**878 530**	811 183	**872 333**	811 183

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

Included in cost of sales is R0.1 million (2012: R1.0 million) for consumable stores written-down to net realisable value and R72.7 million (2012: R127.4 million) recognised as an expense for metals on hand and in transit carried at net realisable value.

15. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise:

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Trade receivables	**215 965**	33 109	**213 899**	33 109
Prepayments	**58 124**	60 191	**57 346**	60 191
Receiver of revenue-value added tax	**139 838**	131 183	**20 799**	26 005
Current portion of long-term receivables (note 9)	**5 561**	3 105	**–**	–
Other	**128 432**	75 680	**41 915**	36 572
	547 920	303 268	**333 959**	155 877

Trade receivables are unsecured, non-interest-bearing and are generally on 30 day terms except for metal debtors who have payment terms of between 2-5 days. As at 30 June 2013, there were no receivables (2012: R nil), which were impaired and fully provided for.

The age analysis of trade receivables as at 30 June 2013 is set out in Annexure 1, which forms part of these notes.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Cash at banks and on hand	**132 501**	84 530	**42 936**	17 908
Short-term deposits	**166 079**	20 450	**166 079**	20 450
	298 580	104 980	**209 015**	38 358

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.

At 30 June, 2013 the group had R750 million (2012: R nil) of undrawn committed borrowing facilities.

Included in cash and cash equivalents is R4.3 million (2012: R3.5 million) that has been pledged to FMO by Norplats Properties Proprietary Limited (Norplats Props) as a debt service reserve account (the account) as security for servicing of the loan from FMO (note 21). In accordance with the FMO agreement, Norplats Props shall maintain at all times a balance in the account equal to not less than the sum of all payments of principal and interest on each loan which will be due and payable during the next relevant period. Norplats Props may withdraw amounts from the account only for the purpose of paying principal and interest under the agreement. Norplats Props shall not withdraw funds from the account for any other purpose without the written consent of FMO.

For the purpose of the statement of cash flows, cash and cash equivalents comprise only the above balances as the group has no bank overdrafts.

17. STATED CAPITAL/SHARE CAPITAL AND SHARE PREMIUM

	2013		2012	
	R000	Number of shares	R000	Number of shares
	Group and Company		Group and Company	
Authorised share capital	**5 450**	**545 000 000**	5 450	545 000 000
Issued share capital				
At 1 July 2011	**3 824**	**382 416 190**	3 824	382 416 190
Shares issued during the year for cash on the exercise of share options	**1**	**80 800**	1	80 800
At 1 July 2012	**3 825**	**382 496 990**	3 825	382 496 990
Shares issued during the year for cash on the exercise of share options	**1**	**89 100**		
	3 826	**382 586 090**		
Share premium				
At 1 July 2011	**8 592 258**		8 592 258	
Shares issued during the year for cash on the exercise of share options	**1 565**		1 565	
At 1 July 2012	**8 593 823**		8 593 823	
Shares issued during the year for cash on the exercise of share options	**2 006**			
	8 595 829			
Share capital and share premium	**8 599 655**	**382 586 090**	8 597 648	382 496 990
Transfer to stated capital	**(8 599 655)**			
Stated capital	**8 599 655**			

During the year share capital and share premium were converted to no par value shares and are now referred to as stated capital.

During the year 89 100 (2012: 80 800) shares were allotted and issued it terms of the rules of Northam Share Option Scheme at a value of R2.0 million (2012: R1.6 million). This resulted in the issued share capital increasing to 382 586 090 (2012: 382 496 990) shares.

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

18. EQUITY COMPENSATION RESERVE

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Balance at beginning of year	**202 634**	156 076	**202 634**	156 076
Increase in equity compensation reserve	**13 807**	53 049	**13 807**	53 049
Transfer to retained earnings	**(92 737)**	(6 491)	**(92 737)**	(6 491)
Transfer to share-based payment liability (note 22)	**(123 704)**	–	**(123 704)**	–
Balance at end of year	**–**	202 634	**–**	202 634

The group has a Share Option Scheme (the Scheme) and Share Incentive Plan (the Plan) under which options to subscribe for the group's shares were granted to certain executives and senior employees.

Options were 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 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. The Scheme has been discontinued owing to its dilutionary nature although share options issued before its discontinuance will be allowed to run their course. The shares awarded in terms of the rules of the Plan comprise: retention shares, which vest after two years with no performance criteria, and performance shares, which vest after three years. The final number of performance shares that an employee receives is subject to certain performance criteria being met.

During the year, the rules of both the Scheme and the Plan were amended to allow for a cash-settlement option. Consequently, both the Scheme and Plan are now accounted for as cash settled share-based payments based on the historical number of shares retained by employees. Details thereof can be found under note 22.

Refer to Annexure 5, which forms part of these notes, for further details on the equity settled and cash settled share-based payments.

19. DEFERRED TAX LIABILITY

The principal components of the deferred tax liability are as follows:

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Deferred tax liabilities				
Property, plant and equipment	**547 872**	534 336	**559 675**	534 336
Metal inventory	**16 971**	14 176	**16 971**	14 176
Section 24C allowance in respect of long-term receivables	**3 746**	4 263	**–**	–
	568 589	552 775	**576 646**	548 512
Deferred tax assets				
Employee benefits relating to leave pay and bonus provisions	**(39 339)**	(27 010)	**(39 048)**	(27 010)
Decommissioning and environmental restoration provisions	**(25 330)**	(21 137)	**(25 284)**	(21 137)
Share-based payment liability	**(27 867)**	–	**(27 867)**	–
	(92 536)	(48 147)	**(92 199)**	(48 147)
Net deferred tax liability	**476 053**	504 628	**484 447**	500 365
The charge in the deferred tax balance is reconciled as follows:				
Deferred tax liability at beginning of year	**504 628**	477 145	**500 365**	477 145
Charge for the year (per note 33)	**(28 575)**	27 483	**(15 918)**	23 220
Temporary differences in respect of property, plant and equipment	**13 536**	26 353	**25 339**	26 353
Depreciation component included in metals on hand and in transit	**2 795**	6 903	**2 795**	6 903
Section 24C allowance in respect of long-term receivables	**(517)**	4 263	**–**	–
Temporary difference in respect of employee benefits	**(12 329)**	(3 488)	**(12 038)**	(3 488)
Temporary difference in respect of decommissioning and environmental restoration provisions	**(4 193)**	(6 548)	**(4 147)**	(6 548)
Temporary difference in respect of share-based payment liabilities	**(27 867)**	–	**(27 867)**	–
Net deferred tax liability at end of year	**476 053**	504 628	**484 447**	500 365

The group offsets tax assets and liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

A deferred tax asset has not been raised for items included in Micawber 278 Proprietary Limited as taxable profits will not be generated in the foreseeable future against which the deferred tax asset can be utilised. The amount of unrecognised deferred tax assets amounts to R8.7 million (2012: R nil).

20. LONG-TERM PROVISIONS

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Provision for decommissioning costs				
Balance at beginning of year	**91 659**	93 105	**67 262**	62 332
Change in estimate and capitalisation of decommissioning costs as part of the development of the Booysendal mine (note 2)	**9 600**	(1 123)	**3 483**	571
Unwinding of discount (note 28)	**4 394**	(323)	**4 394**	4 359
Balance at end of year	**105 653**	91 659	**75 139**	67 262
Provision for restoration costs				
Balance at beginning of year	**19 459**	14 230	**8 230**	7 682
Restoration provision acquired under a business combination	**167**	–	**–**	–
Capitalisation of restoration cost as part of the development of the Booysendal mine (note 2)	**1 058**	–	**–**	–
Change in estimate (note 28)	**6 272**	4 614	**6 272**	(67)
Unwinding of discount (note 28)	**658**	615	**658**	615
Balance at end of year	**27 614**	19 459	**15 160**	8 230
Total long-term provisions	**133 267**	111 118	**90 299**	75 492

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 10) over the remaining life of the Zondereinde mine which is currently estimated at 16 years, and over the remaining life of the Booysendal mine which is currently estimated at over 25 years. Financial provision is not, however, required to be made for the decommissioning of certain structures, such as housing, which may have alternative use.

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Provisions before funding	**133 267**	111 118	**90 299**	75 492
Less: Northam Platinum Restoration Trust Fund (note 10)	**(40 948)**	(35 689)	**(33 913)**	(31 231)
Less: Environmental Guarantee Investment (note 11)	**(42 407)**	(35 720)	**(35 965)**	(31 523)
Net present value of unfunded environmental rehabilitation obligations	**49 912**	39 709	**20 421**	12 738

The future value of the environmental rehabilitation obligation will be paid over to the Northam Platinum Restoration Trust Fund (note 10) over the remaining life of the mines, which is currently estimated at 16 years for the Zondereinde mine and over 25 years for the Booysendal mine.

The present value of the environmental restoration obligation is determined by applying a pre-tax discount rate of 8.0% (2012: 8.0%) and a long-term inflation rate of 6.0% (2012: 6.0%) over the remaining life of the mines.

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

	Group 2013	Group 2012	Company 2013	Company 2012
Undiscounted decommissioning obligations	**150 211**	129 353	**101 519**	90 509
Undiscounted restoration obligations	**40 051**	28 953	**20 444**	11 074
Total decommissioning and restoration obligation	**190 262**	158 306	**121 963**	101 583
Less: Obligation not requiring financial provision	**(43 057)**	(38 855)	**(43 057)**	(38 855)
	147 205	119 451	**78 906**	62 728
Less: Funds held by Northam Platinum Restoration Trust Fund (note 10)	**(40 948)**	(35 689)	**(33 913)**	(31 231)
Less: Environmental Guarantee Investment (note 11)	**(42 407)**	(35 720)	**(35 965)**	(31 523)
Total unfunded future rehabilitation obligations	**63 850**	48 042	**9 028**	(26)

20. LONG-TERM PROVISIONS CONTINUED

The group has procured the issue of an insurance guarantee for R96.9 million (2012: R89.9 million) in respect of the unfunded decommissioning and restoration costs, of which R31.0 million (2012: R24.0 million) relates to the company.

21. LONG-TERM LOANS

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden NV (FMO)	**51 365**	35 284	**–**	–
Current portion of long-term loans	**(3 801)**	(2 430)	**–**	–
Total long-term loans	**47 564**	32 854	**–**	–

The loan, which is repayable in equal bi-annual instalments over 15 years, bears interest at 3.5% above JIBAR, with the last payment due 30 September 2026.

The group has pledged the instalment sales agreement as security for the loan (note 9).

22. SHARE-BASED PAYMENT LIABILITY

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Share-based payment liability at modification date	**123 704**	–	**123 704**	–
Share-based payment liability reversal	**(16 097)**	–	**(24 178)**	–
Total share-based payment liability at year end	**107 607**	–	**99 526**	–
Short-term share based payment liability	**16 665**	–	**14 518**	–
Long-term share based payment liability	**90 942**	–	**85 008**	–

The group operates the Northam Share Option Scheme (the Scheme) as well as the Northam Share Incentive Plan (the Plan). The Scheme has been discontinued owing to its dilutionary nature although share options issued before its discontinuance will be allowed to run their course.

During the year, both the Scheme and Plan were amended to provide employees with the option to either elect for settlement in shares or cash. The change was made to avoid the ongoing dilution of the BEE position and approval was granted by the JSE during March 2013.

The previous share Scheme and Plan were considered an equity settled share-based payment transactions. The fair value of these equity instruments were measured at the grant date and included in equity as an equity compensation reserve.

Where the counterparty has a right to elect for the settlement in either shares or cash, IFRS 2 regards the transaction as a compound transaction to which split accounting must be applied. The general principle is the transaction must be analysed into a liability component (the counterparty's right to demand settlement in cash) and an equity component (the counterparty's right to demand settlement in shares).

Management considered the requirements and determined that based on historical information very few individuals, if any, have kept their Northam shares, and that the majority of the outstanding options, performance and retention shares will be settled in cash and should, therefore, be accounted for as a liability rather than an equity compensation reserve.

Refer to Annexure 5, which forms part of these notes, for further details on the share-based payments.

23. UNSECURED LENDING

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Domestic medium-term notes	**1 250 000**	–	**1 250 000**	–

The group raised term debt through the issue of R1.25 billion, 3-year senior unsecured floating rate notes (notes) under its R2 billion Domestic Medium Term Note Programme dated 3 August 2012. The notes attract a coupon of 350 basis points above three-month JIBAR and interest payments are due quarterly. The notes will mature on 4 September 2015.

The issue is guaranteed by Northam's wholly owned subsidiaries, Micawber 278 Proprietary Limited and Khumama Platinum Proprietary Limited, who are the statutory entities in which the Booysendal mine development is housed.

Subsequent to year end, on 11 July 2013, the company raised an additional amount of R120 million in the domestic capital market through a tap issue which will also mature on 4 September 2015.

The interest rate for the tap issue notes was placed at a lower rate of JIBAR plus 330 basis points, which was accounted for in the issue price.

23. UNSECURED LENDING CONTINUED

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Revolving credit facilities	**250 000**	–	**250 000**	–

The group entered into a facility agreement with Nedbank Limited in August 2011 regarding a R1.0 billion 5-year senior unsecured revolving credit facility (the facility). The facility is available to be utilised by way of periodic drawdown requests until the earlier of 1 month prior to final maturity and cancellation of the agreement. Interest is calculate at JIBAR plus 2.80% for each applicable interest period.

24. TRADE AND OTHER PAYABLES

Trade and other payables comprise:

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Trade payables	**319 397**	294 436	**280 700**	250 230
Accruals	**364 577**	427 397	**362 147**	427 397
Accrual for acquisition of participating interest in the Pandora joint venture	**65 000**	65 000	**65 000**	65 000
Receiver of revenue-value added tax	**12 804**	8 111	**–**	–
Other	**250 326**	186 265	**118 803**	152 841
	1 012 104	981 209	**826 650**	895 468

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

The amount payable for the acquisition of the Pandora joint venture participating interest will be payable once the mineral reserves have been transferred.

25. SHORT-TERM PROVISIONS

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Provision for leave pay				
Balance at beginning of year	**96 466**	84 006	**96 466**	84 006
Additional amounts raised	**120 938**	111 817	**120 938**	111 817
Utilised	**(112 734)**	(99 357)	**(112 734)**	(99 357)
Balance at end of year	**104 670**	96 466	**104 670**	96 466

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 financial reporting date based on the basic cost of employment and available leave entitlement at that date.

26. TORO EMPLOYEE EMPOWERMENT TRUST

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 Northam's Zondereinde mine 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 from September 2013.

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Assets at fair market value as at 1 July	**96 863**	85 466		
Expected return on assets	**7 402**	7 921	**–**	–
Employer contributions	**24 006**	10 823	**–**	–
Benefits paid	**(1 415)**	(1 683)	**–**	–
Actuarial gain/(loss)	**314**	(5 664)		
Assets at fair market value as at 30 June	**127 170**	96 863	**–**	–
Unrecognised due to Paragraph 58 limit*	**(75 533)**	(32 979)		
Defined benefit obligation as at 1 July	**63 884**	55 115	**–**	–
Service cost	**19 067**	21 780	**–**	–
Interest cost	**6 379**	6 676	**–**	–
Actuarial gain	**(36 278)**	(18 004)	**–**	–
Benefits paid	**(1 415)**	(1 683)		
Defined benefit obligation as at 30 June	**51 637**	63 884	**–**	–
Asset/(liability) recognised on the statement of financial position	**–**	–	**–**	–

* *The "Paragraph 58 limit" ensures the asset to be recognised on the company's balance sheet is subject to a maximum of the sum of any unrecognised actuarial losses, past-service costs and the present value of any economic benefits available to the company in the form of refunds or reductions in future contributions.*

The company is not entitled to any refund from the fund and hence the economic benefit available to the company is nil.

27. REVENUE

Total revenue comprises:

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Sales revenue	**4 420 977**	3 684 000	**4 243 420**	3 648 663
Investment income (note 31)	**33 434**	53 951	**174 311**	34 124
Sundry revenue (note 32)	**56 064**	64 711	**161 693**	711 682
	4 510 475	3 802 662	**4 579 424**	4 394 469

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.

28. OPERATING COSTS

Operating costs comprise mining and concentrating costs, excluding depreciation, and consist of the following principal prime cost categories:

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Labour (note 39)	**1 289 703**	1 197 619	**1 275 927**	1 197 619
Stores	**701 268**	690 620	**701 268**	690 620
Utilities	**344 463**	298 353	**342 802**	298 353
Sundries	**479 336**	441 427	**428 112**	416 415
Provision for decommissioning and restoration costs (note 20)	**11 324**	4 907	**11 324**	4 907
	2 826 094	2 632 926	**2 759 433**	2 607 914

The analysis of operating costs by principal activity is as follows:

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Mining operations	**2 117 255**	1 988 417	**2 117 255**	1 988 417
Smelter operations	**97 532**	100 114	**97 532**	100 114
Base metal removal plant operations	**64 053**	85 099	**64 053**	85 099
Overheads	**535 930**	454 389	**469 269**	429 377
Provision for decommissioning and restoration costs (note 20)	**11 324**	4 907	**11 324**	4 907
	2 826 094	2 632 926	**2 759 433**	2 607 914

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Operating costs include the following:				
Directors' remuneration:				
– Non-executive fees	**3 969**	2 981	**3 969**	2 981
– Executive remuneration	**12 679**	15 982	**12 679**	15 982
Share-based payment expense (note 18)	**13 807**	53 049	**13 807**	53 049
Share-based payment liability reversal (note 22)	**(16 097)**	–	**(24 178)**	–
Operating lease payments:				
– Office equipment	**1 813**	813	**771**	727
– Premises	**3 422**	5 571	**1 040**	895

Details of directors' remuneration are contained in the Directors' Report on page 83.

29. DEPRECIATION AND WRITE-OFFS

Depreciation of mining properties, plant and equipment consists of the following:

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Mining property	**8 671**	8 421	**8 671**	8 421
Plant and equipment	**189 043**	177 065	**187 410**	177 065
Decommissioning asset	**2 353**	2 217	**2 353**	2 217
Vehicles	**1 623**	2 584	**1 496**	2 584
Write-off of assets	**33 000**	–	**33 000**	–
	234 690	190 287	**232 930**	190 287

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
30. SHARE OF EARNINGS FROM ASSOCIATES/ DIVIDENDS RECEIVED				
Share of earnings from associates/dividends received (refer Annexure 2)	**13 783**	16 602	**16 740**	816
31. INVESTMENT REVENUE				
Investment revenue consists of the following:				
Interest received on cash and cash equivalents	**21 855**	45 960	**17 468**	30 574
Interest received from subsidiary	**–**	–	**153 175**	322
Interest received on instalment sale agreement	**7 084**	4 515	**–**	–
Interest received in Northam Platinum Restoration Trust Fund (note 10)	**2 145**	1 915	**1 876**	1 776
Interest received in Environmental Guarantee Investment (note 11)	**1 999**	1 561	**1 792**	1 452
Interest received in Buttonshope Conservancy Trust (note 12)	**351**	–	**–**	–
	33 434	53 951	**174 311**	34 124
32. NET SUNDRY INCOME				
Net sundry income is arrived taking into account the following:				
Dividends received	**224**	6 129	**105 853**	653 100
Royalties received from chrome recovery plant	**–**	5 940	**–**	5 940
Treatment charges in respect of concentrates purchased	**55 840**	52 642	**55 840**	52 642
Sundry revenue (note 27)	**56 064**	64 711	**161 693**	711 682
Rent received	**5 377**	1 662	**5 377**	1 662
Sale of scrap	**2 145**	1 761	**2 145**	1 761
Insurance claim	**4 318**	2 072	**4 318**	2 072
Other income	**2 168**	10 022	**1 244**	3 590
Currency translation gain	**18 290**	–	**18 290**	–
Total sundry income	**88 362**	80 228	**193 067**	720 767

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Sundry expenditure				
Loss on sale of property, plant and equipment	**(508)**	(317)	**(383)**	(317)
Currency translation loss	**–**	(3 133)	**–**	(3 133)
Amortisation of participation interest of the Pandora joint venture	**(2 600)**	(2 600)	**(2 600)**	(2 600)
Dividends forfeited	**–**	554	**–**	554
Write-down on investment	**–**	(3 230)	**(62 270)**	(630 813)
Other expenditure	**(25 146)**	(28 159)	**(5 413)**	(18 174)
Total sundry expenditure	**(28 254)**	(36 885)	**(70 666)**	(654 483)
Net sundry income	**60 108**	43 343	**122 401**	66 284

33. TAXATION

	Group 2013 R000	Group 2012 R000	Company 2013 R000	Company 2012 R000
Current income tax				
Current income tax charge	**197 346**	114 120	**163 704**	110 298
Adjustment in respect of current income tax of previous year	**283**	471	**1 363**	3 581
	197 629	114 591	**165 067**	113 879
Deferred tax				
Relating to origination and reversal of temporary differences (note 19)	**(28 575)**	27 482	**(15 918)**	23 220
Income tax expense reported in profit or loss	**169 054**	142 073	**149 149**	137 099
Taxation comprises:				
Mining tax	**131 883**	85 702	**131 883**	85 702
Non-mining tax	**65 300**	23 675	**31 662**	19 853
Tax on share of earnings from associate – current year	**159**	919	**159**	919
Secondary tax on companies	**–**	3 824	**–**	3 824
Capital gains tax	**4**	–	**–**	–
Adjustment in respect of prior years	**283**	471	**1 363**	3 581
Temporary differences	**(28 575)**	27 482	**(15 918)**	23 220
	169 054	142 073	**149 149**	137 099

33. TAXATION CONTINUED

A reconciliation of the standard rate of South African tax compared with that charged in the statement of comprehensive income is set out below:

	Group		Company	
	2013	2012	2013	2012
	%	%	%	%
South African normal tax	**28.0**	28.0	**28.0**	28.0
Secondary tax on companies	**–**	0.8	**–**	0.9
Adjustments in respect of prior periods	**–**	0.1	**0.2**	0.8
Expenditure disallowed and other adjustments	**0.3**	2.5	**(2.7)**	2.2
Other	**(4.0)**	–	**(4.0)**	–
Effective tax rate	**24.3**	31.4	**21.5**	31.9

33.1 MINING TAX

The current rate of mining tax applicable to the company is 28% (2012: 28%).

33.2 NON-MINING TAX

Non-mining income is subject to a rate of 28% (2012: 28%).

33.3 DEFERRED TAX

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

33.4 DIVIDENDS WITHHOLDING TAX AND SECONDARY TAX ON COMPANIES

With effect from 1 March 2012, dividends withholding tax replaced secondary tax on companies and is levied at 15% for local shareholders. Prior to 1 March 2012, secondary tax on companies was levied at a rate of 10% of net dividends declared.

33.5 CAPITAL GAINS TAX

With effect from 1 March 2012, the effective capital gains tax rate increased to 18.7%. Prior to 1 March 2012, capital gains tax at an effective rate of 14% was payable on any gains realised on the disposal of investments or mining properties.

33.6 TAX ON SHARE OF EARNINGS FROM ASSOCIATE

Mining and non-mining income is subject to a rate of 28% (2012: 28%).

34. 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 382 560 902 (2012: 382 426 483) outstanding during the year. Headline earnings per share are based on headline earnings and are reconciled to profit attributable to shareholders as follows:

	Group	
	2013	2012
	R000	R000
Profit attributable to shareholders	**504 907**	310 512
(Profit)/loss on sale of property, plant and equipment	**(1 769)**	317
Write-off of smelter	**33 000**	–
Insurance claim	**(4 318)**	(2 072)
Profit on sale of associate's property, plant and equipment	**(2 118)**	–
Tax effect on above	**(7 520)**	491
Headline earnings	**522 182**	309 248

Fully diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Fully diluted headline earnings per share are based on the headline earnings and the average number of potential diluted shares in issue.

Dividends per share (cents)	**–**	5
The number of potential diluted shares are calculated as follows:		
Average number of ordinary shares in issue during the year	**382 560 902**	382 426 483
Average number of Northam Share Option Scheme options and Incentive Scheme shares outstanding during the year*	**–**	–
Average number of potential diluted ordinary shares in issue	**382 560 902**	382 426 483

* *The effect of the Northam Share Option and Incentive Schemes was not included as the options/incentive shares were antidilutive in the current and prior year.*

35. CASH GENERATED FROM OPERATIONS

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Profit before taxation	**697 055**	452 585	**692 167**	429 588
Adjusted for non-cash items:				
Loss on disposal of property,plant and equipment	**508**	317	**383**	317
Depreciation and write-off	**234 690**	90 287	**232 930**	190 287
Increase/(decrease) in long-term provisions	**22 149**	4 907	**14 807**	4 907
(Increase)/decrease in long-term receivables	**(22 463)**	(37 603)	**–**	–
Share based payment expense	**(2 290)**	53 049	**(10 371)**	53 049
Share of profit from associate	**(13 783)**	(16 602)	**(16 740)**	(816)
Amortisation of participation interest in the Pandora joint venture	**2 600**	2 600	**2 600**	2 600
Change in short-term provisions	**8 204**	12 460	**8 204**	12 460
Fair value adjustment of investment in associate/impairment of investment in subsidiary	**215**	3 230	**62 270**	630 813
Interest paid	**17 946**	–	**119 669**	–
Interest received	**(29 290)**	(50 723)	**(170 643)**	(30 896)
Dividend received	**(224)**	(6 129)	**(105 853)**	(653 100)
	915 317	608 378	**829 423**	639 209

36. CHANGE IN WORKING CAPITAL

	Group 2013	Group 2012	Company 2013	Company 2012
Inventories	**(67 347)**	(206 536)	**(61 150)**	(206 536)
Trade and other receivables	**(244 652)**	107 353	**(178 082)**	165 679
Trade and other payables	**30 895**	8 816	**(68 818)**	(573)
	(281 104)	(90 367)	**(308 050)**	(41 430)

37. TAXATION PAID

	Group 2013	Group 2012	Company 2013	Company 2012
Balance owing at beginning of year	**88 992**	105 473	**(1 755)**	16 351
Profit or loss charge	**197 629**	114 591	**165 067**	113 879
Balance owing at end of year	**(147 318)**	(88 992)	**(52 848)**	1 755
	139 303	131 072	**110 464**	131 985

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
38. COMMITMENTS				
Capital expenditure – Booysendal mine				
– Authorised but not contracted	**54 801**	888 484	**–**	–
– Contracted	**477 281**	916 113	**–**	–
Capital expenditure – Zondereinde mine				
– Authorised but not contracted	**223 071**	494 138	**223 071**	494 138
– Contracted	**127 085**	152 232	**127 085**	152 232
Information technology – outsource service provider charges				
– Due within one year	**9 710**	9 777	**9 710**	9 777
– Due within two to five years	**31 753**	41 309	**31 753**	41 309
Operating lease rentals – office equipment				
– Due within one year	**1 117**	1 981	**847**	1 843
– Due within two to five years	**915**	2 829	**915**	2 518
Operating lease – premises				
– Due within one year	**3 116**	3 463	**734**	1 040
– Due within two to five years	**11 098**	11 215	**–**	734
– More than five years	**11 900**	13 976	**–**	–
Housing development				
– Authorised	**4 000**	30 483	**4 000**	–
Unutilised loan facility granted to subsidiary			**–**	504 537
Bank guarantees issued	**73 210**	66 340	**49 240**	66 340

These commitments will be funded from a combination of internal retentions and debt as more fully described in the financial review and Directors' Report.

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
39. EMPLOYEE BENEFITS				
The aggregate earnings and benefits of employees, including directors, were:				
– Salaries, wages, share-based payments and other benefits	**1 119 286**	1 046 957	**1 105 510**	1 046 957
– Contributions to retirement benefit funds	**94 050**	84 212	**94 050**	84 212
– Contributions to health-care funds	**52 361**	55 627	**52 361**	55 627
– Employee empowerment scheme (note 26)	**24 006**	10 823	**24 006**	10 823
Total labour	**1 289 703**	1 197 619	**1 275 927**	1 197 619
– Fees paid to non-executive directors	**3 969**	2 981	**3 969**	2 981
	1 293 672	1 200 600	**1 279 896**	1 200 600

40. RELATED PARTIES

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.

41. SEGMENTAL REPORTING

The group has two operating 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 segmental performances.

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

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the group's operations and to provide guarantees to support its operations. The group has various financial assets such as trade receivables, investments, long-term 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 cashflows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest-rate risk, currency risk, commodity-price 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 cashflows 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. The majority of the group's sales are denominated in currencies other than functional currency of the operating unit making the sale, whilst 96% of costs are denominated in the unit'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.

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Weakening by 10%	**16 386**	2 974	**16 386**	2 974
Strengthening by 10%	**(16 386)**	(2 974)	**(16 386)**	(2 974)
At year end the foreign currency value of items under their respective statement of financial position classifications were as follows:				
Accounts receivable – US$	**12 763**	1 562	**12 763**	1 562
Cash and cash equivalents – US$	**4 122**	2 093	**4 122**	2 093
Accounts payable – €	**(389)**	(296)	**(389)**	(296)
Exchange rates at year end:				
– ZAR/US$	**10.01**	8.22	**10.01**	8.22
– ZAR/€	**13.05**	10.40	**13.05**	10.40

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

(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.

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
The following is an indication of the effect that changes in the commodity prices would have on the profit before tax:				
– Increase of 10%	**21 390**	1 284	**21 390**	1 284
– Decrease of 10%	**(21 390)**	(1 284)	**(21 390)**	(1 284)

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 and the long-term loan.

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.

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

	Group		Company	
	2013	2012	2013	2012
	R000	R000	R000	R000
Cash and cash equivalents				
Increase of 1%	**2 986**	1 050	**2 090**	384
Decrease of 1%	**(2 986)**	(1 050)	**(2 090)**	(384)
Floating rate borrowings				
Increase of 1%	**(15 514)**	(353)	**(15 000)**	–
Decrease of 1%	**15 514**	353	**15 000**	–

(f) Fair value

The fair value of financial instruments is defined as the amount at which the instrument could be exchanged in an arms-length transaction between willing parties, other than in a forced liquidation sale.

Management is of the opinion that the book value of financial instruments approximates fair value for group purposes. At a company level, the book value of financial instruments approximates fair value with the exception of inter-group loans, for which the fair value is R4.2 billion.

The fair value is based on the net present value of the expected resources attributable to the realisation of the asset or the extinguishing of the liability.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

(g) Liquidity risk

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

They assist the group in monitoring its risk to a shortage of funds by only depositing its surplus cash funds with major banks of high credit standing. They consider and monitor the maturity and returns of all financial investments. Management performs regular projected cash flow forecasts for the group.

In addition to the loan secured from Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden NV (FMO) (note 21) by Norplats Properties Proprietary Limited in the previous financial year, the group has the following unsecured loans at financial reporting date: Funding in the debt capital market through the issue of R1.25 billion 3 year senior unsecured floating rate notes (the notes) under its R2 billion Domestic Medium Term Note Programme dated 3 August 2012. The notes attract a coupon of 350 basis points above three month JIBAR and interest payments are due quarterly. The notes will mature on 4 September 2015. The group had entered into a facility agreement with Nedbank Limited in August 2011 regarding a R1.0 billion 5 year senior unsecured revolving credit facility (the facility). The facility is available to be utilised by way of periodic drawdown requests until the earlier of 1 month prior to final maturity and cancellation of the agreement. Interest is calculated at JIBAR plus 2.80% for each applicable interest period. At year end R250 million of the facility was unutilised.

Subsequent to year end, on 11 July 2013, the company raised an additional amount of R120 million in the domestic capital market through a tap issue which will also mature on 4 September 2015.

The interest rate for the tap issue notes was placed at a lower rate of JIBAR plus 330 basis points, which was accounted for in the issue price.

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 2013 and 30 June 2012.

The group monitors capital by assessing interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents to assess whether additional capital is required. No formal objectives have been set for a specific ratio/headroom to be met in this regard.

(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 2013 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 2013			
	Level 1	Level 2	Level 3	Total
	R'000	R'000	R'000	R'000
Assets measured at fair value				
Available for sale investments	**6**	**–**	**–**	**6**
Investments held by Northam Platinum Restoration Trust Fund	**40 948**	**–**	**–**	**40 948**
Environmental Guarantee Investment	**42 407**	**–**	**–**	**42 407**
Buttonshope Conservancy Trust	**10 126**	**–**	**–**	**10 126**
	at 30 June 2012			
Assets measured at fair value				
Available for sale investments	6	–	–	6
Investments held by Northam Platinum Restoration Trust Fund	35 689	–	–	35 689
Environmental Guarantee Investment	35 720	–	–	35 720
Buttonshope Conservancy Trust	9 775	–	–	9 775

	Company at 30 June 2013			
	Level 1	Level 2	Level 3	Total
	R'000	R'000	R'000	R'000
Assets measured at fair value				
Available for sale investments	**6**	**–**	**–**	**6**
Investments held by Northam Platinum Restoration Trust Fund	**33 913**	**–**	**–**	**33 913**
Environmental Guarantee Investment	**35 965**	**–**	**–**	**35 965**
	at 30 June 2012			
Assets measured at fair value				
Available for sale investments	6	–	–	6
Investments held by Northam Platinum Restoration Trust Fund	31 231	–	–	31 231
Environmental Guarantee Investment	31 523	–	–	31 523

43. EVENTS AFTER THE REPORTING DATE

Please refer to events after the reporting date included on page 87 of the Directors' Report.

44. MAJOR SHAREHOLDERS AND SHAREHOLDER SPREAD

Please refer to major shareholders and shareholder spread at 30 June 2013 on page 85 of the Directors' Report.