NORTHAM

PLATINUM LIMITED

ANNUAL INTEGRATED REPORT 2015

SCOPE

REPORTING PARAMETERS

Northam Platinum Limited (Northam or Northam Platinum) is listed on the JSE Limited (JSE) in South Africa. This integrated report, together with the group's notice of annual general meeting (AGM) and abridged annual financial statements, is published in compliance with the JSE's listings requirements and the provisions of the South African Companies Act No 71 of 2008 (Companies Act).

Northam is committed to reporting in line with the King Report on Corporate Governance in South Africa 2009 (King III). The application of these guidelines is reviewed in the corporate governance section of this report (page 20).

In its financial disclosure, the group reports in terms of International Financial Reporting Standards (IFRS), the Companies Act and the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC).

Northam's financial year runs from 1 July to 30 June. In this 2015 financial year (the 2015 reporting period), Northam has continued with its integrated approach to reporting, first embarked upon in F2012. This approach seeks to present to stakeholders a holistic overview of the company's financial and non-financial performance for the relevant reporting period and incorporates the recommendations of the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI) fourth generation (G4) guidelines. This holistic overview provides a summary of the business, its performance and the value it creates for shareholders and an assessment of the group's governance, economic, social and environmental impacts and performance during the reporting period.

This year we are reporting in terms of our material issues – those issues that are most material to the business and stakeholders, and which fundamentally influence the assessments and decisions of stakeholders.

The financial statements include the group's wholly-owned operations, subsidiaries, joint ventures and associates. The non-financial disclosure is limited to the group's two wholly-owned operations, the Zondereinde and Booysendal mines. Any data restatements have been indicated accordingly.

AUDITING AND ASSURANCE

Northam's internal and external auditing functions are critical areas of governance. The internal audit function is outsourced to KPMG Services Proprietary Limited (KPMG) for independent appraisal. KPMG's specific tasks are to:

- examine and evaluate the group's systems of internal control in the mitigation of business risks; and
- assist members of management with discharging their duties effectively.

The group's consolidated annual financial statements have been audited by the external auditor, Ernst & Young Inc. The independent auditor's report may be found in the annual financial statements on page 115.

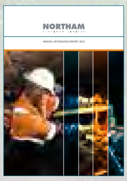
Certain non-financial key performance indicators in this report have also been assured by independent assurance provider Ernst & Young Inc in respect of Northam's application of GRI's G4. The company reports in line with the 'core' format. The reporting process has also been underpinned by the AA1000 AccountAbility Principles Standards 2008, which include Inclusivity, Materiality and Responsiveness. The independent assurance report can be found on page 219 of this report.

Except where specifically stated, Northam reports ore resources, reserves, production and grades in terms of three platinum group elements – platinum, palladium, rhodium – plus gold (3PGE+Au).

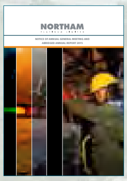
R signifies rands, the South African currency.

Our annual integrated report provides a holistic summary of the business.

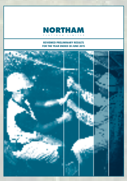
REPORTING SUITE



Annual integrated report 2015



Notice of AGM and abridged annual report 2015



Reviewed preliminary results for the year ended 30 June 2015

Scan the QR bar code with your smart phone or tablet for more information

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NORTHAM PLATINUM AND THE BUSHVELD COMPLEX

Location of the Bushveld Complex, South Africa

Zondereinde on the western limb produces at ~280 000oz annually. The wholly-owned NCP plant produces chrome from the mine's UG2 tailings.

ZONDEREINDE LIFE OF MINE

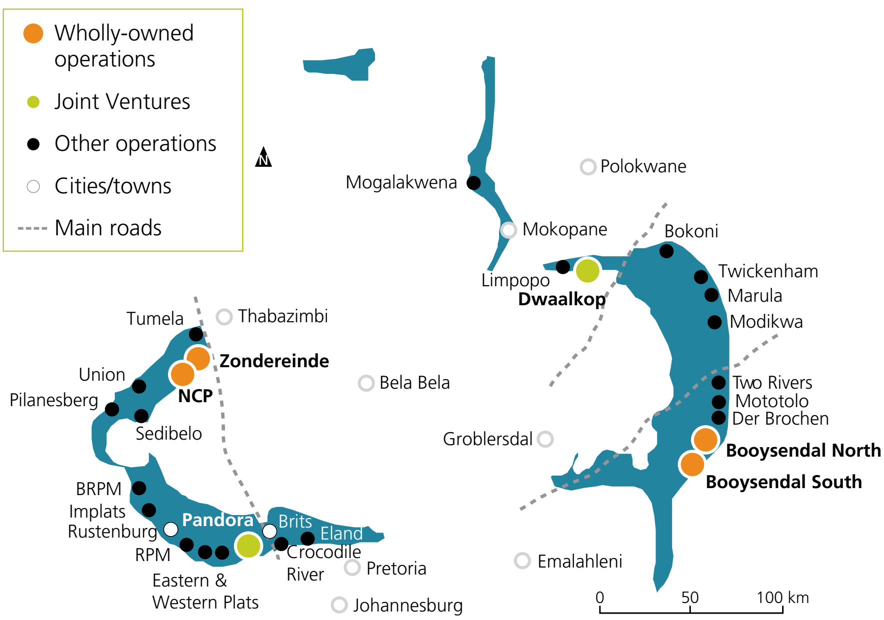
21 years

Operations on the Bushveld Complex

The **Booysendal North** mine came into production in July 2013. At steady state in H1 F2016 it will be producing 160 000oz per annum. Work has begun on integrating the newly-acquired Everest operation, which will form the basis of the **Booysendal South** mine.

STEADY STATE PRODUCTION

160 000oz



CORPORATE PROFILE

Northam is an independent, fully empowered, mid-tier, integrated PGM producer with two primary operating assets, the **Zondereinde** and **Booysendal** platinum group metal (PGM) mines in the South African Bushveld Complex. Northam has its own **metallurgical operations**, including a base metals removal plant and smelter, on the Zondereinde lease area. Performance reported in this report only relates to these mines where the company is the operator.

- The **Zondereinde** mine is a mature operation and produces approximately 280 000oz of PGM in concentrate annually. The mine is located on the northern end of the western limb of the Bushveld Complex near the town of Thabazimbi. Zondereinde has a life-of-mine of 21 years.
- The shallower mechanised **Booysendal** UG2 North mine is located near the town of Mashishing on the eastern limb of the Bushveld Complex. The mine came into production on 1 July 2013. At full production, the mine should produce approximately 160 000oz annually.

In February 2015, Northam acquired the Everest platinum mine (now known as **Booysendal South)** from Aquarius Platinum (South Africa) Proprietary Limited (AQPSA), contiguous to the Booysendal orebody. The integration process with the existing greater Booysendal operation has begun, which will allow the company to begin extracting value and developing the new Booysendal South mine.

Northam Chrome Producers Proprietary Limited (NCP) is a wholly-owned subsidiary of Northam. NCP produces chrome from Zondereinde mine's UG2 tailings.

The company holds a 7.5% interest in another PGM mining operation in the Bushveld Complex, the **Pandora joint venture** (JV), in partnership with Anglo American Platinum Limited and Lonmin plc.

Northam also owns a 50% interest in the **Dwaalkop PGM JV**, a 51% initial participatory interest in the **Kokerboom JV exploration project** in the northern Cape and a 20.3% interest in listed diamond miner, **Trans Hex Group Limited** (Trans Hex).

The company milled a total of 3.6Mt (Zondereinde: 1.8Mt, Booysendal: 1.8Mt) in the year under review to produce 11 759kg of metal in concentrate, which has been processed to realise sales revenue of R6.0 billion (F2014: R5.3 billion) – an increase of 13%, largely due to the ramp up of production at Booysendal.

At 30 June 2015, Northam held a combined resource base of 194.4 million ounces (Moz) – 19.2Moz in the reserve category – with a mining life of more than 50 years.

Group structure as at 30 June 2015

NORTHAM PLATINUM LIMITED

100%	Zondereinde mine and metallurgical processing	Resource: 81.1Moz
100%	Booysendal mine	Resource: 102.3Moz
50%	Dwaalkop	Attributable resource: 8.9Moz
7.5%	Pandora	Attributable resource: 2.1Moz
100%	Northam Chrome Producers	Cr_2O_3 concentrate
20.3%	Trans Hex Group	Listed diamond producer and marketer
51%	Kokerboom	FeO Cu Au prospect

CORPORATE PROFILE CONTINUED

SHAREHOLDER BASE

Northam's shares are listed on the JSE. Its share code is NHM and its debt instruments are listed under the symbol NHMI. The company has been admitted to participate in the JSE's Socially Responsible Investment (SRI) Index.

BEE SHAREHOLDING IN NORTHAM

Northam is a fully empowered PGM producer. Historically disadvantaged South African (HDSA) ownership levels in the company are pegged at 35.4% following the conclusion of a R6.6 billion black economic empowerment (BEE) transaction, which included the successful raising of R4.6 billion. The transaction was concluded in October 2014 and approved by shareholders in March 2015. In terms of the deal, Northam issued 112 195 122 new shares (equivalent to 22% of Northam's issued share capital) to a special purpose BEE vehicle known as Zambezi Platinum (RF) Limited (Zambezi or Zambezi Platinum). These shares were supplemented by 47 710 331 shares (equivalent to 9.4% of Northam's issued share capital), sold to Zambezi Platinum by the Public Investment Corporation SOC Limited (PIC), a long-standing Northam shareholder.

Zambezi Platinum comprises a range of HDSA stakeholders including an employee trust, two community trusts, a women's group and a core of strategic partners. Together they hold a 31.4% stake in Northam. This holding, added to a 4% BEE credit recognised through the Toro Trust (a profit share scheme) takes the company's HDSA equity to 35.4%, in excess of the Mining Charter requirements, and with a 10-year lock-in period for the participants.

Zambezi Platinum is financing the acquisition of shares in Northam through a preference share arrangement. Apart from this function Zambezi Platinum will not conduct any operational business. Zambezi Platinum's preference shares were listed on the JSE on 11 May 2015.

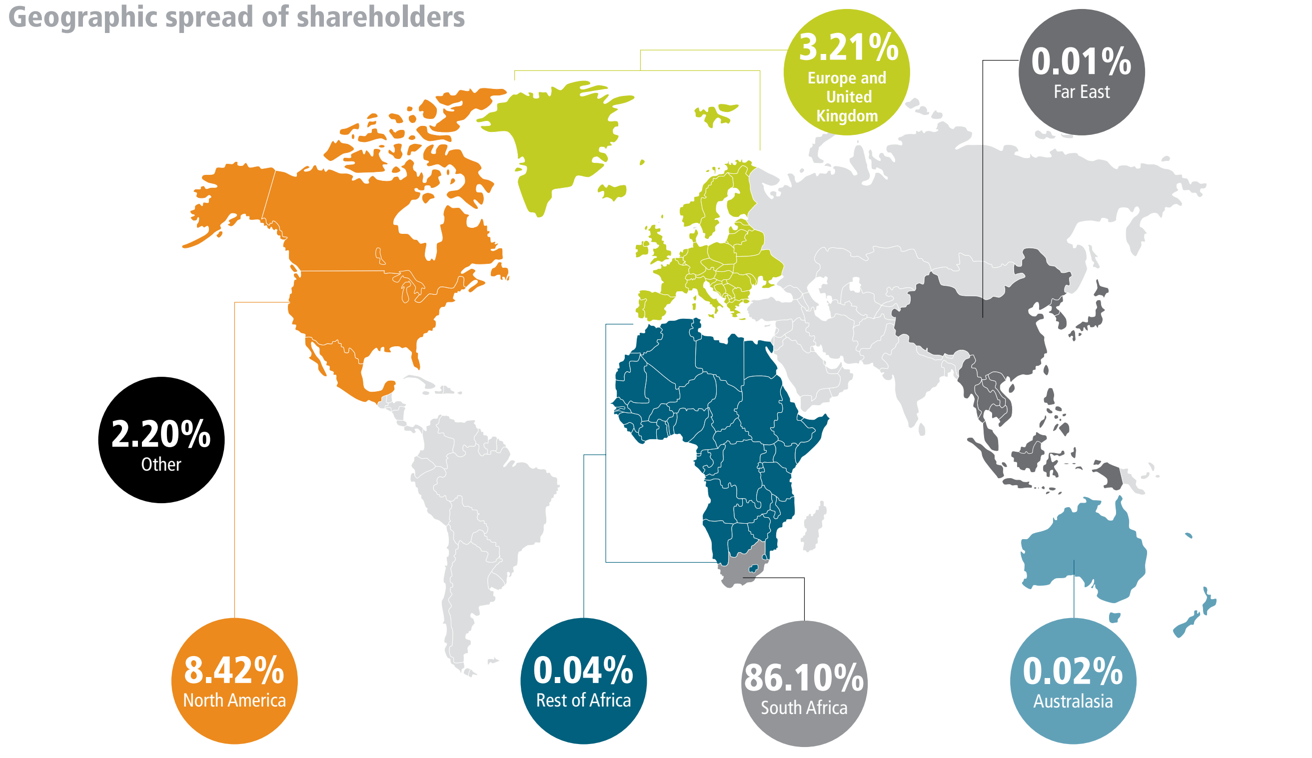
By the end of the 2015 financial year Northam's share capital had increased to 509 781 212 shares in terms of the BEE transaction (2014: 397 586 090 shares). At the end of the 2015 financial year, the company's market capitalisation was R20.5 billion.

Northam has a geographically diverse shareholder base, which at 30 June 2015 comprised predominantly institutional investors in South Africa (86.10%), North America (8.42%), Europe and the United Kingdom (3.21%), the Far East (0.01%), Australasia (0.02%) and the rest of Africa (0.04%).

BEE interests, strategic interests and free float
(%)

Free float	**41.7**
Zambezi Platinum	**31.4**
Coronation Asset Management	**26.9**

Geographic spread of shareholders



PRODUCTS AND END USES

Northam's primary products are the three main PGMs: platinum, palladium and rhodium. The primary consumers of the three main PGMs are the motor-manufacturing and jewellery industries. Other industrial uses range from chemical and electrical applications to glass manufacture. In the automotive sector, PGMs are used in exhaust systems, specifically autocatalysts, helping to reduce noxious gases released into the atmosphere. Platinum jewellery is popular in Asia.

PGMs have also attracted investment attention with the launch of exchange-traded funds (ETFs), which expose investors to physical metal holdings.

PGMs are traded on international markets where the metal prices are determined by global supply and demand, and are US dollar-denominated. This means that South African PGMs realise prices in US dollars, which are then converted and reported in South African rands on the income statement. Northam has little or no influence on the pricing of the sales of its metal and is essentially a price taker. The metal is sold in sponge or ingot form to customers in the US, Europe and the Far East.

Northam's in-house marketing department is responsible for marketing and sales of products domestically and to major global markets in Asia, Europe and North America.

OPERATING APPROACH

In terms of market capitalisation, Northam ranks as a mid-tier PGM producer. The company is distinguished from its peers and other smaller PGM producers in that its activities are integrated; from the underground mining function, through to the concentrating, smelting and base metal removal processes.

Final precious metal concentrate is transported from Zondereinde platinum mine and metallurgical complex for refining to the Heraeus facilities in Germany and Port Elizabeth. By-product metals, copper and nickel sulphate, are extracted at the on-site base metals removal plant and sold in the domestic market.

For about 20 years, Zondereinde was Northam's only operating asset. Construction of the shallow mechanised Booysendal mine started in 2010 and, for Northam, represents a significant diversification in terms of geography, mining method, safety, costs and, consequently, lowers the risk that the company is otherwise exposed to with a single operating asset. Booysendal came into production in July 2013 and it achieved over 80% of its steady state production by 30 June 2015. Its ramp-up to reach steady-state production in F2016 continues.

ZONDEREINDE

Zondereinde is a deep-level conventional mining operation producing approximately 280 000oz of PGM per annum. The mine incorporates a metallurgical complex, comprising a smelter and a base-metal removal plant.

Zondereinde is a deep level platinum mine. Its complex geology is characterised by potholed reef and fault structures. Ore grades are relatively high at Zondereinde, as are the metallurgical recoveries from both the Merensky and UG2 ore. The mine's resource is estimated at 81.1Moz.

To extend the life of mine and to access more conformable Merensky reef, a deepening project to 2 300 metres below surface is underway. The development of infrastructure which includes a conveyor decline, a chairlift and a material decline from 13 level to 18 level, is at an advanced stage, with the commissioning of an underground refrigeration plant having made a marked improvement to environmental conditions at depth. Originally planned as a Merensky mine, the focus is shifting to mining a higher proportion of UG2 ore. Along with the deepening project this shift in reef profile has extended the life of mine to 21 years.

BOOYSENDAL

At steady state levels, anticipated in the first half of the 2016 financial year, the Booysendal North mine will be producing 2 250 000 tonnes of ore per annum, generating around 160 000oz of metals in concentrate (3PGE+Au), together with associated precious and base metal by-products.

The Booysendal North mine is a shallow, fully mechanised UG2 mining operation, with a resource of 6.4Moz. Current life of mine is upwards of 20 years. The total Booysendal resource is in excess of 100Moz and with the development of additional mining modules could support mining operations for more than 50 years.

The Booysendal North mine has been developed as a room and pillar operation. The main underground infrastructure consists of the following key elements:

- A reverse decline system consisting of two barrels. The main barrel contains the conveyor belt and chairlift for the transfer of rock and personnel. The other barrel is for the movement of mechanised equipment into and out of the mine.
- Unique to the Booysendal design is the footwall decline placed some 24m below the reef horizon. It is typical in most room and pillar operations to have a conveyor placed on reef. At Booysendal some buffer storage capacity was designed and constructed in order to mitigate any risk related to interruptions in power supply, particularly at peak times. The buffer storage will allow continuous operations for up to 12 hours on the reef horizon should the footwall conveyor be offline; the placement of the conveyor in the footwall allows for rock hoisting to surface during off peak periods.
- There are three main on-reef declines, a central decline for the movement of mechanised equipment and two additional declines; one north and one south of the central decline, to provide access to the tips of the main ore pass system.

CORPORATE PROFILE CONTINUED

PROCESSING

Merensky and UG2 concentrator plants

- Crushing/screening circuit: In the crushing/screening circuit the ore is crushed to reduce its size before it reports into the mill.
- Milling: Merensky ore feeds into a fully autogenous (FAG) mill. In the UG2 plant, the crushed product feeds into a high pressure grinding roll and then into a primary ball mill.
- Flotation: The circuit includes rougher cells, scavenger cells and cleaner columns. External sparger column cells act as a cleaner and this helps to produce a final UG2 concentrate with significantly lower chrome content while maintaining PGM recoveries.

Smelting operations

Commissioned in 1993, the existing smelter has a 15MW capacity. Key processes include drying, smelting and converting the concentrate. Concentrate brought in is blended and dried concentrate is pulverised and then stored in silos. Off-gases are cleaned in an electrostatic precipitator. Concentrate and flue dust is mixed with lime and then fed through to the day bin and into the furnace where electrodes provide heat. The lighter oxides float to the top as slag and the more dense sulphides, which contain the PGMs, sink to the hearth as furnace matte.

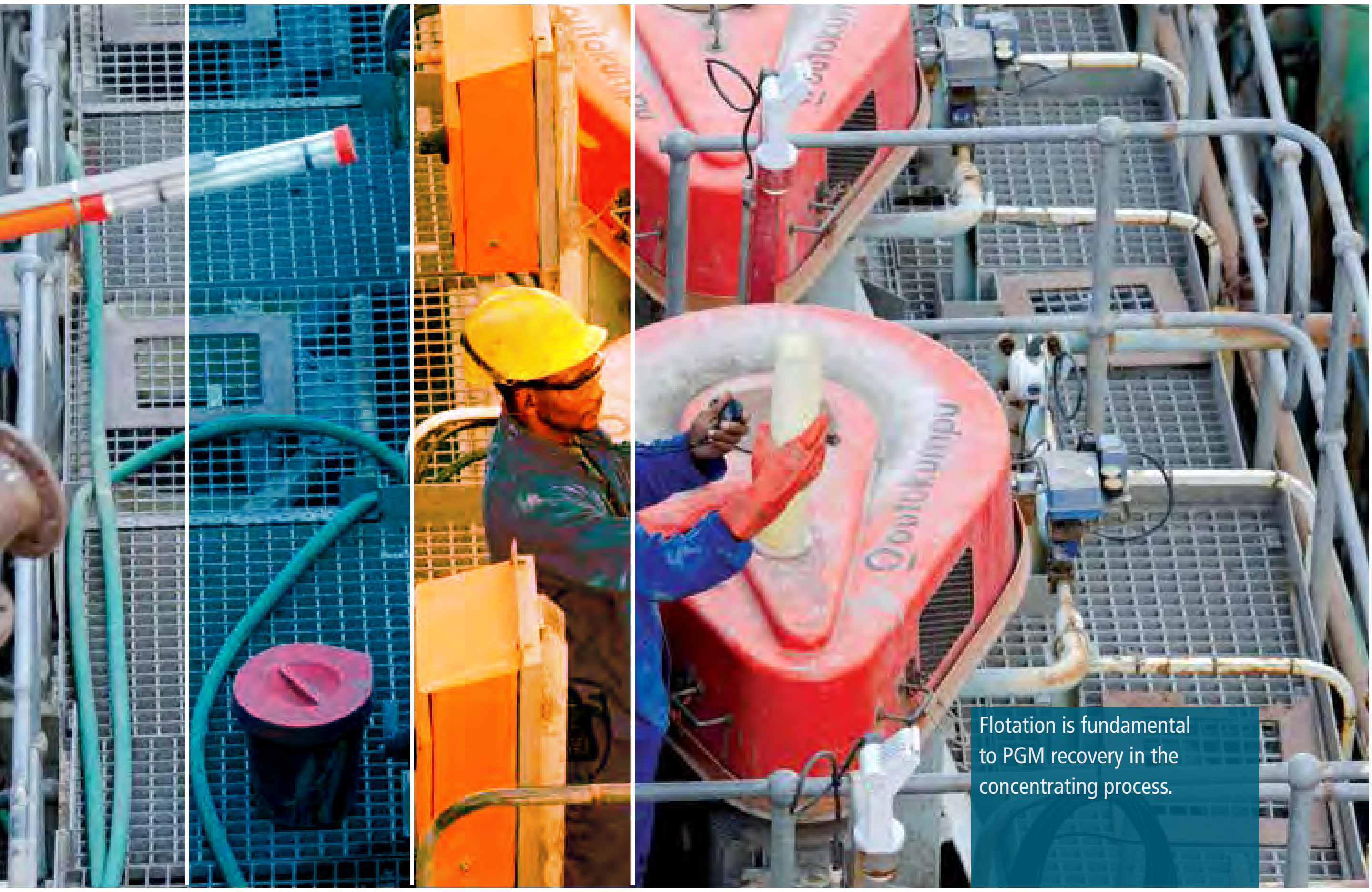
New furnace

The board has approved capital expenditure for the installation of a new 20MW furnace as part of the smelter expansion and de-risking programme. Initially, a sum of R10.0 million has been committed for design and drawing work for the new furnace. The project estimated at R750.0 million is expected to be completed over the next three years. The additional capacity will add significant mining flexibility allowing for higher volumes of UG2 to be mined and treated.

REFINING

Since 1992, Northam's production of metal has been refined in Germany, with PGM concentrate being delivered on a weekly basis to the Heraeus refinery in Hanau near Frankfurt. Latterly some of Northam's material has also been treated at the Heraeus plant in Port Elizabeth, South Africa.

A registered member of the London Platinum and Palladium Market (LPPM), Heraeus has London-Zurich 'Good Delivery' status for metal production. The refinery in Hanau is subject to strict European Union and materials handling protocols. Product transportation is also strictly defined by international aviation regulations.



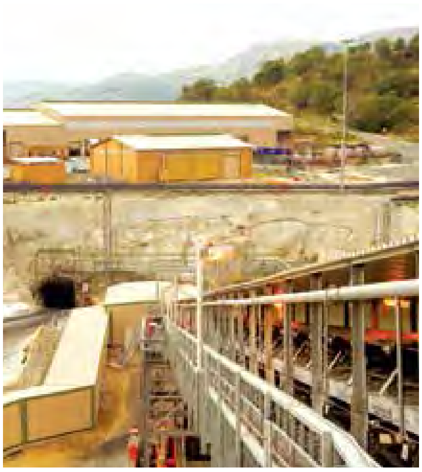
Flotation is fundamental to PGM recovery in the concentrating process.

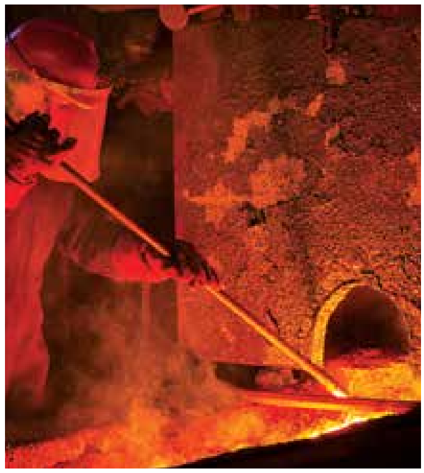
OUR STRATEGY

DELIVERING ON OUR STRATEGY

The strategic regeneration of business has been underpinned by Northam's empowerment transaction, which has served as a catalyst for the company's growth while also providing a strong and supportive balance sheet. The strategy to diversify the group's production base into shallower, mechanisable operations has translated into the acquisition of AQPSA's Everest mine, infrastructure and resources. Management continues to evaluate a number of growth opportunities, given the company's positioning and ability to take advantage of opportunities that may arise from time to time, even in the adverse economic conditions.

Internally the strategy has been unpacked into a number of initiatives, which are serving to optimise the mining and metallurgical operations.





Zondereinde	**Booysendal**	**Processing and refining**
Life of mine extended to >21 years by husbanding Merensky orebody	Completing the original decline by December 2015	Increasing milling capacity of UG2 from 90 000 tonnes per month
Shifting the mining ore mix profile to increase UG2 tonnages	Ramp-up to full production	Expanding the smelter by adding a dedicated 20MW UG2 furnace
Unlocking metallurgical constraints in the process plant, increasing the throughput of UG2 concentrator Pursuing deepening project to increase access to Merensky ore	Sustaining concentrator recoveries at 85%	New autoclave installed at the base metals removal plant to match increasing throughput from the smelter
	Plan to expand first UG2 module with a deepening project currently in design phase	Improving the throughput and yield of the chrome ore plant run by Northam Chrome Producers (NCP)
	Bulk sample in progress to evaluate potential of mining Merensky reef from existing footprint	
	Development of Booysendal South in design phase	

OUR BUSINESS MODEL

CAPITAL INPUTS

We mine and produce PGMs from our two primary operating assets – Zondereinde and Booysendal.

FINANCIAL CAPITAL
- Financing
- Shareholder opportunity
- Capex

MANUFACTURED CAPITAL
- Resource
- Infrastructure
- Mining type
- Synergies

1

HUMAN CAPITAL
- 10 080 employees (incl contractors)
- Skills
- Management capacity

SOCIAL CAPITAL
- Compliance
- Mining Charter
- Governance

2 3 4 5

NATURAL CAPITAL
- Utility synergies
- Footprint limitation
- Compliance

6

STRATEGIC OBJECTIVES

GROWTH
- underpinned by empowerment transaction
- acquisition of Everest mine

DIVERSIFICATION
- mechanisable orebodies
  - lower cost production

OPTIMISATION OF MINING AND METALLURGICAL OPERATIONS
- **Zondereinde**
  - LOM extension
  - better access to Merensky reef
  - rebalancing ore mix
- **Booysendal**
  - ramp-up to full production
  - completion of decline
  - development of Booysendal South
- **Processing and refining**
  - increasing milling capacity of UG2
  - smelter expansion

MATERIAL ISSUES

MATERIAL ISSUE 1: Ensuring the successful delivery and execution of our business strategy

MATERIAL ISSUE 2: Establishing and maintaining constructive communication channels with our employees and their representative bodies

MATERIAL ISSUE 3: Creating and maintaining safe workplaces that support our employees' and contractors' health and livelihoods

MATERIAL ISSUE 4: Ensuring that our stakeholders benefit, where appropriate and possible, from the value created by our company

MATERIAL ISSUE 5: Maintaining our legislative and regulatory compliance, and in so doing, protecting our licence to operate

MATERIAL ISSUE 6: Acting as responsible environmental stewards and conserving resources

OUR BUSINESS

RESOURCES AND RESERVES

- Combined resource base of 194.4 Moz
  - 81.1Moz at Zondereinde
  - 6.4Moz at Booysendal (North)
- 19.2Moz combined reserves

MINING

- Zondereinde – deep-level mine, mining UG2 and Merensky ore
- Booysendal – shallow, fully mechanised UG2 mining operation

MINERALS PROCESSING

- Merensky and UG2 concentrator plants – crushing, milling, flotation
- 3.6Mt milled
  - 1.8Mt milled at Zondereinde
  - 1.8Mt milled at Booysendal
- 11 759kg of metal in concentrate produced
- Zondereinde incorporates metallurgical complex – smelter, base-metal removal plant

REFINING

Northam's production refined at:

- Heraeus refinery, near Frankfurt, Germany
- Heraeus plant, Port Elizabeth, South Africa

MARKETING

In-house department responsible for marketing and sales of metals in sponge or ingot form:

- domestically
- to major global markets in Asia, Europe, North America

CAPITAL OUTPUTS

FINANCIAL CAPITAL

- R1.3 billion to salaries, wages and other benefits
- R391.7 million to taxes and royalties
- R252.4 million to providers of capital

MANUFACTURED CAPITAL

Total refined metal sales:

Platinum	253 784Moz
Palladium	124 580Moz
Rhodium	38 430Moz
Gold	5 837Moz
Total:	422 630Moz

HUMAN CAPITAL

Turnover rate of 7.5% (weighted average)

Training and development:

- R21.8 million spent at Zondereinde
- R3.3 million spent at Booysendal

Accommodation:

- 375 housing units sold to employees
- 1 828 single units created
- R11.7 million on upgrading hostels.

Safety:

- Zero fatalities
- 1.31 LTIIR at Zondereinde
- 0.54 LTIIR at Booysendal

Health:

- R65.8 million contributed to health care funds
- 1 250 employees received VCT
- 45 new cases of NIHL

SOCIAL CAPITAL

- R6.8 million to corporate social responsibility

NATURAL CAPITAL

- Water consumption increased by 9.3% to 4 299 000m^3
- Electricity consumption at Zondereinde increased by 9% to 630 085MWh
- Electricity consumption at Booysendal increased by 24% to 115.386MWh owing to ramp-up.
- CO_2 emissions 804 661 tonnes
- SO_2 emissions 5 734 tonnes

OUR MATERIAL ISSUES

Our reporting is informed by our business model and strategy and the risks to the business. We also take into account the needs and concerns of our internal and external stakeholders.

This year we are reporting in terms of our material issues – those issues that are most material to the business and stakeholders, and which fundamentally influence the assessments and decisions of stakeholders.

We take the determination process of our materiality seriously and see it as an opportunity to assess whether we are focusing our energy and resources in the correct areas. We identified our material issues through a series of workshops which analysed our internal and external environments, information from the company's risk register and stakeholder feedback. These issues are reviewed by management on an ongoing basis.

Our material issues should be read in conjunction with the company's business risks beginning on page 34.

Our material issues for 2015 were determined as follows:

Ensuring the successful delivery and execution of our business strategy

It is the responsibility of executive management to set realistic and achievable strategic targets for the business (see business model and strategy on page 7). As a public company, the success of this strategy affects shareholders, or the providers of capital, and a range of other stakeholders, most importantly the group's employees. In terms of this material issue we discuss these challenges and our response.

See pages 78 to 80.

Creating and maintaining safe workplaces that support our employees' and contractors' health and livelihoods

We aim to create and maintain safe and healthy environments for our employees and contractors. We will do this by continuously seeking to reduce injuries, applying appropriate technologies, through communication and training, and reinforcing operational standards and responsibility.

See pages 81 to 85.

Establishing and maintaining constructive communication channels with our employees and their representative bodies

We understand the importance of establishing and maintaining constructive communication channels with our employees and their representative bodies, both for our employees' sake and that of the sustainability of our business. We do this through stakeholder engagement and sound employee relations based on direct channels of two-way communication.

See pages 86 to 88.

Ensuring that our stakeholders benefit, where appropriate and possible, from the value created by our company

We create value for stakeholders in many ways, including increasing production and sales; increasing earnings and growth; through taxes and royalties; transformation; salaries and wages; training and development; housing and accommodation; and investing in communities in the form of local economic development, preferential procurement and corporate social investment. We recognise that stakeholders, be they shareholders, employees, communities or government, have certain expectations of the company, not all of which may be appropriate or possible to meet. We need to understand and manage these expectations through credible and effective stakeholder engagement.

See pages 89 to 101.

Maintaining our legislative and regulatory compliance, and in so doing, protecting our licence to operate

We recognise that we do business within the legal framework of the various South African government departments. We aim for full compliance with the laws of the land. In terms of this material issue we discuss the most relevant aspects of legislation as they apply to Northam and its operations. Given the nature of our business these remain the Mineral and Petroleum Resources Development Act (MPRDA) and the associated Mining Charter.

See pages 102 to 103.

Acting as responsible environmental stewards and conserving resources

We understand the importance of being responsible environmental stewards. As responsible environmental stewards, we make optimal use of and conserve our natural resources (our focus is on water and energy, areas where we are most exposed); we make every effort to minimise our environmental impacts; where possible we conserve land; and we seek to comply strictly with all environmental legislation.

See pages 104 to 111.

KEY FEATURES F2015

CORPORATE DEVELOPMENTS

- Empowerment status secured for 10 years with R6.6 billion deal with Zambezi Platinum
- Northam is 35.4% HDSA-owned, including the existing Toro Trust
- Successful capital raising of R4.6 billion
- BEE transaction unlocks strategic growth path – indicated by the acquisition of Everest for R450 million
- Acquisition of an additional 20% of Northam Chrome Producers, now a wholly-owned subsidiary

R6.6 billion

deal with Zambezi Platinum

FINANCIAL IMPACTS

- PGM fundamentals remain challenging with weak global macro-economic conditions and declining commodity prices
- Group sales revenue grew by 13% to more than R6 billion
- Operating profits reach R596 million
- Year on year the South African currency weakened by 10.6% against the US dollar, averaging R11.45/US dollar
- Group unit cash costs increased by 6.7%
- Recovery in operating margin to 9.9% (F2014: 1.2%)
- Emphasis on cost containment across the group

9.9%

recovery in operating margin

(F2014: 1.2%)

OPERATIONS

- Booysendal North on track to reach steady state production in H1 of F2016
- Zondereinde life of mine extended to 21 years
- Future production at Zondereinde planned at a UG2 65: Merensky 35 ratio
- Additional processing capacity in progress at Zondereinde
- Booysendal concentrator achieves recoveries of 86%
- Progress in plans to exploit Merensky reef at Booysendal
- Good safety performance at both operations

86%

Booysendal concentrator recoveries

SOCIO-ECONOMIC IMPACTS

- 10 080 employees in total
- R1.3 billion paid in wages, salaries and benefits
- Three-year wage agreement signed
- Group pays R392 million in taxes
- Development of comprehensive housing and accommodation strategy

10 080

employees in total

We achieved a good safety performance in F2015 at both Booysendal and Zondereinde.

LEADERSHIP AND ACCOUNTABILITY

Northam's board and management recognise that effective governance underpins the group's reputation and its performance, and serves to promote full accountability and transparency.

CHAIRMAN'S STATEMENT

...it is this balance sheet strengthening that provides the foundation to continue with our longer-term growth strategy

It is a privilege to address all of Northam's stakeholders – a privilege, however, that is tempered by the rapid changes occurring in the platinum sector as a whole. It is hard to recall a period when we at Northam and, for that matter, our peers in the platinum sector, have been faced with so many direct and indirect imponderables.

To start with the most important consideration, safety. No fatalities occurred at Northam's two mines. And though the accident rate deteriorated fractionally at Booysendal, it improved appreciably at Zondereinde. This clearly demonstrates that working together we can advance towards safety improvements at our operations.

However, matters are less straightforward outside the mine gate. Though the events did not fall strictly into the year under review, shortly after the financial year's end civil unrest prevented many of our employees from reporting for work at Booysendal, which halted underground operations for a few days. The civil unrest was associated with local unemployment and the scarcity of local job opportunities. We at Northam will cooperate with any government initiatives to resolve these issues.

The year under review marked a significant strengthening of Northam's position, both in terms of its finances and of its long term compliance with the Mining Charter. This derived from the completion during the year of our BEE transaction which not only fortified our long term credentials through our new partners' R6.6 billion acquisition of a combined 35.4% equity interest but also added R4.6 billion to the company's balance sheet. And it is this balance sheet strengthening that provides the foundation to continue with our longer-term growth strategy.

That said, the year has not been without its challenges. The platinum market became increasingly uncertain as the year progressed and has extended that uncertainty into this new financial year. Platinum, in line with many other commodities, has suffered and continues to suffer from over-supply as demand growth from major economies such as China's and from sectors such as that of the motor industry has slackened.

During the five-month strike that idled operations at other major platinum mines in the first half of calendar 2014, platinum's price neither rose nor fell to any great extent. However, once the strike ended – its ending coinciding with the start of Northam's 2015 financial year – the metal's dollar price began a progressive decline. The implication is that the production and supply losses occasioned by the strike merely deferred what would have been an earlier decline.

As I write, the market is becoming increasingly supplied with recycled metal, which delivers about a quarter of the global supply and, in round figures, is equivalent to something less than half of South Africa's new-mine production.

The market will turn, as it has done many times in the past. But while difficulties remain, Northam will focus on containing costs and operating only those sections of its business that remain profitable despite currently poorer prices. We shall continue to seek new, value accretive opportunities.

Our approach is characterised by our R450 million acquisition of Aquarius Platinum's mothballed Everest property immediately adjacent to our Booysendal mine. The acquisition was predicated on the fact that, while the acquisition will not necessarily add appreciably to the ore resource available to us, the integration of Everest's processing plant provides a cost-effective opportunity to increase mechanised production from the existing shallow ore on Booysendal itself.

Particularly pleasing during the year under review were the sound relations enjoyed between the company and its employees – a sound relationship that, I trust, will continue into the current new year. A stable and positive labour relations climate is crucial, as the platinum market's near-term outlook will call on the entire Northam community to work together to ensure that our company navigates the likely rough passage safely.

In his review, my colleague, CEO Paul Dunne, fully outlines our operations during the year under review and our plans for the future. This planning includes provision for further platinum-price uncertainties – uncertainties that will challenge in full the skills of our management and the commitment of all our people.

I must congratulate Paul and his team on the manner in which they have guided Northam through a difficult year and on the positive approach that they are taking towards what promises to be a turbulent near term.

In conclusion it remains for me to welcome Brian Mosehla to the board and to thank Jim Cochrane for his contribution to the company.

My thanks go to all of my Northam colleagues, for their contributions and efforts.

Lazarus Zim

Chairman

25 September 2015

CHIEF EXECUTIVE'S REVIEW

...the first step on this growth path was the R450 million acquisition of the Everest property from AQPSA

The year under review has been a memorable one, characterised by the R6.6 billion BEE equity transaction with Zambezi Platinum which has underpinned our empowerment credentials.

It is with somewhat mixed feelings that I am writing my second review of Northam's performance. As we have entered a new financial year, we remain faced with the challenge of a weak platinum market.

On the positive side, we completed our BEE transaction which was fully endorsed by shareholders and which will secure the company's continuing compliance with the ownership requirements of the Mining Charter. It has also contributed significantly to strengthening the company's balance sheet.

HDSA ownership levels in the company are now recognised at 35.4% which is well in excess of the Mining Charter's requirements with participants locked in for 10 years. The transaction included the successful raising of R4.6 billion that will fund the company's future growth and development. In terms of the deal, Northam issued 112.2 million new shares (equivalent to 22% of Northam) to a special-purpose black empowerment vehicle known as Zambezi Platinum. These shares were supplemented by 47.7 million shares (or 9%), sold to Zambezi Platinum by the Public Investment Corporation (PIC), a long-standing Northam shareholder.

To underscore the depth of our HDSA shareholdings, Zambezi Platinum, itself, has a range of HDSA stakeholders including an employee trust, community trusts, a women's group and a core of strategic partners. Together they will hold a 31.4% stake in Northam. A further 4.0% contributed by the Toro Trust takes the company's HDSA equity to 35.4%.

In a separate transaction, the 13.1% stake held by ENRC since 2010, was disposed of in an oversubscribed bookbuild, with 51.7 million shares sold at R48.25 apiece for a sum of approximately R2.5 billion. This transaction successfully removed a potential stock market overhang of Northam shares.

With the resolution of the company's empowerment status, and a totally transformed, strong and supportive shareholder base, we now have a solid platform from which to launch our growth strategy.

The first step on this growth path was the R450 million acquisition of the Everest property from AQPSA. In addition we have advanced a number of organic brownfields extensions to our current operations.

The acquisition comes with surface infrastructure that includes a 250,000t/month concentrator, water and power allocations and a tailings deposition facility. Developing the Booysendal South project is expected to take four years.

Our operating performance has been encouraging as we have steadily continued with the ramp-up of production at Booysendal. At Zondereinde, despite a shaft incident that put the No.1 shaft out of commission for six weeks, and a one-week work stoppage in January, mine management recovered well from both these eventualities, and overall production was satisfactory.

The decline in the prices of platinum group metals during financial 2015 and which has continued since the year's end, remains a matter of concern. So, too, does the rise in costs – administered electricity tariffs and the prices of other inputs such as labour. Accordingly, our focus has been and continues to be on containing the unit cost of producing each PGM ounce.

DISCLOSURE AND REPORTING

Our objective with this report is to recount the issues that are most material to our business. At the same time we have sought to discuss and assess the social, financial, natural, human and physical inputs, or capitals as they are sometimes called. Once again we have sought external assurance on a number of indicators which remain pivotal to our business.

HEALTH AND SAFETY

There were no work-related fatalities at our operations and we collaborate across the organisation to ensure that this remains the case. The safety and health of our employees, their families and their communities are foremost in our minds.

At Zondereinde the safety improvement that was noted in the year's first half persisted into the second six months. Overall the operation's lost time injury incidence rate (LTIIR) was 1.31 per 200,000 hours worked (2014: 1.70) and the reportable injury incident rate (RIIR) was 0.94 (2014: 0.86).

Shaft steelwork was accidentally damaged during a rope-change exercise at Zondereinde's No.1 shaft on July 28 last year. The accident did, however, put the shaft out of commission for six weeks.

At Booysendal, safety figures were slightly poorer than in the preceding year. The LTIIR rose to 0.54 (2014: 0.27) while the RIIR was 0.41 (2014: 0.21). The mechanised mining method remains a significant safety differentiator.

THE OPERATING ENVIRONMENT

The operating environment has improved somewhat since the end of the 11-week strike at our own operations in early 2014 and the five-month strike that affected other major operators on the platinum belt in the same year. The one-week work stoppage at Zondereinde at the beginning of the calendar year once again brought these conditions into sharp focus. The decision we took to close the operation was not easy, but our foremost concern remains the safety of our employees, and it is incumbent on us to act in everybody's best interests when a situation of risk prevails.

It needs to be taken into account that, particularly in the current environment of falling metal prices, with the best will in the world, we cannot afford to meet every demand and expectation of employees, of their dependants and of the communities in which we operate.

We are pleased to report that, post F2015, wage negotiations were concluded with NUM at Zondereinde, with a good outcome for both employees and the company. We recognise the mature and constructive manner in which the engagement was undertaken.

The issue of housing and accommodation remains an area where we have acknowledged that we have to do more. I indicated in my message to stakeholders in 2014 that our efforts would be redoubled. We feel we can, in successful partnership with local authorities and financial institutions, make a real difference to our employees' lives, while raising our own profile as a responsible and preferred employer. During the year we made significant progress in this area, having secured buy-in from the unions for our Accommodation Strategy 2020 and having secured board approval. Our strategy is outlined in further detail on page 7.

FINANCIAL PERFORMANCE

Our results for the year were largely determined by the steadily declining dollar prices of platinum group metals. We were afforded some protection by the rand's weakening against the dollar. Unit mining costs increased at a rate greater than the rise in the overall consumer price index. While this could continue as wages and electricity tariffs increase, we shall remain as vigilant over costs as we were in the year under review.

The once-off costs associated with the BEE transaction skewed our numbers this year, but this is something we were prepared for, and for which we had previously cautioned shareholders in the transaction documentation. Nevertheless, we remain buoyed by the underlying performance of the group's operating assets, and reported an operating profit of R595.8 million for the year.

In the final analysis however, the positive effect of the BEE transaction cannot be discounted: the cash balance of the group at year end was a healthy R4 138.2 million, most of which was received in May 2015. Given our strategy to diversify the asset base into shallow, mechanisable deposits, growth remains high on our agenda, even in these difficult economic times.

OPERATIONAL REVIEW

Full details of our operations' financial and technical performances are contained in the chief financial officer's report (see page 68) and in the operational overview (page 76). The Zondereinde mine is an operation running at steady state, and its performance during the year under review reflects this stability and our confidence in its sustainability. Despite the shaft incident early in the financial year, Zondereinde delivered 795 885 tonnes (2014: 803 736 tonnes) of Merensky reef to its processing plant at a (3PGE+Au) head grade of 5.7g/t (2014: 5.8g/t). Mining of the UG2 reef delivered 1 064 499 tonnes (2014: 920 420 tonnes) to the processing plant at a head grade of 4.3g/t (2014: 4.3g/t).

At the year's end available ore reserves on the Merensky reef were sufficient for 20 months' production and on the UG2 reef 24 months'. With the completion of the decline section of the mine and with infrastructure to the 18 level in place, the mine's life will be extended to 21 years.

In the light of the current weakness of platinum prices, we have adopted a cautious approach to capital spending. While we had planned to spend a total of R329 million in the year under review, certain expenditure was deferred resulting in total spend of R303 million.

CHIEF EXECUTIVE'S REVIEW CONTINUED

We cannot, however, defer capital projects indefinitely. We will continue to pursue projects to optimize operations and that add strategic value. This will include the continuation of the deepening project that will in time enable reef access to 18 level as well as a project to increase the throughput of the UG2 concentrator to match the planned mining extraction. The construction of a new furnace at the smelter complex will add capacity and de-risk the metallurgical process.

Booysendal

Booysendal continued the progressive ramp-up towards its annual steady-state PGMs production target of 160,000 ounces planned to be reached in the first half of F2016. The mine's prospects have been significantly improved by its acquisition of the neighbouring Everest property from AQPSA. Though this has contributed a comparatively small underground resource to the total, the acquisition was largely about obtaining Everest's infrastructure and its processing plant which can be used to treat Booysendal ore.

During the new financial year we will pay particular attention to the integration of the two properties' operations so as to optimise and increase production rates. Booysendal's resource is of such a size that it can support production levels that will make full use of Everest's plant.

For the year as a whole Booysendal's run-of-mine production totalled 1 670 437 tonnes (2014: 1 233 089 tonnes) with the tonnage milled increasing to 1 786 375 tonnes (2014: 1 517 109 tonnes) at a head grade of 2.6g/t (3PGE+Au) (2014: 2.6g/t).

As the mine has progressed towards its planned full-production level, costs have approached the sort of levels we might expect when underground operations are delivering fully to the mill. Less will be drawn from surface stocks to augment underground material. Booysendal's total operating costs were R1.192 billion against R0.806 billion in F2014 with unit operating costs of R358 554 per kilogram (2014: R361 902/kg) and cash costs of R308 719 per kilogram (2014: R277 308/kg).

During the latter part of the year under review we initiated an evaluation of the viability of exploiting Booysendal's Merensky reef using mechanised mining methods. Evaluation of this project, including bulk sampling and trial mining, is planned to be completed in December 2015.

Booysendal continued its ramp-up towards annual steady-state production of 160 000 ounces of PGMs.

PGM markets

In line with most other commodities the prices of platinum group metals fell during the year under review.

At the start of the financial year the platinum price opened at $1,497/oz and reached a year's high of $1,512 ten days later. Then it was downhill all the way with the metal trading at $1,078/oz on June 30 – a 28% fall over the year.

Palladium started the financial year at $849/oz, touching a high of $911oz at the start of September and then falling progressively to $677/oz by the financial year's end – an overall drop of 20%. Rhodium was priced 27% lower at the financial year's end.

Market conditions during the past year have been challenging, underpinned by weak global macro-economic conditions and a widespread flagging in demand for resources, a situation further exacerbated by the on-going strengthening of the US dollar. Also weighing heavily on the market has been the continuing economic slowdown and equity market crisis in China.

On the supply-side of the market, primary production of PGMs from South African mines recovered swiftly from the five-month strike that severely curtailed production during the early months of 2014. In addition, recycling of metal from used vehicle and industrial catalysts, and from jewellery, is now firmly entrenched as a key source of supply and will, in the years ahead, continue to provide significant quantities of PGMs to the market.

However, demand for platinum and palladium remains firmly rooted in autocatalyst consumption, driven by rising vehicle production and ever-tightening emissions legislation in both the light and heavy duty vehicle markets. Europe, China and the US will continue to dominate regional demand for metal, buoyed further by the outlook for increasing autocatalyst demand from motor manufacturers in India. In addition, Northam continues to support the market development programmes of the Platinum Guild International and World Platinum Investment Council to lend support to the jewellery and investment sectors respectively.

Looking ahead

Realistically, it is not to be expected that PGM prices will rise appreciably over the next 12 months, and our planning will be founded on this expectation.

Northam is well positioned in a difficult market. We will continue to invest through the cycle, further strengthening and growing our business.

APPRECIATION

It remains for me to express my appreciation to everyone at Northam whose commitment has been unremitting during this period. I am grateful for the support of my board colleagues and management and continue to welcome their advice and wise counsel. I recognise the contributions of people at all levels throughout the organisation – we depend on each other.

Paul Dunne

Chief executive

25 September 2015

DIRECTORATE


1


2


3


4

...Paul and his team have guided Northam through a difficult year

Lazarus Zim

1. PL Zim (55)

BCom (Hons); MCom

Non-executive chairman

Joined the board in 2007.

Mr Zim is the chairman of Zambezi Platinum, and a director of Atisa Platinum (RF) Proprietary Limited, Sanlam Limited and Sanlam Life Insurance Limited. He is also a past president of the Chamber of Mines of South Africa. Previously chairman of Telkom SA SOC Limited, he has also held senior executive positions at Anglo American South Africa Limited, M-Net Supersport and MTN Group Limited. He was voted African Business Leader of the Year in 2005 and is an Honorary Colonel in the South African Army.

Member of the nomination committee.

2. PA Dunne (52) (British)

BSc (Hons); MBA

Chief executive officer

Joined the board in 2014.

Prior to joining Northam, Mr Dunne was employed by Impala Platinum Holdings Limited (Implats) as executive director responsible for all mining, concentrating and smelting operations at Implats' Rustenburg and Marula mines. Mr Dunne is also a director of Zambezi Platinum.

3. AZ Khumalo (50)

BCom; BCompt (Hons); CA (SA)

Chief financial officer

Joined the board in 2010.

Mr Khumalo, a chartered accountant by profession, has extensive mining and corporate finance experience. From September 2008 he was the group finance executive of Coal of Africa Limited. Prior to that, from 2004 to 2008, he was director: finance of Aquarius Platinum South Africa Proprietary Limited. Mr Khumalo is also a director of Zambezi Platinum.

4. ME Beckett (79) (British)

BSc (Geology); FIMM

Independent non-executive director

Joined the board in 1999.

Mr Beckett is non-executive chairman of Endeavour Mining Corporation, and a director of International Hotels Investment Limited and Petroamerica Oil Corporation. A geologist by training, Mr Beckett was formerly managing director of Consolidated Gold Fields plc.

Member of the audit and risk committee; the health, safety and environmental committee; and the social, ethics and human resources committee.

5. CK Chabedi (47)

BSc (Mining Engineering); MSc (Mining Engineering); MDP

Independent non-executive director

Joined the board in 2009.

Mr Chabedi has more than 20 years' mining experience which includes having worked for Anglo American's coal division in both their underground and surface mining operations for over 12 years. He currently lectures in the School of Mining Engineering at the University of the Witwatersrand.

Member of the health, safety and environmental committee; the investment committee; and the social, ethics and human resources committee.

6. R Havenstein (59)

MSc (Chemical Engineering); BCom

Independent non-executive director

Joined the board in 2003.

Mr Havenstein's current non-executive directorships include Hernic Ferrochrome Proprietary Limited, Murray and Roberts Holdings Limited, Omnia Holdings Limited and Reatile Proprietary Limited. He was previously chief executive officer of Anglo American Platinum Limited, prior to which he was an executive director of Sasol Limited responsible for Sasol Chemical Industries.

Member of the audit and risk committee.

Chairman of the health, safety and environmental committee; the investment committee; and the nomination committee.

Lead independent director.

7. TE Kgosi (Ms) (61)

BCom (Hons)

Independent non-executive director

Joined the board in 2004.

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

Member of the audit and risk committee; and the nomination committee.

Chairperson of the social, ethics and human resources committee.

8. AR Martin (77)

BCom; CA (SA)

Independent non-executive director

Joined the board in 2009.

Mr Martin is a director of Datacentrix Holdings Limited and Trans Hex Group Limited.

Chairman of the audit and risk committee.

Member of the investment committee; and the nomination committee.

9. KB Mosehla (43)

BCompt; CA (SA)

Non-executive director

Joined the board in 2015.

Mr Mosehla is the chief executive of Mosomo Investment Holdings Proprietary Limited, a director of Zambezi Platinum, Malundi Resources (RF) Proprietary Limited and Coal of Africa Limited.

Member of the investment committee; and the social, ethics and human resources committee.

CORPORATE GOVERNANCE REPORT

The board of directors subscribes to high standards of ethical leadership, business sustainability, stakeholder engagement and sound corporate governance. The board and management recognise that effective governance underpins the group's reputation and its performance, and serves to promote full accountability and transparency.

The board ensures that its composition is appropriate in terms of skills, knowledge, experience, independence and gender in accordance with the provisions of its board charter and memorandum of incorporation (MOI), available on the Northam website at www.northam.co.za. It also takes responsibility for corporate strategy and the management of risk and opportunities of the group which are executed within the confines of its corporate governance structure.

APPLICABLE GOVERNING FRAMEWORKS

Northam complies with the JSE Limited (JSE) listings requirements, applicable statutes, regulatory requirements and other authoritative directives regulating its conduct. The principal applicable frameworks include:

Companies Act	JSE listings requirements	International IR Framework	King III	Mining Charter
The Companies Act 71 of 2008, as amended, by the Companies Amendment Act 3 of 2011 (the Companies Act), and the Regulations promulgated thereunder (the Companies Regulations).	Northam is a public company listed on the JSE and is subject to the JSE listings requirements.	The International Integrated Reporting Framework.	The King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King (III)).	Northam is committed to the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Mining Charter).
www.acts.co.za	**www.jse.co.za**	**www.theiirc.org**	**www.iodsa.co.za**	**www.dmr.gov.za**

KING III COMPLIANCE

The board is satisfied that every effort has been made in the financial year ended 30 June 2015 to comply with the principles and recommendations of King III. A summary document indicating compliance with the King III principles and recommendations is available on the Northam website at www.northam.co.za

BOARD OF DIRECTORS

Non-executive	Executive	Independent non-executive
PL Zim – chairman	PA Dunne – chief executive officer	R Havenstein (lead independent)
KB Mosehla	AZ Khumalo – chief financial officer	ME Beckett
		CK Chabedi
		TE Kgosi
		AR Martin

BOARD COMMITTEES

Audit and risk committee	Health, safety and environmental committee (HSE)	Investment committee	Nomination committee	Social, ethics and human resources committee (SE&HR)
AR Martin (chairman)	R Havenstein (chairman)	R Havenstein (chairman)	R Havenstein (chairman)	TE Kgosi (chairperson)
ME Beckett	ME Beckett	CK Chabedi	PL Zim	ME Beckett
R Havenstein	CK Chabedi	AR Martin	TE Kgosi	CK Chabedi
TE Kgosi		KB Mosehla	AR Martin	KB Mosehla
By invitation:	**By invitation:**	**By invitation:**	**By invitation:**	**By invitation:**
Management Internal audit External audit	Management	Management	Management	Management

BOARD OF DIRECTORS

As at 30 June 2015, the board comprised eight directors, the majority of whom are independent non-executive directors.

Mr PL Zim, who is a non-executive director and the chairman, represents Zambezi Platinum on the board, and is therefore not considered to be independent. Mr AR Martin was appointed the lead independent director, a position he held until after the year end.

Changes to the board

During the year ender review, Mr JAK Cochrane resigned as a director on 15 April 2015.

Subsequent to year-end, Mr R Havenstein replaced Mr Martin as the lead independent director on 18 August 2015 and Mr KB Mosehla was appointed a non-executive director on 19 August 2015 representing Zambezi Platinum.

Re-election of directors

In terms of the company's MOI any person appointed to the board during the year shall hold office until the next annual general meeting (AGM) of the company and shall then retire and be eligible for re-election.

Mr Mosehla was appointed a director on 19 August 2015 and, in accordance with the provisions of clause 33.5.4, retires from office and, being eligible and available, has offered himself for re-election and appointment. Accordingly at the forthcoming AGM members will be requested to consider a resolution providing for the election and re-appointment of Mr Mosehla as a non-executive director of the company.

Further, in terms of clause 33.5.1 of the company's MOI one third of the non-executive directors, being those longest in office, must retire from office at each AGM. A retiring director who is eligible and available may offer himself or herself for re-election and appointment.

Accordingly, Mr Beckett and Ms Kgosi retire by rotation, and being eligible and available, offer themselves for re-election. Mr Beckett has indicated he is available to serve on the board for a further year after the AGM on 11 November 2015, in terms of the board's succession plan. Accordingly at the forthcoming AGM members will be requested to consider resolutions providing for the election and re-appointment of Messrs Mosehla, Beckett and Ms Kgosi as non-executive directors of the company.

Brief summaries of their *curricula vitae* appear on pages 18 and 19.

Board and committee meetings

The board and its committees meet at least once a quarter and *ad hoc* meetings may also be called to consider specific issues. The investment committee and the nomination committee meet as and when required.

Disclosure of personal financial interests is a standing board and committee agenda item and a register of all directors' company shareholdings, other directorships and information regarding any potential conflict of interest is updated by directors at each meeting. Directors recuse themselves from discussion on any matters in which they may have a conflict of interest. Furthermore, before dealing in the company's shares, directors are required to obtain approval from the chief executive or the chief financial officer and are to inform the company secretary.

Board charter and committees terms of reference

The board of directors' charter articulates the objectives and responsibilities of the board. Each of the board committees operates in accordance with written terms of reference, which are reviewed by the board. The board takes ultimate responsibility for the group's adherence to sound corporate governance standards and sees to it that all business decisions and judgements are made with reasonable care, skill and diligence. The board charter and the board committees' terms of reference are available on the Northam website at www.northam.co.za

ATTENDANCE AT BOARD MEETINGS:

Date	12 Aug 2014	25 Aug 2014	5 Nov 2014	18 Feb 2015	21 Apr 2015	23 Jun 2015
PL Zim (chairman)	✓	Recused	✓	✓	✓	☎
PA Dunne (chief executive)	✓	✓	✓	✓	✓	✓
AZ Khumalo (chief financial officer)	✓	✓	✓	✓	✓	✓
ME Beckett	☎	☎	✓	✓	✓	☎
CK Chabedi	✓	Recused	✓	✓	✓	☎
TE Kgosi	✓	Recused	✓	✓	✓	✓
R Havenstein	☎	✓	✓	✓	✓	☎
AR Martin	✓	✓	✓	✓	✓	✓
JAK Cochrane*	✓	☎	✓	☎	n/a	n/a

** resigned 15 April 2015*

Key

✓ *attended* ☎ *participated telephonically* ***Recused*** *interest in the Northam BEE transaction* ***n/a*** *not applicable*

CORPORATE GOVERNANCE REPORT CONTINUED

BOARD COMMITTEES

Audit and risk committee

ATTENDANCE AT AUDIT AND RISK COMMITTEE MEETINGS:

Date	11 Aug 2014	22 Sep 2014	3 Nov 2014	16 Feb 2015	20 Apr 2015
AR Martin (chairman)	✓	✓	✓	✓	✓
TE Kgosi	✓	✓	✓	✓	✓
ME Beckett	✓	✓	✓	✓	✓
R Havenstein	☎	✓	✓	✓	✓

Key

✓ *attended* ☎ *participated telephonically*

Audit and risk committee members are elected at each AGM in line with the Companies Act and King III. To this end, shareholders will be required, at the forthcoming AGM to approve the necessary resolution appointing the committee. The members of the committee are independent non-executive directors, and the committee is chaired by an independent non-executive director. The board is satisfied that members of the audit and risk committee have the requisite skills, understanding of corporate law and adequate practical experience relevant to the business of Northam. They also understand the International Financial Reporting Standards framework in terms of which Northam must report as a listed company.

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

HSE committee

ATTENDANCE AT HSE COMMITTEE:

Date	1 Aug 2014	4 Nov 2014	17 Feb 2015	20 Apr 2015
R Havenstein (chairman)	✓	✓	✓	✓
ME Beckett	☎	✓	✓	✓
CK Chabedi	✓	☎	☎	✓

Key

✓ *attended* ☎ *participated telephonically*

The HSE committee comprises three independent non-executive directors. The chief executive and chief financial officer are invited to attend committee meetings which are held every quarter.

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

Investment committee

ATTENDANCE AT INVESTMENT COMMITTEE MEETINGS:

Date	8 July 2014	1 August 2014	2 December 2014	6 February 2015
R Havenstein (chairman)	✓	✓	✓	☎
JAK Cochrane*	☎	☎	☎	☎
CK Chabedi	✓	✓	✓	✓
AR Martin	✓	☎	✓	✓

** resigned 15 April 2015*

Key

✓ *attended* ☎ *participated telephonically*

This committee comprises three independent non-executive directors and was established in 2012 to evaluate and advise the board on all acquisitions and investment-related opportunities. The committee does not have a regular meeting schedule, but meets as required to consider the suitability and compatibility of potential investments and their returns, weighted against the interests of shareholders. Subsequent to year-end Mr Mosehla was appointed a member of the committee. The chief executive and chief financial officer are invited to attend committee meetings.

Nomination committee

In February 2015 the board approved the establishment of a separate nomination committee, in light of the recent amendments to the JSE listing requirements in which the chairman of the board or, if the chairman is not independent, the lead independent director is required to chair these committee meetings. Prior to the establishment of the nomination committee, the SE&HR committee attended to the nomination matters and board's succession plan.

On 18 February 2015 the following members were appointed: Messrs. Martin (lead independent director as chairman), Zim, Cochrane, Havenstein and Ms Kgosi. Mr Cochrane resigned as a member on 15 April 2015. Subsequent to year-end Mr Havenstein was appointed as lead independent director and chairman of the nomination committee. Mr Martin has stepped down as lead independent and will remain as a member.

The committee does not have regular meetings but meets as and when required. The main functions of the committee are to recommend director nominees to the board, for approval by Northam shareholders at the AGMs of the company and to ensure that the interests of shareholders are property protected in relation to the leadership and management of the company. The chief executive and chief financial officer are invited to attend committee meetings.

SE&HR committee

ATTENDANCE AT SE&HR COMMITTEE MEETINGS:

Date	1 Aug 2014	8 Sep 2014	4 Nov 2014	17 Feb 2015	20 Apr 2015	7 May 2015	22 Jun 2015
TE Kgosi (chairperson)	✓	✓	✓	✓	✓	✓	✓
R Havenstein	✓	✓	✓	✓	✓	✓	✓
ME Beckett	☎	☎	✓	✓	✓	☎	☎

Key

✓ *attended* ☎ *participated telephonically*

This committee's members are three independent non-executive directors. The chief executive and chief financial officer are invited to attend committee meetings and the committee meets at least once every quarter.

The main functions of the SE&HR committee are remuneration, transformation and labour matters in terms of the Mining Charter and as set out in the Companies Act, the monitoring of the group's performance in terms of social and ethics statutory requirements. Subsequent to year-end Mr Havenstein resigned as a member of the committee and Messrs Chabedi and Mosehla were appointed. Prior to the establishment of the nomination committee in February 2015, the SE&HR committee also attended to the board's succession plan and nomination matters.

The SE&HR committee's report may be found on page 26 of this annual integrated report.

CORPORATE GOVERNANCE REPORT CONTINUED

EXECUTIVE COMMITTEE

The executive committee is not a sub-committee of the board. It was formed in November 2014 and is chaired by Mr PA Dunne, the chief executive. The other members of the committee are Messrs AZ Khumalo, chief financial officer; FR Rautenbach, manager – projects and strategy; LC van Schalkwyk, chief commercial officer; CA Smith, executive: human resources, and Ms PB Beale, company secretary.

The members meet on a monthly basis to discuss and deal with operational matters, recommend strategies and monitor implementation of capital programmes.

Performance reviews of the board and sub-committees

The board and sub-committees undertake an annual series of assessments in order to monitor performance and identify areas for improvement. In April 2015 the board appointed an independent firm to conduct an independent board performance review, led by the chairman. In the past these reviews have been conducted in-house on an annual basis, but in terms of international trends, an independent review may be considered again once every three to five years.

The sub-committee's annual evaluations were facilitated by the company secretary and led by the chairperson of each committee.

In compliance with King III, the board chairman and lead independent director were reappointed at the November 2014 board meeting. Subsequent to year-end Mr Havenstein replaced Mr Martin as lead independent director.

Independence test in terms of King III

Annual independence tests for Messrs Beckett, Chabedi, Havenstein, Martin and Ms Kgosi were conducted in June 2015. The board considered the minority interests held by some of the directors in Northam and also the tenure of those directors who have been on the board beyond nine years. The board is satisfied that there are no relationships or circumstances which affect, or appear to affect the independence of the abovementioned directors.

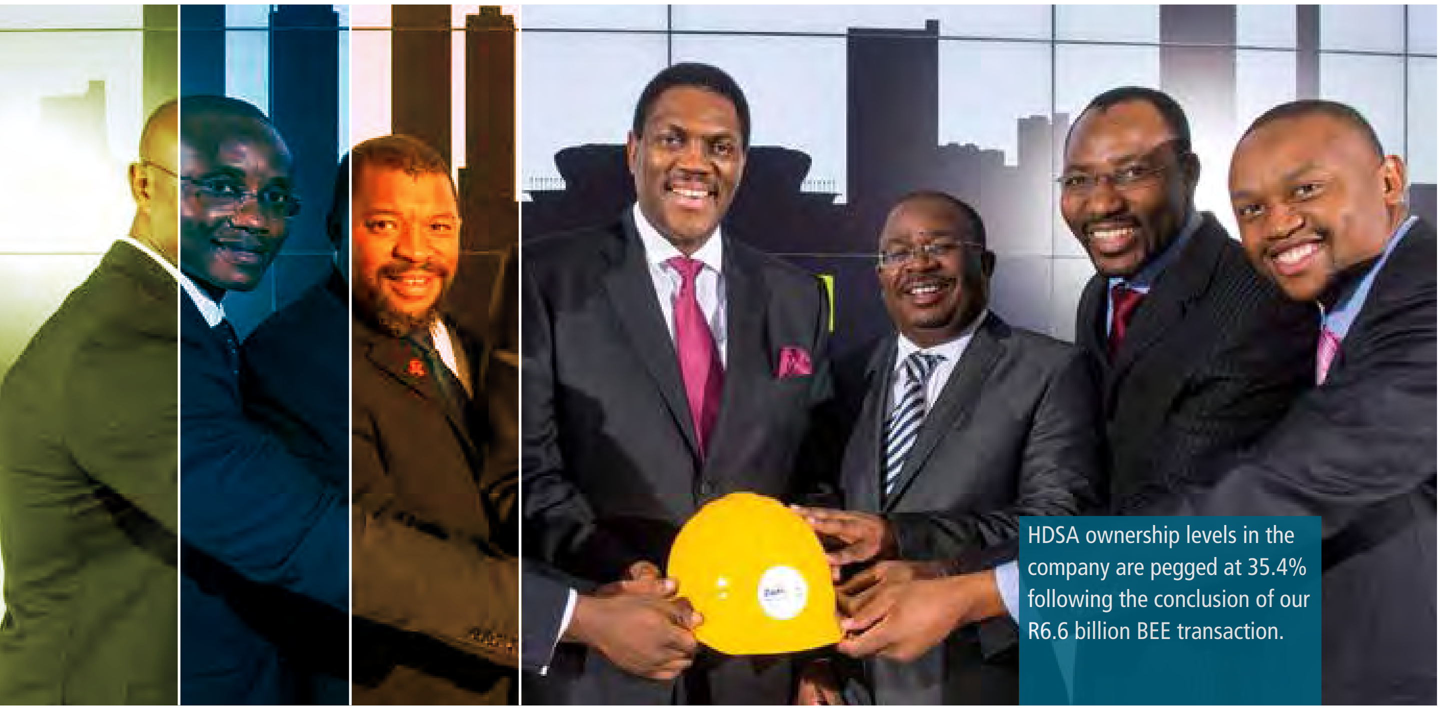
Company secretary

In compliance with the JSE listings requirements, the board is satisfied that the company secretary is competent, suitably qualified and experienced. Furthermore, since she is not a director, nor is she related to or connected to any of the directors, thereby negating a potential conflict of interest, and she maintains an arm's length relationship with the board.

The company secretary oversees corporate governance matters within the group in line with King III and the Companies Act and new directors undergo an appropriate induction process. The company secretary seeks to ensure compliance with all statutory and listing requirements relating to the group and ensures that minutes of meetings are kept for shareholder, board and committee meetings in terms of the Companies Act.

Approval framework

The approval framework governs the delegation of authority and value limits within the group and is necessary to ensure that all transactions are approved appropriately. This enables management



HDSA ownership levels in the company are pegged at 35.4% following the conclusion of our R6.6 billion BEE transaction.

to limit the potential damage that any unauthorised expenditure or corruption could inflict on the group.

Black economic empowerment (BEE) transaction

HDSA ownership levels in the company are pegged at 35.4% following the conclusion of the R6.6 billion BEE transaction referred to on page 4 of this integrated report.

Code of ethics

The group's code of ethics is reviewed from time to time by the board and applies to both directors and employees of the group. It governs the interaction between the group and its suppliers, contractors, and customers. It also covers the use of group assets and confidential information. A breach of the code of ethics could result in disciplinary action and/or civil or criminal action being taken against a perpetrator. The code of ethics is available on the Northam website at www.northam.co.za

Donations

The company has a long-standing policy which prohibits, *inter alia*, donations of a political nature. Furthermore, employees may not accept gifts, hospitality or favours from suppliers or contractors of more than a nominal value. All gifts and entertainment details are recorded in a gift register for record purposes.

Ethics 24-hour whistle-blowing hotline

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

Insider trading

The company has clear rules and guidelines in place which seek to ensure that employees do not contravene the JSE's rules on insider trading. Neither directors nor employees are allowed to deal in the company's shares if they are in possession of non-public information or during closed periods. These rules also extend to close relatives of directors and employees. Directors and employees are required to obtain prior approval for dealing in the company's shares and are routinely advised of the company's closed periods.

JSE listings requirements

As a listed entity Northam is required to comply with the JSE's listings requirements and certification of this is submitted to the JSE. Northam's submissions are currently up to date.

Reporting to stakeholders

The board is aware of the requirements for the group to engage with analysts, shareholders and stakeholders alike about the group's financial performance, operational developments and sustainability indicators.

Along with the print and electronic publication and dissemination of results on a half-yearly basis, the company regularly hosts visits, presentations, briefings and meetings with interested shareholders, institutions and other stakeholders. Feedback is a critical element of such engagement processes and is communicated to the relevant executive directors for discussion at board level.

REPORT OF THE SOCIAL, ETHICS AND HUMAN RESOURCES COMMITTEE

(INCORPORATING THE REMUNERATION REPORT)

This report is provided by the social, ethics and human resources (SE&HR) committee in terms of Regulation 43(5)(c) of the Companies Act.

BACKGROUND AND COMPOSITION

The SE&HR committee was established in 2012. Prior to the establishment of the nomination committee in February 2015, the committee attended to the board's nomination and succession plans in addition to the social, ethics and human resources obligations.

The members of the committee are Ms TE Kgosi (chairperson), Messrs. M E Beckett and R Havenstein, all of whom are independent non-executive directors. Subsequent to year-end Mr Havenstein resigned as a member of the committee and Messrs Chabedi and Mosehla were appointed.

SE&HR COMMITTEE TERMS OF REFERENCE

The committee's terms of reference is available on the Northam website at www.northam.co.za

SOCIAL AND ETHICS STATUTORY OBLIGATIONS

The main functions of the committee are to oversee the group's compliance with the social and ethics statutory requirements, to manage the group's compliance with transformation matters and its impact on employees, communities, the environment and society as a whole.

The committee has oversight of the group's compliance with the Labour Relations Act (LRA), the basic Conditions of Employment Act (BCEA) and implementation of various forms of remuneration.

For the financial year 2015, the committee performed its duties in terms of these obligations and confirms that:

a) the company complies with labour and employment legislation in South Africa, and as far as possible with the ILO's protocol on decent work. The committee takes into account the Organisation for Economic Co-operation and Development's (OECD) recommendations against corruption and ensures that management has adequate internal controls to counter corrupt conduct. The company complies with the social and economic development goals in terms of the 10 principles set out in the UN Global Compact;
b) sound good corporate citizenship principles are pursued in the promotion of equality, the prevention of discrimination and the development of surrounding communities;
c) the company has taken appropriate measures to minimise the impact of its activities and products on health, public safety and the environment;
d) Northam seeks to promote cordial relationships with all its stakeholders; and
e) generally accepted norms on the environment, labour and human rights have been adhered to. Northam is not aware of, nor is it complicit in any labour or human rights abuses or environmental damage.

EMPLOYMENT AND REMUNERATION OBLIGATIONS

The committee has oversight of the group's compliance with the LRA, the BCEA and implementation of various forms of remuneration; it also ensures that the group applies fair labour practices while providing equitable and transparent remuneration packages that serve to reward individuals for their contributions to the company's defined performance targets. Activities in this set of obligations include:

- statutory legislative and administrative duties;
- Oversight of the reports on the Social and Labour Plans (SLP) which continue to be submitted to the Department of Mineral Resources (DMR) annually;
- Monitoring the human resource development pillars at both Booysendal and Zondereinde mines;
- progress in the transformation of the group's workforce profile especially at senior levels; and
- the home ownership initiative which is progressing with the assistance of the recognised union overseeing the various pillars of this project.

The committee is also responsible for the remuneration philosophy within the Northam group in terms of its mandate from the board.

Remuneration issues dealt with by the committee during the year:

- engagement with shareholders to discuss their concerns with regard to the group's remuneration policies/practice/disclosure:
  - reviewing a number of these (see page 32) and addressing them;
  - consulting third party advisers to improve the disclosure;
- formulation and formalisation of a succession and transformation plan; and
- formulation and formalisation of a housing plan for mine employees.

REMUNERATION REPORT

The SE&HR committee is ultimately responsible for establishing a remuneration policy and for its implementation, to ensure that competent individuals are appointed as senior managers, and to ensure that the group's leadership is adequately rewarded for delivering on the group's strategic targets and for their positive impact on the group's results and performance. In addition the committee is responsible for mandating management on appropriate wage increase thresholds for union negotiations and advises on the scale of fees to be paid to non-executive directors, which are submitted to shareholders for approval.

Employees represented in terms of collective bargaining arrangements

The majority of the group's employees at Zondereinde are contributing members of the National Union of Mineworkers (NUM - primarily in the category 2 to 10 bargaining units). Therefore, their salary levels, annual increases, allowances and benefit packages are negotiated on a collective basis. Northam also engages with other unions representing smaller groups of employees. The group's labour relations policies provide for organisational rights to any union which can meet a 15% representation threshold within a bargaining unit. When a registered union reaches a representative threshold of 33.3% within a bargaining unit, it acquires the right to bargain for that particular unit. Northam's objective is to engage in good faith in order to reach agreement on matters such as wages, substantive conditions of service and other matters of mutual interest. See page 87 and 91 of this report for further information or go to www.northam.co.za

At Booysendal a total of 32% of the workforce is covered by collective bargaining agreements through the contractor companies used at the operation.

In addition to their wages employees also earn various forms of bonuses to incentivise performance.

Employees – mineworkers*

ANALYSIS OF AVERAGE PAY FOR NORTHAM EMPLOYEES 1 JULY 2015

	% of total monthly average	Entry level Cat 02-08 employee
Basic monthly wage	55.0	7 370
Employer provident / retirement fund	6.9	921
Medical benefit	6.4	860
Housing benefit / allowance	20.7	2 771
Holiday leave allowance	4.6	614
Average overtime	1.9	254
Average bonus	4.5	618
Total monthly average (underground employee)	**100.0**	**13 408**
Per annum (underground employee)		160 894

** See page 91 for more on employee remuneration.*

Executive directors, management and non-union staff

Executive directors, corporate and operational management members are treated individually in accordance with their contracts of employment and the remuneration and benefit schemes and practices applicable to their job grades. Salaries are reviewed annually, effective 1 July. Salary increases are determined individually, according to individual performance, retention and market-matching criteria.

All non-union staff, managers and executives have detailed job profiles which stipulate the key performance areas of their positions. These serve as the basis for performance management and measurement and performance-linked salary increases and bonuses.

Remuneration takes the form of:

- appropriate salary packages, including those of the executive directors which incorporate basic remuneration pay (BRP) including death, disability, medical aid and pension contribution benefits;
- various allowances;
- various short term incentive bonus schemes depending on the grade of the employee; and
- a long term incentive scheme launched in 2011 which replaced the share option scheme (see page 31).

REMUNERATION POLICY

The group's remuneration policy is designed to support its strategic goals in a way that aligns the interests of employees, managers, executives and directors with those of shareholders. Through fixed and variable remuneration, the group aims to attract, retain, incentivise and reward top quality staff at all levels, particular where scarce or critical skills are involved.

The remuneration policy is not intended to be a 'one size fits all' statement of rules and procedures, but rather to serve as the basis for a flexible approach to the variable and changing needs of the dynamic and competitive mining employment environment. The policy is underpinned by the following key principles:

- attracting and retaining core skills, such as artisans, engineers and management;
- harmonising working conditions, salaries and wages throughout the group;
- compliance with all statutory and regulatory requirements and a commitment to applying best practice guidelines in all aspects of remuneration and benefits, and
- offering remuneration packages that are competitive, fair, and reasonable in all respects and at all levels.

REPORT OF THE SOCIAL, ETHICS AND HUMAN RESOURCES COMMITTEE

(INCORPORATING THE REMUNERATION REPORT) CONTINUED

Features of the remuneration practices

As a general principle, employment contracts are concluded on a permanent basis (i.e. for an indefinite period), except where fixed-term or short term temporary contracts are required for specific projects. The notice period for the termination of employment contracts is typically one month, but for critical positions this can be extended by mutual agreement to a maximum of one year.

Northam's objective is to provide a market-competitive basic salary plus compulsory medical aid and retirement fund membership. Various fixed and variable allowances are paid at certain job/grade levels or to certain job categories. The job grading system follows the Paterson model. Remuneration experts are consulted as circumstances dictate.

Job grades, salary scales and employee benefits are benchmarked against mining industry standards and are reviewed annually. The midpoints of the group's salary scales are compared with industry percentiles and adjusted annually, in line with the changing size, structure, financial performance and general circumstances of the group over time.

The group's salary scales have a range of between 12.5% and 80% which allow an overlap on scales which have steps of 15% between grade ranges to allow for the appropriate positioning of individuals according to qualifications, experience, performance, growth, development and market imperatives. However, in a competitive market where skills are scarce, market comparisons at the top global the range must be considered and paid.

The committee approves salary increases for all categories of staff in advance each year. Any material changes to allowances, benefits, bonus schemes, or any other aspect of remuneration policy are approved by the committee prior to implementation.

Severance payments upon termination of service are governed by legislation, agreements with unions, individual contract and/or group policy and practice. In the case of retrenchment, the group's most common policy at all job levels is to pay the contractual notice period (if not worked) and severance pay in line with legislation, which is the Basic Conditions of Employment Act, being one week's remuneration per completed year of service with the group.

Group employees are not provided with any special retirement benefits other than the standard benefits in terms of one of the group's recognised retirement funds, with the exception of employees in Category 9 and above who were in service with the group on 31 December 1998. In respect of these employees, a contribution is made to a post-retirement healthcare fund. These contributions cease when the employee leaves the service of the group for any reason. All components of the group's remuneration system are subject to regular internal and external audits, as well as routine monitoring by the South African Revenue Services. The committee is satisfied that the group is compliant with all pertinent regulations.

Executive directors' service contracts

The chief executive Mr PA Dunne has a service contract with the company which is subject to a notice period of one year. The chief financial officer, Mr AZ Khumalo has a service contract with the company which is subject to a notice period of three months. Severance pay is governed by employment (labour) legislation and there are no special severance package arrangements in terms of these contracts except that they are governed by legislation. The executive directors' remuneration is determined on an annual basis by the committee.

ELEMENTS OF REMUNERATION FOR EXECUTIVE DIRECTORS AND SENIOR OFFICIALS

Fixed remuneration: cost to company

Executive directors are paid market-related salary packages on a cost to company basis which represents their guaranteed pay. Increases are generally offered and determined annually by the committee in July. Increases take account of the prevailing inflation rate and include a merit component of no more than 2% in addition to the inflation rate.

Mr PA Dunne was not offered a salary increase in July 2014 since his contract with Northam started in March 2014. Mr AZ Khumalo received a 13.2% increase to make up for the lack of an increase (unrelated to personal performance) between F2013 and F2014.

EXECUTIVE DIRECTORS - TOTAL REMUNERATION OUTCOMES AND REMUNERATION MIX F2015

Executive director	Basic Remuneration %	Bonus %	Retention shares %	Performance shares %	*Total %
P A Dunne	75	25	0	0	100
AZ Khumalo	32	18	35	15	100

** Refer to directors' report on page 124 for directors' remuneration in rand terms.*

Mr Dunne did not have any retention or performance shares vesting as his tenure at the company remains below the three-year vesting period. On a relative basis Mr Khumalo's retention share percentage is high on account of closed periods in place in F2014 when the retention shares could not be paid. These were therefore paid in F2015.

VARIABLE REMUNERATION: SHORT TERM INCENTIVES

Employee bonuses

The group has a variety of bonus schemes for employees. Bonuses are not guaranteed and are based on agreed formulae. Executive directors and senior management may earn a bonus based on the extent to which they have achieved the targets and objectives set for them by the committee and/or the board of directors. Bonuses are payable half-yearly.

Short term incentive – executive directors, senior officials' bonus scheme

The board of directors, through the committee, determines the performance targets and objectives of the chief executive and the chief financial officer, conducts their performance assessments and decides the quantum of their performance bonuses. The chief executive also has input into the evaluation of the chief financial officer.

The chief executive and the committee determine the performance targets and objectives of senior managers, conduct their performance assessments and determine the quantum of performance bonuses for approval by the board of directors.

Bonuses are paid subject to the achievement/meeting of targets, and an individual performance rating. Variability of the bonus amounts per grade is based on the relative BRPs of executive directors and senior officials.

Annual bonuses actually paid as a percentage of basic remuneration in F2015 were as follows:

Executive director	*2015 bonus as % of pay
PA Dunne	33.8
AZ Khumalo	55.2

** Refer to directors' report on page 124 for director's remuneration in rand terms.*

Mr PA Dunne only earned the senior officials' bonus and no retention bonus as he has not been with the company for more than two years whilst Mr AZ Khumalo earned both bonuses. Both bonuses are described below.

Typically, the bonus scheme is based on a weighted combination of targets which are largely under the control of management. The committee intends for bonuses to incentivise management in areas/targets that they are able to influence so they are incentivised to manage the group for best performance for the benefit of shareholders. These targets are usually a weighted combination of safety performance, linear metres achieved, square metres achieved, total tonnes milled, recoverable metals produced, cash or total operating costs, personal performance which includes transformation (referring to social employment quotas/criteria that must be met in terms of employment legislation in South Africa).

SHORT TERM INCENTIVES – DETAILS OF THE EXECUTIVE DIRECTORS' AND SENIOR OFFICIALS' BONUS SCHEME

Committee approved formula	Achievement (excess or shortfall of actual over target), rated in terms of achievement factors (i.e. below 90% achievement = zero achievement factor and above 110% = 125% achievement factor) by (x) weighting of key performance area (scoring) x BRP x weighting of the two mines (on production) – this is calculated half yearly and per annum – all annualised = bonus of executive directors and senior management. See table below.
Payment frequency	Bonuses are paid twice annually based on the actual results achieved for each of six months ending December and June. 75% of the calculated bonus is paid for each six-month period with the final 25% being calculated on the results for the full year.
Performance conditions	Set during the financial year by the committee and the board. Corporate office bonuses are paid on a weighted basis based on the two mines' Zondereinde and Booysendal's performance. Performance criteria and weightings for F2015 and F2016 – see table below.
Minimum and maximum possible bonus opportunity	Minimum can be zero and maximum 125% of BRP.
Proposed changes for 2016	Only on the Booysendal weighting of targets as indicated in the table below. This change in certain targets reflects the anticipated steady-state production levels in F2016.
Remuneration committee discretion	In consultation with chief executive, the committee may vary both the formula, targets and or the amounts payable.

REPORT OF THE SOCIAL, ETHICS AND HUMAN RESOURCES COMMITTEE

(INCORPORATING THE REMUNERATION REPORT) CONTINUED

EXECUTIVE DIRECTORS' AND SENIOR OFFICIALS' BONUS SCHEME – ELEMENTS OF BONUS – PAYABLE FOR YEAR END JUNE 2015:

Key performance area	Unit	Weighting %	Achievement actual vs target %	Achievement factors applied %	Score by applying weighting %
Safety	TIIR	30	115.1	125.0	37.5
Linear metres	m	10	88.0	0.0	0.0
Square metres	m^2	10	92.0	20.0	2.0
Total tonnes milled	tonnes	10	87.0	0.0	0.0
Recoverable metals	kg	15	88.0	0.0	0.0
Total cash cost	R000s	15	106.5	120.0	18.0
Personal performance	Rating	10	0.0	0.0	0.0
Net weighting of BRP for period and for mine/unit					57.5

Applicable formula: see table above.

The table below indicate the performance targets or criteria set for the F2015 and F2016 bonuses:

		Weighting % Zondereinde		Weighting % Booysendal	
Performance criteria	**Unit**	**F2015**	**F2016**	**F2015**	**F2016***
Safety (LTIIR/RIIR or TIIR)	TIIR	30	30	20	25
Linear metres/capital development decline metres	m	10	10	30	20
Square metres	m^2	10	10	10	10
Total tonnes milled	tonnes	10	10	5	10
Sweeping and vamping	tonnes	–	–	5	5
Total recoverable metals	kg	15	15	5	5
Total cash cost	R000s	15	15	15	15
Personal performance	rating	10	10	10	10
		100	100	100	100

** Changes in the Booysendal mine criteria reflect anticipated steady state levels in F2016.*

The group has a variety of bonus schemes for employees.

Based on the cost to company, being the basic remuneration package plus pension contribution, the average group bonus paid under this scheme was 50.4% of group cost to company remuneration in F2015.

From F2015, executive directors and corporate office staff bonuses have been paid on a weighted basis based on the two mines' Zondereinde and Booysendal's performance.

Short term incentives: Retention bonus scheme – including executive directors

The bonus is designed to retain skills within the company. Accordingly, any employee who is discharged or resigns before such bonus becomes payable forfeits the total amount accumulated.

An amount equal to 20% of the annual BRP is accumulated monthly over 24 months and paid after two years' service in terms of this scheme. On retirement or retrenchment all accumulated bonuses are payable to employees. Employees taking early retirement will receive this bonus on a proportional basis in line with the same percentages as the Share Incentive Plan rules.

All officials within the D3 Patterson grading and higher, including executive directors, are eligible to participate in the scheme. In F2015 the average group retention bonus paid was 10.5% of the group cost to company remuneration.

LONG TERM INCENTIVE: SHARE INCENTIVE PLAN AND SHARE OPTION PLAN FOR EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

The group currently operates the Northam Share Incentive Plan (SIP). The Northam Share Option Scheme has been discontinued owing to its dilutive nature. The share options issued before its discontinuance will be allowed to run their course until 2017. Details of the options issued under the Scheme are more fully disclosed in Annexure 5 on page 196.

Remuneration of executive directors in terms of both basic pay and the Northam SIP shares are disclosed on page 124 and page 200 of this report.

The SIP was introduced in 2011 in order to attract, incentivise and retain skilled senior managers. The target group for the SIP includes all senior officials and executives in job grades D1 and above. The committee approves the annual allocation of shares based on an approved formula, as well as any changes to the SIP rules.

LONG TERM INCENTIVE – DETAILS OF THE SHARE INCENTIVE PLAN

Instruments used	• Conditional shares with a three-year vesting period • retention shares (without performance conditions) – no more than 20% of the total award; and • conditional shares with performance conditions – at least 80% of the total award • Forfeitable shares Participants do not have to pay for any awards received under the SIP.
Eligibility levels	Executive directors and all senior officials in Patterson D grade and above
Performance conditions and performance measurement	See table below for typical combination of performance conditions, each factor weighted accordingly. From F2015 onwards include a rate of return performance target/factors with a weighting of at least 30%.
Vesting period	Three years for all shares
Company and individual limits	Total company limit of approximately 19.9 million shares and approximately 2.0 million shares per cycle for individuals
Minimum and maximum possible share payout	Minimum is the value of retention shares (as they have no performance conditions attached) and maximum largely depends on operational performance of the company when targets are measured against actual performance for conditional shares. This determines the shares eventually allocated, (which are normally lower than those awarded because of the performance conditions test) as well as the share price when shares vest. On measurement of the achievement of these targets/factors, each factor's achievement rank depends on the extent of achievement for each factor over the three-year period, ranging from: • a ranking of 1 (which represents a 90 to 100% achievement of target). This could mean, for example, a 100% award of conditional shares, • this rises up to a ranking of 4, which, for example might be an achievement of over 105%, which may equate to a share number allocation of up to 135% of the original award.

REPORT OF THE SOCIAL, ETHICS AND HUMAN RESOURCES COMMITTEE

(INCORPORATING THE REMUNERATION REPORT) CONTINUED

Executive directors and senior management – November 2011 allocation – vesting November 2014

Factor and weighting and year		Safety 30%	Recoverable Metals 40%	Unit cash cost 30%	Total
F2012	Score achievement – actual vs target	42%	97%	104%	
F2013	Score achievement – actual vs target	113%	96%	100%	
F2014	Score achievement – actual vs target	74%	79%	93%	
Total	Score achievement – actual vs target	74%	91%	100%	
Achievement per factor		0.0%	100%	100%	
Weighted		0.0%	40%	30%	70%
Percentage shares to be paid					70%
Executive directors – number of shares	59 000#				41 300*

** Final numbers of shares vested paid out in December 2014.*

 # The initial/original number of shares awarded or granted to directors. The initial award is largely based on the share price at the time of grant.

The first three-year cycle post the launch of the SIP in 2011 was completed in November 2014. The performance conditions were measured with the result determining the allocations of shares that vested and which determined the payout. The retention awards of F2011 however vested in 2013. For Zondereinde mine and corporate office (including executive directors) 70% of the awards were allocated and paid. For Booysendal this amounted to 78%.

The awarding of shares is determined by means of a share option formula, approved by the committee, which was provided to Northam by external experts after a review of industry share schemes in 2011. The formula takes into account factors such as the share price on award or grant date and the vesting period of the shares to be awarded. Both retention shares (without performance conditions) and performance shares (with performance conditions) are awarded. However retention shares are limited to a maximum of 20% of the total number of awarded shares for all grades of staff including executive directors. Usually the awarded shares are not the shares that eventually vest, but the allocated shares (that is, the awarded shares after measurement against the performance conditions, three years later) that vest.

Consultations with shareholders on long term incentives

The committee, with the assistance of management, has consulted with shareholders and experts on the changes to the SIP rules. As a result, the following changes were approved by shareholders:

No	Area of change	AGM Date	Description of change
1	Choice for employees	Nov 2013	Employees given the choice to receive cash or shares. If shares are chosen, then these are to be bought in the market and not issued, to avoid dilution
2	Maximum number of shares available for award	Nov 2014	Limited to the then 5% of issued share capital, which equals 19.9 million shares
3	Limit of retention shares	Nov 2014	Retention shares (shares without performance conditions) limited to no more than 20% of award.
4	Maximum award for single employee	Nov 2014	Limited to 0.5% of issued shares per cycle, which is approximately 2 million shares
5	No dilution	Nov 2014	Shares to be offered to employees to be bought in the open market not issued
6	Vesting period for retention shares	Nov 2014	Period extended to three years from two years
7	Measurement of performance conditions period	Nov 2014	Measurement to be done for each three-year period, not for each year over three years
8	Change in performance criteria	Nov 2014	Added a rate of return target to the criteria with a weighting of at least 30% for F2015 going forward

F2015 three-year award performance targets/factors set in November 2014 as follows:

- an improvement of 10% over the previous financial year's safety record, with a weighting of 25%;
- estimated recoverable metals meeting production volumes, weighted at 25%;
- unit cash costs – achieving the budgeted unit costs for the current year or less with a weighting of 20%;
- a rate of return measure;
  - absolute total shareholder return (group) in excess of 15% (cost of capital +2%); and
  - relative total shareholder return (group) – Northam share price performance exceeding the platinum index return on the JSE (each with a weighting of 15%) with the sum of the weightings totalling 100%.

An achievement of less than 90% of target results in no shares being allocated at all. Every year the committee, with the assistance of management, assesses the allocation of both retention and conditional performance shares per employee.

For quantum of shares awarded to executive directors in November 2014 (for F2015) see Annexure 5 on page 200.

EMPLOYEE PARTICIPATION SCHEMES

Toro Employee Empowerment Trust

The group operates an employee profit share scheme for eligible employees at the Zondereinde mine in terms of which 4% of after-tax profits are contributed to a registered trust fund (The Toro Employee Empowerment Fund). Eligible employees receive payment at the end of each five year cycle, with the first payments having been made in F2013. Consideration is being given to extending the scheme to the Booysendal mine employees.

BEE shareholding in Northam

Employees and communities are participants in the recently approved BEE transaction in terms of which communities hold 5% of Northam shares and employees 3% of Northam (this is an addition to the 4% share of profits by employees through the Toro Trust).

Ms TE Kgosi

Chairperson

25 September 2015

MANAGING MATERIAL RISKS AND OPPORTUNITIES

The board is responsible for establishing and maintaining an effective system of internal control to guard against any loss of group assets. Internal and external auditors, as well as management, continuously provide assurance on the effectiveness of internal controls.

The risk assessment and management function covers any material routine transactional or occasional risks that a mining group of the nature and size of Northam, is subjected to in the ordinary course of business. Risk assessment is an executive management function and is overseen by the audit and risk committee on behalf of the board.

In terms of the group's risk management framework, which incorporates an ongoing risk review process, the major risks of the group that may materially affect its ability to create value from business opportunities are identified, and ranked on the basis of their materiality. Inherent risk and mitigating steps are identified, so as to ensure that the level of residual risk is acceptable to management. Assessing risk includes testing the extent of compliance with applicable legislation, and is performed by completing the regulatory compliance scorecard.

The board of directors appreciates that sustainability is an ethical and economic imperative for business in the 21st century – both in terms of risk management and the opportunities it presents. The relationship between good governance, good leadership and excellent financial performance is evident, and entails defining strategy, providing direction and establishing the ethics and values that will influence and guide practices and conduct with regard to sustainability performance.

RISKS IDENTIFIED (as at April 2015)	MANAGEMENT RESPONSE
National regulatory risk	
• The South African mining environment is governed by legislation to redress some of the social and economic imbalances resulting from the discriminatory policies and practices of the past. The MPRDA and the Mining Charter (revised in 2011) create a framework for transformation of the mining industry. A key aspect of this legislation is promoting more equitable ownership of South Africa's mineral resources, by requiring a 26% BEE interest in the equity of mining companies by April 2014.	• HDSA ownership levels in the company are pegged at 35.4% following the conclusion of the R6.6 billion BEE transaction referred to on page 4 of this report.
• There are also risks related to changing regulation, such as the government audit on Mining Charter compliance and the outcome of the interpretation of BEE ownership.	• Management is focusing on housing, BEE and affirmative action in order to comply with the key objectives of mining legislation.
Geological and ore resource risk	
Mining the Merensky Reef at Zondereinde is complex and challenging, which impacts on its availability.	Merensky reef remains difficult to mine in the short term. Management is pursuing the deepening project at Zondereinde mine in order to open more face for Merensky ore. A higher proportion of UG2 ore is to be mined as it is more readily available, with the UG2 to Merensky proportion changing from 1:1 to 65:35. Management intends to construct a new 20MW furnace which is designed to take increased volumes of UG2 production. Booysendal mine provides geographic diversification and access to a less complex, shallower ore body that can be mined mechanically.

RISKS IDENTIFIED (as at April 2015)	MANAGEMENT RESPONSE
Labour and socio-political risk Several events and factors have resulted in a volatile and uncertain climate in the South African mining industry, especially in the Rustenburg platinum belt. These include the tragic events at Marikana in 2012; inter-union rivalry and militancy, especially between the NUM and AMCU; and strike action called by AMCU which saw a five-month strike in 2014 – the longest strike in our country's labour relations history – affecting Anglo American Platinum, Impala Platinum and Lonmin.	In recognition of employees' freedom of association, Northam's policy is to grant organisational rights to any union with representation of 15% or more of a relevant category of employees. Management maintains open channels of communication with its labour force, both directly with, for example, employees of influence and with representative union structures. For bargaining rights, a union is required to prove 33.3% representation of its relevant constituency. In addition, management consults with any legitimate worker representatives or committees to resolve any concerns which may arise. At Zondereinde, interdicts through the Labour Court were used when necessary, such as during the one week unprotected strike in January 2015. Stakeholder liaison with the local SAPS is in place in the event of possible industrial action. Our negotiations with unions for F2016 began at the end of F2015. Post financial year end, a wage settlement was reached which was a good outcome for both employees and the company. At Booysendal, mining and plant contractors signed two-year agreements in July 2013 and no major labour difficulties are expected on the eastern limb. We also engage proactively over socio-economic issues with employee communities, and have initiated our Accommodation Strategy 2020 to improve employee housing and related infrastructure. Please go to page 96 for the latest on this Strategy. Employee empowerment, including the expansion of a bigger and better Toro Trust, is also part of our approach. Northam fully participates in any meetings or forums set up by the DMR, local municipalities and other mining companies in the areas where its mines are located. Soon after year-end there were disturbances in the communities around Booysendal mine. Northam fully participated in the ministerial efforts to calm the area. The current leadership model is being reviewed to determine what aspects can be adjusted to accommodate the changing labour climate, with an emphasis on succession and communication.
Skills shortage risk Global competition for expertise and skills in the technical field as well as the distance of the operations from major urban centres, have put pressure on the group to attract and retain appropriate technical skills.	The group has developed appropriate remuneration policies and practices to retain its technical skills competitive edge in the industry and aims to keep abreast of developments in this area. There is a management drive to attract affirmative action (AA) senior level appointments in the next one to two years. In-house training and mentoring have been improved to promote skills enhancement, with external recruitment being applied where necessary. Our executive: human resources is focusing on succession planning, in collaboration with heads of departments who identify qualified and appropriate candidates. More recently this risk is transforming into an opportunity for Northam as more skilled and trained employees come on to the market, given the turbulent times in the resource sector.
Fraud and corruption risk Fraud is South Africa's number one economic crime and is an activity particularly prevalent during an economic downturn. The company strongly condemns bribery, fraud and corruption in accordance with its code of ethics.	Internal and external audits and control reviews are continuously conducted. We recently increased awareness of our whistle-blowing and ethics hotline via pamphlets at both operations. We have a security sub-department which reports to finance.

MANAGING MATERIAL RISKS AND OPPORTUNITIES CONTINUED

RISKS IDENTIFIED (as at April 2015)	MANAGEMENT RESPONSE
Market and financial risk	
• The risks of metal price fluctuations and exchange rates are inextricably linked with our business. As a PGM producer, the group is a price taker and has no control over the commodity prices, which are denominated in US dollars.	• Management has raised funding that should carry the development and operations of the group in the short to medium term. A pricing committee has been established to deal with price forecasts and hedging, if necessary. Due to low PGM prices, supplier costs reviews, general cost cutting and deferment of cash outflows are continuously in progress, especially in procurement. Our new growth strategy focuses on synergies, lower costs and shallow ore bodies where it is possible to mechanise.
• Meeting production targets is key to the sustainability of the business; the biggest risks to meeting targets are work stoppages and section 54s.	• Management ensures as far as practically possible compliance with standards. Human resources maintains good relations with union leadership to mitigate the risk of work stoppages. Management communicates directly with employees and not just through their unions. Northam participates in the Chamber of Mines' efforts to maintain good relations with all union structures and employees. Our Accommodation Strategy 2020 (see page 96) and employee empowerment are also important aspects of our approach.
Operational risk	
• The group currently operates a single stream process of smelting, base metal removal and refining. The existing furnace has become an operational risk. Due to company growth, it has reached its nameplate capacity and the predominance of UG2 orebody production has made it less efficient, designed as it was for Merensky ore. The furnace has suffered two failures in the last three years and there is a chance that it may deteriorate beyond repair. Were this to happen and the ore needed to be moved to a third party furnace, this would incur delays and impact on our cash flow.	• The board has approved capital expenditure for the installation of a new 20MW furnace as part of the smelter expansion and de-risking programme. Initially, a sum of R10.0 million has been committed for design and drawing work for the new furnace. The project estimated at R750.0 million is expected to be completed over the next three years. The additional capacity will add significant mining flexibility allowing for higher volumes of UG2 to be mined and treated.
• There was a concern that Booysendal mine's UG2 ore's high chrome content would adversely affect Zondereinde's processing capabilities.	• Booysendal plant has a chrome circuit which splits the chrome from other concentrates and it is sold separately per contract.

The board has approved capital expenditure for the installation of a new 20MW furnace as part of the Zondereinde smelter expansion and de-risking programme.

RISKS IDENTIFIED (as at April 2015)	MANAGEMENT RESPONSE
Health and safety risk The occupational illnesses associated with underground mining operations are those caused *inter alia*, by excessive exposure to heat, dust, noise, radiation and gases. Consequently, the mining industry is subject to stringent health and safety laws and regulations. In certain cases, amendments to health and safety legislation could result in the group incurring additional costs in order to comply with new laws and regulations. In addition, the industry as a whole is experiencing the negative effects of medical pandemics such as HIV/Aids and TB. These medical conditions adversely affect productivity and costs.	Underground mining is inherently hazardous and requires full compliance with health and safety regulations, compulsory safety training and the use of personal protective equipment. Non-compliance with safety standards may lead to costly mine stoppages. Our established health and safety department has implemented health and safety codes of practice and standard operating procedures are in place. The Chamber of Mines' safety system is to be implemented. A Standard Process and Advisory Group has been established whereby policies and procedures are reviewed on an *ad hoc* basis. Management performs *ad hoc* underground visits to verify adherence to safety standards. The group's proposed growth strategy which involves acquiring and/or developing shallow mechanised mines or reserves and thus growing "down the cost curve" is also a mitigant against the safety risk as the mechanised mining method is far safer and employs far fewer workers underground. The group has adopted a zero tolerance policy towards safety infringements. All infringements are investigated, and employees may face disciplinary hearings, which may lead to suspension or dismissal. In addition, the group undertakes continuous training campaigns for its employees. Mining safety standards are meticulously and constantly revised in order to facilitate compliance. Where possible mechanisation is favoured and implemented as a mining method given its improved safety record. At Zondereinde, the use of hydropower itself largely eliminates the presence of dust in the workings. HIV/Aids and TB have been aggressively targeted with a strong focus on prevention, through education initiatives and community involvement, as well as the implementation of a monitored employee wellness programme which includes the provision of anti-retroviral treatment (ART) for those affected.
Infrastructural service supply risk The group is dependent on the reliable supply of power in order to conduct its operations. South Africa's national electricity utility, Eskom, currently has very little surplus generating capacity and is struggling to provide a reliable service to the industry. Eskom has sought to limit power consumption by large users such as mines during peak hours, by up to 10%.	The group has engaged with Eskom so that it is given advance warning of any possible outages in order to secure employees' safety and protect its assets. It is not always possible to determine the cost of power disruptions, which are likely to persist in the medium term. The group has instituted a number of measures in order to reduce its maximum demand as well as to lower its total power consumption. These include diesel-powered machinery, an electricity management programme to assist Eskom and automated emergency generators to allow co-generation. Booysendal mine, being a mechanised mine, is relatively less reliant on Eskom power. In addition, the mine has been designed in such a way that it can continue operating for several hours with reduced electricity supply.
Growth strategy execution risk Too aggressive an expansion increases risk. Funds, skills and patience are all necessary ingredients for successful growth. Added pressure has been placed on the company by the tough targets set for the success of the BEE transaction. The management and operating of new mines requires good assets, good people, efficiency and finding synergies.	Management intends to grow the group through both internal and external opportunities identified on a continual basis. These opportunities need to be value accretive for Northam's shareholders not least in order to meet and exceed the Zambezi Platinum preference dividends yield threshold of prime interest rate + 350 basis points compounded over 10 years. Management has built the corporate office team in line with the human resource and project execution needs of an expanding company.

MANAGING MATERIAL RISKS AND OPPORTUNITIES CONTINUED

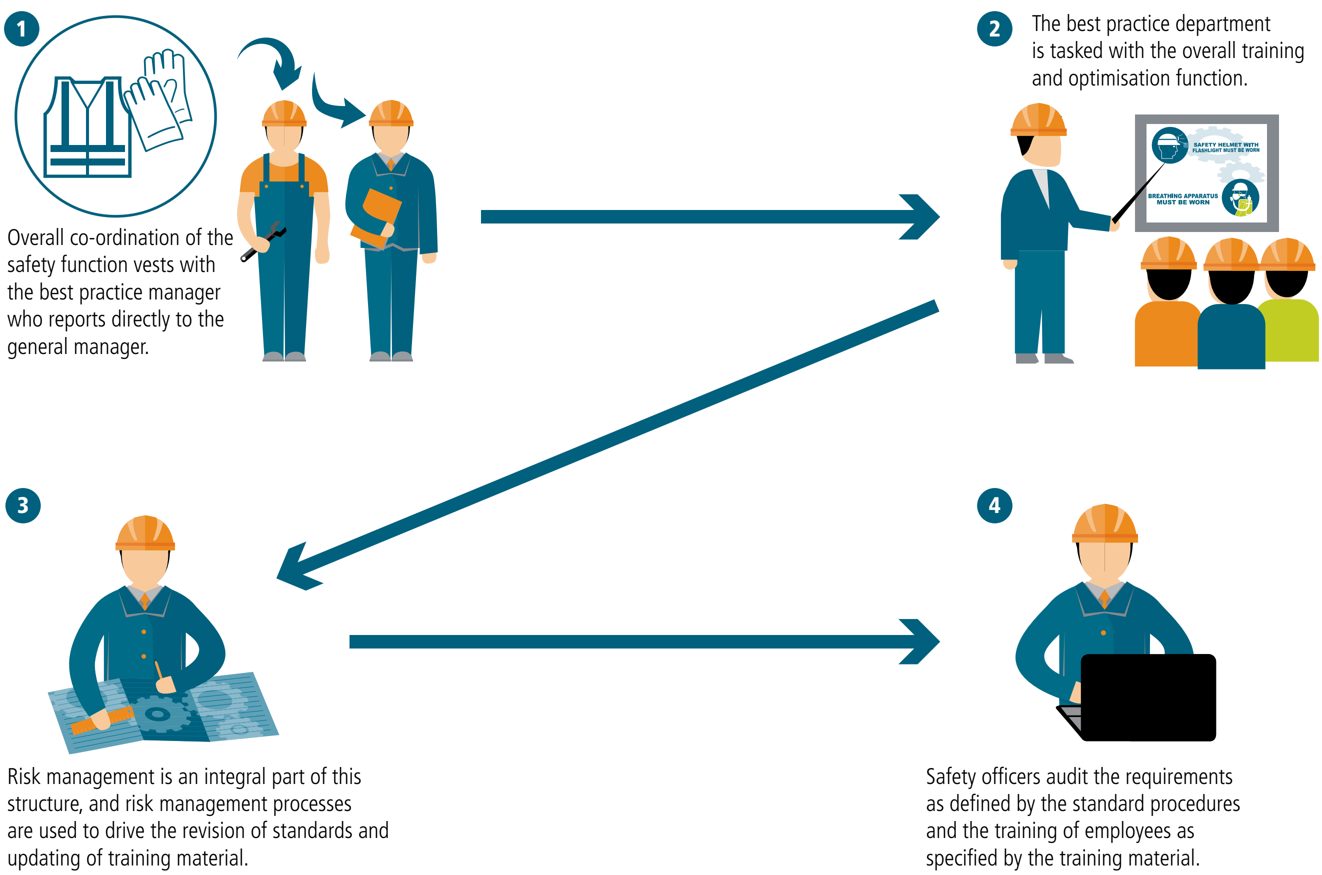
RISK FINANCING

Risk financing is an integral part of the group's risk management philosophy. In this regard, the group ensures that it has adequate insurance cover to safeguard it against major losses which could affect future earnings. Insurance cover is arranged in respect of material damage and business interruption, and is split between the South African and international insurance markets.

HEALTH AND SAFETY

The board-appointed health, safety and environmental committee is ultimately responsible for ensuring compliance with legislation and monitoring performance with regard to health and safety. The committee, comprising three non-executive directors, meets on a quarterly basis.

SAFETY CO-ORDINATION



SAFETY STRUCTURES AT OUR TWO OPERATIONS	
Zondereinde mine	**Booysendal mine**
Type of operation • deep-level conventional mining operation	• mechanised mining operation • inherently less risky
Safety personnel • mining services manager • safety co-ordinator • two senior safety officers • six safety officers • safety and training coaches/instructors who cross-audit working areas to identify hazards • risk and standards co-ordinator • risk officer	• one SHEQ manager • one risk coordinator • one risk officer • one standards officer • three safety officers • one SHE administrator • one systems developer
Safety record • discernible downward trend in total injury incidence rate	• excellent safety record to date

INTEGRATED REPORTING AND DISCLOSURE

Policies, practices and performance relating to sustainable development form an integral part of the management of the group. Responsibility for these matters lies with the board. The audit and risk committee assists the board in approving the disclosure of sustainability issues in the annual integrated report. This document provides extensive discussion on the operational and financial performance of the group and the material environmental, social and governance (ESG) issues that underpin the group's business performance. This comprehensive disclosure enables stakeholders to make an informed assessment of the economic viability of the group and the sustainability of its business.

COMBINED ASSURANCE

The audit and risk committee assisted by management ensures that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities. The committee makes sure that the assurance received addresses all significant risks facing the company, and also monitors the relationship between the external assurance providers of the company.

Our annual integrated report enables stakeholders to make an informed assessment of the economic viability of the group and the sustainability of its business.

STAKEHOLDER ENGAGEMENT

OUR APPROACH

Developing and maintaining solid, mutually beneficial relationships with our stakeholders is critical for our business. We define our stakeholders as those individuals, groups and entities directly affected, both positively and negatively, by our business activities.

Our stakeholder engagement policy was reviewed by the board in April 2015.

External stakeholder engagement is the responsibility of Northam's chief executive and chief financial officer, while internal stakeholder engagement is undertaken by the general managers at each operating division, together with the executive: human resources.

The company's major impacts are felt at operational level. For this reason, operational management is empowered to deal with concerns raised by stakeholders. Management is committed to reacting timeously to stakeholder concerns, and engages both formally and informally. External stakeholder concerns may be escalated to the chief financial and chief executive officers, and to the relevant board sub-committee.

The company conducts a sustained programme of communication directed at its stakeholders, including shareholders and their advisors, employees, unions, communities, government and regulators and non-governmental organisations (NGOs).

Northam is a member of the Chamber of Mines and actively participates in the Chamber's industry initiatives.

ENGAGING WITH OUR STAKEHOLDERS

Shareholders (providers of capital), research analysts and fund managers

Northam provides information on operating, financial and other performance in a timely manner and using clear and plain English. Channels of communication include:

- regulatory channels such as the JSE Stock Exchange News Service (SENS)
- website postings
- electronic web-based communiques to a database of registered stakeholders including the investment community and the media

Shareholders are encouraged to participate in the AGM of the company and to raise issues of concern or interest directly. The notice of meeting is a regulated issue and shareholders are notified accordingly.

Employees and unions

Relations with employees and organised labour are governed by recognition agreements and conditions of employment by legislation.

Northam supports the rights of all employees to freedom of association and acts in accordance with the South African Constitution, prescribed legislation, industry compacts and recognition agreements with unions.

The company encourages open communication and employees are encouraged to raise issues of concern and interest via the formal and informal structures in place, including through the human resources discipline, line management and union structures.

Communities

Northam engages on a formal and regular basis with local authorities, including the Moses Kotane and Thabazimbi municipalities in respect of Zondereinde, and the Greater Tubatse and Thaba Chweu municipalities in respect of Booysendal. Community forums are in place to address community concerns, in particular issues such as local employment, training, and development and procurement.

Community development is undertaken according to the commitments made in the company's SLPs. In line with the requirements of the Mining Charter, Northam ensures that its community development policies and practices are aligned with those of the local municipalities' integrated development plans (IDPs) as far as reasonably possible.

Customers

Northam has long-standing relationships with its customer base. The company's marketing department maintains regular weekly contact with its domestic and international customers, and hosts customer meetings and visits customer facilities. Customer representatives, in turn, visit Northam's mining and metallurgical operations.

Any issues relating to customer satisfaction are directly taken up with the marketing department.

STAKEHOLDER ENGAGEMENT SUMMARY

Key stakeholders	Topics and concerns	Communication channels
Shareholders and investors	Operating and financial performance Share price performance and dividends Issues related to the sustainability of the company: • risk mitigation • legislation • safety • labour relations	Announcements on SENS Website Interim and preliminary and or annual results presentations One-on-one investor meetings Investor site visits Roadshows AGMs and special shareholder meetings Annual integrated reports CDP submissions CDP water submissions
Employees	Wage negotiations Job security Training and development Health and safety Company performance	Company policies Collective bargaining practices Team briefings Two-way manager-employee communication Let's Talk campaigns: • recruitment • HIV/AIDS • education • performance
Customers	Continued availability of supply Quality of supply Impact of any industrial action on supply	Announcements on SENS Company reports Website Formal presentations Roadshows Site visits CDP submissions CDP water submissions
Suppliers and contractors	Sustainability of the company Financial performance Employment practices Local procurement practices Preferential procurement practices Quality control Impact of any industrial action on suppliers	Announcements on SENS Company practices and policies Preferential procurement policies Open days Dialogue
Media	Operating and financial performance Corporate activity Environmental issues Community-related topics Impact of any industrial action on the company, employees, the industry and the South African economy	Announcements on SENS Website Online presentations Media site visits Company reports Interviews
Communities and NGOs	Local economic development Corporate social investment Job opportunities and employment Skills development Health related issues Environmental impact Impact of any industrial action on local business	Community forums Stakeholder forums Industry partnerships Community engagement programmes Wellness campaigns Dialogue
Government and regulatory authorities	Labour relations Licence to operate Employment Education and training Environmental impact and rehabilitation BBE empowerment and ownership	Formal processes Participation in industry associations Social and labour plans Dialogue Company reports Site visits

BUSINESS PERFORMANCE

Our operating performance has been encouraging as we have steadily continued with the ramp-up of production at Booysendal. At Zondereinde, overall production was satisfactory.

MINERAL RESOURCE AND RESERVE STATEMENT

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

Mineral resources are reported inclusive of mineral reserves.

SCOPE OF REPORTING

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

- **Zondereinde**, the company's wholly owned PGM mine, located in the Thabazimbi area of the Limpopo province and within the northern portion of the western limb of the Bushveld Complex. This includes both the Zondereinde and Middeldrift portions of the property;
- **Booysendal**, 100% owned by Northam's wholly owned subsidiary, Booysendal Platinum Proprietary Limited (previously Micawber 278 Proprietary Limited) and situated in the southern portion of the eastern limb of the Bushveld Complex;
- **Dwaalkop**, located in the northern portion of the eastern limb of the Bushveld Complex, in which Northam holds a 50% stake through its wholly owned subsidiary Mvelaphanda Resources. Dwaalkop is managed by Lonmin plc (Lonmin); and
- **Pandora**, located in the Brits area of North West province and within the southern portion of the western limb of the Bushveld Complex, in which Northam holds a 7.5% stake. Pandora is managed by Lonmin.

KEY POINTS AND SIGNIFICANT REVISIONS FROM LAST YEAR

- The reassignment of Merensky resource to, together with the estimation of Merensky reserve in, the Booysendal UG2 North mine (BY UG2 mine), which has consequently been renamed Booysendal North mine. This follows the completion of a feasibility study for mining of Merensky reef in the Booysendal North area.
- The reassignment of resources between Booysendal North and Booysendal South. This follows an amendment to the internal Booysendal resource boundaries to align to future mining plans. This reassignment does not result in a change to the combined Booysendal resource content outside of the Booysendal North Mine area.
- The estimation of Merensky and UG2 reserves to 18 level on Zondereinde mine. This follows an amendment to reporting procedures at Zondereinde mine, which previously permitted only the inclusion of reserves from accessed mining levels (to 16 level), and now includes reserves from areas for which there is committed capital for infrastructure to support a mining plan.
- The inclusion of an indicative content for the Everest mining right. This is informed by the resource and reserve estimated by AQPSA and follows the acquisition by Northam of the Everest mine assets from AQPSA. An estimate of the Everest resource and reserve will be included upon completion of transfer of the Everest mining right to Northam.

REGULATORY COMPLIANCE

The mineral resource and mineral reserve statements for Northam have been prepared under the guidance of the company's lead competent persons who are duly registered with The Engineering Council of South Africa (ECSA; Private Bag X691, Bruma, 2026, South Africa; www.ecsa.co.za) and/or with the South African Council for Natural Scientific Professions (SACNASP; Private Bag X540, Silverton, 0127, South Africa; www.sacnasp.org.za). This ensures that the mineral resource and mineral reserve statements comply with the provisions of the South African Code for Reporting of Mineral Resources and Mineral Reserves of 2007, revised in 2009 (SAMREC 2009). The company's competent persons have taken cognisance of definitions included in the code. The mineral resource and mineral reserve quantities reported here are considered to be fully compliant in all material respects with the requirements of the code, and the lead competent persons have given written confirmation of such.

Definitions of the various mineral resource and mineral reserve categories as well as the requirements for reporting of exploration results may be found at www.samcode.co.za/downloads/SAMREC2009.pdf.

STATUS OF MINERAL RIGHTS

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

Northam holds new order mining rights over both the Zondereinde and Booysendal mines.

The Pandora mine operates under a new order mining right which was converted from an old order right in 2013.

The Dwaalkop joint venture holds a new order prospecting right over the Dwaalkop prospect. This right is subject to a renewal application. An application for a new order mining right was submitted in 2009 and is being processed.

Northam further holds eight new order prospecting rights over the Kokerboom prospect, granted in 2009. Kokerboom is an iron oxide copper gold and massive sulphide copper zinc exploration prospect covering some 1 000 000 hectares of the Northern Cape province of the Republic of South Africa. A prospecting work programme is currently in progress and no resource or reserve has yet been estimated.

MINERAL RESOURCE AND RESERVE STATEMENT CONTINUED

Northam entered into an agreement with AQPSA on 9 February 2015 to transfer the new order mining right (127MR) in respect of Everest mine. In this regard, an application for consent by the Minister of Mineral Resources for AQPSA to this transfer terms of section 11 of the MPRDA is in process.

CONTINUING OPERATIONS

The company confirms that it is not aware of any legal or arbitration proceedings, either pending or threatened, which may have or have had a material effect on the financial position of the company and its subsidiaries.

Further to this, the risk management section on pages 34 of this report analyses potential risks which may impact the company's ability to continue its activities.

ENVIRONMENTAL LIABILITIES

The company's environmental obligations are managed in terms of approved environmental management plans. Compliance with the plans is audited by independent external parties on a regular basis. Details of the environmental liabilities are contained in note 20 to the 2015 annual financial statements and details of the funding of the environmental liabilities are contained in notes 10 and 11 to the 2015 annual financial statements.

GROUP RESOURCES AND RESERVES

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

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

Installing in-stope roofbolt support at Zondereinde.

SUMMARY OF MINERAL RIGHTS HELD AND MANAGED BY NORTHAM

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

Prospecting and mining rights are held in good order, and Northam perceives no risk to its rights to continue prospecting for and mining of minerals over any of its properties.

NORTHAM GROUP RESOURCE ESTIMATE (COMBINED MEASURED, INDICATED AND INFERRED)

		as at 30 June 2015			as at 30 June 2014		
		4E PGE			4E PGE		
Reef	**Mine**	**Mt**	**g/t**	**Moz**	**Mt**	**g/t**	**Moz**
Merensky	Booysendal North	87.82	5.06	14.29	164.90	5.32	28.22
	Booysendal South	199.52	3.50	22.48	90.57	3.54	10.32
	Booysendal North mine	17.05	3.23	1.77	0.00	0.00	0.00
	Dwaalkop[1]	38.05	2.98	3.64	38.05	2.98	3.64
	Pandora[1]	0.00	0.00	0.00	0.00	0.00	0.00
	Zondereinde	167.26	7.35	39.52	168.12	7.36	39.77
	Total	**509.70**	**4.99**	**81.70**	**461.64**	**5.52**	**81.95**
UG2	Booysendal North	152.65	4.86	23.87	328.77	3.61	38.19
	Booysendal South	320.41	3.27	33.65	208.10	3.10	20.74
	Booysendal North mine	43.12	4.52	6.27	44.13	4.52	6.41
	Dwaalkop[1]	37.56	4.35	5.25	37.56	4.35	5.25
	Pandora[1]	14.14	4.65	2.11	14.18	4.65	2.12
	Zondereinde	254.32	5.08	41.55	247.16	5.08	40.37
	Total	**822.20**	**4.26**	**112.70**	**879.90**	**4.00**	**113.08**
Combined	Booysendal North	240.47	4.94	38.16	493.67	4.18	66.41
	Booysendal South	519.93	3.36	56.13	298.67	3.23	31.06
	Booysendal North mine	60.16	4.16	8.04	44.13	4.52	6.41
	Dwaalkop[1]	75.61	3.66	8.90	75.61	3.66	8.90
	Pandora[1]	14.14	4.65	2.11	14.18	4.65	2.12
	Zondereinde	421.58	5.98	81.07	415.29	6.00	80.14
	Total	**1331.89**	**4.54**	**194.41**	**1341.55**	**4.52**	**195.04**

[1] *Current resources of Pandora and Dwaalkop are quoted as at 30 September 2014 while those of the previous year are at 30 September 2013.*

MINERAL RESOURCE AND RESERVE STATEMENT CONTINUED

NORTHAM GROUP RESERVE ESTIMATE (COMBINED PROVEN AND PROBABLE)

		as at 30 June 2015			as at 30 June 2014		
		4E PGE			4E PGE		
Reef	Mine	Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Booysendal North	0.00	0.00	0.00	0.00	0.00	0.00
	Booysendal South	0.00	0.00	0.00	0.00	0.00	0.00
	Booysendal North mine	14.57	2.92	1.37	0.00	0.00	0.00
	Dwaalkop[1]	13.66	2.61	1.15	13.66	2.61	1.15
	Pandora[1]	0.00	0.00	0.00	0.00	0.00	0.00
	Zondereinde	25.45	5.35	4.38	15.96	5.40	2.77
	Total	**53.68**	**3.99**	**6.90**	**29.62**	**4.12**	**3.92**
UG2	Booysendal North	0.00	0.00	0.00	0.00	0.00	0.00
	Booysendal South	0.00	0.00	0.00	0.00	0.00	0.00
	Booysendal North mine	43.14	3.00	4.16	44.82	3.00	4.32
	Dwaalkop[1]	16.10	3.30	1.71	16.10	3.30	1.71
	Pandora[1]	1.29	4.11	0.17	1.31	4.11	0.17
	Zondereinde	47.67	4.06	6.22	37.25	4.19	5.02
	Total	**108.20**	**3.52**	**12.26**	**99.48**	**3.51**	**11.22**
Combined	Booysendal North	0.00	0.00	0.00	0.00	0.00	0.00
	Booysendal South	0.00	0.00	0.00	0.00	0.00	0.00
	Booysendal North mine	57.71	2.98	5.53	44.82	3.00	4.32
	Dwaalkop[1]	29.76	2.98	2.85	29.76	2.98	2.85
	Pandora[1]	1.29	4.11	0.17	1.31	4.11	0.17
	Zondereinde	73.13	4.51	10.60	53.20	4.55	7.79
	Total	**161.89**	**3.68**	**19.15**	**129.09**	**3.65**	**15.13**

[1] *Current resources and reserves of Pandora and Dwaalkop are quoted as at 30 September 2014 while those of the previous year are at 30 September 2013.*

COMPETENT PERSONS

The resource and reserve statement for the Zondereinde and Middeldrift portions of Zondereinde mine were compiled by Charl van Jaarsveld, BSc (Hons) Geology, PrSciNat. (400268/05); chief geologist at Zondereinde mine, with 12 years' experience relevant to Bushveld-related resource and reserve estimation.

The Booysendal resource statement was compiled by Meshack Mqadi, BSc (Hons) Geology, MGSSA (966985); chief geologist at Booysendal North mine, with seven years' experience relevant to precious metal-related resource estimation.

The Booysendal reserve statement was compiled by Willie Theron, BSc (Hons) Mining, PrCertEng, ECSA (200790030); general manager at Booysendal UG2 North mine with 18 years' experience of Bushveld-related underground mining and reserve estimation.

Resource and reserve estimates for both Zondereinde and Booysendal were reviewed by Damian Smith, BSc (Hons) Geology, MSc, PrSciNat. (400323/04); principal member of Prospect Geoservices with 25 years' experience in mining and exploration geology, 19 years of which are relevant to Bushveld-related resource and reserve estimation.

The resource and reserve estimates for the Pandora joint venture were prepared by a team from both Anglo Platinum and Lonmin. Resources were signed off by J Witley (Lonmin) and P Stevenson (Anglo American Platinum), while reserves were signed off by AA Brown (Lonmin).

The resource and reserve estimates for the Dwaalkop joint venture were prepared by a team from Snowden Mining Industry Consultants (Resources) and from AMC Consulting (Pty) Limited (Reserves). Resources were signed off by D Hoffmann (Lonmin), while reserves were signed off by AA Brown (Lonmin).

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

GEOLOGICAL SETTING – THE BUSHVELD COMPLEX

The two-billion-year-old Bushveld Complex is the largest layered igneous complex in the world, and is the repository for around 85% of known global PGM resources. Extending over an area of some 67 000km² within the north-eastern portion of the Republic of South Africa, it contains the intrusive, mafic-ultramafic Rustenburg Layered Suite (RLS), which outcrops as three main acicular limbs, namely the western, eastern and northern limbs (see figure below), and ranges in thickness from 7km to 12km.

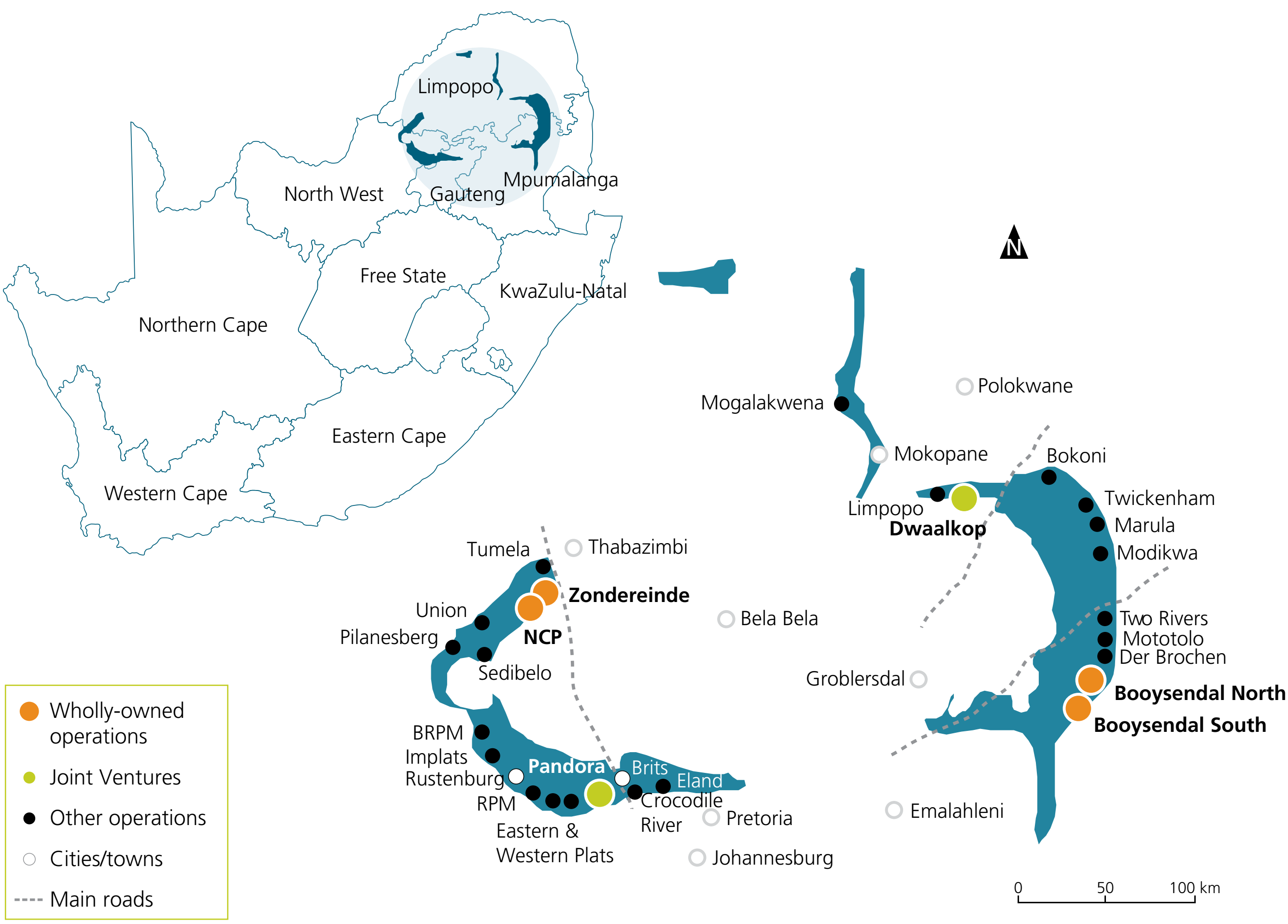
The magmatic layering in the RLS is laterally persistent and can be correlated throughout most of the complex. Layering is generally shallow dipping towards the centre of the complex. The RLS stratigraphy is sub-divided into five zones, which are, from lowest to highest, the marginal zone, the lower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

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

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

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

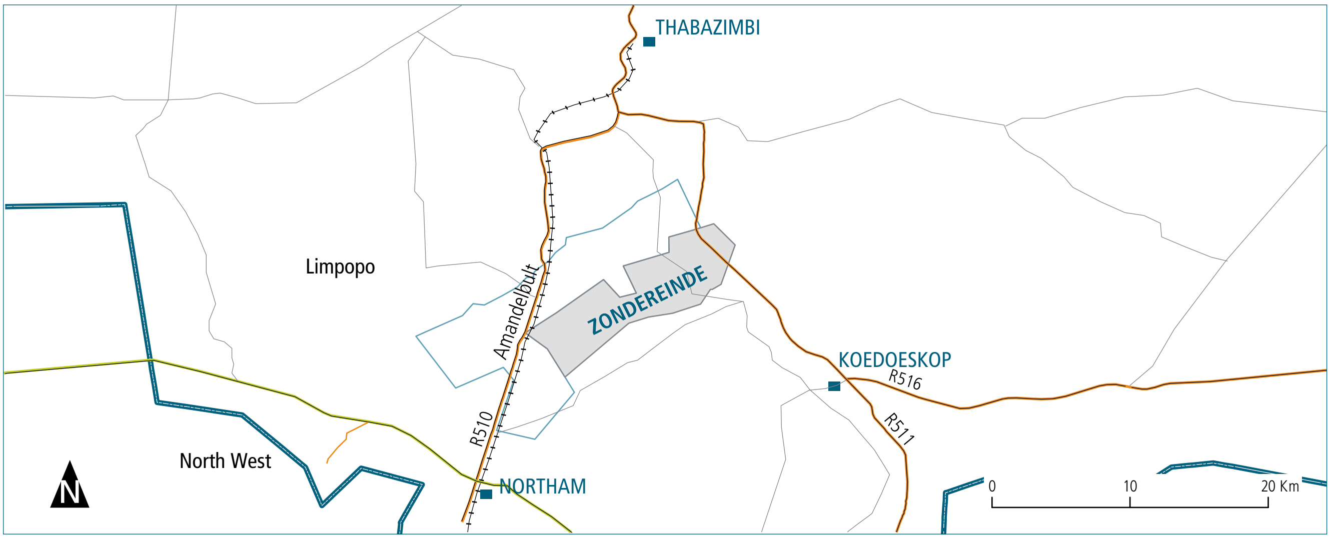
Bushveld location indicating current PGM mining operations



MINERAL RESOURCE AND RESERVE STATEMENT CONTINUED

ZONDEREINDE MINE

Zondereinde location and access routes



Zondereinde mine is situated in the northern portion of the western limb of the Bushveld Complex, approximately 30km south of the town of Thabazimbi in the Limpopo province of the Republic of South Africa. The mining concession covers some 7 625ha underlain by both the Merensky and UG2 orebodies, which dip at approximately 20˚ and extend from a depth of 1 100m to 2 900m below surface.

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

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

Combined geological and extraction losses were discounted from the resources for both reefs. These comprised pothole and structural losses as well as other pillar losses. Discount losses vary per reef type and resource category, but average at 33% for Merensky reef. Discount losses for UG2 average 42% and are largely contained in regional support pillars designed to counter stress concentration resulting from mining in proximity to previously mined Merensky reef.

History and mining activities

Development of Zondereinde mine started in 1986, following a five year exploration programme. Mining of ore, commissioning of a PGM concentrator, smelter and base metal removal plant and the sale of first PGMs came in 1993. The mine originally exploited only the Merensky reef resource but the commissioning of a UG2 concentrator in 2000, together with the necessary underground ore handling systems, allowed mining and processing of UG2 from this time onwards. The mine produces approximately 2 000 000 tonnes of ore per annum, generating in the order of 280 000oz of 4E PGE in final concentrate together with associated precious and base metal by-products.

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

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

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

Merensky reef

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

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

The measured resource is an estimate of the *in situ* tonnage, grade and 4E PGE ounces that have been exposed through development and are immediately available for mining. The Merensky measured resource has increased from 2.91Mt (746 000oz) in June 2014 to 3.23Mt (798 000oz) in June 2015. This is the result of an increase to the exposed Merensky resource, combined with the application of a lower resource grade owing to a higher proportion of moderate grade Normal reef in the deeper portions of the resource block.

The Merensky indicated resource has declined as a result of conversion to the measured category. The Merensky inferred resource is essentially unchanged.

UG2 reef

The UG2 reef at Zondereinde mine is remarkably conformable when compared with the Merensky reef. Disruption, in the form of potholes and reef rolls, is extremely limited and localised. The reef consists of three chromitite seams separated by narrow pyroxenite partings. The lower seam, termed the main member, is generally in the order of 85cm thick, and is overlain by two leader seams, each in the order of 15cm thick. Total reef thickness, inclusive of a portion of mineralised reef footwall, is in the order of 150cm to 160cm. There is no basis for subdividing the UG2 reef into facies types.

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

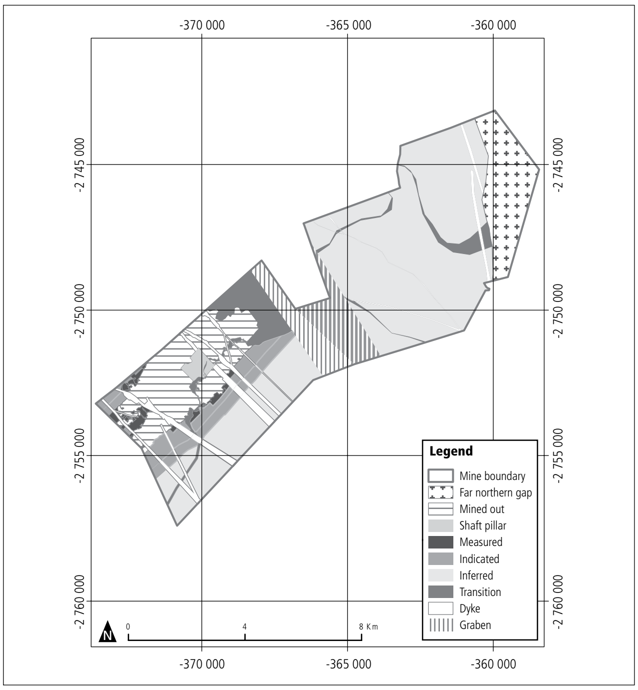
The measured resource is an estimate of the *in situ* tonnage, grade and 4E PGE ounces that have been exposed through development and are immediately available for mining. The UG2 measured resource has increased from 4.26Mt (689 000oz) in June 2014 to 5.48Mt (887 000oz) in June 2015. This is the result of an increase in exposed UG2 resource and improving extraction as UG2 mining migrates to areas where there is less influence of Merensky abutments. This is in line with mining depletion and planned development of the UG2 reef. The UG2 indicated resource has also increased as a result of development progress. The UG2 inferred resource is essentially unchanged.

It is part of our strategy to unlock constraints at the Zondereinde process plant, in order to increase the throughput of the UG2 concentrator.

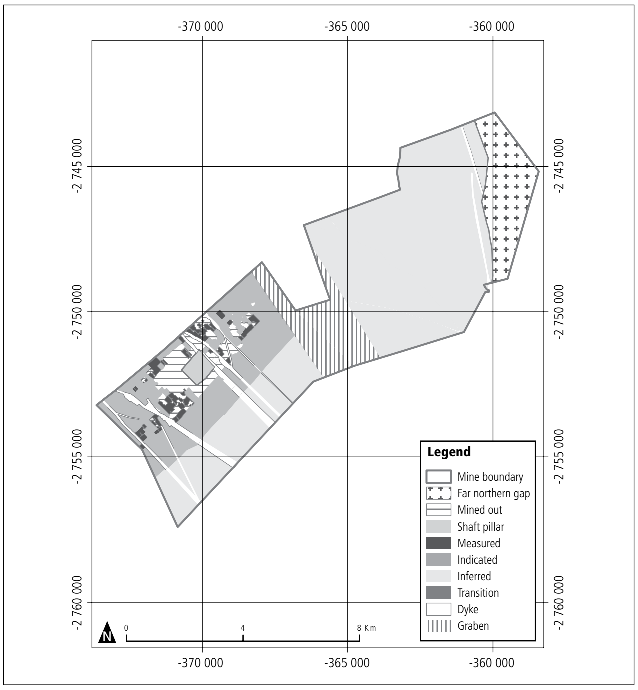
MINERAL RESOURCE AND RESERVE STATEMENT CONTINUED

ZONDEREINDE RESOURCES AND RESERVES

Zondereinde Merensky resource classification 2015



Zondereinde UG2 resource classification 2015



ZONDEREINDE RESOURCE ESTIMATE

		as at 30 June 2015			as at 30 June 2014		
		4E PGE			4E PGE		
Reef		**Mt**	**g/t**	**Moz**	**Mt**	**g/t**	**Moz**
Merensky	Measured	3.23	7.68	0.80	2.91	7.98	0.75
	Indicated	17.48	7.00	3.94	18.70	7.03	4.22
	Inferred	146.55	7.38	34.79	146.52	7.39	34.80
	Total	**167.26**	**7.35**	**39.53**	**168.13**	**7.36**	**39.77**
UG2	Measured	5.48	5.04	0.89	4.26	5.03	0.69
	Indicated	38.50	5.04	6.23	35.70	5.03	5.77
	Inferred	210.34	5.09	34.43	207.20	5.09	33.91
	Total	**254.32**	**5.08**	**41.55**	**247.16**	**5.08**	**40.37**
Combined	Measured	8.71	6.02	1.68	7.17	6.23	1.43
	Indicated	55.98	5.65	10.17	54.40	5.71	9.99
	Inferred	356.89	6.03	69.22	353.72	6.04	68.72
	Total	**421.58**	**5.98**	**81.07**	**415.29**	**6.00**	**80.14**

ZONDEREINDE RESERVE ESTIMATE

		as at 30 June 2015			as at 30 June 2014		
		4E PGE			4E PGE		
Reef		**Mt**	**g/t**	**Moz**	**Mt**	**g/t**	**Moz**
Merensky	Proven	3.97	5.66	0.72	3.56	5.77	0.66
	Probable	21.48	5.29	3.65	12.40	5.30	2.11
	Total	**25.45**	**5.35**	**4.37**	**15.96**	**5.40**	**2.77**
UG2	Proven	5.94	4.06	0.78	4.71	4.19	0.64
	Probable	41.73	4.06	5.45	32.53	4.19	4.38
	Total	**47.67**	**4.06**	**6.23**	**37.24**	**4.19**	**5.02**
Combined	Proven	9.91	4.70	1.50	8.27	4.87	1.30
	Probable	63.22	4.48	9.10	44.93	4.50	6.49
	Total	**73.13**	**4.51**	**10.60**	**53.20**	**4.55**	**7.79**

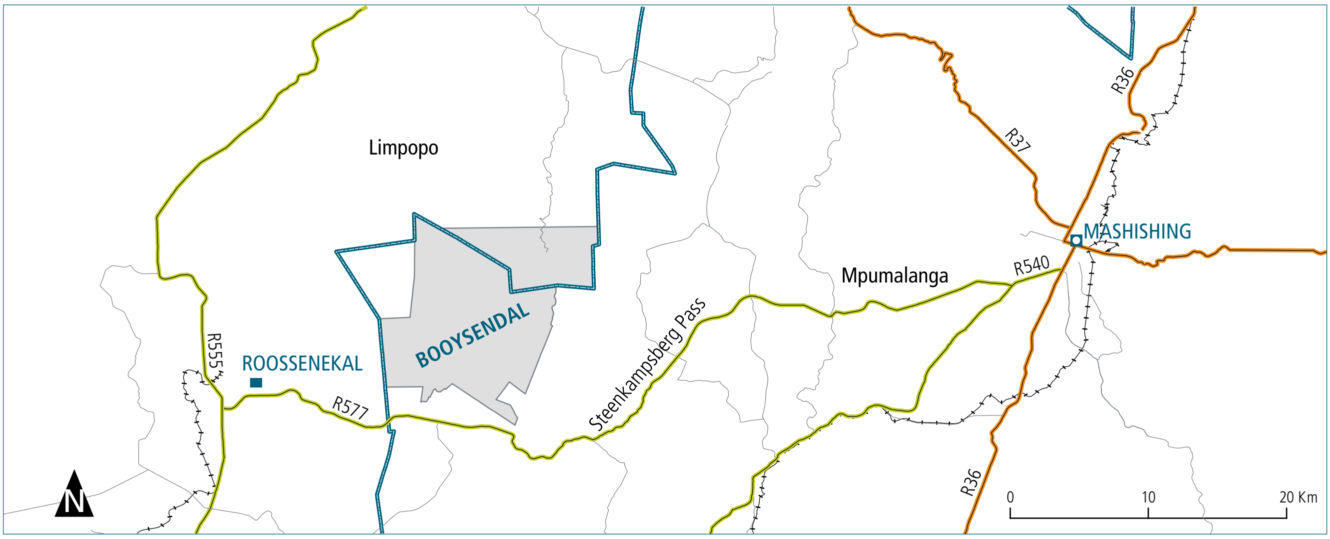
Prill splits %	**Pt**	**Pd**	**Rh**	**Au**	**Cr_2O_3%**	**Cu%**	**Ni%**
UG2	57.7	30.9	10.3	1.0	27.6	0.021	0.123
Merensky	63.0	29.2	5.2	2.6	0.80	0.072	0.164

At end F2015, Northam held a combined resource base of 194.4 million ounces (Moz) – 19.2Moz in the reserve category – with a mining life of more than 50 years.

MINERAL RESOURCE AND RESERVE STATEMENT CONTINUED

BOOYSENDAL MINE

Booysendal location and access routes



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

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

The resource estimate is informed by exploration data, including 297 boreholes, together with 1 206 UG2 channel samples from on-reef development and stoping within the UG2 section of the Booysendal North Mine. 90% of the exploration drilling has been conducted within 2.5km down-dip of outcrop. Drill hole spacing in this near outcrop area ranges from 150m to 350m. Channel samples are located at 15m intervals within on-reef development and stoping.

A study to determine the feasibility of mining UG2 reef within the northernmost 8km of the Booysendal strike, over a dip extent from outcrop of approximately 2km, was completed in September 2009. Development of a UG2 mine (UG2 section of the Booysendal North Mine) in the northernmost 4km of strike started in May 2010. This will reach steady state production in October 2015.

A study to determine the feasibility of mining Merensky reef over a similar footprint to the UG2 section of the Booysendal North Mine commenced in July 2014. The development of a bulk sample to augment this study is in progress. A viable mine plan has been designed.

The resource estimate for the Booysendal concession is subdivided into three sections, these being the southern section (Booysendal South); the combined UG2 and Merensky North mines (North mine); and the remainder of the northern section of the concession (Booysendal North). A mineral reserve estimate is presented for the North mine only.

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

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

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

The Merensky reef is the upper mineralised portion of the Merensky pyroxenite, generally extending over 110cm.

The Merensky reef is immediately overlain by a sequence of competent norites.

Resources were estimated over the reef channels. For the UG2 reef, the reef channel extends from the top of the leader chromitite to the base of the main chromitite seam. For the Merensky reef outside of the North Mine area, the reef channel extends from the top of the Merensky pyroxenite to a sample 4E PGE grade cut off of 1g/t, with a minimum mining channel width of 80cm applied. The resource channel applied to the Merensky reef of the Booysendal North Mine is 210cm thick, extending from 50cm above the top of the Merensky Pyroxenite – this is the envisaged mining channel.

Geological losses were discounted from the resources for both reefs. These, for the Booysendal North and South sections, comprised known pothole and structural losses, together with assumed pothole losses benchmarked to mean eastern limb losses. They amounted to 23% for the Merensky reef and 24% and 30% for the UG2 in the North and South sections respectively. In the UG2 section of Booysendal North Mine, ongoing mining and exploration drilling has improved confidence in known geological losses, leading to the application of 12.5% total geological loss for the UG2 reef. Furthermore, a channel cut-off 4E PGE grade of 2.5g/t was applied to estimated blocks in all three sections. In addition, a 30m thick surface oxidised zone was discounted along the lines of outcrop of both reefs.

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

MINE DESIGN AND MINING ACTIVITIES

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

Mining sections extend over a dip length of 144m, equating to a vertical interval of 25m. Strike drives are inclined at 5° above the line of strike, strike belts within the drives transport ore to the central decline system, tipping through an ore pass system to the footwall belt for transport to a UG2 concentrator plant on surface. Mechanised boom rigs and LHDs are employed in mining and development.

The mine is planned, with a remaining life of more then 20 years, to produce 2 250 000 tonnes of ore per annum at steady state, generating in the order of 160 000oz (4E PGE) of metals in concentrate, together with associated precious and base metal by-products. It is in build-up phase and is expected to reach steady state in H1 of F2016.

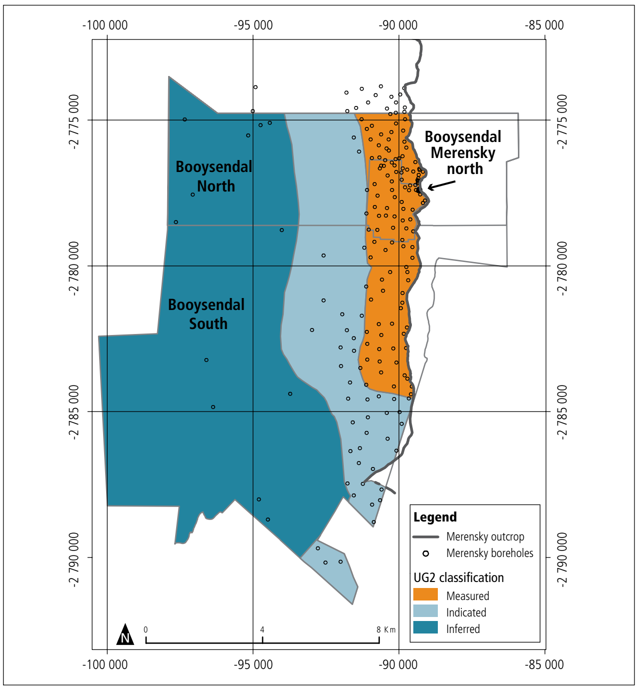
The Merensky section Booysendal North mine is essentially planned as an analog of the UG2 section, with the exception of the footwall belt decline. All development will be on-reef. Dependent upon prevailing market conditions, the mine is planned to produce at between 360 000 and 900 000 of ore per annum at steady state, generating in the order of between 30 000 and 75 000oz (4E PGE) of metals in concentrate, together with associated precious and base metal by-products.

The Booysendal mining right covers 15 151 hectares and hosts both the UG2 and Merensky orebodies.

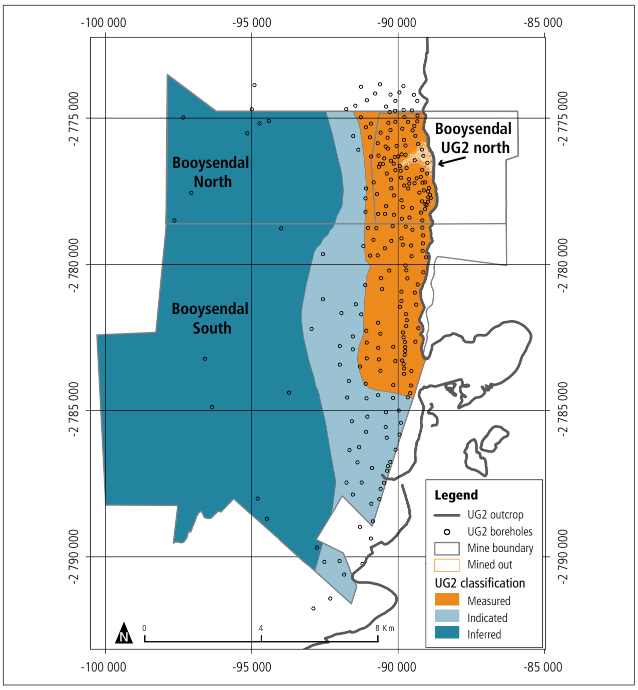
MINERAL RESOURCE AND RESERVE STATEMENT CONTINUED

BOOYSENDAL RESOURCES AND RESERVES

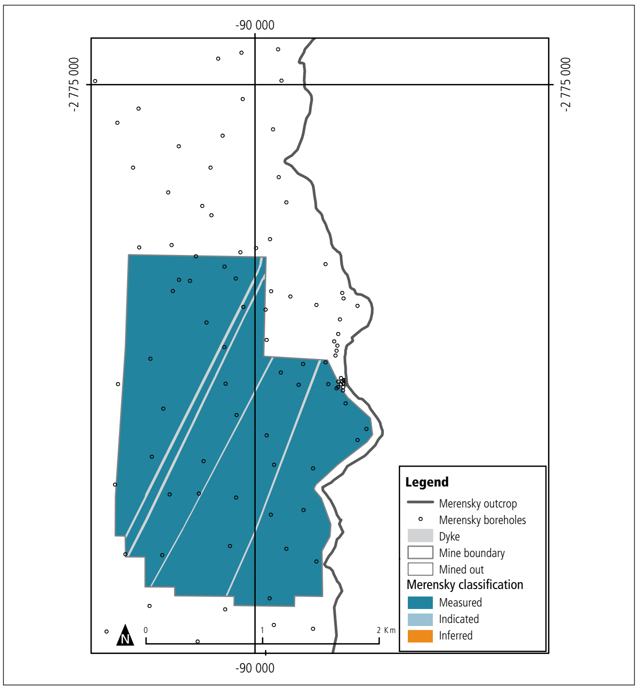
Booysendal resource classification 2015



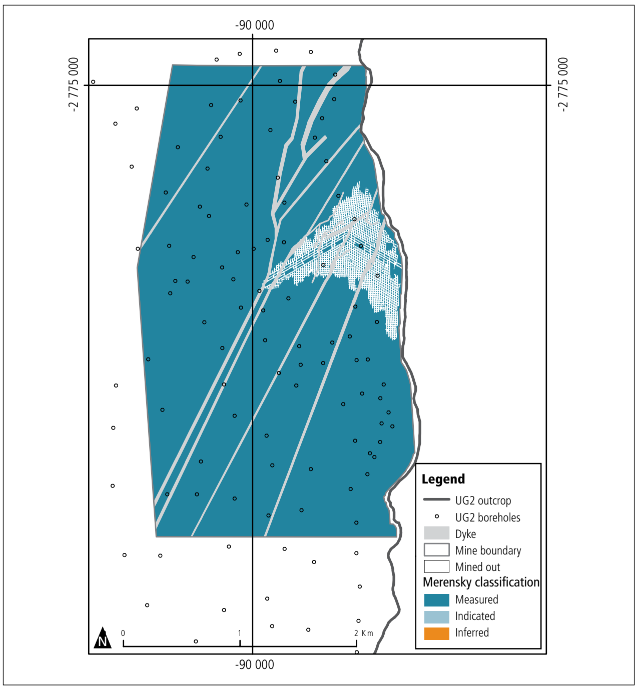
Booysendal UG2 resource classification 2015



Booysendal North Mine Merensky resource classification 2015



Booysendal North Mine UG2 resource classification 2015



NORTH MINE

UG2 reef

The UG2 measured resource for the Booysendal North mine has decreased from 44.13Mt (6.41Moz) in June 2014 to 43.12Mt (6.27Moz) in June 2015, as a result of mining depletion.

Similarly, mining depletion has reduced the UG2 proven reserve from 44.82Mt (4.32Moz) in June 2014 to 43.14Mt (4.16Moz) in June 2015.

Merensky reef

The Merensky measured resource for the Booysendal North mine is reported for the first time, as 17.05Mt (1.77Moz) in June 2015.

Similarly, the Merensky proven reserve is 14.57Mt (1.37Moz) in June 2015.

BOOYSENDAL NORTH MINE RESOURCE ESTIMATE

		as at 30 June 2015			as at 30 June 2014		
		4E PGE			4E PGE		
Reef		Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Measured	17.05	3.23	1.77	0.00	0.00	0.00
	Indicated	0.00	0.00	0.00	0.00	0.00	0.00
	Inferred	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**17.05**	**3.23**	**1.77**	**0.00**	**0.00**	**0.00**
UG2	Measured	43.12	4.52	6.27	44.13	4.52	6.41
	Indicated	0.00	0.00	0.00	0.00	0.00	0.00
	Inferred	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**43.12**	**4.52**	**6.27**	**44.13**	**4.52**	**6.41**
Combined	Measured	60.16	4.16	8.04	44.13	4.52	6.41
	Indicated	0.00	0.00	0.00	0.00	0.00	0.00
	Inferred	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**60.16**	**4.16**	**8.04**	**44.13**	**4.52**	**6.41**

BOOYSENDAL NORTH MINE RESERVE ESTIMATE

		as at 30 June 2015			as at 30 June 2014		
		4E PGE			4E PGE		
Reef		Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Proven	14.57	2.92	1.37	0.00	0.00	0.00
	Probable	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**14.57**	**2.92**	**1.37**	**0.00**	**0.00**	**0.00**
UG2	Proven	43.14	3.00	4.16	44.82	3.00	4.32
	Probable	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**43.14**	**3.00**	**4.16**	**44.82**	**3.00**	**4.32**
Combined	Proven	57.71	2.98	5.53	44.82	3.00	4.32
	Probable	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**57.71**	**2.98**	**5.53**	**44.82**	**3.00**	**4.32**

Prill splits %	Pt	Pd	Rh	Au	Cr_2O_3%	Cu%	Ni%
UG2	57.2	32.6	9.4	0.8	25.1	0.008	0.087
Merensky	57.9	31.0	2.5	8.7	0.19	0.097	0.208

MINERAL RESOURCE AND RESERVE STATEMENT CONTINUED

BOOYSENDAL NORTH AND SOUTH

All categories of the Merensky and UG2 resources for combined Booysendal North and South are unchanged from the previous reporting period. However, the internal resource boundary between the two sections has been amended to align with future conceptual mine divisions. This has resulted in an increase in the South section, extending up to the southern boundary of the North mine, and a reduction in the North section, to cover only the portion of Booysendal west of North mine.

BOOYSENDAL NORTH RESOURCE ESTIMATE

		as at 30 June 2015			as at 30 June 2014		
		4E PGE			4E PGE		
Reef		**Mt**	**g/t**	**Moz**	**Mt**	**g/t**	**Moz**
Merensky	Measured	9.90	5.36	1.71	33.30	5.37	5.75
	Indicated	25.32	5.12	4.17	46.34	5.43	8.08
	Inferred	52.60	4.97	8.41	85.26	5.25	14.39
	Total	**87.82**	**5.06**	**14.29**	**164.90**	**5.32**	**28.22**
UG2	Measured	7.05	4.95	1.12	51.73	3.88	6.45
	Indicated	12.95	5.15	2.15	46.23	4.66	6.92
	Inferred	132.65	4.83	20.61	230.81	3.34	24.82
	Total	**152.65**	**4.86**	**23.88**	**328.77**	**3.61**	**38.19**
Combined	Measured	16.95	5.19	2.83	85.03	4.46	12.20
	Indicated	38.27	5.13	6.32	92.57	5.04	15.00
	Inferred	185.25	4.87	29.02	316.07	3.86	39.21
	Total	**240.47**	**4.94**	**38.17**	**493.67**	**4.18**	**66.41**

Prill splits %	**Pt**	**Pd**	**Rh**	**Au**	**Cr_2O_3%**	**Cu%**	**Ni%**
UG2	56.8	33.8	8.6	0.7	25.8	0.006	0.085
Merensky	59.7	30.5	2.2	7.6	0.17	0.134	0.292

BOOYSENDAL SOUTH RESOURCE ESTIMATE

		as at 30 June 2015			as at 30 June 2014		
		4E PGE			4E PGE		
Reef		**Mt**	**g/t**	**Moz**	**Mt**	**g/t**	**Moz**
Merensky	Measured	27.90	2.87	2.57	3.80	2.46	0.30
	Indicated	51.94	3.31	5.53	15.97	3.15	1.62
	Inferred	119.68	3.74	14.38	70.80	3.69	8.40
	Total	**199.52**	**3.50**	**22.48**	**90.57**	**3.54**	**10.32**
UG2	Measured	68.63	3.54	7.82	14.60	3.41	1.60
	Indicated	100.07	3.50	11.25	52.90	3.43	5.84
	Inferred	151.71	2.99	14.59	140.60	2.94	13.30
	Total	**320.41**	**3.27**	**33.66**	**208.10**	**3.10**	**20.74**
Combined	Measured	96.53	3.35	10.39	18.40	3.21	1.90
	Indicated	152.01	3.43	16.78	68.87	3.37	7.46
	Inferred	271.39	3.32	28.96	211.40	3.19	21.70
	Total	**519.93**	**3.36**	**56.13**	**298.67**	**3.23**	**31.06**

Prill splits %	Pt	Pd	Rh	Au	Cr_2O_3%	Cu%	Ni%
UG2	60.6	28.6	9.5	1.2	26.0	0.010	0.071
Merensky	57.8	32.2	2.5	7.5	0.56	0.120	0.268

PANDORA RESOURCES AND RESERVES

PANDORA RESOURCE ESTIMATE

		as at 30 June 2015			as at 30 June 2014		
		4E PGE			4E PGE		
Reef		**Mt**	**g/t**	**Moz**	**Mt**	**g/t**	**Moz**
Merensky	Measured	0.00	0.00	0.00	0.00	0.00	0.00
	Indicated	0.00	0.00	0.00	0.00	0.00	0.00
	Inferred	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
UG2	Measured	1.89	4.80	0.29	1.94	4.80	0.30
	Indicated	10.55	4.61	1.56	10.55	4.61	1.56
	Inferred	1.70	4.73	0.26	1.70	4.74	0.26
	Total	**14.14**	**4.65**	**2.11**	**14.19**	**4.65**	**2.12**
Combined	Measured	1.89	4.80	0.29	1.94	4.80	0.30
	Indicated	10.55	4.61	1.56	10.55	4.61	1.56
	Inferred	1.70	4.73	0.26	1.70	4.74	0.26
	Total	**14.14**	**4.65**	**2.11**	**14.19**	**4.65**	**2.12**

PANDORA RESERVE ESTIMATE

		as at 30 June 2015			as at 30 June 2014		
		4E PGE			4E PGE		
Reef		**Mt**	**g/t**	**Moz**	**Mt**	**g/t**	**Moz**
Merensky	Proven	0.00	0.00	0.00	0.00	0.00	0.00
	Probable	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
UG2	Proven	0.11	3.78	0.01	0.11	3.81	0.01
	Probable	1.18	4.14	0.16	1.21	4.14	0.16
	Total	**1.29**	**4.11**	**0.17**	**1.32**	**4.11**	**0.17**
Combined	Proven	0.11	3.78	0.01	0.11	3.81	0.01
	Probable	1.18	4.14	0.16	1.21	4.14	0.16
	Total	**1.29**	**4.11**	**0.17**	**1.32**	**4.11**	**0.17**

Prill splits %	Pt	Pd	Rh	Au	Cr_2O_3%	Cu%	Ni%
UG2	60.6	28.0	11.1	0.3	no data	0.004	0.024
Merensky	–	–	–	–	–	–	–

MINERAL RESOURCE AND RESERVE STATEMENT CONTINUED

DWAALKOP RESOURCES AND RESERVES

All categories of the Merensky and UG2 resources and reserves for Dwaalkop are unchanged from the previous reporting period.

DWAALKOP RESOURCE ESTIMATE

		as at 30 June 2015			as at 30 June 2014		
		4E PGE			4E PGE		
Reef		Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Measured	0.00	0.00	0.00	0.00	0.00	0.00
	Indicated	21.83	2.89	2.03	21.83	2.89	2.03
	Inferred	16.22	3.10	1.62	16.22	3.10	1.62
	Total	**38.05**	**2.98**	**3.65**	**38.05**	**2.98**	**3.65**
UG2	Measured	0.00	0.00	0.00	0.00	0.00	0.00
	Indicated	20.85	4.35	2.92	20.85	4.35	2.92
	Inferred	16.71	4.35	2.34	16.71	4.35	2.34
	Total	**37.56**	**4.35**	**5.26**	**37.56**	**4.35**	**5.26**
Combined	Measured	0.00	0.00	0.00	0.00	0.00	0.00
	Indicated	42.68	3.60	4.94	42.68	3.60	4.94
	Inferred	32.93	3.73	3.95	32.93	3.73	3.95
	Total	**75.61**	**3.66**	**8.89**	**75.61**	**3.66**	**8.89**

DWAALKOP RESERVE ESTIMATE

		as at 30 June 2015			as at 30 June 2014		
		4E PGE			4E PGE		
Reef		Mt	g/t	Moz	Mt	g/t	Moz
Merensky	Proven	0.00	0.00	0.00	0.00	0.00	0.00
	Probable	13.66	2.61	1.15	13.66	2.61	1.15
	Total	**13.66**	**2.61**	**1.15**	**13.66**	**2.61**	**1.15**
UG2	Proven	0.00	0.00	0.00	0.00	0.00	0.00
	Probable	16.10	3.30	1.71	16.10	3.30	1.71
	Total	**16.10**	**3.30**	**1.71**	**16.10**	**3.30**	**1.71**
Combined	Proven	0.00	0.00	0.00	0.00	0.00	0.00
	Probable	29.76	2.98	2.85	29.76	2.98	2.85
	Total	**29.76**	**2.98**	**2.85**	**29.76**	**2.98**	**2.85**

Prill splits %	Pt	Pd	Rh	Au	Cr_2O_3%	Cu%	Ni%
UG2	47.1	42.8	7.9	2.2	no data	0.090	0.140
Merensky	56.8	31.9	4.2	7.2	no data	0.110	0.170

INDICATIVE EVEREST RESOURCE AND RESERVE

Booysendal Platinum, a wholly-owned subsidiary of Northam, acquired the Everest mine surface assets from AQPSA on 26 June 2015. An application to transfer the Everest new order mining right was submitted in April 2015 and is in process. The Everest property is underlain by only the UG2 PGM orebody. Resources and reserves for Everest will be reported as a section of Booysendal mine upon conclusion of the mining right transfer.

An indicative content for the Everest mining right is tabulated below. This is informed by the Everest resource and reserve estimated by AQPSA in June 2014.

INDICATIVE EVEREST RESOURCE ESTIMATE

		as at 30 June 2015			as at 30 June 2014		
		4E PGE			4E PGE		
Reef		**Mt**	**g/t**	**Moz**	**Mt**	**g/t**	**Moz**
UG2	Measured	24.20	3.37	2.62	24.20	3.37	2.62
	Indicated	3.70	3.06	0.36	3.70	3.06	0.36
	Inferred	1.13	3.53	0.13	1.13	3.53	0.13
	Total	**29.03**	**3.33**	**3.11**	**29.03**	**3.33**	**3.11**

INDICATIVE EVEREST RESERVE ESTIMATE

		as at 30 June 2015			as at 30 June 2014		
		4E PGE			4E PGE		
Reef		**Mt**	**g/t**	**Moz**	**Mt**	**g/t**	**Moz**
UG2	Proven	11.83	2.86	1.09	11.83	2.86	1.09
	Probable	0.37	2.98	0.04	0.37	2.98	0.04
	Total	**12.20**	**2.87**	**1.13**	**12.20**	**2.87**	**1.13**

Booysendal is a shallow, fully mechanised mining operation.

MINERAL RESOURCE AND RESERVE STATEMENT CONTINUED

NOTES ON REPORTING CRITERIA

- Mineral resource tonnages and grades for Zondereinde are reported as estimates discounted for geological and mining pillar losses. All other mineral resources are reported as estimates discounted for geological losses.
- Mineral resource tonnages and grades are *in situ* estimates inclusive of internal waste dilution but exclusive of external waste dilution, unless otherwise stated.
- PGM grade is expressed as corrected 4E (combined platinum, palladium, rhodium and gold) grade; this being synonymous with 3PGE+Au and 4E PGE.
- PGM metal prill splits (platinum, palladium, rhodium and gold) are expressed as percentages of the combined 4E value.
- Base metal contents (chromite, copper and nickel) are expressed as weight percentages.
- Structural losses, due to faults, dykes and joints, include the volumes of expected bracket pillars required to be placed on such features.
- Kriging parameters are applied to discrete mining areas in order to estimate tonnage and metal content.
- Kriging parameters are derived from the interrogation of extensive sampling databases.
- Rounding of numbers in the tables may result in minor computational discrepancies. Where this occurs, it is deemed insignificant.
- The most reasonable mining width is assumed, based on practical mining conditions. 4E PGE grade, together with specific gravity are calculated for these widths.
- Total mineral resources and reserves attributable to Northam are listed in the summary tables.
- Mineral resources for Pandora and Dwaalkop, reflecting Northam's 7.5% and 50.0% respective attributable interests, are quoted as at the end of September 2014 and 2013 and are provided by Lonmin.
- Measured and indicated mineral resources are reported separately and include those mineral resources modified to produce proven and probable mineral reserves.
- While mineral resources are quoted as *in situ* resources, all reserves provided by Northam are quoted at run-of-mine (ROM) grades and tonnages as delivered to the concentrator plants on site and are therefore, fully diluted.
- Mineral reserves for Zondereinde mine are quoted to 18 level (2 354m below surface).
- Mineral reserves for Booysendal relate to the first planned mining module, the Booysendal North mine.
- Mineral reserves for Pandora and Dwaalkop are provided by Lonmin and reflect Lonmin's reserve modifying factors.
- All references to tonnage are to the metric unit.
- All references to ounces are troy with a conversion factor of 31.103475 used to convert from metric grams to ounces.

Contact details for lead competent persons are:

- Mr C van Jaarsveld, chief geologist at Zondereinde mine
  PO Box 441, Thabazimbi 0380
- Mr M Mqadi, chief geologist at Booysendal UG2 North mine
- Mr W Theron, general manager at Booysendal UG2 North mine
  PO Box 412694, Craighall 2024
- Mr D Smith, principal member of Prospect Geoservices
  PO Box 37876, Faerie Glen 0043

FIVE-YEAR OPERATING AND FINANCIAL REVIEW

STATEMENT OF COMPREHENSIVE INCOME – GROUP (R000)

	2015	2014	2013	2012	2011*
Sales revenue	6 035 535	5 339 397	4 420 977	3 684 000	3 571 048
Cost of sales	5 439 722	5 277 915	3 813 301	3 345 311	3 185 754
Operating costs	4 342 571	3 536 002	2 826 094	2 632 926	2 258 548#
Concentrates purchased	602 395	918 605	657 540	624 774	787 316
Refining and other costs	199 470	267 117	161 591	100 612	68 804
Depreciation and write-offs	339 949	445 875	234 690	190 287	147 838
Change in metal inventories	(44 663)	110 316	(66 614)	(203 288)	(76 752)
Operating profit	595 813	61 482	607 676	338 689	385 294
Share of profits from associate	28 769	3 464	13 783	16 602	7 248
Investment revenue	72 043	59 963	33 434	53 951	85 520
Finance charges	(245 937)	(176 124)	(17 946)	–	–
Net sundry income/(expenditure)	(1 319 014)	97 011	60 108	43 343	53 148
(Loss)/profit before tax	(868 326)	45 796	697 055	452 585	531 210
Taxation	165 619	26 199	169 054	142 073	182 001
Net (loss)/profit after tax	(1 033 945)	19 597	528 001	310 512	349 209
Other comprehensive income					
Share of other comprehensive income (loss) from associate	(4 482)	(1 327)	(4 145)	(9 868)	–
Profit/(loss) and total comprehensive income for the year	(1 038 427)	18 270	523 856	300 644	349 209
Headline (loss)/earnings	(794 963)	8 601	522 182	309 248	324 949
Normalised earnings**	616 123	–	–	–	–

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

** *See CFO's review on pages 69 and 73.*

The Booysendal concentrator plant.

FIVE-YEAR OPERATING AND FINANCIAL REVIEW CONTINUED

STATEMENT OF FINANCIAL POSITION – GROUP (R000)

	2015	2014	2013	2012	2011*
Property, plant and equipment	12 701 830	11 940 390	11 931 051	9 135 822	8 498 935
Investment in associate	275 847	496 509	495 498	505 415	505 327
Other non-current assets	389 371	308 525	196 440	189 976	144 278
	13 367 048	12 745 424	12 622 989	9 831 213	9 148 540
Current assets	5 784 288	1 995 572	1 734 675	1 232 339	2 725 916
Inventories	1 126 550	1 076 853	878 530	811 183	604 647
Trade and other receivables	498 854	244 672	547 920	303 268	410 621
Cash and cash equivalents	4 138 189	666 174	298 580	104 980	1 697 853
Receiver of revenue	20 695	7 873	9 645	12 908	12 795
Mineral resources classified as held for sale	–	–	–	1 180 300	–
Total assets	19 151 336	14 740 996	14 357 664	12 243 852	11 874 456
Shareholders' equity	9 216 425	11 391 872	10 815 635	10 413 247	10 115 352
Deferred tax	521 452	502 097	476 053	504 628	477 145
Domestic medium term notes	1 370 000	1 370 000	1 250 000	–	–
Preference share liability	6 492 655	–	–	–	–
Other non-current liabilities and provisions	296 646	285 365	271 773	143 972	107 335
Current liabilities	1 254 158	1 191 662	1 544 203	1 182 005	1 174 624
Total equity and liabilities	19 151 336	14 740 996	14 357 664	12 243 852	11 874 456

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

STATEMENT OF CASH FLOWS – GROUP (R000)

	2015	2014	2013	2012	2011
Operating cash flow	341 585#	885 379#	589 029#	386 939#	687 239#
Cash generated/(utilised) from operations	(572 323)	555 948#	877 529	595 918	726 807
Change in working capital	(221 248)	270 414#	(281 104)	(90 367)	182 380
Change in short term provisions	8 315	14 285	8 204	12 460	6 073
Equity settled share-base expense	874 448	–	–	–	–
Impairment of associates	261 488	–	–	–	–
Interest paid	245 937	176 124	123 703	–	–
Tax paid	(255 032)	(131 392)	(139 303)	(131 072)	(228 021)
Investing cash flow	(1 102 096)#	(765 945)#	(1 768 067)#	(1 959 298)#	(114 988)#
Financing cash flow	4 232 644	248 042	1 372 638	(20 514)	(61 107)
Dividends paid	(3 908)	(11 066)	(21 747)	(57 364)	(90 202)
Issue of preference share liability	4 599 426	–	–	–	–
Acquisition of non-controlling interest	(50 000)	–	–	–	–
Proceeds from issue of shares	–	579 033	2 007	–	–
Finance charges	(145 170)	(176 124)	(123 703)	–	–
Revolving credit facilities utilised	–	(250 000)	250 000	–	–
Domestic medium term notes issued	–	120 000	1 250 000	–	–
Liquidity fees paid	(163 903)	–	–	–	–
Other financing cash flows	(3 801)	(13 801)	16 081	36 850	29 095
Net cash flow	3 472 133	367 476	193 600	(1 592 873)	511 144
Cash and cash equivalents at beginning of year	666 056	298 580	104 980	1 697 853	1 186 709
Cash and cash equivalents at end of year	4 138 189	666 056	298 580	104 980	1 697 853

Restated to include investment income in "Investing cash flow" and not "Operating cash flow".

OPERATING PERFORMANCE

	2015	2014	2013	2012	2011
ZONDEREINDE					
Merensky					
Tonnes milled	795 885	803 736	958 211	884 660	793 490
Head grade – g/tonne (3PGEs + Au)	5.7	5.8	5.8	5.9	5.6
UG2					
Tonnes milled	1 064 499	920 420	1 157 501	1 049 017	797 355
Head grade – g/tonne (3PGEs + Au)	4.3	4.3	4.2	4.4	4.3
Combined – Zondereinde					
Tonnes milled	1 860 384	1 724 156	2 115 712	1 933 677	1 590 845
Head grade – g/tonne (3PGEs + Au)	4.9	5.0	4.9	5.1	4.9
Precious metals in concentrates produced – kg	7 950	7 331	9 041	8 979	7 779
Precious metals in concentrates purchased – kg	2 338	1 975	1 633	1 877	2 244
Precious metals sold – kg	9 636	9 827	10 704	9 980	9 872
Revenue – R/kg	409 025	400 381	365 217	335 325	323 899
Operating costs – R/kg	408 599	395 629	327 331	311 645	307 203
Cash costs – R/kg	386 117	358 891	302 048	283 934	279 118
Precious metals in concentrates produced – oz	255 595	235 693	290 675	288 675	250 100
Precious metals in concentrates purchased – oz	75 168	63 488	52 502	60 347	72 146
Precious metals sold – oz	309 801	315 941	344 128	320 861	317 392
Price realised – US$/oz	1 108	1 198	1 276	1 345	1 439
Operating costs – US$/oz	1 110	1 189	1 154	1 247	1 363
Cash costs – US$/oz	1 049	1 078	1 065	1 136	1 238

OPERATING PERFORMANCE

	2015	2014	2013	2012	2011
BOOYSENDAL					
UG2					
Tonnes milled	1 786 375	1 517 109	–	–	–
Head grade – g/tonne (3PGEs + Au)	2.6	2.6	–	–	–
Precious metals in concentrates produced – kg	3 809	2 882	–	–	–
Precious metals sold – kg	3 509	2 503	–	–	–
Revenue – R/kg	402 461	398 710	–	–	–
Operating costs – R/kg	358 554	361 902	–	–	–
Cash costs – R/kg	308 719	277 308	–	–	–
Precious metals in concentrates produced – oz	122 475	92 668	–	–	–
Precious metals sold – oz	112 829	80 476	–	–	–
Price realised – US$/oz	1 084	1 186	–	–	–
Operating costs – US$/oz	974	1 087	–	–	–
Cash costs – US$/oz	839	833	–	–	–

FIVE-YEAR OPERATING AND FINANCIAL REVIEW CONTINUED

GROUP SALES

	2015	2014	2013	2012	2011
Group sales per metal – oz					
Platinum	253 784	241 831	212 373	195 735	196 688
Palladium	124 580	117 305	100 716	92 000	90 710
Rhodium	38 430	31 007	25 281	27 095	23 550
Gold	5 837	6 275	5 757	6 031	6 444
Total – 3PGE + Au	422 631	396 417	344 128	320 861	317 392
Group prices realised – US$/oz					
Platinum	1 248	1 433	1 568	1 622	1 698
Palladium	799	756	683	679	971
Rhodium	1 168	1 010	1 117	1 523	2 251
Gold	1 222	1 289	1 584	1 686	1 368
Basket – 3PGE + Au	1 108	1 198	1 276	1 345	1 439
Group prices realised – R/kg					
Platinum	457 794	478 261	448 004	404 433	382 245
Palladium	293 922	252 876	195 716	169 151	150 703
Rhodium	429 662	340 018	322 085	381 165	508 056
Gold	449 210	433 281	455 474	421 395	308 068
Basket – 3PGE + Au	406 812	400 042	365 217	335 325	323 899

FINANCIAL PERFORMANCE – GROUP

	2015	2014	2013	2012	2011
Operating margin – %	9.9	1.2	13.7	9.2	10.8
Effective tax rate – %	(19.1)	57.2	24.3	31.4	34.3
Return on shareholders' equity – %	(11.2)	0.2	5.0	3.0	3.7
Return on total assets – %	(5.4)	0.1	3.7	2.5	2.9
Current ratio	2.2	1.7	1.1	1.0	2.3
Acid ratio	1.8	0.6	0.2	0.1	1.4
US dollar/rand exchange rate					
– average	11.45	10.35	8.82	7.77	7.01
– at year end	12.29	10.61	10.01	8.16	6.78

SHARE PERFORMANCE

	2015	2014	2013	2012	2011
Weighted average number of shares in issue – 000	391 835	390 970	382 561	382 426	363 088
Number of shares at year end – 000	509 781	397 586	382 586	382 497	382 416
Treasury shares at year end – 000	159 905	–	–	–	–
Shares after adjusting for Treasury shares	349 876	–	–	–	–
Operating cash flow per share – cents	87.2	226.5	137.0#	114.4	211.9#
Earning/(loss) per share – cents	(264.3)	2.4	132.0	81.2	96.2
Headline/(loss) earnings per share – cents	(202.9)	2.2	136.5	80.9	89.5
Normalised earnings – cents*	157.2	–	–	–	–
Dividends per share – cents	–	–	–	5.0	15.0
Dividend cover	–	–	–	16.2	6.0#
Net assets value per share – cents	1 808.0	2 865.0	2 827.0	2 722.0	2 645.0
Share price (cents)					
– high	5 200	4 790	4 098	2 398	5 153
– low	3 120	3 186	2 251	2 281	3 920
– at year end	4 026	4 550	3 200	2 325	4 247
Platinum sector index at year end	26.8	46.8	37.1	51.2	69.5
Compound return over 5 years – %	(2.3)	9.0	(13.2)	(13.0)#	6.6
Average monthly volume of shares traded – 000	23 619	14 793	20 257	23 555	16 289
Annual liquidity (%)	72.3	45.4	63.5	73.9	53.8

* *See CFO's review on page 69.*

\# *Restated.*

Zondereinde's twin headgears.

FIVE-YEAR SUSTAINABILITY REVIEW

FIVE-YEAR SUSTAINABILITY REVIEW – ZONDEREINDE

	2015	2014	2013	2012	2011
SOCIAL PERFORMANCE					
Safety					
Fatal injury incidence rate (FIIR)	LA 0.00	0.00	0.01	0.02	0.06
Lost time injury incidence rate (LTIIR)	LA 1.31	1.70	1.50	1.91	1.34
Reportable injury incidence rate (RIIR)	0.94	0.86	0.83	0.88	0.74
Number of fatalities	0	0	1	2	5
Health					
New cases of noise induced hearing loss (NIHL)	27	20	43	44	18
New cases of tuberculosis (TB)	111	97	70	85	93
Voluntary counselling and testing (VCT) encounters	1 250	1 049	1 088	1 659	271
Employment and human rights					
Average number of employees (including contractors)	8 548	8 788	9 148	9 163	8 927
Turnover rate (%)	7	4	1	7	7
HDSAs in management (%)	LA 45	38	37	35	45
Women in mining (%)	LA 8	7	7	7	7
HDSAs at board level (%)	50	44	56	64	62
ENVIRONMENTAL PERFORMANCE					
Rock mined (000t)	2 070	1 907	2 276	2 154	1 802
Ore milled (000t)	1 860	1 724	2 116	1 934	1 592
Water usage (000m^3)					
Potable water from external sources	2 488	2 335	2 633	2 540	2 441
Fissure water used	1 155	1 084	1 493	1 273	2 392
Water recycled in process	25 664	25 524	25 909	24 390	24 308
% water recycled	91	89	91	91	91
Electricity consumption (MWh)					
Energy from electricity purchased by shafts	489 203	470 117	485 654	467 893	461 484
Energy from electricity purchased by plant	140 882	108 600	101 732	125 548	140 406
Total electricity purchased	LA 630 085	578 717	587 386	593 441	601 890
Greenhouse gas emissions (CO_2e tonnes):					
Scope 1 (direct) emissions	LA 29 743	23 451	15 509	15 401	14 365
Scope 2 (indirect) emissions	LA 648 988	596 079	605 008	611 244	619 947
Scope 3 (indirect) emissions	746	580	665	815	1 089
Total emissions	679 477	620 110	621 183	627 460	635 401
Land use (hectares)					
Land disturbed by mining-related activities	137	137	137	137	137
Land leased for farming purposes	273	273	273	273	273
Land protected for conservation	800	800	800	800	800
Total land under management (freehold)	4 439	4 439	4 439	4 439	4 439

FIVE-YEAR SUSTAINABILITY REVIEW – ZONDEREINDE CONTINUED

	2015	2014	2013	2012	2011
ECONOMIC PERFORMANCE*#					
Value distributed (R000)					
Employees	1 349 989	1 288 616	1 130 199	1 055 805	883 444
Salaries and wages	1 405 790	1 341 254	1 143 292	1 057 780	863 719
Contributions to retirement benefit funds	114 565	99 275	94 050	84 212	74 096
Contributions to healthcare funds	66 074	58 615	52 361	55 627	54 606
Pay-as-you-earn deducted	(236 440)	(210 528)	(159 504)	(141 814)	(108 977)
Government	391 727	262 992	384 356	322 617	342 972
Mining and non-mining tax	172 613	96 229	197 629	110 767	143 048
Deferred tax	(57 182)	(70 030)	(28 575)	27 482	29 933
Dividend withholding tax	12 447	–	–	–	–
Secondary tax on companies	–	–	–	3 824	9 020
Royalties	27 409	26 265	55 798	38 730	51 994
Pay-as-you-earn deducted from employees	236 440	210 528	159 504	141 814	108 977
Providers of capital					
Dividends	6 475	11 066	21 747	57 364	90 202
Finance charges	245 937	176 124	123 703	–	–
Broader community					
Corporate social investment	6 805	2 917	3 002	2 782	4 116
Total value distributed (R000)	2 000 933	1 741 715	1 663 007	1 438 568	1 320 734
Retained by company	(695 709)	462 424	748 123	438 474	411 255
Depreciation and write-offs	339 949	445 875	234 690	190 287	147 838
Decommissioning provision to meet statutory obligations	7 540	9 345	11 324	4 907	(4 110)
Retained income	(1 047 680)	7 204	502 109	243 280	259 007

** Based on group financial performance.*
 # Based on a value added statement on page 89.

Note: Booysendal yearly sustainability figures will be reported here when the mine reaches steady-state.

CHIEF FINANCIAL OFFICER'S REVIEW

Operating profits and project margins have risen, driven by higher volumes from both mines

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME*

	F2015 R'000	F2014 R'000
Sales revenue	**6 035 535**	**5 339 397**
Cost of sales	**5 439 722**	**5 277 915**
Operating profit	**595 813**	**61 482**
Share of earnings from associates and joint venture	28 769	3 464
Investment revenue	72 043	59 963
Finance charges	(245 937)	(176 124)
Sundry expenditure	(1 587 264)	(26 724)
IFRS 2 share based payment expense	(874 448)	–
Impairment of non-core assets	(261 488)	–
Net BEE lock-in fee	(242 429)	–
Corporate action transactional costs	(172 640)	–
Other	(36 259)	(26 724)
Sundry income	268 250	123 735
(Loss)/profit before tax	**(868 326)**	**45 796**
Taxation	165 619	26 199
(Loss)/profit for the year	**(1 033 945)**	**19 597**
(Loss)/earnings per share – cents	(264.3)	2.4
Headline (loss)/earnings per share – cents	(202.9)	2.2
Weighted average number of shares in issue	391 834 708	390 969 652
Fully diluted number of shares in issue	391 834 708	390 969 652
Total number of shares in issue	509 781 212	397 586 090
Treasury shares in issue	159 905 453	–
Shares in issue after adjusting for Treasury shares	349 875 759	–

** See full consolidated statement of profit or loss and other comprehensive income on page 148.*

NORMALISED EARNINGS*

	F2015 R000	F2014 R000
Profit (or loss) for the year	(1 033 945)	19 597
Less: Non-controlling interest portion	1 704	10 111
Profit (or loss) for the year attributable to owners of the parent	**(1 035 649)**	**9 486**
Add back: Corporate action transactional costs	172 640	–
Net lock-in fee	242 429	–
Impairment of non-core assets	261 488	–
IFRS 2 share based payment charge	874 448	–
Preference share interest	100 767	–
Normalised earnings	**616 123**	**9 486**
Earnings per share (cents)	**157.2**	**2.4**
Weighted average/fully diluted number of shares in issue	391 834 708	390 969 652

** See normalised earnings explanations below.*

SALES REVENUE

Group sales revenues grew by 13.0% to R6.0 billion (F2014: R5.3 billion). This is due to a combination of increases in PGM sales volumes of 6.6% to 422 631oz (F2014: 396 417oz), and a 10.6% weaker ZAR/US$ exchange rate, averaging R11.45/US$ during the year (F2014: R10.35/US$). To a degree the weaker SA currency served to offset the lower US dollar PGM prices: the average price realised in US dollars fell 7.5% to US$1 108/oz (F2014: US$1 198/oz) and 8.6% to US$1 084/oz (F2014: US$1 186/oz) at Zondereinde and Booysendal respectively.

The higher sales volumes achieved were on the back of higher production volumes for the group (including externally purchased concentrates) which were up 8.1% to 423 583oz (13 175kg) compared to 391 849oz (12 188kg) in F2014. Further, the average rand basket price realised for both mines was marginally higher in F2015 than in F2014 on account of the weaker exchange rate. Zondereinde realised an average basket price of R409 025/oz (F2014: R400 381/oz), a 2.2% improvement, whilst Booysendal's realised price improved 0.9% to R402 461/oz from R398 710/oz in F2014.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

METAL SALES AND REVENUES – COMBINED OPERATING MINES

	F2015			F2014		
	Units sold kg	Average price received R/kg	Revenue R000	Units sold kg	Average price received R/kg	Revenue R000
Platinum	7 894	457 795	3 613 649	7 522	478 259	3 597 415
Palladium	3 875	293 911	1 138 876	3 649	252 877	922 648
Rhodium	1 195	429 668	513 582	964	340 033	327 928
Gold	182	449 094	81 556	195	433 263	84 574
Sub-total: (3PGE+Au)	**13 145**	**406 809**	**5 347 663**	**12 330**	**400 042**	**4 932 565**
Iridium	397	204 174	80 976	320	174 909	55 865
Ruthenium	1 792	19 543	35 013	1 360	19 544	26 577
Other precious metals	203	6 336	1 288	149	6 853	1 019
Sub-total: precious metals	**15 537**		**5 464 940**	**14 159**		**5 016 026**
Nickel (tonnes)	1 322	172 204*	227 567	1 544	163 551*	252 507
Copper (tonnes)	679	67 749*	45 995	764	68 967*	52 656
Chrome (tonnes)	141 874	745*	105 658	79 793	481*	38 388
Other by-product revenue	9	359 550	3 209	–	–	2 749
Development ounces offset against property, plant and equipment	–		–			(137 687)
Sales revenue – Zondereinde and Booysendal			**5 847 369**			**5 224 639**
Sales revenue – other activities			188 166			114 758
Total group sales revenue			**6 035 535**			**5 339 397**

** Rand per tonne.*

The bord and pillar mining method is used at Booysendal.

METAL SALES AND REVENUES PER OPERATING MINE – F2015

	Booysendal mine			Zondereinde mine		
	Units sold kg	Average price received R/kg	Revenue R000	Units sold kg	Average price received R/kg	Revenue R000
Platinum	2 157	460 124	992 360	5 737	456 919	2 621 289
Palladium	975	294 051	286 566	2 900	293 864	852 309
Rhodium	363	431 757	156 779	832	428 757	356 803
Gold	15	448 117	6 763	167	449 183	74 793
Sub-total: (3PGE+Au)	**3 509**	**411 021**	**1 442 468**	**9 636**	**405 275**	**3 905 194**
Iridium	190	148 639	28 261	259	203 750	52 715
Ruthenium	798	15 607	12 452	1 147	19 664	22 562
Other precious metals	–	–	–	203	6 336	1 288
Sub-total: precious metals	**4 497**		**1 483 181**	**11 245**		**3 981 758**
Nickel (tonnes)	166	142 784*	23 657	1 185	172 030*	203 910
Copper (tonnes)	83	55 603*	4 635	610	67 763*	41 360
Chrome (tonnes)	141 874	745*	105 658	–	–	–
Other by-product revenue	2	–	335	8	–	3 089
Development ounces offset against property, plant and equipment						
Sales revenue – Zondereinde and Booysendal mines			**1 617 465**			**4 230 117**

** Rand per tonne.*

COST OF SALES

The 3.1% increase in group cost of sales to R5.4 billion (F2014: R5.3 billion) is largely a result of an increase in operating costs as explained below.

GROUP COST OF SALES – F2015

	F2015 R000	F2014 R000
Labour	1 606 237	1 499 144
Stores	978 243	735 647
Utilities	540 507	443 016
Sundries	1 177 201	839 072
Decommissioning and restoration costs	37 002	9 345
Operating costs – core business activities*#	**4 339 190**	**3 526 224**
Concentrates purchased	602 395	918 605
Refining and other costs	199 470	267 117
Depreciation and write-offs	339 949	445 622
Change in metal inventories	(44 663)	110 316
Cost of sales – core business activities*	**5 436 341**	**5 267 884**
Cost of sales – other group companies#	**3 381**	**10 031**
Group cost of sales	**5 439 722**	**5 277 915**

** Core business activities refer to: Zondereinde mine, Booysendal mine and Northam Chrome Producers.*

 # The addition of these two numbers reconciles to the total group operating cost of R4 342 571 shown in the table on page 72.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

Operating costs

Operating costs increased by 22.8% to R4.3 billion (F2014: R3.5 billion) owing to higher group production volumes (largely resulting from Booysendal's new production as it ramped up during the year), higher wage and power costs.

For comments on refining and other costs and on depreciation and write-offs, please refer to page 73.

OPERATING COSTS BY CATEGORY AND BUSINESS UNITS – F2015

	Zondereinde mine R000	Booysendal mine R000	Northam chrome producers R000	Other group entities R000	Total group R000
Labour	1 471 400	123 425	11 412	–	1 606 237
Stores	827 031	151 212	–	–	978 243
Utilities	443 603	94 739	2 165	–	540 507
Sundries	358 054	800 532	18 615	3 381	1 180 582
Decommissioning and restoration costs	14 743	22 259	–	–	37 002
Total operating costs	**3 114 831**	**1 192 167**	**32 192**	**3 381**	**4 342 571**
Concentrates purchased	602 395	–	–	–	602 395
Refining costs	83 408	116 062	–	–	199 470
Depreciation	165 091	171 961	2 897	–	399 949
Change in metal inventories	(345 757)	300 927	167	–	(44 663)
Cost of sales	**3 619 968**	**1 781 117**	**35 256**	**3 381**	**5 439 722**

Concentrates purchased

The value of concentrate purchases declined by 34.4% to R602.4 million (F2014: R918.6 million) owing to a drop in the volumes of purchased concentrates from third party sources which amounted to 1 416kg (F2014: 1 975kg). A change in the inter-company arrangements which took effect on 30 June 2015 saw Zondereinde purchase concentrate from Booysendal rather than toll treat it. A total of 922kg of metal in concentrate was purchased by Zondereinde from Booysendal.

ANALYSIS OF CONCENTRATES PURCHASED – F2015

	Purchase of concentrate	Own Production	Sub-total Zondereinde mine	Booysendal mine	Northam Chrome Producers	Other group entities	Total group
Kilograms sold (3PGE+Au)(kg)	**1 368**	**8 268**	**9 636**	**3 509**	**–**	**–**	**13 145**
	R000	R000	R000	R000	R000	R000	R000
Sales revenue	630 558	3 599 561	4 230 119	1 617 466	184 132	3 817	6 035 535
Cost of sales	636 547	3 344 038	3 980 585	1 420 501	35 256	3 381	5 439 722
• operating costs	31 589	3 083 242	3 114 831	1 192 167	32 192	3 381	4 342 571
• change in metal stocks	(371 296)	25 540	(345 756)	300 927	167	–	(44 663)
• depreciation and write offs	–	165 091	165 091	171 961	2 897	–	339 949
• freight and realisation costs	–	19 146	19 146	–	–	–	19 146
• refining costs	13 243	51 019	64 262	116 062	–	–	180 324
• concentrates purchased	963 011		963 011	(360 616)	–	–	602 395
Operating profit	**(5 989)**	**255 523**	**249 534**	**196 965**	**148 876**	**436**	**595 813**
Treatment charges recovered	66 040*						
Contribution to operating profit	60 051						

** Treatment charges recovered are included in sundry income in the statement of profit or loss and other comprehensive income.*

Refining and other costs

Refining and related costs were 25.3% lower at R199.5 million (F2014: R267.1 million), reflecting more normalized levels after the smelter shutdown and rebuild, along with outsourced smelting costs incurred in the prior year.

Depreciation and write-offs

Depreciation and write-offs were lower in F2015 owing to a change in the depreciation methodology (which is a change in accounting estimate). This is evident primarily at Booysendal whereby most assets are now depreciated on a unit of production basis rather than the straight line method. This method better matches the depreciation charge to the rate of depletion of reserves at Booysendal.

Change in metal inventories

The group change in metal inventories amounts to a net decrease of R44.7 million (F2014: R110.63 million increase). This is made up of a R345.6 million decrease in inventories at Zondereinde and a rise of R300.9 million in Booysendal mine's metal inventory levels compared to the prior year.

Operating profit

The group achieved an operating profit of R595.8 million, higher than the F2014 operating profit of R61.5 million. Both the higher operating profit and higher operating profit margin, at 9.9% (F2014: 1.2%), are on the back of higher production volumes from both mines, higher average rand basket prices realised, lower refining and related costs and the lower depreciation and write-off charges as stated above.

Share of earnings from associate and joint venture

The share of earnings from associates and joint ventures of R28.8 million (F2014: R3.5 million), is attributed mainly to higher earnings from Trans Hex Group Limited. Investment revenues of R72.0 million (F2014: R60.0 million) mainly comprises interest earned on the group's invested funds.

Finance charges

Finance charges which amounted to R245.9 million (F2014: R176.1 million) were higher owing to the interest of R138.0 million paid on the domestic medium term notes and revolving credit facility secured in F2014, and R100.8 million for the preference dividends to be paid to preference shareholders of Zambezi Platinum (which is consolidated in the results) in terms of the BEE transaction. The preference dividends are payable at the end of the 10-year term of the BBE transaction.

Sundry expenditure

Sundry expenditure amounted to R1.587.3 million (F2014: R26.7 million) reflecting accounting charges and costs associated with the two major corporate deals undertaken in the current year, the BEE transaction and the acquisition of the Everest mine from Aquarius Platinum.

Included in costs associated with the BEE transaction are the "share-based payment" charge of R874.4 million in line with IFRS 2, which is a once-off charge associated with a transaction of this nature and the R242.4 million net lock-in fee (being the gross R400.0 million lock-in fee paid to the BEE participants (collectively the ESOP Trust, the Booysendal Community Trust, the Zondereinde Community Trust, the Strategic Partners and the Women's Consortium as defined in the circular dated 17 February 2015) less taxes paid and less the portion of the lock-in fee relating to the three trusts which are eliminated on consolidation). Shareholders are referred to the *pro forma* financial effects of the said BEE transaction circular for the mechanics of the transaction.

Also included in sundry expenditure are the non-core asset impairment charges of R261.5 million for the Pandora and Dwaalkop joint ventures and the Trans Hex Group Limited investment, as well as corporate action costs of R172.6 million related mainly to the said two corporate transactions.

Sundry revenue

The sundry income of R268.3 million (F2014: R123.7 million) incorporates the once-off proceeds of R183.8 million received from the No.1 shaft incident insurance claim.

Hedging

The group's policy is not to hedge, thus exposing investors fully to the prevailing PGM prices; consequently there were no outstanding contracts at the end of the financial year.

Taxation charge

The taxation charge of R165.6 million (F2014: R26.2 million) is higher than the comparative period due to the higher taxable profits earned by the group in F2015 relative to F2014.

A detailed analysis of the tax charge, including the effect of permanent and other differences is set out in note 35 to the annual financial statements on page 175.

Total comprehensive income for the year

The group reported a net loss of R1 033.9 million (F2014: profit of R19.6 million). A loss per share of 264.3 cents was reported (F2014: profit of 2.4 cents per share) reflecting the effect of the reported loss and an increase in the weighted average number of shares in issue of 391 834 708 shares (F2014: 390 969 652).

The group's total number of shares in issue at 30 June 2015 is 509 781 212 (F2014: 397 586 090) following the issue of 112 195 122 shares to Zambezi Platinum, which is Northam's 31.4% BEE shareholder. The group has 159 905 453 treasury shares which are not accounted for in the calculation of the abovementioned loss per share. Zambezi Platinum's results are consolidated with Northam's group results.

NORMALISED EARNINGS

(See table on page 69)

This is defined by management as earnings achieved by the underlying operational business units of the group.

A normalised earnings calculation has been performed. This excludes abnormal and or unusual costs incurred during the

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

financial year, by adding back (adjusting for) costs such as the BEE transaction and other corporate action costs, IFRS 2 and other charges relating to the BEE transaction and impairment charges as explained below:

- corporate action transactional costs relate to consulting, legal and various other fees paid in relation to the BEE transaction and other corporate projects during the year.
- the net lock-in fee (being the gross R400.0 million lock-in fee paid to the BEE participants less taxes paid and less the portion of the lock-in fee due to the three trusts which are eliminated on consolidation).
- impairment of non-core assets include the impairment of investments in associates and joint ventures as explained above. Dwaalkop and Pandora joint ventures have been impaired by R164.4 million and R40.5 million respectively, and the associate investment in Trans Hex Group by R34.0 million.
- the IFRS 2 share-based payment charge of R874.4 million and the preference share dividend of R100.8 million relate to the preference shares issued by Zambezi Platinum as part of the BEE transaction.

By stripping out the above-mentioned costs therefore, normalised earnings are derived based on the normal underlying operational performance of the group.

The outcome of this exercise demonstrates that earnings per share of 157.2 cents would have been achieved in F2015 (compared to the prior year's 2.4 cents).

CONSOLIDATED STATEMENT OF CASH FLOWS

Operating activity cash flow

Cash flows from operating activities are lower in F2015 at R341.6 million (F2014: R885.5 million) mainly due to the higher working capital requirements and higher tax payable. Higher working capital requirements emanate from higher sales and debtors and increases in total group inventory values owing to the higher production volumes.

Investing activity cash flow

Cash flows utilised in investing activities are higher at R1.1 billion (F2014: R766.1 million) due to the higher project capital expenditure which includes the acquisition of Everest mine assets for R400.0 million.

Financing activity cash flow

Cash flows generated from financing activities amounting to R4.2 billion (F2014: R248.0 million) are largely accounted for by the proceeds of R4.6 billion received by Northam from the issue of 112 195 122 million shares by Northam to Zambezi Platinum in terms of the BEE transaction.

Net increase in cash and cash equivalents

The result of all operating, investing and financing cash flow activities for the year was a net cash inflow of R3 472.1 million (F2014: R367.5 million).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Non-current assets

Property, plant and equipment

The 12.4% increase in property, plant and equipment reflects capital expenditure during the F2015 year. Additions to maintain operations were R323.0 million during the year and additions to expand operations were R779.1 million. The increase in expansion (project) capital expenditure is due to acquisition of the Everest for R400.0 million in June 2015.

Interest in associates and joint venture

The impairment charges for the Dwaalkop and Pandora joint ventures and the Trans Hex Group associate investment, have accounted for the lower values in F2015 compared to F2014.

There are no other changes in the physical assets owned by the group, which has interests in the following:

- 7.5% of the Pandora joint venture;
- 50% of the Dwaalkop joint venture;
- A 51% initial participatory interest in the Kokerboom joint venture (a greenfields iron oxide/gold/copper and massive sulphide exploration project); and
- 20.3% share of Trans Hex Group Limited, a diamond producer and marketer listed on the JSE Limited.

An analysis of these assets is available in Annexure 2 of these annual financial statements, on page 186.

Land and township development

At 30 June 2015, 375 housing units had been sold to new home owners at Mojuteng near Zondereinde mine. An additional 37 stands are being prepared for housing construction for the benefit of employees.

Long term receivables

This balance reflects the sales of housing to employees on an instalment sale basis, through the 100% owned housing subsidiary (Norplats Properties Proprietary Limited).

Northam Platinum Restoration Trust Fund and Environmental Guarantee Investment

The R2.6 million increase in the combined balance of these funds is mainly due to interest earned on funds invested.

Deferred tax asset

The deferred tax asset arises out of the tax benefits that are expected to arise in future as a result of the capital expenditure incurred during the development of the Booysendal mine.

Buttonshope Conservancy Trust

The trust was established in 2011 as part of an initiative in collaboration with the Mpumalanga Parks and Tourism Agency to retain a portion of the freehold land adjacent to the Booysendal mine as an environmental conservancy. The group contributed an amount of R10.0 million to the trust in F2012.

Current assets

Inventories

Inventories increased due to the higher unit cost of stock values and higher quantities held at year end.

Trade and other receivables

The significantly higher balance reflects the increase in sales revenues, on the back of a 6.6% increase in PGM sales volumes and a weaker ZAR/USD exchange rate (averaging R11.45 to the US dollar during the year compared to last year's average of R10.35 to the US dollar).

Cash and cash equivalents

The total cash resources of the group at the year-end were R4 138.2 million (F2014: R666.1 million). The rise in this balance is mainly due to the raising of funds through a share issue as a result of the BEE transaction.

Non-current liabilities

Deferred tax liability

The increase in the deferred tax liability has arisen owing to the movement in tax values of mainly inventory and property plant and equipment (fixed assets). In terms of IAS 2 inventory is carried at the lower of cost or net realisable value whilst for tax purposes inventory is carried at cost), Fixed assets also have differences of treatment resulting in deferred tax liabilities.

Long term provisions

The balance has increased by R44.5 million mainly due to the increase in the mine's decommissioning provision based on the latest third party assessment of the provision as at 30 June 2015.

Share-based payment liability

This balance represents the liability arising from the 30 June 2015 balance of outstanding options and incentive shares granted to employees in terms of the group's share option scheme and share incentive plan. The liability has declined, reflecting the lower share price year on year, and the effect of the drop in staff complement.

Domestic medium term notes

This balance represents the R1.25 billion finance for the continued development of Booysendal mine raised during F2013 plus the R120 million tap issue raised in F2014, through the issue of three year senior unsecured floating rate notes at a rate of Jibar plus 350 basis points.

Long term loans

The loan was raised from a Dutch organization, Nederlandse Financierings–Maatschappij voor Ontwikkelingslanden N V (FMO), to fund the group's affordable home ownership initiative for employees. The short term portion of this loan amounts to R3.8 million and is disclosed under current liabilities.

Current liabilities

Trade and other payables

The increase in trade and other payables is due to the stricter adherence to payment terms as part of cash management strategies implemented to conserve cash.

Short term provisions

This liability relates to leave accrued to employees and is higher due to the rising salary and wages expenditure and higher accumulated leave days.

Revolving credit facilities

The revolving credit facility was repaid in full during the year and the total R1.0 billion facility was available to be drawn at 30 June 2015.

Capital expenditure

Booysendal mine

Capital expenditure of R798.8 million was spent on the development of the mine during F2015 (F2014: R539.6 million) including R400.0 million for the acquisition of Everest assets from AQPSA. Stay in business capital is estimated at R112.5 million with project capital estimated at R250.0 million in F2016.

Zondereinde mine

Capital expenditure was R303.2 million in F2015 (2014: R351.5 million). Stay in business capital in F2016 is estimated at R303.0 million. This includes R130.0 million for the deepening project in F2016 with similar amounts being expended over the five year project.

Project capital is estimated at R95 million which includes R60 million for increasing the UG2 concentrators throughput, and R35 million for initial work on the planned R20MW furnace for expanding the smelter complex, a project estimated to cost R750 million over three years.

Ayanda Khumalo

Chief financial officer

25 September 2015

OPERATIONAL REVIEW

ZONDEREINDE

The Zondereinde mine is operating at steady state, and its performance during the year under review reflects this stability and our confidence in its sustainability. Despite the No.1 shaft incident early in the financial year, and the one-week work stoppage in January, Zondereinde delivered 795 885 tonnes (F2014: 803 736 tonnes) of Merensky reef to its processing plant at a head grade of 5.7g/t (F2014: 5.8g/t). UG2 tonnages came in at 1 064 499 tonnes (F2014: 920 420 tonnes) to the processing plant at a head grade of 4.3g/t (F2014: 4.3g/t).

This blend of reef resulted in the overall head grade falling to 4.9g/t (F2014: 5.0g/t). Metals produced from underground increased to 7 950kg (F2014: 7 331). Concentrates purchased were 2 338kg (F2014: 1 975kg) including 922kg purchased (internally) from Booysendal. At the year's end available ore reserves on the Merensky reef were sufficient for 20 months' production and on the UG2 reef for 24 months'.

Overall the Zondereinde mine operated well during the year. However, mining flexibility on the Merensky reef horizon remains constrained owing to challenging geological conditions, particularly in the north-west quadrant of the mine. Production from the UG2 horizon is relatively easier. With planned modifications to the processing plant, the smelter will be in a position to accommodate a higher proportion of UG2 reef. Future production from Zondereinde is consequently planned at a 65:35 UG2: Merensky ratio for 21 years.

Construction of the decline section has progressed satisfactorily with the conveyor decline on the 16 level elevation and good progress being made in developing the barrels of the material incline between 14 and 16 levels. An underground refrigeration plant was commissioned during the year on 13 level which has improved environmental conditions in the deepening section of the mine markedly. The completion of this suite of infrastructure will provide access to good quality Merensky reef and increase the life of Zondereinde to more than 20 years.

Wage negotiations got underway in May 2015 and were successfully concluded after the year end when a three-year agreement was signed with the National Union of Mineworkers.

Health and safety

At Zondereinde, three million fatality free shifts were recorded during March this year for the first time. The management team and all employees are to be congratulated on this milestone achievement. The total number of injuries recorded declined year on year resulting in an improved lost time injury incidence rate (LTIIR). Overall the operation's LTIIR was LA 1.31 (F2014: 1.70) per 200,000 hours worked and the reportable injury incidence rate (RIIR) was 0.94 (F2014: 0.86).

Shaft steelwork was damaged during a rope-change exercise at Zondereinde's No.1 shaft in July last year. The incident put the shaft out of commission for six weeks. Repairs were carried out successfully and safely.

Costs and capital expenditure

Zondereinde's total operating costs were R3 114.8 million against R2 690.9 million in F2014. The value of externally purchased concentrates decreased by 34.4%, to R602.4 million, whilst the quantum purchased externally feel by 28.3% to 45 525oz (1 416kg) (F2014: 63 488oz (1 975kg)), illustrating lower purchase prices of concentrates as PGM prices fell during the year.

Unit operating and cash costs at Zondereinde were 3.3% and 7.6% higher at R408 599/kg (F2014: R395 629/kg) and R386 117/kg (F2014: R358 891/kg) respectively, reflecting higher operating costs as mentioned above and the impact of six-week interruption of production associated with the No.1 shaft incident in July 2014, and the one-week work stoppage in January 2015.

In the light of the current weakness of platinum prices, we have adopted a cautious approach to capital spending. While we had planned to spend more in the year under review, certain expenditure was deferred resulting in total spend of R303.2 million, including the deepening project.

We cannot, however, defer capital projects indefinitely and we shall persist with projects that are of strategic importance to the business.

This will include the construction of a new furnace, an upgrade to the UG2 concentrator to increase throughput and continuing the development of mining infrastructure to 18 level to extend the life of the mine. The annual cost of this five-year deepening project is expected to run at R130 million and is included in Zondereinde's F2016 stay in business capital estimate of R303.2 million.

OUTLOOK AT ZONDEREINDE

With the mine's life of mine extended to over 20 years, and the installation of additional smelting capacity to deal with a greater quantity of UG2 ore, management has unlocked significant value at Zondereinde. The operation is now well placed to improve its position on the cost curve and to remain in production for at least another 20 years.

Processing and refining

The group's processing and refining capability is a strategic advantage. The review we embarked on last year highlighted a number of options which we have pursued in the intervening period.

Production of UG2 at Zondereinde is planned to increase over time. Therefore the decision has been made to increase the throughput of the UG2 concentrator from the current 90 000 tonnes per month. The mine is carrying out certain test work before finalising the design parameters for the upgrade. This project is expected to cost R60 million.

Whilst the board has approved capital expenditure for the installation of an additional 20MW furnace as part of the smelter expansion and de-risking programme a sum of R10.0 million has been committed to date for design and drawing work for the new furnace. This project, estimated at R750.0 million, is expected to be completed over the next three years, market conditions allowing. The additional capacity will add significant mining flexibility, allowing for higher volumes of UG2 ore to be mined and treated. The additional capacity will support the growth in production from Booysendal.

A new autoclave with sufficient capacity to match the potential throughput from the expanded smelter facility was installed and commissioned at the base metal removal plant earlier this year at a cost of R31.0 million.

BOOYSENDAL

Booysendal continued the ramp-up to its annual steady-state PGMs production target of 160 000oz planned to be reached in the first half of F2016.

Operationally good progress is being made with the equipping of the last two production sections, scheduled for October 2015, to complete the original capital footprint. The concentrator performed well above its nameplate capacity in the last three months of the year, achieving an average recovery of 86%. The plan to exploit the Merensky reef from the existing footprint advanced well with the box cut completed and the development of the declines in progress to extract a bulk sample for metallurgical test work. This work is expected to be complete in the second half of F2016 following which a decision will be made on developing a Merensky mining module.

During the new financial year conceptual design work on exploiting the Booysendal South orebody (including the former Everest mine infrastructure) will be progressed to a feasibility study. The decision to begin construction of new mining modules will be taken against the background of current and expected PGM market conditions and the potential return on investment. The feasibility is expected to cost R22.0 million and will be completed by May 2016.

For the year as a whole Booysendal's run-of-mine production totalled 1 670 437 tonnes (F2014: 1 233 089 tonnes) with the tonnage milled increasing to 1 786 375 tonnes (F2014: 1 517 109 tonnes) at a head grade of 2.6g/t (F2014: 2.6g/t).

Health and safety

As underground production ramped up, safety statistics regressed compared to the preceding year. The LTIIR rose to 0.54 (F2014: 0.27) per 200 000 hours worked while the RIIR was also higher at 0.41 (F2014: 0.21). Safety awareness remains a key focus area for management at Booysendal. The mine continues to deliver a good safety performance with a key differentiator being the mechanised mining method.

Costs and capital expenditure

As the mine has progressed towards steady state, costs have approached the sort of levels we might expect when underground operations are delivering fully to the mill. Less material will be drawn from the surface stockpile to augment underground material. Booysendal's total operating costs were R1 192.2 million against R806.8 million in F2014 with unit operating costs 0.9% lower at R358 554/kg (F2014: R361 902/kg) and cash costs 11.3% higher at R308 719/kg (F2014: R277 308/kg).

The 0.9% drop in unit operating cost in F2015 at Booysendal results from the lower depreciation charge incurred by the mine following the change in depreciation methodology mentioned in the CFO's review on page 68.

The higher rand per tonne milled operating cost of R765/ton (F2014: R688/ton) and cash cost of R658/ton (F2014: R527/ton) at Booysendal is attributable to the fact that in the prior year a higher proportion of milled tonnage was sourced from the pre-production stockpile.

As Booysendal reaches its design capacity capital expenditure levels have declined accordingly. Total expenditure excluding the Everest mine asset acquisition for the year came in at R398.8 million, below the planned level of R483.4million (F2014: R539.6 million). Booysendal's F2016 stay in business capital is estimated at R112.5 million, with project capital estimated at R250.0 million. Project capital will be spent on the continued development of the Merensky decline to extract a bulk sample and the completion of the current UG2 decline. Total capital expenditure since the start of the phase 1 Booysendal mine development is expected to close out at R4.5 billion.

OUTLOOK AT BOOYSENDAL

With steady state production on track, the original capital footprint should be completed by December 2015. There is potential to add two additional production levels by continuing the development of the primary decline system, thereby increasing the production profile in a very capital efficient manner.

MATERIAL ISSUES

This year we are reporting in terms of our material issues – those issues that are most material to the business and stakeholders, and which fundamentally influence the assessments and decisions of stakeholders. In the pages that follow we discuss those material issues which, by their very nature, touch on all aspects of our business and its sustainability.

MATERIAL ISSUE 1:

ENSURING THE SUCCESSFUL DELIVERY AND EXECUTION OF OUR BUSINESS STRATEGY

It is the responsibility of executive management to set realistic and achievable strategic targets for the business (see business model and strategy on page 7 and 8). As a public company, the success of this strategy affects shareholders, or the providers of capital, and a range of other stakeholders, most importantly the group's employees. In terms of this material issue we discuss these challenges and our response.

CHALLENGES

Demand and prices for PGMs

At the end of the financial year the dollar prices for PGMs were:

- Pt: US$1 078/oz (2014: US$1 480/oz)
- Pd: US$677/oz (2014: US$844/oz)
- Rh: US$875/oz (2014: US$1 115/oz)

The average price realised over the year, for Northam's basket of metals (Pt, Pd, Rh, Au) was US$1 108/oz (2014: US$1 198/oz) for Zondereinde and US$1 084/oz (2014: US$1 186/oz) for Booysendal.

The rand 4PGE basket price per unit increased by only 2.2% and 0.9% at Zondereinde and Booysendal respectively, yet unit cash costs increased by 7.6% and 11.3% at the respective mines.

The downtrend in prices resulted from the broadly lacklustre demand for PGMs, together with continuing steady supplies of metal from primary producers, above-ground stocks, and recycling.

Demand for PGMs remains dependent upon global economic conditions. In the autocatalyst sector in particular, projected increases in global sales of motor vehicles and tightening missions legislation are forecast in the longer-term to underpin increasing consumption of PGMs.

RESPONSE

Northam, like all producers, has little or no influence over demand and metal prices, and is essentially a price-taker.

However, the group contributes towards a number of industry-led initiatives to stimulate various avenues of demand. Most notable is the Platinum Guild International (PGI), which serves as a platform for consumer and trade markets for platinum jewellery.

Northam has also been supportive of the establishment of the World Platinum Investment Council (WPIC) during 2014, which seeks to promote investment in physical PGM stocks.

CHALLENGES

Escalating costs

The entire industry is faced with inescapable cost increases. The effect of wage increases, combined with soaring electricity tariffs is likely to add approximately 10% per annum to Northam's current cost base in the foreseeable future.

Although the sustained weakening of the rand against the US dollar has the effect of partially offsetting the decline in dollar prices for PGMs, a weak currency ultimately adds to imported input costs.

RESPONSE

Management has initiated a group-wide cost cutting exercise. Each and every manager has had to examine budgets and come up with cost-saving ideas.

Given that labour accounts for such a high proportion of the cost base, we keep a tight rein on recruitment, and only appoint additional employees in critically important positions.

At the deep-level Zondereinde mine, unit mining costs at R386 117/kg are uncomfortably close to the R409 025/kg realised.

Shareholders and lending institutions need a level of comfort to fund companies like Northam, which are looking to bring new mines into production, and make up for the diminishing primary supply from South Africa.

At Northam the strategy is to shift production towards the shallow and mechanisable orebody at the Booysendal property, with its lower cost profile.

Over the next few years, the new Booysendal South mine (previously Everest) will be developed to complement the existing North mine.

In South Africa, electricity is supplied by Eskom, the national electricity supplier. In recent years, Eskom's tariffs and supply shortages have increased steadily, by 16% in 2012, 8% in 2013, 9% in 2014 and 13% in 2015. In F2015, Northam's electricity spend totalled R517.1 million (84% at Zondereinde and 16% at Booysendal).

These sustained increases in electricity costs have already spawned a number of energy efficiency and saving programmes. Certain intensive usage functions have been shifted to off-peak periods. However, Zondereinde has no further capacity for introducing any additional energy conservation measures without constituting a risk to employees.

MATERIAL ISSUES CONTINUED

CHALLENGES

Industrial action

RESPONSE

The group remains vulnerable to any potential strike action and community service delivery protests.

In January this year a LA work stoppage at the Zondereinde mine resulted in five days' lost production. Zondereinde, with its relatively high cost profile, is particularly vulnerable to any slippage in tonnages, which has a deleterious effect on unit costs and ultimately on the profitable operation of the mine. For this reason (and others) employee and union relations need to be very carefully managed. The five-month strike in the PGM sector in 2014 was instructive, with the emergence of AMCU, a union to rival the NUM.

The three-year wage agreement concluded in July 2015 with the NUM signals some stability going forward. (See *Material issue 3*)

CHALLENGES

Smelting capacity

Northam's processing facilities were built in 1987/88, when the mine was first established. At the time the smelter was designed to smelt concentrate containing base metal sulphides, typically associated with Merensky ore.

With the advent of the UG2 expansion in 2000, and the current profile of the ore mix, the existing 15MW furnace has reached its nameplate capacity, and is also limited in terms of the concentrate's Cr_2O_3 levels.

Given that production growth will be mainly from UG2 orebodies, the constrained smelting facilities could pose an operating risk on the one hand, and could impair the company's ability to execute its expansion strategy on the other, primarily in the UG2-rich eastern limb.

RESPONSE

The company's processing and refining capability represents a clear strategic advantage, which could be further developed and exploited.

Following a detailed review of the group's requirements, and the available technology, a 20MW AC furnace has been selected as the preferred option, thereby increasing smelter capacity by 600 000oz per annum.

Importantly, the operating risk will be mitigated by a second processing stream which will be able to process UG2 concentrate.

With board-approved capital expenditure of R750.3 million, a sum of R10 million has been committed to date for design and drawing work. This project is expected to be completed over the next three years.

MATERIAL ISSUE 2:

CREATING AND MAINTAINING SAFE WORKPLACES THAT SUPPORT OUR EMPLOYEES' AND CONTRACTORS' HEALTH AND LIVELIHOODS

We aim to create and maintain safe and healthy environments for our employees and contractors. We will do this by continuously seeking to reduce injuries, applying appropriate technologies, through communication and training, and reinforcing operational standards and responsibility.

HEALTH AND SAFETY

The health and safety of Northam employees is of paramount importance and takes precedence over all production objectives. We are guided by extensive legislation and regulations, notably the Mine Health and Safety Act No 29 of 1996. (For details, please go to our *Material issue 5* on page 102.)

Key features of our health and safety structure and systems:

- The health, safety and environmental (HSE) board sub-committee is responsible for overseeing compliance with health and safety laws and regulations that may have an impact on the company.
- Operational health and safety is the responsibility of the general manager at each operation.
- Day-to-day safety management is delegated to the operational managers, who are supported by the mine health and safety departments.
- Operational and joint management and employee health and safety committees meet, at a minimum, on a monthly basis.
- The operations maintain policies and procedures, detailed records and reports on safety matters, accidents and their severity, transgressions and remediation work. This information is analysed and used to improve safety performance.
- Reports on health and safety are submitted to the HSE committee, which is tasked with health and safety matters for further interrogation and oversight.
- All employees and contractors receive safety induction training on an annual basis, and intermittently during the year, for example, when they return from leave.
- Personal protective equipment (PPE) is supplied to employees and a comprehensive code of practice guides the allocation of PPE for occupational-specific requirements.

Participatory approach

Northam encourages the participation of employees and management in all health and safety matters. Employees may participate in the union's health and safety committees through their elected officials.

At Zondereinde, the joint management and employee-represented health and safety committee meets on a monthly basis or more frequently if required. The committee is responsible for the identification of critical issues that may have an effect on the health and safety of employees and the environment as well as for inspections, audits and accident investigations, identifying areas for training and development, and providing personal protective equipment. The committee's main focus is on empowering employees to take responsibility for their own health and safety, and the health and safety of others, by identifying and reporting potentially hazardous situations.

Both Zondereinde and Booysendal have operational HSE committees which hold monthly meetings and are chaired by each operation's general manager and attended by two full-time health and safety representatives who have been elected by employees. Safety representatives attend mine production meetings where safety concerns are discussed and receive training in safety. In total, 72 safety representatives were trained at the new on-mine training centre at Booysendal during the year. Zondereinde's HSE committee aligns its activities with the joint health and safety committee.

Booysendal also has a **concentrator plant HSE committee**, which meets monthly, and a **special health and safety committee**, which meets every quarter to discuss unresolved issues raised at business unit level. At this quarterly committee meeting, incidents and accidents are discussed and reviewed and common risks are identified and deliberated as a preventative measure.

Safety performance in F2015

All safety-related incidents are considered very seriously at Northam, and continuous efforts are made to reinforce operational standards and responsibility.

Analysis of safety incidents indicates that injuries are generally associated with the following activities and/or materials:

- Material handling
- Trucks and tramming
- Falls of ground
- Winches and rigging
- Slips and falls
- Moving machinery
- Hydropower
- Ventilation
- Explosives

MATERIAL ISSUES CONTINUED

Traditionally, handling of materials and falls of ground have been the main contributors to injuries at Zondereinde – with employees involved in construction, development and stoping activities most at risk. Focused training and disciplinary measures manage the prevalence of behaviour-based safety transgressions. Disciplinary measures include counselling; verbal and written warnings; suspension without pay; and dismissal. The Du Pont safety management programme, instituted in 2012, is to be discontinued and will be replaced by the Chamber of Mines' recommended safety system in F2016.

No fatalities were reported during the year under review (F2014: 0).

Northam defines a lost time injury (LTI) as an injury which results in one to 13 days of lost time while a reportable injury (RI) is an injury which results in lost time of 14 days or more. The LTI and RI incidence rates are based on 200 000 man-hours worked.

Zondereinde

In F2015, Zondereinde achieved three million fatality free shifts. 96 LTIs were reported, of which 69 were reportable. The primary causes of LTIs in F2015 were related to the manual handling of material and minerals and to falls of ground.

Whilst the total number of injuries recorded declined year on year resulting in an improved lost time injury incidence rate (LTIIR), the severity of injuries sustained resulted in an increase in the reportable injury incidence rate (RIIR). Overall the operation's LTIIR was LA 1.31 per 200,000 hours worked (2014: 1.70) and the RIIR was 0.94 (2014: 0.86).

Nobody was injured when shaft steelwork was accidentally damaged during a rope-change exercise at Zondereinde's No.1 shaft on July 28 last year. The accident did, however, put the shaft out of commission for six weeks.

The DMR imposed six Section 54 safety-related work stoppages at Zondereinde during the year under review. The stoppages were all section or incident specific, relating to a range of safety issues.

FATALITIES – ZONDEREINDE

F2015	F2014	F2013	F2012	F2011
0	0	1	2	5

LOST TIME INJURY INCIDENCE RATE PER 200 000 HOURS WORKED - ZONDEREINDE

F2015	F2014	F2013	F2012	F2011
LA 1.31	1.70	1.50	1.91	1.34

REPORTABLE INJURY INCIDENCE RATE PER 200 000 HOURS WORKED - ZONDEREINDE

F2015	F2014	F2013	F2012	F2011
0.94	0.86	0.83	0.88	0.74

FATAL INJURY INCIDENCE RATE PER 200 000 HOURS WORKED - ZONDEREINDE

F2015	F2014	F2013	F2012	F2011
LA 0.00	0.00	0.01	0.02	0.06

To date, Zondereinde has applied the following Mining Industry Occupational Safety and Health (MOSH) preventative measures:

- Hearing-protection devices
- Netting with bolting
- Entry examinations and making safe
- Proximity detection system

Booysendal

At the end of F2015, Booysendal achieved 1,917,768 million fatality-free shifts, No fatalities have been recorded since inception of the mine in 2010. Booysendal's LTIIR was LA 0.54 (F2014 0.27) and the RIIR was 0.41 (F2014 0.21).

There were two safety-related work stoppages at the operation during F2015. On February 10, 2015 a Section 54 stoppage was imposed on the mine. The mine's Merensky boxcut development project was affected for six days, but this did not affect production. Another Section 54 stoppage was imposed on June 12, 2015, following a serious fall of ground related accident. The North mine was stopped and production lost for two days.

In F2015 Booysendal recorded 12 LTIs of which nine were reportable. The primary causes of LTIs for F2015 were falls of ground, trucks and tramming and materials handling. Compliance with standards and procedures remains a challenge. In order to mitigate this, we employ a high visibility of safety staff who work irregular shifts. We also conduct extensive coaching as part of our Hlokomela Tau! – Watch out for the Lion (danger)! – campaign.

The *Think fall of ground* initiative continued to be one of the key focus areas during 2015 and has resulted in significant improvements in examination techniques. The initiative involves officials going underground every Monday and Friday morning to ensure that employees are entering their worksites safely. Any deviations are rectified immediately and superior performance rewarded.

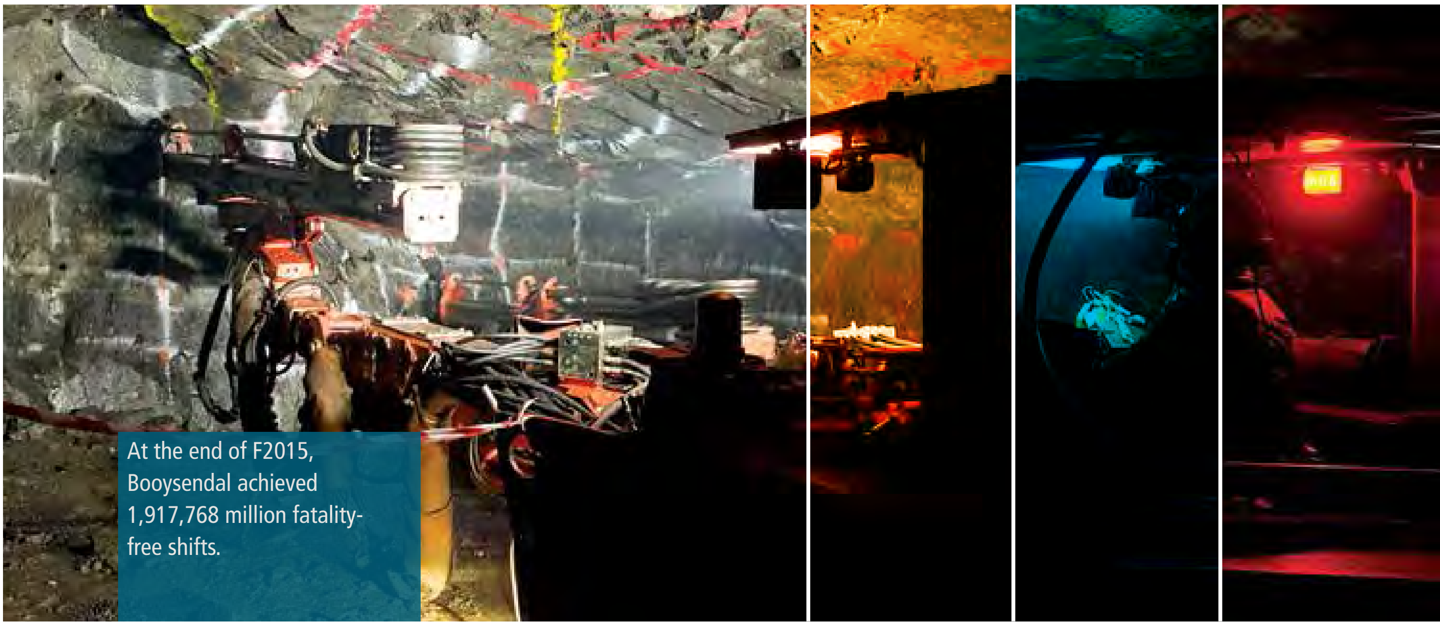
Other safety related features of F2015 included bringing about an increased compliance by contractors and sub-contractors with Northam's safety standards and incorporating the trigger action response plan into the early morning examination process.

LOST TIME INJURY INCIDENCE RATE PER 200 000 HOURS WORKED - BOOYSENDAL

F2015	F2014	F2013	F2012	F2011
LA 0.54	0.27	0.53	0.19	0.65

REPORTABLE INJURY INCIDENCE RATE PER 200 000 HOURS WORKED – BOOYSENDAL

F2015	F2014	F2013	F2012	F2011
0.41	0.21	0.33	0.05	0.22



At the end of F2015, Booysendal achieved 1,917,768 million fatality-free shifts.

MATERIAL ISSUES CONTINUED

Health performance in F2015

Northam is subject to stringent health and safety laws and regulations. The company seeks to comply fully with applicable health and safety legislation, and to ensure that all employees adhere to group safety standards. (For more details, please go to our *Material issue 5* on page 102.)

The primary occupational health risks identified at Northam in F2015 were tuberculosis (TB), noise induced hearing loss (NIHL) and occupational lung disease, and these constituted our key focus areas. We aggressively target HIV/Aids and TB with emphasis on prevention, through education initiatives and community involvement, as well as a monitored employee wellness programme, which includes the provision of anti-retroviral treatment (ART). We also concentrate efforts on drug and alcohol abuse, and their effects on employee performance.

Healthcare services

We provide our employees and contractors with an integrated and holistic healthcare service, for primary and occupational health, through the Platinum Health medical aid scheme (the Suremed® scheme terminated on 31 December 2014, with the Platinum Health scheme becoming active on 1 January 2015).

Healthcare services are offered to all employees and contractors who belong to the scheme and to their families. A network of doctors, specialists and dentists is contracted to the scheme. As well as localised health care, scheme members also have access to the Netcare® and Life® networks countrywide.

Programmes designed specifically for occupational health include:

- Wellness
- Medical surveillance
- Injury-on-duty management
- Occupational and chronic disease management
- Rehabilitation and back-to-work programmes
- Emergency care

At Zondereinde, healthcare services are provided on site and at a network of medical facilities where employees reside. Five hospitals are available to employees in the area. The service also provides on-site paramedics with emergency response vehicles, social workers and physiotherapists. In addition, Platinum Health administers a comprehensive TB and HIV/Aids management programme at the operation.

Booysendal's medical facilities are located at the Mashishing medical station, some 90 kilometres from the mine. The scheme's healthcare services include:

- An on-site emergency facility with four full-time 24/7 paramedics available for the treatment of accidents, injuries and minor health issues
- Two on-site ambulances on permanent standby with a backup facility at Dwarsrivier and Thorncliffe, approximately 15 and 12.5 kilometres respectively from Booysendal mine
- Access to helicopter services
- Medical centres in Mashishing, Middelburg and Nelspruit

Through the Platinum Health scheme, families in Mashishing, Middelburg, Nelspruit, Burgersfort and Steelpoort areas have access to these facilities.

HIV/AIDS

Northam has a comprehensive HIV/AIDS policy in place which covers employee care, education programmes, information confidentiality and promotes non-discrimination. All Northam employees have access to professional counselling and support including voluntary counselling and testing (VCT) and anti-retroviral therapy (ART).

The Northam HIV/ AIDS programme focuses on the following:

- Encouraging employees who are HIV-negative not to participate in high-risk behaviour through, the mass distribution of condoms, the treatment of sexually transmitted infections (STIs) and a peer education programme
- Early detection and identification of HIV to limit high-risk behaviour among those infected and to start them on a treatment regime that can prolong healthy living (the VCT programme underpins this objective and provides the necessary counselling)
- Encouraging infected employees to participate in the wellness programme, which includes the provision of ART. Comprehensive counselling is provided to ensure that employees understand and accept the long term implications of participating in the ART programme.

Zondereinde

Zondereinde's HIV/ AIDS programme comprises:

- Health education
- Campaigning
- Clinical management (VCT, pre- and post-test counselling, adherence testing and counselling, prevention of mother-to-child transmission, and HIV treatment)
- Laboratory investigations

In F2015, 1 250 employees were registered on the VCT programme (F2014: 1 049). Of these, 249 tested positive. A total of 144 employees currently participate in the HIV/AIDS wellness programme.

Zondereinde's peer educator programme includes 20 employees who form part of the support structure that provides counselling and training for employees infected and affected by HIV/AIDS.

VCT ENCOUNTERS – ZONDEREINDE

F2015	F2014	F2013	F2012	F2011
1 250	1 049	1 088	1 659	271

Booysendal

Booysendal implemented a wellness and disease management policy and programme in March 2015. The programme is an effective method to promote health and wellness amongst our employees as well as our mining and processing contractors.

Our programme promotes a healthy lifestyle and addresses chronic or life-threatening diseases such as HIV/AIDS and TB. In addition, injuries which have may result in a medical disability or occupational incapacity such as sexually transmitted infections, cancer, heart diseases, chronic obstructive airways diseases, diabetes, asthma and hepatitis.

Our wellness programme consists of a variety of activities such as health education, medical screening, health coaching, weight management programmes, wellness newsletters and fitness educational information.

Booysendal's HIV/Aids peer education group is managed by contractor, Minopex. The contractor aims to educate employees about chronic illness, the spread of contagious diseases and prevention measures. Minopex encourages employees to undergo VCT and ensures that effective intervention, assistance and referral systems are in place. They manage the proper distribution and supply of preventative promotion material.

VCT is done under the auspices of the wellness programme. Information about the numbers of employees registered on the VCT programme and taking ART medication is kept confidential. Employees requiring treatment are referred to the relevant medical practitioner.

TUBERCULOSIS

TB is a serious opportunistic infection and is the leading cause of death for people living with HIV. Northam runs a highly effective, directly observed treatment regime, which is aligned with the TB guidelines of the World Health Organisation.

Zondereinde

In F2015, 111 new cases of TB (F2014: 97) were identified at Zondereinde. A total of 79 employees were discharged from the programme. A total of 60 employees remained on TB treatment at the end of F2015 (F2014: 68)

NEW CASES OF TB – ZONDEREINDE

F2015	F2014	F2013	F2012	F2011
111	97	70	85	93

Booysendal

In F2015, four (F2014: six) new cases of TB were identified at Booysendal – all of whom are receiving treatment.

NEW CASES OF TB – BOOYSENDAL

F2015	F2014	F2013	F2012	F2011
4	6	2	3	–

NOISE INDUCED HEARING LOSS

Excessive noise exposure is one of the most pervasive health hazards in mining. Prolonged exposure to hazardous noise causes loss of hearing acuity, which occurs gradually and is known as noise-induced hearing loss (NIHL). Northam ensures that it is legally compliant by guaranteeing that the noise associated with underground equipment is contained to below 110dBA. All Northam employees are issued with personal protective equipment (PPE) to ensure that any exposure to noise levels above 85dBA over an extended period of time is limited.

Training in the use of PPE and prevention of NIHL is ongoing and forms part of the mines' hearing conservation programme overseen by a hearing conservation committee.

Zondereinde

In F2015, 27 incidences of NIHL were detected and referred for compensation (F2014: 20), of which 9 were compensable (F2014: 2).

NEW CASES OF NIHL – ZONDEREINDE

F2015	F2014	F2013	F2012	F2011
27	20	43	44	18

Booysendal

Booysendal has a hearing awareness campaign in place, as well as a hearing conservation committee, which holds quarterly meetings. In F2015, 18 incidences of NIHL were detected (F2014: 41) of which one received compensation (F2014: 1).

NEW CASES OF NIHL – BOOYSENDAL

F2015	F2014	F2013	F2012	F2011
18	41	28	19	17

OCCUPATIONAL LUNG DISEASE

The use of hydropowered mining equipment at Zondereinde helps to reduce employee exposure to both noise and dust. Bushveld Complex rock does not contain quartz, thereby eliminating the threat of silicosis and occupational lung disease. Neither Zondereinde nor Booysendal reported any such cases.

DRUG AND ALCOHOL TESTING

Drugs and alcohol are not tolerated in the workplace. Tests are conducted on a daily basis, and particularly after any safety incident. Employees who test positive are subject to disciplinary procedures with assistance and rehabilitation offered to overcome dependency.

MATERIAL ISSUES CONTINUED

MATERIAL ISSUE 3:

ESTABLISHING AND MAINTAINING CONSTRUCTIVE COMMUNICATION CHANNELS WITH OUR EMPLOYEES AND THEIR REPRESENTATIVE BODIES

We understand the importance of establishing and maintaining constructive communication channels with our employees and their representative bodies, both for our employees' sake and that of the sustainability of our business. We do this through stakeholder engagement and sound employee relations based on direct channels of two-way communication.

Northam encourages open communication and employees are encouraged to raise issues of concern and interest via the formal and informal structures in place, including through human resources structures, line management and union structures. Relations with employees and organised labour are governed by recognition agreements and conditions of employment by legislation.

HUMAN RESOURCE STRUCTURES

A senior manager, tasked with overseeing the operation's human resources function, is in place at each operation and reports to a general manager. The general managers and chief executive are ultimately responsible for the management of human capital while the SE&HR committee assumes board level oversight of the management of human capital.

The SE&HR committee is also responsible for ensuring that employees are equitably and fairly rewarded in alignment with company standards and industry peers. The committee complies with the Companies Act in terms of its social and ethical obligations. It is also responsible for governance of employment contracts and the remuneration packages of senior management, ratifying their appointments, setting mandates, approving short term incentive schemes and bonuses, and overseeing shares in line with the Northam SIP.

Mine-based human resources departments are responsible for the implementation and achievement of human resource priorities, including all aspects of the Mining Charter:

- Training and development
- Mentorship and talent management
- Recruitment and retention
- Succession planning
- Career plans
- Employment equity programmes
- Labour relations
- Human resource development
- Stakeholder and compliance management

The chief executive and executive: human resources are tasked with overall responsibility for employment equity and are, therefore, responsible for providing strategic direction and priorities in respect of equity and transformation.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

All employees, contractors and suppliers have the right to freedom of association and to act out this freedom within the bounds of the law, collective agreements and the rights of others. Employees and their elected representatives must shoulder the duties and responsibilities that pertain to this right.

Wages and other conditions of service are negotiated on an annual basis, or less frequently, as determined by the wage agreement in place. At Northam operations, unions registered with the DoL, which represent at least 15% in any particular bargaining unit, receive organisational rights including:

- Access to the workplace, allowing qualifying unions to recruit members and host meetings on mine property outside of working hours
- Access to payroll deduction facilities
- The opportunity to elect employee representatives for internal disciplinary processes
- Paid leave for representatives to allow them to carry out union-related duties

When a registered union reaches a representative threshold of 33.3% within a bargaining unit, it acquires the right to bargain for that particular unit. The company aims to engage in good faith to reach agreement on matters such as wages, conditions of service and other matters of mutual interest.

At Zondereinde, employees are divided into three bargaining units. Category 2 to 8 comprises operator level employees, Category 9 miners and artisans, and Category 10 officials. A total of LA 85% of the workforce in these bargaining units is covered by collective bargaining agreements. AMCU disputed their 13% representation via the CCMA and upon hearing the matter, the CCMA ordered that AMCU participate in a verification process to determine its ultimate representation at Zondereinde.

At Booysendal, Murray & Roberts Cementation Proprietary Limited (MRC) is currently unionised and holds regular structured meetings with NUM and AMCU while Minopex holds employee forum meetings from time to time. A total of LA 32.8% of the workforce is covered by collective bargaining agreements.

RECOGNISED UNION REPRESENTATION AT ZONDEREINDE F2015 (PERMANENT EMPLOYEES)

	Category 2 to 8		Category 9		Category 10		Total	
Complement	5 504		374		371		6 448	
NUM	4 736	86.0%	147	39%	133	36%	5 016	78%
Solidarity	16	0.3%	66	18%	105	28%	187	3%
UASA	22	0.4%	93	25%	67	18%	182	3%
Total	4 774	86.7%	306	82%	305	82%	5 385	84%

RECOGNISED UNION REPRESENTATION AT BOOYSENDAL F2015 (PERMANENT EMPLOYEES)

	Category 2 to 8		Category 9		Category 10		Total	
Complement	59		8		83		150	
NUM	25	42%	0	0%	0	0%	25	17%
Total	25	42%	0	0%	0	0%	25	17%

At Zondereinde, Northam has formal structures in place to facilitate consultation with organised labour including:

- **An employee equity and training committee**, which is consulted on issues relating to employment equity and human resource development, to review the company's employment equity, recruitment, and training and development policies, to ensure equity and transparency within these procedures.
- **A six-a-side committee**, comprising management and organised labour, tasked with the smooth progress of the hostel de-intensification programme.
- **A corporate social investment (CSI) committee**, which oversees all initiatives relating to mine community and rural development, including review and approval of all applications regarding CSI, local economic development (LED) and socio-economic development.
- **A joint health and safety structure**, which is a statutory component of the Mine Health and Safety Act No 29 of 1996, with organised labour participating in this process to ensure that the company adheres to safe operating practices.

WAGE AND CONDITIONS OF SERVICE NEGOTIATIONS

Northam management actively and continually seeks to build constructive and progressive relationships, and to avoid unnecessary work stoppages, which would inevitably have a negative impact on the company's performance and the welfare of employees. The company has an established protocol and communication strategy in place to deal with industrial action, which includes maintaining open channels of communication with unions, employees, shareholders and investors, labour relations experts, mediators and facilitators, security services and the media.

The company also acts in compliance with the Labour Relations Act No 66 of 1995 and may use established processes, inclusive of legal relief when necessary, to bring any form of strike action to a swift resolution. The company is committed to engage and negotiate with any union that achieves the necessary representation levels.

PERFORMANCE IN F2015

The last two years have been challenging for the industry in the area of labour relations. Management's approach has been to increase and intensify the engagement process with unions and to deal swiftly with any issues arising.

There was a one-week unprotected work stoppage at Zondereinde at the beginning of the calendar year, when Northam's urgent application for an interdict was granted by the Labour Court. The two-year wage agreement which was reached on 21 January 2014 after the 11-week strike at Zondereinde remained in place until June 2015 when F2016 negotiations began at this operation. Post financial year end, a three-year wage settlement was reached which provides certainty and stability at this operation for a sustained period.

At Booysendal, mining and plant contractors signed two-year agreements in July 2013 and no major labour difficulties are expected on the eastern limb. Nevertheless, civil unrest (frequently the result of heightened expectations among communities in the area) took place post the year end in July this year. Employees were unable to travel to work safely, and this resulted in three days of production losses at Booysendal as a result of road blockages and threatening behaviour.

The current leadership model is being reviewed to determine what aspects can be adjusted to accommodate the changing labour climate, with an emphasis on succession and communication.

MATERIAL ISSUES CONTINUED

HUMAN RIGHTS AND CODE OF ETHICS

Northam upholds the basic labour rights of the Fundamental Rights Convention of the ILO, through the implementation of fair employment practices. Our policies and practices comply with South Africa's employment equity requirements. All employees are treated fairly, irrespective of origin, race or gender.

Northam's SE&HR committee monitors support and respect for the protection of internationally proclaimed human rights, ensuring that Northam is not complicit in human rights abuses. Systems are in place to deal with issues of discrimination and human rights breaches.

Northam's code of ethics clearly safeguards the rights of all employees to a working environment free of discrimination on the basis of race, gender, sexual orientation, religious belief, political affiliation, age or disability. Effective grievance and disciplinary procedures are supported by a sexual harassment policy. In F2015, no incidents of sexual harassment were reported.

All Northam employees are expected to adhere to our code of ethics. Supervisors and managers are required to take all reasonable steps to ensure that the people for whom they are responsible are aware of and uphold the guidelines set out in the code. These steps include consistent demonstration of exemplary behaviour, activities to foster a culture in which employees understand their responsibilities and feel comfortable to raise concerns without fear of retaliation or victimisation, ensuring mandatory policies, standards and procedures are accessible and understood, and responding promptly to legitimate concerns.

All our employees are treated fairly, irrespective of origin, race or gender.

MATERIAL ISSUE 4:

ENSURING THAT OUR STAKEHOLDERS BENEFIT, WHERE APPROPRIATE AND POSSIBLE, FROM THE VALUE CREATED BY OUR COMPANY

We create value for stakeholders in many ways, including increasing production and sales; increasing earnings and growth; through taxes and royalties; transformation; salaries and wages; training and development; housing and accommodation; and investing in communities in the form of local economic development, preferential procurement and corporate social investment. We recognise that stakeholders, be they shareholders, employees or communities, have certain expectations of the company, not all of which may be appropriate or possible to meet. We need to understand and manage these expectations through credible and effective stakeholder engagement.

VALUE ADDED STATEMENT

	FY2015		FY2014	
	%	R'000	%	R'000
Sales revenue		6 035 535		5 339 397
Less: Purchase of goods and services in order to operate and produce refined metals		(3 435 581)		(3 294 369)
Value added by operations	199.8	2 599 954	92.8	2 045 028
Add: Share of earnings from associate	2.81	28 769	0.1	2 137
Investment revenue	5.4	72 043	2.7	59 963
Net sundry (expenditure)/income	(107.3)	(1 395 542)	4.4	97 011
Total value added	**100.0**	**1 300 742**	**100.0**	**2 204 139**
Value distributed				
EMPLOYEES	103.7	1 349 989	58.5	1 288 616
Salaries and wages	108.1	1 405 790	60.9	1 341 254
Contributions to retirement benefit funds	8.7	114 565	4.5	99 275
Contributions to health-care funds	5.1	66 074	2.7	58 615
Pay-as-you-earn deducted	(18.2)	(236 440)	(9.6)	(210 528)
GOVERNMENT	30.0	391 727	11.9	262 992
Mining and non-mining tax, including capital gains tax	13.3	172 613	4.4	96 229
Deferred tax	(4.4)	(57 182)	(3.2)	(70 030)
Dividend withholding tax	0.9	12 447		
Royalties	2.0	27 409	1.1	26 265
Pay-as-you-earn deducted from employees	18.2	236 440	9.6	210 528
PROVIDERS OF CAPITAL				
Dividends	0.5	6 475	0.5	11 066
Finance charges	18.8	245 937	8.0	176 124
BROADER COMMUNITY				
Corporate social responsibility	0.5	6 805	0.2	2 917
Total value distributed	**153.8**	**2 000 933**	**79.1**	**1 741 715**
RETAINED BY COMPANY	(53.8)	(695 709)	20.9	462 424
Depreciation and write-offs	26.1	339 949	20.2	445 875
Decommissioning provision to meet statutory obligations	0.6	7 540	0.4	9 345
Retained income	(80.5)	(1 047 680)	0.3	7 204
	100.0	1 300 742	100.0	2 204 139

MATERIAL ISSUES CONTINUED

CREATING VALUE FOR SHAREHOLDERS

The empowerment transaction has served as a catalyst for the launch of the group's business strategy. A new group of shareholders now stand to gain from the positive returns we intend to extract from the business, both in terms of share price growth and dividend flow.

CREATING VALUE FOR EMPLOYEES

Employment practices

Northam is committed to fair and progressive employment practices where long term employment opportunities are provided to employees to grow and develop their potential. Remuneration practices take account of the demanding skills required in the mining industry, as well as the difficulty of attracting skilled HDSAs to work in remote locations.

Northam's employment practices and policies are governed by South African legislation and regulations such as the Mine Health and Safety Act, the Employment Equity Act No 55 of 1998, the Skills Development Act No 97 of 1998, the Skills Development Levies Act No 9 of 1999, the Basic Conditions of Employment Act No 75 of 1997, the Labour Relations Act, the MPRDA, collective bargaining and recognition agreements with organised labour.

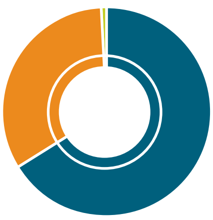
A formal grievance policy is in place, providing for both individual and group grievances. During F2015, 40 grievances were submitted, all of which were addressed and resolved.

Full-time Northam employees receive the following benefits:

- Membership of pension and provident funds
- Death benefits
- Access to medical care
- Housing and living-out allowances
- Study assistance
- Maternity and paternity leave

Minimum notice periods prior to the implementation of significant operational changes that could substantially affect employees are prescribed by legislation.

Total employment 2015



Full-time employees	**6 610**
Contractors	**3 446**
Corporate office	**24**

Zondereinde

In F2015, Zondereinde employed 6 426 full-time employees and 2 122 contractors (F2014: 6 638 full-time employees and 2 150 contractors) and the operation's total employee turnover was 433 (6.7%).

Given the emphasis on local employment, engagement with the Thabazimbi municipality provides a platform for management to discuss required skills levels and competencies amongst the local populace.

Zondereinde's migrant labour contingent comprises 32.3% of its permanent workforce (including contractors) – meaning that they are sourced from South African provinces other than Limpopo and the North West. The operation's foreign labour workforce, drawn from beyond South Africa's borders, comprises 30.6% of permanent employees.

NUMBER OF EMPLOYEES AND CONTRACTORS – ZONDEREINDE

F2015	F2014	F2013	F2012	F2011
8 548	8 788	9 148	9 163	8 927

EMPLOYEE TURNOVER RATE (%) – ZONDEREINDE

F2015	F2014	F2013	F2012	F2011
7	4	1	7	7

Booysendal

In F2015, Booysendal employed 184 full-time employees and 1 324 contractors (F2014: 174 fulltime employees and 1 247 contractors). The operation's total employee turnover was 10.7%.

Booysendal's employment policies and those of its contractors give preference to local employees and South African citizens as part of its commitment outlined in its social and labour plan (SLP). Booysendal has recruited an average of 60% of its workforce from local communities as part of its stated SLP commitment.

All contractors on site are obliged to commit to the company's local recruitment targets, and they are required to submit a monthly report detailing the number of local employees, resignations and terminations. The employment of migrant labourers is discouraged at Booysendal, particularly in the mine's unskilled categories. The company takes local employment very seriously, given the depressed economic conditions in the area and its potential impact on the company's operations.

NUMBER OF EMPLOYEES AND CONTRACTORS – BOOYSENDAL

F2015	F2014	F2013	F2012	F2011
1 508	1 421	1 915	2 468	Not reported

Employee remuneration

Employees at the group's operations are remunerated in line with remuneration practice throughout the industry. For a significant period the wages of mineworkers have been under scrutiny.

Northam's remuneration model takes account of the demanding skills required in the industry. Benchmarking studies have demonstrated that entry-level mineworker wages in general, and those of Northam employees in particular, compare favourably with other sectors.

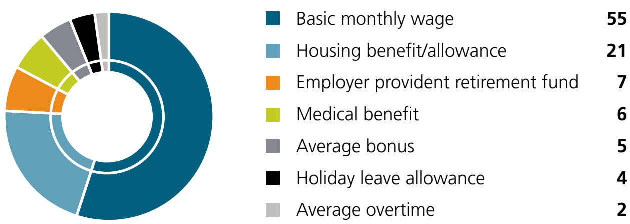
Wages and conditions of service are negotiated through engagement with employee representative bodies (labour unions recognised by the South African Department of Labour) who can prove 33.3% representation among the bargaining unit, to reach agreement on wages and other conditions of service. These negotiations are conducted at the end of the period for which the wage agreement is struck.

On 30 July 2015, Zondereinde management reached a three-year agreement with the National Union of Mineworkers.

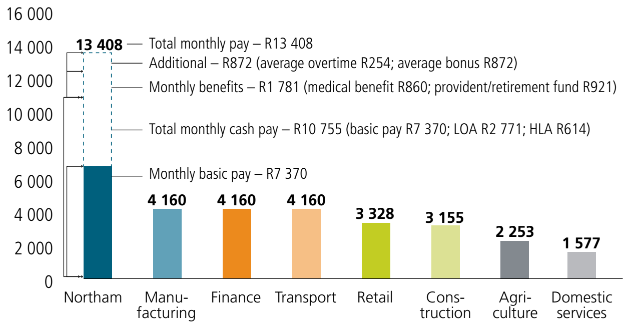
ANALYSIS OF AVERAGE PAY FOR NORTHAM UNDERGROUND EMPLOYEES AS AT 1 JULY 2015

	% of monthly average	Entry level Cat 02-08
Basic monthly wage	55.0	7 370
Employer provident/retirement fund	6.9	921
Medical benefit	6.4	860
Housing benefit/allowance	20.7	2 771
Holiday leave allowance	4.6	614
Average overtime	1.9	254
Average bonus	4.5	618
Total monthly average	**100.00**	**13 408**
Per annum (underground employee)		160 894

Northam: breakdown of remuneration (%)



Across-sector comparison of entry-level remuneration



Source: National Minimum Wage Research Initiative (Wits) 2014 data
Note: No evidence of benefits/quantum of benefits in other sectors

Employment equity and transformation

South African employment equity legislation is aimed at redressing the imbalances of the past through equal opportunity, non-discrimination and affirmative action. To rectify these imbalances, Northam focuses on the participation of black South Africans and women. The Mining Charter requires 40% of management to comprise HDSA employees by 2014, and for 10% of those to be women. Northam achieved a 51% HDSA level of management in F2015 with LA 45.01% at Zondereinde (F2014: 39%) and LA 68% at Booysendal (F2014: 64%).

Northam's chief executive and executive: human resources are responsible for employment equity, strategic direction and the priorities of equity and transformation. However the implementation of these practices is a line management function, while the SE&HR board committee oversees this aspect.

Northam's employment equity plan is compliant with the requirements of the Mining Charter and the Employment Equity Act. The company submits its employment equity plans and progress reports to the Department of Labour annually.

The employment equity and training committee structure, although equitably and transparently constituted, has had significant challenges in achieving its objectives. The company engaged with recognised organised labour structures and officials from the Department of Labour in order to address these challenges and realise requisite goals and targets.

A Future Forum has been established at Booysendal and comprises representatives of management, organised labour, the women in mining committee and the health and safety committee to assist with amendments to the workplace skills plan and employment equity plan and the monitoring of their implementation on a quarterly basis.

HDSAS IN MANAGEMENT (%) – GROUP

F2015	F2014	F2013	F2012	F2011
LA 51	45	37	35	45

MATERIAL ISSUES CONTINUED

HDSAS AT BOARD LEVEL (%) - GROUP

F2015	F2014	F2013	F2012	F2011
50	44	56	64	62

HDSAS AND WOMEN IN MANAGEMENT IN F2015

	Occupational levels	Total workforce (number)	Target (%)		Actual (%)	
			HDSAs	Women in mining	HDSAs	Women in mining
Zondereinde	Senior management	8	40	10	25	13
	Middle management	68	40	10	44	9
	Junior management	200	40	10	46	9
Booysendal	Senior management	6	40	10	67	0
	Middle management	25	40	10	44	12
	Junior management	68	40	10	76	32

In F2015, Northam employed a total of 755 women, 70% of whom were working in the core disciplines of mining, metallurgy and engineering.

Women in mining

Northam's engagement and consultation with women is undertaken by the employment equity and training committee at Zondereinde and the Future Forum at Booysendal, and is informed by consultation with local branch structures of the NUM.

The following major barriers and challenges have been identified by these structures:

- Scarcity of skills in the management category
- Perceptions about women in mining
- The suitability of protective equipment for the needs of women
- Underground facilities for women in the workplace

To address these challenges, Northam has implemented the following interventions:

- Women are actively sourced for bursaries and learnerships
- A talent pipeline aimed at developing women for positions in which they are under-represented
- Changing perceptions using training programmes for a diverse workforce
- Sourcing suppliers able to provide suitable protective equipment for female employees
- Identifying and discussing women's requirements and establishing appropriate arrangements and facilities

In F2015, Northam employed a total of 755 women (F2014: 537), 70% of whom were working in the core disciplines of mining, metallurgy and engineering. Women made up LA 8% of the workforce at Zondereinde (F2014: 7%) and LA 17% at Booysendal (F2014: 20%).

WOMEN IN MINING (%) – ZONDEREINDE

F2015	F2014	F2013	F2012	F2011
LA 8	7	7	7	7

WOMEN IN MINING (%) – BOOYSENDAL

F2015	F2014	F2013	F2012	F2011
LA 17	20	Not reported	Not reported	Not reported

Training and development

Northam's training and development programme aims to ensure that employees have the support they need to improve their competence and knowledge in the workplace and to grow as individuals. This programme includes:

- Legislative training (skills, health and safety)
- Learnerships
- External specialised training
- Bursaries and study assistance
- Adult education and training (AET)
- Mentorship
- Succession planning

Northam's training and development policy stipulates that emphasis be placed on the competence and competitiveness of employees as well as their personal development. The impact of training and development interventions is assessed in order to ensure that these interventions positively influence workplace behaviour.

Once Booysendal has moved from build up to steady state phase, each employee will have a personal development plan with reviews taking place on an annual basis. Zondereinde's personal development plans are being reviewed in F2016.

In F2015, the company spent a total of LA R21.8 million on training and development at Zondereinde (F2014: R16.7 million) and LA R3.3 million at Booysendal (F2014: R1.8 million). This is equivalent to 1.9% of the total wage bill (F2014: 2.1%).

Given the operations' employee requirements for the medium term, no portable skills training was conducted during F2015.

Zondereinde

Literacy is important to Northam as it improves employees' ability to communicate effectively and clearly.

AET is available to all employees on a part-time basis and the company is accredited to offer AET up to General Education and Training Certificate (GETC) level or National Qualifications Framework (NQF) Level 1. In F2015, 349 employees (F2014: 268) attended the AET programme at Zondereinde.

Northam offers electrical, plater/boilermaker, rigging, underground mining and rock-breaking learnerships to all employees. In F2015, 13 employees (F2014: 16) participated in these learnership programmes.

Zondereinde's bursary programme offers bursaries to second-year students in the fields of mining, electrical, mechanical and metallurgical engineering. Zondereinde also offers in-service training to participating individuals during their vacations. Successful bursars are subsequently entered into a two-year graduate internship programme before they are appointed to the Northam workforce.

In F2015, eight students received support to the value of R916 653 for mining-related engineering degrees (F2014: eight students supported at a cost of R719 875).

MATERIAL ISSUES CONTINUED

The current bursary programme includes eight black females in line with the company's strategy to increase female participation in professional occupations. To date, a total of R455 994 was paid for tuition, accommodation and other costs.

ZONDEREINDE – LEARNING ASSISTANCE BREAKDOWN F2015

	Expenditure (R)	Number of people	HDSAs %	Women %
AET	2 738 275	349	59	6
Learnerships	696 238	13	69	15
Bursaries	916 653	8	100	100
Study grants	–	–	–	–
Study assistance refunds	–	–	–	–
External training and skills development	5 303 453	674	43	7
Internal training and skills development	12 136 748	6 258	55	7
Total	LA 21 791 367	7 302	65	27

Booysendal

A study of the literacy levels at Booysendal has revealed that contractors have an average minimum AET level 4 or Grade 9 qualification. AET is, therefore, not considered necessary on the mine. Northam has prioritised the facilitation of AET classes for local community members in order to improve their access to employment opportunities in the future. An independent service provider from the local community provides these classes.

In F2015, 10 community members were enrolled into AET and five completed the course (F2014: 10 and 5). A total of 21 employees participated in learnerships (16 men and 5 women) in the fields of mining, engineering and processing.

Booysendal's bursary programme offers bursaries to first year students in the fields of mining, electrical, mechanical and rock engineering and mine survey, areas of study that support the company's SLPs. These bursaries place emphasis on assisting students from Booysendal's surrounding communities. In F2015 six bursaries at a value of R900 000 (F2014: five and R391 612) were planned in terms of the revised SLP, for which approval is still pending.

BOOYSENDAL – LEARNING ASSISTANCE BREAKDOWN F2015

	Expenditure (R)	Number of people	HDSAs %	Women %
AET	154 000	10	100	80
Learnerships	1 173 697	21	100	28
Bursaries	94 812	5	100	20
Study grants	–	–	–	–
Study assistance refunds	–	–	–	–
External training and skills development	1 421 594	88	58	29
Internal training and skills development	433 378	187	79	24
Total	LA 3 277 481	311	87	36

Adult education and training (AET) is available to all employees on a part-time basis.

MATERIAL ISSUES CONTINUED

ACCOMMODATION AND HOUSING

The living conditions of employees is a key concern for Northam. The MPRDA and the Mining Charter provide the company with direction in respect of the provision of accommodation and housing for employees and contractors.

REVIEW OF ACCOMMODATION STRATEGY

Northam began a review of its accommodation strategy in F2014. In F2015, the company began laying the foundation for a comprehensive roll out of enduring accommodation solutions. To this end, in February 2015 the board of directors approved a comprehensive strategy to provide further accommodation opportunities to employees of the Zondereinde and Booysendal mines. The strategy will focus the group's efforts for the next five years.

ACCOMMODATION STRATEGY 2020

- The strategy promotes home ownership as the preferred sustainable tenure option while acknowledging that rental, residence units and company accommodation will also be required. Northam cannot provide any one accommodation type in isolation, something that is further necessitated by the geographic diversity of our mines.
- The role of Northam is that of a facilitator, creating an opportunity for employees and using its financial and other resources to secure best prices and quality. It is up to employees to choose to take up these opportunities.
- Accommodation provided to staff must be secure, decent and affordable. An employee must be confident that his or her tenure is legally secure, that it is affordable on his/her salary and that it is well designed and of quality construction.

The strategy recognises the economic conditions prevailing in the industry and has thus adopted a prudent five-year implementation roll out. Building programmes will be demand driven within the constraints of the company's financial position. The strategy represents a commercially and financially prudent use of group resources.

ELEMENTS OF THE STRATEGY

Elements of the strategy include:

- the continued refurbishment of existing residences at Zondereinde into single rooms, upgrade of the visiting quarters and the improvement of social amenities around the residences
- the building at Zondereinde and Booysendal of
  - freehold home ownership units for Northam employees
  - freehold home ownership units for public participation
  - freehold rental units for Northam employees
- various loan options.

PROGRESS TO DATE

Zondereinde

The majority of Zondereinde's workforce comes from labour-sending areas – other countries, provinces and regions where they have their primary homes and families – and most employees have indicated that they would not like to be permanently housed in the area. A total of 2 568 employees are provided with a living-out allowance while another 3 016 live in residences provided by Northam. The living-out allowance for each category forms part of the annual wage negotiations between Northam and organised labour.

Residences

Our residence improvements will be the highlight of our accommodation efforts for the forthcoming financial year. We have prioritised the completion of our residence apartment upgrades and the density target of one man per room will be met by the end of 2016.

Some 1 828 single units have been created in terms of the residence conversion programme. During F2015 alone, the company spent R11.7 million on upgrading residences. A further 1 040 rooms are to be completed by December 2016.

Employees in residence accommodation are provided with meals, which are overseen by a dietician who draws up meal plans and monitors energy, macro and micro nutrient content. An average of 7 500 meals were offered to employees every day during F2015.

Housing

In 2005 Northam introduced the Mojuteng Home Ownership Scheme to promote home ownership among its Zondereinde employees. Employees are offered a home loan, a debt consolidation facility and a structured housing subsidy, which helps employees to increase disposable income levels and results in higher home loan approval rates.

A total of LA 375 housing units have been sold to employees in the Mojuteng suburb of Northam, 22 kilometres from Zondereinde. An additional 37 stands are currently being prepared for the construction of houses for the benefit of employees. In F2015, Northam paid R261 315 to the Thabazimbi Municipality for services in the Mojuteng township. The project is managed by Norplats Properties Proprietary Limited (Norplats) and costs incurred are debited to the cost of sales. Norplats has a loan account with Northam, which is repaid based on the number of houses sold to employees. We will also meet short term demand by purchasing, for resale, 24 free-standing units in Mogwase.

Booysendal

Booysendal employees and contractors live predominantly in the towns and villages surrounding the operation, including Mashishing (formerly Lydenburg), Steelpoort, Burgersfort, Ngwaabe and Jane Furse. The mine only provides single unit accommodation for employees and core contractors at Tshufi residence where a total of 154 employees and contractors currently live (F2014: 185). The remaining employees and contractors opt to receive living-out allowances.

Home ownership solutions as part of the new housing strategy will be directed at permanent staff and contractors and take into account that the Booysendal South operations will ramp up towards the end of the decade requiring additional labour.

FUTURE PLANS

Northam has acquired well situated land parcels in Mashishing and Northam and the land use rights process will commence shortly. This will place the company in a position, subject to timeous local government approvals, to commence construction of home ownership and rental units towards the end of F2016. These units are intended for the employees who receive the living out allowance. We will actively engage with the local municipalities to ensure adequate bulk services are made available for the various developments.

The company will continue to review the level of funds locked up in company owned housing to determine whether such housing can be made available to staff for home ownership.

END GOALS

The successful conclusion of the accommodation strategy, combined with Northam's efforts to date, means that the majority of the workforce will have access to decent accommodation opportunities by the close of F2020. The provision of this tenure will promote our employees' interest and workplace contribution to Northam. The strategy will ensure that the group exceeds its Mining Charter obligations, create significant social capital and should enhance Northam's standing as an employer of preference.

MATERIAL ISSUES CONTINUED

CREATING VALUE FOR COMMUNITIES

Approach and structure

Northam recognises its responsibility to contribute to local communities, providing project and infrastructural support in pursuit of socio-economic upliftment. The company seeks to mitigate any negative impacts on local communities. We maintain open and proactive communication channels with community structures and other stakeholders in order to deal with community concerns, expectations and developments.

In compliance with the requirements of the MPRDA and the Mining Charter, Northam's operations focus on contributing to mine, community and rural development. The company, therefore, pays significant attention to the establishment of LED projects identified in SLPs.

Northam's SLPs are aligned with the integrated development plans (IDPs) of local municipalities to address community needs effectively. In addition to local economic development, the company also supports several projects that are not necessarily in the ambit of its SLPs but are considered worthy causes.

Compliance with aspects of the Mining Charter relating to local economic development and related issues is the responsibility of the executive: human resources under the guidance of the SE&HR committee, which also oversees compliance at board level.

Our corporate social investment (CSI) committee comprises three members of management and one representative from each of the organised employee representative bodies. It meets on a monthly basis to identify, prioritise and allocate resources to sustainable projects. Key interventions are planned with local municipalities.

A community and rural development strategy is applied in identifying and implementing community projects. The strategy includes stakeholder mapping, an analysis of expectations and immediate risks, as well as protocol for constructive engagement with government and related stakeholders to ensure a co-ordinated approach to community development.

F2015 performance

Northam's community development programme focuses on contributing to the social upliftment of communities surrounding its operations and those within major labour-sending areas. The programme aims to empower these groups economically in a sustainable manner.

In F2015, a total of R10.5 million was spent on CSI and LED (F2014: R2.9 million).Expenditure at Zondereinde was R6.8 million during the year. (F2014: a total of R1.5 million). At Booysendal, expenditure amounted to R3.7 million (F2014: R1.4 million).

Zondereinde

Zondereinde engages with three municipalities:

- Thabazimbi Local Municipality in Limpopo
- Moses Kotane Local Municipality in North West Province, a labour-sending municipality
- OR Tambo District Municipality in the Eastern Cape, also a labour-sending municipality

The identification of suitable local economic development projects and CSI activities in the areas surrounding the mine is guided by the Zondereinde SLP and the operation's CSI committee.

In addition a mining forum has been established in order to improve communication and coordination between the mines and municipal representatives on large-scale projects to improve infrastructure and delivery in the area. The lack of service delivery and poor follow-up and support from local municipalities remains a significant challenge, with the company having to contribute to service delivery instead of focusing on economic growth.

ZONDEREINDE CORPORATE SOCIAL INVESTMENT AND LOCAL ECONOMIC DEVELOPMENT INITIATIVES IN F2015

Project	Objectives	Location	Spend
Thabang feeding scheme	To feed destitute children	Thabazimbi municipality	R67 493
Computer centre services	Maintenance and updating of software for computers donated to schools	Thabazimbi and Moses Kotane municipalities	R337 837
Koedoeskop Laerskool and Girls and Boys Town	Donations towards upkeep	Thabazimbi municipality	R125 000
Deo Gloria Primary School	Building new classrooms	Thabazimbi municipality	R1 248 971

Booysendal

Booysendal mine is located in a remote region of the Limpopo province where there are limited economic opportunities. Agriculture, forestry, mining and tourism are the region's primary activities. A major challenge is the low level of literacy and education in the area, which is rated among the lowest in South Africa.

Booysendal's local economic development and CSI activities are co-ordinated by the divisional human resources manager, who is also responsible for oversight of community engagement in the area.

Stakeholder identification and engagement at Booysendal has been ongoing since the mine's inception, but this is complicated by the scale, proximity and needs of local communities, and by historic interests in landholdings. Booysendal has sound working relationships with its stakeholders and engages with them mainly through the following structures:

- Sekhukhune District Municipality (SDM)
  - Executive mayor's office
  - ArcelorMittal South Africa Socio-Economic Development Managers Forum
- Greater Tubatse Local Municipality
  - LED Forum
  - Greater Tubatse Mining Forum
  - Southern Cluster Mining Community Development Committee
- Thaba Chweu Local Municipality
  - Executive mayor's office

A stakeholder engagement policy is in place and several forums have been set up in the area where Booysendal operates. The forums provide structures and channels for Booysendal to facilitate the flow of meaningful benefits to communities, help the mine to keep abreast of concerns among community members and to address any issues raised.

The forums include the following:

- The **Booysendal Community Forum** comprises 15 identified families, who traditionally lived within the footprint of the mine. The forum has a constitution, meets monthly with management representatives and strives to:
  - Promote economic growth, employment and advancing the socio-economic welfare of the identified core communities.
  - Substantially and meaningfully expand social development opportunities for HDSAs and women.
  - Provide for the facilitation of consultation within the spirit of the MPRDA and the Broad-Based Black Economic Empowerment Amendment Act No 53 of 2003 to promote sound relations.
- The **Stakeholder Engagement Forum** for all interested and affected stakeholders, including, but not limited to local municipalities, the DMR, provincial government and other community forums meets bi-monthly. This forum's constitution is in line with the group's sustainable development policy which focuses strongly on social and economic upliftment of local communities through positive engagement and contributions in support of sustainable projects and programmes.
- The **Local Chiefs Forum** provides an engagement platform for communities within a 50km radius of the mine, and meets quarterly.
  - These meetings generally deal with matters such as local recruitment; supply chain business opportunities and supporting local entrepreneurs; training opportunities including bursaries and learnerships and infrastructure development. Booysendal management has contributed towards establishing a skills and supplier database in the area.

MATERIAL ISSUES CONTINUED

BOOYSENDAL CORPORATE SOCIAL INVESTMENT AND LOCAL ECONOMIC DEVELOPMENT INITIATIVES IN F2015

Project	Objectives	Location	Spend
Environmental and HIV/AIDS community awareness project.	To bring awareness to our local communities about environmental issues and health matters related to HIV/AIDS	Greater Tubatse Municipality	R6 732
Rusoord golf day	To raise funds for an old age home in Lydenburg	Thaba Chweu Municipality	R5 803
SDM Executive Mayor marathon.	To encourage communities to participate in sport activities for health purposes	Greater Tubatse Municipality	R20 000
Mandela Day	Care for people living with disabilities	Greater Tubatse Municipality	R9 774
R577 road maintenance.	To repair and maintain the road which is in a bad state	Thaba Chweu Municipality.	R1 065 668
Rooidraai substation.	To minimise the impact of load shedding	Thaba Chweu Municipality	R15 137
Ngwaabe Secondary Schools soccer tournament.	Sports development for local secondary schools	Greater Tubatse Municipality	R33 816
Dinalane early childhood development centre.	Provide infrastructure for children	Greater Tubatse Municipality	R1 063 479
Ngwaabe community multipurpose centre.	Infrastructure facilities to provide health services, social development services and educational services	Greater Tubatse Municipality	R1 498 509

LOCAL EMPLOYMENT

A major challenge faced by mines in remote and underdeveloped areas where the level of education and skills is frequently low, is the community's unrealistic expectations in terms of employment opportunities and the availability of resources. Northam works closely with municipal officials to manage these expectations and has assisted in identifying economic targets which could be developed by way of SMEs or SMMEs in collaboration with local entrepreneurs.

Zondereinde

In F2015 20% of permanent employees came from the Limpopo province, with 37% originating from the Limpopo and North West provinces.

In order to limit the dependence of communities on the mining industry for jobs, Zondereinde has prioritised key economic areas to be developed through the contributions of small businesses and local entrepreneurs. These areas include:

- Environment and waste management
- Agriculture
- Construction

Ongoing engagements are held with local community structures, with representation of municipal councillors wherein specific issues of sustainable small business development and establishment of local economies are considered.

Booysendal

As a single, shallow and mechanised operation, Booysendal is not labour-intensive, and it is unlikely that the mine will ever be able to meet the expectations and needs of everyone in the surrounding communities. As at the end of June 2015 an average of 60% of the total workforce of Booysendal mine came from the local community.

In collaboration with the local municipalities around Booysendal, a dynamic database was established for the recruitment of local employees with the necessary skills and experience, particularly in the fields of engineering, trackless mining and plant operations. This database continues to provide a sound base for the recruitment of local labour.

Booysendal is committed to hire people from the host communities at all levels of the workforce and encourages contractors to do the same in support of local development.

The key economic areas to be developed in the Booysendal area as articulated in the Greater Tubatse and Sekhukhune District Municipalities IDPs are:

- Water and sanitation
- Electricity
- Roads
- Education, especially mathematics and science
- Income generation and job-creation projects, with the primary focus on women and people with disabilities

The mine strives to provide meaningful support to small and medium-sized businesses in nearby communities as well as those who are already providing services to the mine so that they can contribute to the development of the local economic base.

Booysendal supports some 13 SMMEs who provide a range of services including transport, change house maintenance, landscaping, and printing.

Preferential procurement

Northam accords preferred-supplier status to HDSA suppliers subject to commercial competitiveness. Northam spent R3.4 billion in F2015 (F2014: R3.1 billion) on procurement, of which 61.7% or R2.1 billion was allocated to BEE suppliers.

In compliance with the Mining Charter, Northam is committed to giving preference to local businesses in the communities surrounding its operations. Northam's procurement policy accordingly gives local BEE companies preferred supplier status.

In pursuit of developing a local supplier base, a supplier forum has been established at Zondereinde, with mining companies and municipal officials represented on the steering committee.

LOCAL COMMUNITIES

Northam enjoys a reasonably healthy and professional working relationship with all its stakeholders. However, these relationships should be seen in the context of very low education and economic activity levels. Post the year end Booysendal employees were adversely affected by civic unrest in the area, where roads were blocked and were sometimes too dangerous to travel on.

Booysendal did not incur any significant fines or other non-monetary sanctions. Furthermore there were no cases referred for dispute resolution in F2015.

At Zondereinde, the company engages local municipalities as conduits towards ensuring that priority areas are targeted with key interventions. However, councillors and traditional leaders do collaborate with the mine in respect of key interventions such as local recruitment, CSI and LED projects. Engagements with communities are on a needs basis and relationships to date can be reported as constructive and fruitful.

HDSA EXPENDITURE – F2015

	BEE equity	Capital	Services and contractors	Consumables	Total	% spend
	%	R	R	R	R	R
Actual spend		**70.83%**	**74.43%**	**59.76%**	**68.87%**	
HDSA owned	Greater than 50%	34 159 894	85 663 276	106 279 983	226 103 153	8.08
HDSA empowered	25% to 50%	342 459 948	909 691 953	449 698 587	1 701 850 488	60.79
HDSA influenced	5% to 25%	0	0	0	0	0.00
		376 619 841	**995 355 229**	**555 978 571**	**1 927 953 641**	**68.87**
Exempt micro enterprise	Exempt micro enterprise	6 123 631	60 761 544	16 155 599	83 040 774	
Multinational enterprises	Multinational company	58 017 847	1 763 444	41 095 510	100 876 801	3.60
Measured HDSA spend		**440 761 319**	**1 057 880 217**	**613 229 679**	**2 111 871 216**	**72.47**
Without HDSA	No BEE shareholding	96 381 911	337 943 601	264 963 744	699 289 256	24.98
Black influenced	Less than 25% shareholding	709 486	2 200 794	68 334 738	71 245 018	2.55
Total discretionary spend		**537 852 717**	**1 398 024 612**	**946 528 161**	**2 882 405 490**	**100.00**
Non-discretionary spend						
Electricity					510 490 162	
Water					27 020 795	
Municipal services					2 915 879	
Total spend					**3 422 832 326**	

MATERIAL ISSUES CONTINUED

MATERIAL ISSUE 5:

MAINTAINING OUR LEGISLATIVE AND REGULATORY COMPLIANCE, AND IN SO DOING, PROTECTING OUR LICENCE TO OPERATE

We recognise that we do business within the legal framework of the various South African government departments. We aim for full compliance with the laws of the land. In terms of this material issue we discuss the most relevant aspects of legislation as they apply to Northam and its operations. Given the nature of our business these remain the MPRDA and the associated Mining Charter.

In the South African context the issue of economic participation in the equity ownership of mining companies is fundamental and is an imperative. In terms of the MPRDA and the ancillary Mining Charter, companies were given 10 years (in 2004) to work towards satisfying the 26% ownership requirement by historically disadvantaged South Africans in the company's equity.

EMPOWERMENT MILESTONES

Northam's empowerment journey started in 2000, when Mvelaphanda Holdings took control of 22% of the group's equity, acquired from the majority shareholder at the time, Anglo Platinum. In a further series of transactions starting in 2007, Mvelaphanda Resources (Mvela Res) lifted its share in Northam to 63%. After a three-way transaction between Mvela Res, Anglo Platinum and Afripalm Resources, Northam's empowerment shares were held in similar numbers (approximately 21% and 22%) between Afripalm Resources and Mvela Res. In 2011 Mvela Res unbundled its holdings to its residual shareholders, Afripalm and Mvela which then became the largest holders in Northam, before these empowerment shareholders were compelled, by prevailing economic and financial circumstances, to dispose of their holdings, leaving Northam with only 4% empowerment equity credits.

The principle of 'once empowered always empowered' remains a highly contestable one in the South African mining context. Northam's view on this issue has for a considerable period of time been to proactively resolve its empowerment status, and to use this as a catalyst for growth and consolidation in the sector.

HDSA ownership levels in the company are pegged at 35.4% following the conclusion of the R6.6 billion BEE transaction referred to on page 4 of this integrated report.

ENSURING COMPLIANCE

Northam is a public, listed company with a body of shareholders and stakeholders. Ensuring compliance with legislation and observing regulations are critical elements of sound governance and responsible corporate citizenship. The board and its sub-committees are ultimately responsible for oversight of compliance. In line with evolving corporate governance requirements Northam has constituted a nominations committee, with the brief of overseeing senior appointments.

Apart from meeting the ownership requirements of the Mining Charter, management closely monitors compliance with the remaining requirements of the Charter, and achievement of the targets as articulated in its SLPs. Where there are shortfalls, such as in the area of employee housing and accommodation, management engages with the authorities and employees through their representatives to resolve these issues progressively over time.

ACCOMMODATION AND HOUSING

A thorough review of the group's housing facilities and requirements has prompted a renewed housing and accommodation programme, known internally as the Accommodation Strategy 2020. The strategy is overseen by the SE&HR committee, and has recently been approved by the board. The strategy is underpinned also by clear policies, approved by the board in February 2015.

ENVIRONMENT

As a producer of PGMs with underground mining and surface processing operations, Northam is subject to a plethora of laws and regulations to regulate its use of natural resources and to protect the environment against adverse impacts generated by its activities. The HSE committee oversees this function, while operational management is responsible for the day to management of these processes, and for engagement with the relevant authorities in certain areas. The company has not received any censure or incurred any punitive fines for any transgressions in these areas. For details of our environmental compliance, go to *Material issue 6* on page 104.

CUSTOMER HEALTH AND SAFETY

Northam's products and services are subject to a number of voluntary codes and practices and given that Northam's product, both in concentrate and in final form is transported by air, aviation authorities' rules apply, with a strong focus on accompanying verifying information.

Customers are assured that there are no material health and safety complications related to the final products produced and sold by Northam with the exception of nickel sulphate, which is managed as a hazardous material and accompanied by relevant safety and health documentation.

There were zero incidents of non-compliance with voluntary codes concerning the health and safety of products and services in F2015.

Northam is subject to comprehensive laws and regulations to protect the environment against any adverse impacts generated by company activities. Here water samples are being taken at Booysendal.

MATERIAL ISSUES CONTINUED

MATERIAL ISSUE 6:

ACTING AS RESPONSIBLE ENVIRONMENTAL STEWARDS AND CONSERVING RESOURCES

We understand the importance of being responsible environmental stewards. As responsible environmental stewards, we make optimal use of and conserve our natural resources (our focus is on water and energy, areas where we are most exposed); we make every effort to minimise our environmental impacts; where possible we conserve land; and we seek to comply strictly with all environmental legislation.

OUR ENVIRONMENTAL STRUCTURES

The HSE committee is responsible at board level for overseeing environmental matters. Environmental management issues are reported to the operational general managers and the chief executive on a monthly basis, and on a quarterly basis to the board's HSE committee. The chief executive and general managers of Zondereinde and Booysendal have final accountability for environmental compliance and performance.

At Zondereinde and Booysendal, environmental issues are dealt with by a specific management team. At Zondereinde, in particular, the environmental management function and engineering services work in tandem, given the Zondereinde operation's reliance on technology, which is applied in many instances, specifically to creating environmentally safe working areas. The engineering department oversees this function under the guidance of the engineering manager who is supported by the environmental officer. At Booysendal the safety, health and environmental manager heads this process, supported by environmental staff.

At Booysendal, the mine management team is responsible for looking after only approximately 8% of the mine's freehold area. The balance of the land (approximately 6 200 hectares) is managed by a dedicated land manager and, of this, 960ha is under the custodianship of the Buttonshope Conservancy Trust. For more information, see Land management and biodiversity on page 110.

LEGISLATION AND COMPLIANCE

South Africa has a strict environmental legislative framework and this is governed by the following:

- Constitution of the Republic of South Africa No. 108 of 1996
- Mineral and Petroleum Resources Development Act No. 28 of 2002 (MPRDA)
- National Environmental Management Act No. 107 of 1998 (NEMA)
- National Environmental Management: Waste Act No. 59 of 2008
- National Environmental Management: Biodiversity Act No. 10 of 2004
- National Heritage Resources Act No. 25 of 1999
- National Environmental Management: Air Quality Act No. 39 of 2004
- National Water Act No. 36 of 1998

Care has been taken to uphold Northam's compliance with South Africa's environmental and mining legislative framework. The company is committed to prudent practices and usage of natural resources, in accordance with NEMA, and this is outlined in its environmental policy, which may be found at www.northam.co.za/governance/policies-andprocedures.

At Zondereinde and Booysendal, a precautionary environmental approach has been taken – aligned with NEMA and Northam's own environmental management systems (EMS).

Management at both operations engage regularly with regulatory authorities including the DMR and the Department of Water Affairs (DWA) and other relevant departments. New mining projects are subject to environmental impact assessments (EIAs) which involve thorough public participation and many studies to assess environmental aspects such as air, water, land, flora and fauna. These EIAs become part of the mines' approved environmental management plans or EMPs. EMPs provide guidance in monitoring, addressing and mitigating environmental impacts. Routine audits are undertaken to ensure compliance with the EIAs and EMPs. Northam has the requisite permits for Zondereinde and Booysendal in terms of new order mining rights and integrated water use licences.

In 2014 Zondereinde completed a revised EMP application in line with the DMR's requirement to consolidate its original document and three amendments for the UG2 stockpile, coal-fired boilers and the slag dump. Approval is awaited from the DMR.

In compliance with the amendment to the NEMA: Air Quality Act, which came into effect in 2013, Northam has submitted an application for an atmospheric emission licence for the

Zondereinde operations as well as a request for exemption from the requirement to reduce sulphur dioxide (SO_2) emissions by 2020, based on affordability and the historic dispersion of SO_2 at Zondereinde which has been significantly lower than the licensed limits. The company is waiting for feedback from the DEAT.

Northam is a member of the South African Waste Information System (SAWIS) developed by the DEA, and both Zondereinde and Booysendal are registered with SAWIS. The company complies with the monitoring and management processes of hazardous waste in terms of recovery, recycling, treatment, disposal and exportation.

Northam did not receive any significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations.

No grievances regarding environmental impacts were received during the year.

ISO14001

Northam has adopted the ISO14001 standard as the basis for its EMSs. The Zondereinde mine has been ISO14001-certified since 2011. A re-certification process conducted in February 2014, identified seven non-conformances. These were rectified and recertification was issued on 12 May 2014 until 2017.

Procedures, aspect and impact identification are currently underway for the implementation of ISO14001 at the Zondereinde metallurgical complex. A gap analysis will be conducted mid 2016 and an application for certification of the plant will be submitted as soon as identified shortcomings have been addressed.

While the ISO14001 standard is taken into account in managing environmental issues at Booysendal, a formal ISO14001-compliant EMS is not yet in place at this operation.

F2015 ENVIRONMENTAL PERFORMANCE

Zondereinde

Water and energy consumption continue to be the most pressing environmental management concerns at Zondereinde. Efforts to reduce consumption are assessed and implemented continuously.

Zondereinde was granted a waste licence for the salvage yard although local interested and affected parties did raise concerns about community job creation. An external audit was conducted during August 2014. A minor non-compliance was raised as a result of hydrocarbon spills from day-to-day activities.

Zondereinde recorded zero reportable environmental incidents in the year under review.

Booysendal

During F2015, Booysendal implemented a number of projects to reduce the impact of operational activities on the environment.

In order to ensure that hydraulic and motor oil is not released into the surrounding area and water system, extra sumps have been installed into the storm water system to capture the oil and separate it from the system before the surface water run-off reaches the pollution control dams. Certain design changes are in the process of being implemented to make the system more efficient.

Biodegradable tablets, known as ECO tablets, have been introduced into the main pollution control dam. These tablets assist in maintaining water quality of the dam within the required limits of the water use licence. Monitoring the effects of the ECO tablets is ongoing in order to determine the optimum dosage.

Four audits were conducted at Booysendal during the year, these include:

- An annual performance assessment of the EMP as required by the MPRDA
- A performance assessment of the EIA as required by NEMA
- An annual audit of the water use licence.
- A compliance audit by the regional Department of Water and Sanitation. The aim of the audit was to gather information regarding best practice measures being implemented on site to prevent pollution in terms of the NWA. No significant issues arose from the audit and the mine was nominated to be showcased for good waste water management during the annual enforcement month.

Nine reportable environmental incidents were recorded at Booysendal during the year.

RESOURCE UTILISATION

As a mining company, Northam is reliant on natural resources – water, energy and bulk materials. The conservation and optimal use of these resources are of paramount importance to Northam as the company strives to maintain the sustainability of the business while minimising its environmental impact. Bulk materials comprise mined and processed rock, liquid fuels, coal, grease, steel, timber, lubricating and hydraulic oils as well as diesel. Zondereinde and Booysendal take pride in utilising resources efficiently and recycling materials like plastics, steel, timber and scrap.

MATERIAL ISSUES CONTINUED

MATERIALS USED AT ZONDEREINDE IN F2015

	Unit	F2015	F2014	F2013	F2012	F2011
Rock mined	000t	2 069	1 907	2 276	2 154	1 801
Ore milled	000t	1 860	1 724	2 116	1 934	1 591
Timber use (bulk support)	m^3	2 748	2 412	1 573	827	754
Cartridge explosives	tonne	2 465	2 076	2 401	2 552	2 010
Oxygen	tonne	2 227	1 722	1 561	2 018	2 461
Sulphuric acid	tonne	876	586	520	769	747
Sulphur dioxide	tonne	89	61	56	82	90
Grease	tonne	40	34	47	47	41
Lubricating and hydraulics oils	litre	128 985	130 618	130 270	135 155	112 311
Diesel	litre	LA 662 319	648 709	635 739	576 079	500 639

MATERIALS USED AT BOOYSENDAL IN F2015

	Unit	F2015	F2014	F2013
Rock mined	000t	1 670	1 233	755
Ore milled	000t	1 786	1 517	261
Emulsion explosives	t	2 512	960	284
Lubricating and hydraulics oils	l	1 240 100	640 192	83 314
Diesel	l	LA 2 080 968	1 830 066	1 745 435

MATERIALS RECYCLED AT ZONDEREINDE IN F2015

	Unit	F2015	F2014	F2013	F2012	F2011
Plastic	tonne	61	53	42	108	62
Steel	tonne	1 628	2 182	1 640	2 053	759
Timber	m^3	2 540	2 015	2 380	4 601	5 874
Scrap metal	m^3	0	0	0	1 995	2 526
Rubber	tonne	134	197	153	134	156
Industrial waste	tonne	1 343	1 246	1 419	1 955	2 526

MATERIALS RECYCLED AT BOOYSENDAL IN F2015

	Unit	F2015	F2014	F2013
General waste to landfill	m^3	491	552	–
Hazardous waste	m^3	198	204	–
Timber	m^3	62	–	–
Scrap metal	m^3	271	–	–

WATER USE

A large volume of water is used for the mining and processing of minerals. Northam recognises the importance of optimising its water usage through reuse and recycle processes. The vital role water plays is highlighted in regular water awareness campaigns.

Two primary water sources provide for Northam's water consumption at Zondereinde and Booysendal, namely industrial and potable water. Zondereinde's source of potable and industrial water is from Magalies Water and Booysendal receives its water from the Lebalelo Water User Association. Northam has contracts with both companies.

WATER USAGE (000m³)

	Zondereinde				Booysendal		
	F2015	F2014	F2013	F2012	F2015	F2014	F2013
Potable water from external sources	2 488	2 335	2 633	2 540	569	513	429
Fissure water used	1 155	1 084	1 492	1 273	–	–	–
Borehole water used	–	–	–	–	87	–	–
Water recycled in process	25 664	25 524	25 909	24 390	1 479	–	237
% water recycled	91	89	91	91	72	–	36

Zondereinde

Water is fundamentally important for Zondereinde mine, not only from an environmental and permitting perspective, but also operationally. Through a shaft-based hydropower system, the mine uses water as its primary source of energy for its underground mining operations. These technical innovations were pioneered at Northam and refined over time. Hydropowered equipment has the advantage of reducing temperatures in working areas. This technology, used in conjunction with the strategic application of backfill, helps to lower underground temperatures by reducing heat ingress from worked-out areas while also reducing the size of the area to be cooled by 65%.

Zondereinde endeavours to run a zero discharge operation and closely monitors any potential impact of its operations on surface and groundwater sources. The water bodies that could be affected by surface water discharges are the Crocodile River and the Bierspruit River.

Extensive monitoring is undertaken and a comprehensive groundwater model, developed and maintained by a third party consultant, has been in place for a decade. This consultant also monitors and advises on surface and groundwater quality control.

There was no significant water discharge during the year. In terms of the water use licence, 1 000 000m³ of water is allowed to be discharged annually.

Subsequent to the granting of Zondereinde's integrated water licence in 2012, the mine applied for a relaxation of certain standards and requirements. In 2013, the DWA conducted a compliance audit on Zondereinde's water use licence and the mine submitted an annual water management report to the DWA. Further information requested by the DWS has been submitted.

Booysendal

Water allocation is also of critical importance at Booysendal. Integrated water use licence requirements guide water management processes, especially in terms of water allocation. Licences are reviewed every five years from the date of issue. Water quality at Booysendal is monitored on a continuous basis and compared with the original base line study information.

The Lebalelo pipeline is the main source of industrial and potable water at Booysendal, which can be supplemented with on-site boreholes. The mine currently holds a 20-year licence to extract water from boreholes should additional water be required. The Groot Dwarsrivier is the only water source that could potentially

MATERIAL ISSUES CONTINUED

be affected by the withdrawal of borehole water. However, as a limited volume of water is currently being drawn from this source, there is no risk.

Management is vigilant about the potential for any contamination risk, and closely monitors the conservation processes and water reduction practices, along with checking water levels in the pollution control dams, which could result in discharges or run-off.

The Groot Dwarsrivier and the Der Brochen Dam are the only at-risk water bodies. Management has an emergency preparedness programme in place to address any run-off or spillages, which includes a stakeholder schedule along with emergency remediation measures. Three water evaporators are installed at the pollution control dams to mitigate the effects of excessive rainfall during the rainy season.

Industrial water at Booysendal is maintained within a closed circuit and recycled on an ongoing basis.

ENERGY CONSUMPTION

Northam's long term strategy is based on energy efficiency rather than energy reduction as the mines continuously strive to replace ore reserves and require more energy for production. The energy efficiency strategy is continuously reviewed in order to optimise its effectiveness.

In South Africa, electricity is supplied by Eskom, the national electricity supplier. In recent years, Eskom's tariffs and supply shortages have increased steadily, by 16% in 2012, 8% in 2013, 9% in 2014 and 12.7% in 2015. For F2015, Northam's electricity spend totalled R517.1 million (84% at Zondereinde and 16% at Booysendal).

Zondereinde

At current capacity at Zondereinde, Eskom's supply is sufficient. Nevertheless, our power requirements will not remain static, given the deepening project, the smelting of additional material from Booysendal and our new 20MW smelting furnace due for completion over the next three years. With this in mind, a number of energy efficiency initiatives have been implemented, such as an underground refrigeration plant at 13 level and fan clipping.

With the refrigeration plant being moved underground, water is not required to be pumped to surface, which immediately provides some savings: one refrigeration machine fulfils the function of two 2MW pumps. It is estimated that R22.8 million could be saved annually.

The company's use of hydropower has also reduced its reliance on Eskom as the primary energy source. As a result, less electricity is required for production than other platinum mines on compressed air to power underground equipment. The use of hydropowered equipment and backfill has led to annual power savings of 31 506MWh.

In F2015, total indirect non-renewable energy consumption of electricity sourced from the national grid at Zondereinde increased by 9% to LA 630 085MWh (F2014: 578 717MWh).

Booysendal

Booysendal currently has sufficient power to continue operating, with one incoming Eskom line and transformers capable of sustaining 80MVA. The maximum demand at the moment is 29MVA. However, given the strain on South Africa's energy utility Eskom, energy efficiency has and will continue to be a priority at Booysendal.

A panel management system which assists with the protection and annual testing of the medium voltage network, and fault analysis has been fully implemented and operational since June 2014. A monthly report on the findings is presented by the engineering department. Going forward, this system will allow Booysendal to identify areas where electricity savings may be affected.

A solar-aided water heating system at the mine's change house is in place to conserve energy.

In F2015, total indirect non-renewable energy consumption from electricity sourced from the national grid increased by 24% to LA 115.386MWh (F2014: 92 766MWh) owing to the ramp-up.

Power factor correction equipment

Power factor correction equipment is in place at both Zondereinde and Booysendal to reflect the correct power consumption and reduce the overall electricity bill. Power factor correction was upgraded at Zondereinde at a cost of R4.0 million. At Booysendal, power factor correction equipment was installed during the construction phase.

A study conducted by DRA Mineral Projects indicates that the annual estimated saving per substation is between R1.3 million to R2.0 million.

For more information please see our Energy conservation projects on page 109.

ELECTRICITY CONSUMPTION (MWH)

	Zondereinde				Booysendal		
	F2015	F2014	F2013	F2012	F2015	F2014	F2013
Energy from electricity purchased by shafts	489 203	470 117	485 654	461 484	43 362	35 251	6 726
Energy from electricity purchased by plants	140 882	108 600	101 732	125 548	72 023	57 515	7 533
Total electricity purchased	LA 630 085	578 717	587 386	593 441	LA 115 385	92 766	14 259

CLIMATE CHANGE AND EMISSIONS

At Northam, climate change has been assessed as a moderate risk which is managed primarily through the company's energy conservation initiatives. In addition, PGMs are used in the production of technologies to reduce emissions thus limiting the climate change risk.

Northam has considered the risks and opportunities relating to climate change, including the financial implications, in its seventh consecutive voluntary submission to the Carbon Disclosure Project (CDP), which may be found at www.cdp.net/en-US/Results/Pages/Company-Responses.aspx?company=13459.

Northam reports on emissions of carbon dioxide (CO_2) and SO_2, which are the most significant of its emissions.

In F2015, LA 5 734 tonnes of SO_2 were emitted by the Zondereinde operations attributed to direct emissions from the smelter. These emissions comprise SO_2 (directly from the smelting operations), CO_2 (both direct and indirect), potential discharges to water courses and dust from tailings dams. Gas cleaning equipment for SO_2 abatement will be required by 2020. Zondereinde is awaiting a response from the DEAT on its application for a five-year exemption.

Zondereinde's energy efficiency programmes have reduced the mine's GHG emissions.

ENERGY EFFICIENCY PROJECT AT ZONDEREINDE – F2015

In F2015, three new residence blocks were built and a decision was made to install solar hot water systems to reduce the consumption of electricity from the grid.

The solar hot water systems comprise 1 000 litre tanks with a 37 KW capacity. By using solar energy to heat the water during the day, we estimate that we will be drawing on grid electricity for just 30 minutes each day, relative to an assumed base case of six hours per day. This is part of an ongoing initiative, with four additional hostel blocks (and solar hot water systems) due to be commissioned in the near future.

Tailings storage facility at Booysendal.

MATERIAL ISSUES CONTINUED

GREENHOUSE GAS EMISSIONS (CO_2E TONNES)

	Zondereinde					Booysendal	
	F2015	F2014	F2013	F2012	F2011	F2015	F2014
Total Scope 1 emissions (direct emissions)	29 743	23 451	15 509	15 401	14 432	6 337	4 912
Total Scope 2 emissions (indirect emissions)	648 988	596 079	605 008	611 244	619 947	118 847	95 549
Total Scope 3 emissions (indirect emissions	746	580	665	815	1 089	–	–
Total emissions	679 477	620 110	621 183	627 460	635 468	125 184	100 565

DUST MANAGEMENT

Due to the nature of its operations, Zondereinde monitors dust fall-out and its stakeholder engagement programme is effective in dealing with any incidents and complaints logged. Since inception, Zondereinde has had no such complaints.

The tailings dam is continuously revegetated to reduce dust entrainment, and to minimise wind and water erosion.

Previously exposed areas at Booysendal have been paved, tarred or grassed, and the few areas where dust could be produced, are monitored and dust suppression is conducted as needed.

Continuous dust fall-out monitoring at Booysendal is conducted at potential receptor sites around the operation. Monitoring results indicate that dust fall-out within these areas is well within residential dust fall-out limits.

The mine's location in a valley surrounded by mountains means that dust dispersion into the surrounding communities is limited. No community or stakeholder complaints were received regarding dust emissions during the year.

LAND MANAGEMENT AND BIODIVERSITY

Northam acknowledges that biodiversity entails careful land management, especially with mining processes that could have an adverse impact on the environment. Careful planning for new mining projects, engagement with stakeholders and the surrounding community, and compliance with legislation adds value to the mining process and benefits land management.

REHABILITATION FUND (Rm)

	Provision at 30 June 2015	Investments held at 30 June 2015	Unfunded probability at 30 June 2014
Booysendal	72.7	18.4	54.3
Zondereinde	114.5	82.8	31.7
Total	187.2	101.2	86.0

Northam acknowledges that biodiversity entails careful land management, especially with mining processes that could have an adverse impact on the environment.

Zondereinde

Northam's land ownership of Zondereinde is larger than the actual mining operations, with a surface freehold of approximately 4 439 hectares. Land management and conservation at Zondereinde is simpler than it is at Booysendal for a number of reasons, including the fact that the required policies and practices have been established and entrenched over the years.

No animals or plants in the area are listed on the IUCN's Red List of Threatened Species nor the Red Data list.

While Zondereinde's operational footprint has been reduced, including the processing of waste rock, the unused footprint has not been rehabilitated. Several years ago, the borrow pits at the village and turn-off to the smelter plant were rehabilitated, and rubble heaps at the entrance to Setaria were levelled and covered with topsoil so that the area could be rehabilitated to a more natural state.

Final rehabilitation of Zondereinde's tailings storage facility will only take place after closure. However, ongoing rehabilitation continues for dust management as well as aesthetic reasons. The total rehabilitation and closure costs for F2015 were R90.8 million.

Booysendal

Booysendal's host area, the Dwarsrivier Valley, is situated within the Sekhukhuneland Centre of Plant Endemism (SCPE) and the Roossenekal Subcentre of Endemism. The Booysendal property encompasses several landscape types, which are critically important for conservation action and are prioritised by Mpumalanga's conservation authorities.

The Dwarsrivier Valley landscape includes forests, small wetlands, seepages and grasslands. Certain protected mammals and species of fish have also been recognised as endemic to this habitat. Research has also indicated that the threatened SCPE is not formally protected, and that more land needs to be incorporated within reserves to protect the province's biodiversity.

In the spirit of preserving the biodiversity of the area, Northam has set aside an offset area specifically for conservation and biodiversity purposes. A creative approach was adopted to generate long term funding to support the protection of the environment surrounding Booysendal. A key result was the Buttonshope Conservancy Trust, which funds Booysendal's conservation, offset management and expansion. (See the 2012 and 2013 sustainable development reports for details on governance and funding of this offset area – http://www.northam.co.za/investors-and-media/publications/sustainable-development-reports).

Rehabilitation and closure costs at Booysendal amounted to R72.7 million in F2015.

LAND USE (HECTARES)

	Zondereinde			Booysendal		
	F2015	**F2014**	**F2013**	**F2015**	**F2014**	**F2013**
Land disturbed by mining and related activities	136	137	137	521	521	521
Land leased for farming purposes	273	273	273	n/a	n/a	n/a
Land protected for conservation	800	800	800	960	960	960
Total land under management (freehold)	4 439	4 439	4 439	6 773	6 773	6 773

ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 116 to 207 have been prepared under the supervision of the chief financial officer, Mr AZ Khumalo CA (SA). The annual financial statements have been audited by Ernst & Young Inc.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS AND COMPANY SECRETARY'S CONFIRMATION

In approving the annual financial statements the directors hereby confirm:

1. That they are responsible for the preparation, integrity and fair presentation of the annual financial statements of Northam and its subsidiaries. The auditors are responsible for auditing and reporting on whether the financial statements are fairly presented. Their report appears on page 115.
2. The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can only provide reasonable and not absolute, assurance against material misstatement or loss.
3. The annual financial statements presented on pages 116 to 207 have been prepared in accordance with International Financial Reporting Standards as more fully described on pages 128 to 145. They conform and adhere to applicable accounting standards and are presented after applying accounting policies supported by reasonable and prudent judgements and estimates made by management, which have been consistently applied.
4. Adequate accounting records and an effective system of internal controls and risk management have been maintained during the entire financial year.
5. They have reviewed the additional information included in the annual report and are responsible for both the accuracy and consistency with the annual financial statements.
6. The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the group will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the company and the group.
7. The annual financial statements have been audited by the independent auditors, Ernst & Young Inc who were given unrestricted access to all financial records and related data including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate. The unmodified audit report of Ernst & Young Inc is presented on page 115.
8. A corporate governance report appears on pages 20 to 25 and includes information regarding the group's compliance with the King lll Code.

The annual financial statements were approved by the board of directors on 25 September 2015 and are signed on its behalf by:

PL Zim	**PA Dunne**	**AR Martin**
Chairman	Chief executive	Chairman – audit and risk committee

Johannesburg
25 September 2015

COMPANY SECRETARY'S CONFIRMATION

I, PB Beale, in my capacity as company secretary of Northam, hereby certify in terms of section 88(2) of the Companies Act that all returns and notices required of a public company in terms of the Act have, in respect of the year under review, been lodged with the Companies and Intellectual Property Commission and that all such returns are true, correct and up to date.

PB Beale

Company secretary

Johannesburg
25 September 2015

REPORT OF THE AUDIT AND RISK COMMITTEE

RESPONSIBILITIES OF THE COMMITTEE

The committee, which operates in terms of a mandate approved by the board meets at least five times a year. Its responsibilities include:

- The appointment and evaluation of external auditors and their terms of engagement;
- The appointment and evaluation of the internal auditors and their mandate;
- The approval of remuneration of external and internal auditors;
- Ensuring the independence of external and internal auditors;
- Ensuring that the appointment of both the external and internal auditors is made in compliance with the provisions of the Companies Act;
- The approval of non-audit work which may be performed by the external auditors which includes tax compliance services, assurance related work in respect of any corporate actions and opinions not related to any prohibited services;
- Approving the internal audit plan;
- Approving the external audit plan without infringing on the auditors independence ;
- Reviewing interim and preliminary results of the company;
- Reviewing and recommendation to the board for approval the interim report and preliminary announcement of results, the annual financial statements and the annual integrated report;
- Ensuring that the risks of the company are adequately assessed and monitored by management through a risk register, and ensuring that such risks are properly mitigated;
- Ensuring that internal controls of the company are implemented, effective and monitored;
- Ensuring a cordial working relationship between management and internal auditors; and
- To deal appropriately with any concerns or complaints raised by any of the company's stakeholders relating to accounting policies or practices and internal audit, content or auditing of the company's financial statement, internal financial controls or any related matter.

APPROPRIATENESS OF THE EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER

In terms of the JSE listings requirements, the audit and risk committee has satisfied itself as to the appropriateness of the expertise and experience of the chief financial officer.

APPOINTMENT OF EXTERNAL AUDITORS

The committee confirms the skills, independence, audit plan, reporting and overall performance of the external auditors are acceptable and that it recommends their re-appointment for the financial year ending 30 June 2016.

GOING CONCERN STATEMENT

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

ANNUAL FINANCIAL STATEMENT

The committee has:

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

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

AR Martin

Chairman – audit and risk committee

Johannesburg

25 September 2015

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NORTHAM PLATINUM LIMITED

We have audited the consolidated and separate financial statements of Northam Platinum Limited set out on pages 116 to 207, which comprise the statements of financial position as at 30 June 2015, the statements of comprehensive income, statements of changes in equity and statement of cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Northam Platinum Limited as at 30 June 2015, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2015 we have read the report of the audit and risk committee, the company secretary's certificate and the directors' report for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst & Young Inc

Director – Mike Herbst
Registered auditor
Chartered accountant (SA)

102 Rivonia Road
Sandton
25 September 2015

DIRECTORS' REPORT

The directors have pleasure in submitting their report for the year ended 30 June 2015. The review of the group's business performance is set out on pages 45 to 111, whilst the nature of business is described in the corporate profile which appears on page 3.

MAIN BUSINESS AND OPERATIONS

Booysendal mine

Booysendal mine came into production on 1 July 2013 and has continued the progressive ramp-up to its annual steady-state PGMs production target of 160 000oz, which is planned for achievement in the first half of F2016.

Operationally good progress is being made with the equipping of the last two production sections, scheduled for October 2015, to complete the original capital footprint. The concentrator performed well above its nameplate capacity in the last three months of the year, achieving an average recovery of 86%. The plan to exploit the Merensky reef from the existing footprint advanced well with the box cut completed and the development of the declines in progress to extract a bulk sample for metallurgical test work. This work is expected to be complete in the second half of F2016 following which a decision will be made on developing a Merensky mining module.

During the F2016 conceptual design work on exploiting the Booysendal South orebody (including the former Everest infrastructure) will be progressed to a feasibility study. The decision to begin construction of new mining modules will be taken against the background of current and expected PGM market conditions and the potential return on investment.

The feasibility is expected to cost R22.0 million and will be completed by May 2016.

For the year as a whole Booysendal's run-of-mine production totalled 1 670 437 tonnes (F2014: 1 233 089 tonnes) with the tonnage milled increasing to 1 786 375 tonnes (F2014: 1 517 109 tonnes) at a head grade of 2.6g/t (F2014: 2.6g/t).

Zondereinde mine

The Zondereinde mine (which incorporates Northam Chrome Producers Proprietary Limited (NCP), a company that receives and treats UG2 tailings from the mine to produce chrome), is operating at steady state, and its performance during the year under review reflects this stability and our confidence in its sustainability. Despite the No.1 shaft incident early in the financial year, and the one-week work stoppage in January, Zondereinde delivered 795 885 tonnes (F2014: 803 736 tonnes) of Merensky reef to its processing plant at a head grade of 5.7g/t (F2014: 5.8g/t). UG2 tonnages came in at 1 064 499 tonnes (F2014: 920 420 tonnes) to the processing plant at a head grade of 4.3g/t (F2014: 4.3g/t).

This blend of reef resulted in the overall head grade falling to 4.9g/t (F2014: 5.0g/t). Metals produced from underground increased to 7 950kg (F2014: 7 331kg) and that in concentrates purchased was 2 338kg (F2014: 1 975kg) (including Booysendal sales to Zondereinde following the change in accounting for sales within the group from 1 June 2015 in terms of which Booysendal now sells all its stock to Zondereinde). At the year's end available ore reserves on the Merensky reef were sufficient for 20 months' production and on the UG2 reef for 24 months'.

Overall the Zondereinde mine operated well during the year. However, mining flexibility on the Merensky reef horizon remains constrained owing to challenging geological conditions, particularly in the north-west quadrant of the mine. Production from the UG2 horizon is relatively easier. With planned modifications to the processing plant, the smelter will be in a position to accommodate a higher proportion of UG2 reef. Future production from Zondereinde is consequently planned at a 65:35 UG2: Merensky ratio for 21 years.

Construction of the decline section has progressed satisfactorily with the conveyor decline on the 16 level elevation and good progress is being made in developing the barrels of the material incline between 14 and 16 levels. An underground refrigeration plant was commissioned during the year on 13 level which has improved environmental conditions in the deepening section of the mine markedly. The completion of this suite of infrastructure will provide access to good quality Merensky reef and increase the life of Zondereinde to more than 20 years.

Wage negotiations started in May 2015 and were successfully concluded after the year end with the signing of a three year agreement with the NUM.

ASSOCIATES AND JOINT VENTURES

The group has an interest in the following entities and joint ventures:

Dwaalkop joint venture

This project is a PGM development opportunity in joint venture with Lonmin plc. The group's share of the exploration expenditure amounted to R0.2 million (2014: R0.7 million), which was charged to sundry expenditure. The carrying value of the group's investment is R136.2 million after impairment charge of R164.5 million in F2015 (2014: R300.7 million). Further details of the group's interest in Dwaalkop are set out in Annexure 2 on page 186.

Kokerboom joint venture

This is an early stage Iron Oxide Copper Gold and Massive Sulphide deposit situated in the Northern Cape Province, The exploration is being undertaken in joint venture with two other parties, with the group having a 51% interest. The group spent R1.5 million (2014: R1.3 million), during the year, which was charged to sundry expenditure.

Pandora joint venture

As a consequence of the low PGM prices which adversely affected all PGM mining companies the Pandora joint venture recorded a loss, of which the group's share was R10.7 million (2014: loss of R3.3 million). The carrying value of the group's investment was R70.7 million (2014: R114.9 million) after an impairment charge of R40.5 million in F2015. Further details of the group's interest in Pandora are set out in Annexure 2 on page 186.

Trans Hex

The group has a 20.3% interest in this company, a diamond producing and marketing company, which is listed on the JSE. The group's share of earnings from Trans Hex, including its share of other comprehensive income amounted to R35.0 million (2014: 5.5 million). The carrying value of the group's investment amounted to R68.9 million (2014: R79.4 million) after an impairment charge of R34.1 million. Further details of the group's interest in Trans Hex are set out in Annexure 2 on page 186.

CORPORATE GOVERNANCE

In line with the recommendations of King lll, the board of directors subscribes to high standards of ethical leadership, business sustainability, stakeholder engagement and sound corporate governance. The board and management recognise that effective governance underpins the group's reputation and its performance, and serves to promote full accountability and transparency.

The board ensures that its composition is appropriate in terms of skills, knowledge, experience, independence and gender in accordance with the provisions of its board charter and MOI, available on the Northam website at www.northam.co.za. It also takes responsibility for corporate strategy and the management of risk and opportunities of the group which are executed within the confines of its corporate governance structure.

Northam complies with the JSE listings requirements, applicable statutes, regulatory requirements and other authoritative directives regulating its conduct. Further details on the group's corporate governance practices are set out in the corporate governance report on page 20 to 25.

DIRECTORS' REPORT CONTINUED

MINING LICENCES

Booysendal mine

Booysendal Platinum Proprietary Limited (formerly Micawber 278 Proprietary Limited), a 100% owned subsidiary of Northam, holds a consolidated new order mining right for the Booysendal mine which covers an area of approximately 15 151 hectares on the farms Booysendal 43 JT, Buttonshope 51 JT, Der Brochen 7 JT, Draaikraal 48 JT, Hebron 5 JT, Hermansdal 3 JT, Kliprivier 73 JT, Pietersburg 44 JT, Uysedoorns 47 JT, Johannesburg 45 JT, Sheeprun 50 JT and Sheeprun 179 JT.

Zondereinde mine

Northam holds two new order mining rights in respect of the Zondereinde mine covering an area of approximately 7 625 hectares on the farms Aapieskraal 377 KQ, Amandelbult 383 KQ, Elandsfontein 386 KQ, Grootkuil 376 KQ, Kopje Alleen 422 KQ, Middeldrift 379 KQ, Vrugbaar 381 KQ, Vrugbaar 387 KQ, Witvley 423 KQ and Zondereinde 384 KQ.

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

FINANCIAL RESULTS

The accounting policies, statements of financial position, statements of profit or loss and other comprehensive income, statements of cash flow and statements of changes in equity and notes to the financial statements, on pages 128 to 207, reflect the financial results and position of the company and the group.

DIVIDENDS

Given the current difficult conditions in the industry and the potential cash requirements of the group's operations and, for the development of its assets, the board has resolved not to declare a dividend for the F2015 year. (F2014: Rnil)

STATED CAPITAL

The authorised share capital of the company increased for the Northam BEE transaction, from 545 000 000 shares to 2 000 000 000 shares. The increase in share capital was approved by shareholders at the general meeting (GM) held on 19 March 2015, as defined in the transaction circular dated 17 February 2015.

In terms of the Northam BEE transaction, 112 195 122 shares (22% of the issued share capital) were allotted and issued to Zambezi Platinum on 18 May 2015, resulting in the issued share capital at 30 June 2015 increasing to 509 781 212 (2014: 397 586 090) shares.

No shares were allotted and issued to participants of the Northam Share Option Scheme or the Northam Share Incentive Plan during the year.

REPURCHASE OF ISSUED SHARES

At the GM held on 19 March 2015 shareholders approved a special resolution granting a general authority for the repurchase of ordinary shares by the company (or any one of its wholly-owned subsidiaries), subject to the JSE listings requirements and the provisions of the Companies Act. No shares were repurchased in the current or prior year. This general authority is valid until the company's next AGM or for 15 months from the date of the aforementioned resolution (being 19 March 2015) whichever period is the shorter. Approval to renew this general authority will be sought at the AGM to be held on Wednesday, 11 November 2015.The text of the necessary special resolution, as well as the reasons therefor and the effects thereof, appear in the notice of AGM on page 5, which forms part of the abridged annual report.

BORROWINGS AND BORROWING POWERS

In terms of the MOI the directors may borrow for purposes of the company, such sums as they deem fit.

In November 2011 the company entered into a five-year revolving credit facility agreement with Nedbank Limited for an amount of R1 billion. An additional R400 million revolving credit facility was arranged during F2014, which was available until March 2015. There were limited drawings from the facility during the year and which were repaid by 30 June 2015. There have been no drawings from this facility between the reporting date and the date of this report.

On 3 September 2012 the company announced that it had raised R1.25 billion through the issue of senior unsecured floating rate notes, in terms of the company's R2 billion domestic medium term note (DMTN) programme dated 3 August 2012. On 11 July 2013, the company announced that a further R120.0 million had been raised in the domestic capital market through the DMTN programme.

These funds have been used for the development of the Booysendal mine, the deepening project at the Zondereinde mine and other operational and working capital requirements of the group. After year end, the DMTN of R1.37 billion has been repaid on the due date of 4 September 2015. Management is considering another DMTN of up to R1.8 billion depending on the borrowing rates and appetite of the market at the date of this report.

In addition to the above a subsidiary, Norplats Properties Proprietary Limited has arranged loan facilities of up to R91 million to fund the sale of houses to employees in terms of the group's affordable housing initiative, of which R33.9 million is still available.

Details of the interest rates and terms of these loans are contained in notes 21 and 25 to the annual financial statements on pages 170 to 171.

FINANCIAL ASSISTANCE

At the forthcoming AGM shareholders will be asked to approve a special resolution to authorise the granting of the necessary financial assistance as set out below. The text of the special resolution is contained in the notice of AGM and abridged annual report.

Section 45 of the Companies Act requires that shareholders approve the granting of financial assistance by a company to, *inter alia*, any of its subsidiaries. At the date of this report Northam had granted the following financial assistance to its subsidiaries.

Name of subsidiary	Approved facility at 30 June 2015 R'000	Balance at 30 June 2015 R'000	Additional amount to be advanced in coming year R'000	New loan facility R'000	Total financial assistance to be granted R'000
Booysendal Platinum Proprietary Limited (formerly Micawber 278 Proprietary Limited) (1)	4 970 000	4 159 333	Nil	4 970 000	4 970 000
Norplats Properties Proprietary Limited – fixed-term loan (2)	34 300	24 456	Nil	34 300	34 300
Norplats Properties Proprietary Limited – general loan (2)	39 000	26 007	5 000	44 000	44 000
Windfall 38 Properties Proprietary Limited (3)	15 800	14 862	Nil	15 800	15 800
Mvelaphanda Resources Proprietary Limited (4)	Nil	957	Nil	42 000	42 000
Mining Technical Services Proprietary Limited (formerly Dialstat Trading 133 Proprietary Limited) (5)	260 000	1	Nil	20 000	20 000
Total loan facilities	**5 319 100**	**4 225 616**	**5 000**	**5 126 100**	**5 126 100**

Notes

(1) At year end, Northam has finance facilities available in the form of an undrawn revolving credit facility of R1.0 billion with Nedbank Limited, and finance in the form of a R1.37 billion on domestic medium term notes (DMTN). In view of the fact that interest will be payable on these borrowings, Booysendal Platinum has entered into an appropriate loan agreement with Northam in terms of which the loan from Northam is interest bearing, on the portion that relates to external funding.

The interest rate payable by Booysendal Platinum is based on the three-month JIBAR rate plus 375 basis points, so that the total interest payable approximates the interest payable by Northam.

(2) The loan facility granted to Norplats Properties comprises an interest bearing portion of R34.3 million which is repayable in 2026. The loan from Northam to Norplats Properties consists of an interest free portion of R44.0 million which has no fixed repayment date. The interest bearing portion of R34.3 million carries interest at prime less 2.0%.

(3) The loan to Windfall 38 Properties, is repayable out of surplus cash funds and bears interest at prime less 2.0%.

(4) The loan facility to Mvelaphanda Resources is due to the fact that its liabilities exceed its assets by R40.5 million. This facility will only be used if a need arises and this is not likely to be in the current financial year.

(5) The loan facility to Mining Technical Services is for the company to establish a division to facilitate the execution of the group's growth projects.

DIRECTORS' REPORT CONTINUED

STRATE (SHARE TRANSACTIONS TOTALLY ELECTRONIC)

Shareholders who have not already dematerialised their shares (certificated shareholders) are once again urged to do so as soon as possible (unless it is their explicit intention not to do so) in order to enable them to trade in such shares. It is most important for certificated shareholders to note that their shares may not be traded on the JSE unless the shares have been dematerialised.

NORTHAM SHARE OPTION SCHEME (THE SCHEME)

The Scheme was established on 4 January 1995 with the objective of attracting and retaining employees with appropriate levels of ability and expertise who make a significant contribution to the operations of the company.

The Scheme was discontinued in 2011 owing to its dilutionary nature, although share options issued before its discontinuance will be allowed to run their course until 2017.

Options were offered at the volume weighted average price at which Northam shares traded on the JSE on the trading day immediately preceding the offer date. Options not exercised within seven years of the offer date shall lapse.

In March 2013 the JSE approved a change to the rules of the Scheme in terms of which option holders may elect, at the time of exercising their option, to receive either the shares over which an option has been granted or a cash payment equivalent to the difference between the volume weighted average price at which Northam shares traded on the day preceding the exercise date and the exercise price.

A summary of the options held at 30 June 2015 is as follows:

Earliest and latest exercise date	Price per share R	Total number of options
22 October 2009 and 21 October 2014	48.00	1 210 674
27 November 2010 and 26 November 2015	32.38	166 272
5 November 2011 and 4 November 2016	36.95	537 788
1 July 2012 and 30 June 2017	45.59	129 901
12 October 2012 and 11 October 2017	46.57	2 675 950
Number of options held at 30 June 2014		4 720 585
Number of options forfeited during the year		(1 236 648)
Number of options exercised during the year – refer Annexure 5 on page 196		
Cash settled options		(756 021)
Number of options held at 30 June 2015		**2 727 916**

At 30 June 2015 the outstanding options were exercisable as follows:

Earliest and latest exercise date	Price per share R	Total number of options	Options vested at 30 June 2015 at price per share	Options vested at 30 June 2015 at claw back offer price of R40.00
27 November 2010 and 26 November 2015	32.38	72 744	70 000	2 744
5 November 2011 and 4 November 2016	36.95	394 898	380 000	14 898
1 July 2012 and 30 June 2017	45.59	129 901	125 000	4 901
12 October 2012 and 11 October 2017	46.57	2 130 373	2 050 000	80 373
Number of options held at 30 June 2015		**2 727 916**	**2 625 000**	**102 916**

Full details of the options exercised during the year are set out in Annexure 5 on page 196, and are summarised as follows:

	Cash settled options		
Grant date	**Number of options exercised**	**Exercise price R**	**Total gain paid to participants R'000**
27 November 2008	90 000	32.38	1 612
5 November 2009	137 500	36.95	1 882
12 October 2010	500 000	46.57	2 224
15 November 2013	28 521	40.00	310
Total	**756 021**		**6 028**

NORTHAM SHARE INCENTIVE PLAN (SIP)

The SIP was approved in 2011 when shareholders approved a proposal that the Scheme be discontinued and replaced by the SIP, as the Scheme no longer served the primary purpose of attracting and retaining employees.

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

- All senior officials and executives, including executive directors, in job grade D1 and above are eligible;
- Non-executive directors are not eligible to participate;
- Employees will not be required to pay for shares granted to them;
- In the event of a change of control of the company, all awards will vest;
- In the event of a variation in share capital such as a capitalisation issue, subdivision of shares, consolidation of shares, liquidation etc, employees will continue to participate in the SIP. The committee may make such adjustment to awards or take such other action to place employees in no worse a position than they were prior to the happening of the relevant event, and to ensure that the fair value of awards immediately after the event is materially the same as the fair value thereof immediately before the event;
- The issue of shares as consideration for an acquisition or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to awards;
- Where necessary, the auditors of the company will confirm to the company and JSE that the adjustments are calculated on a non-prejudicial basis;
- Any adjustments made will be reported in the company's annual financial statements in the year during which the adjustment is made.

In order to avoid any future dilution, all shares will either be cash-settled or equity settled through purchases in the open market.

Key features of the CSP and FSP are as follows:

CSP

- Shares will be awarded or granted to employees once a year;
- The number of conditional shares awarded, and the extent to which they will be subject to performance conditions, will primarily be based on the employee's annual salary, grade, performance, retention requirements and market benchmarks or some combination thereof;
- Both the retention shares and the performance shares will vest after three years; and
- Performance conditions will be set by the SE&HR committee before an award is made, and will be based on appropriate company performance measures at the time.

DIRECTORS' REPORT CONTINUED

FSP

- Shares, which have no performance conditions attached, can only be awarded or granted in exceptional circumstances, approved by the SE&HR committee, for purposes of attracting key new employees;
- The number of forfeitable shares to be made to an employee will primarily be based on the employee's annual salary, grade, performance and retention or attraction requirements;
- The forfeitable shares will be delivered to the employees, free of charge, subsequent to the award date, with them enjoying all shareholder rights from inception;
- Awards will, however, be subject to restrictions that will prevent the forfeitable shares from being disposed of, ceded, transferred or otherwise encumbered before vesting; and
- Vesting of the forfeitable shares will only be subject to the particular employee remaining in the employ of a group company for a pre-determined vesting period. No company performance conditions will apply.

No forfeitable shares have been awarded since the inception of the SIP.

In March 2013 the JSE approved a change to the rules of the SIP in terms of which, upon the vesting of any awards, participants may elect to receive either the shares that have vested or a cash amount equal to the volume weighted average price on the day preceding the settlement date.

The SE&HR committee, which is charged with overseeing the group's remuneration policy, reviews the performance criteria annually and revises them as economic and operational circumstances dictate.

No shares were allocated under the FSP during the year under review, whilst the details of the shares allocated under the CSP are set out below.

Grant date	Details	Total	Retention shares	Performance shares
Balance at 30 June 2014		4 883 000	1 466 000	3 417 000
4 November 2014	Shares awarded	2 971 000	750 500	2 220 500
	Shares forfeited	(204 400)	(63 900)	(140 500)
	Shares cash-settled	(1 959 600)	(807 400)	(1 152 200)
Balance at 30 June 2015		**5 690 000**	**1 345 200**	**4 344 800**

At 30 June 2015 the following awards were outstanding:

Grant date	Details	Total number of shares	Shares to be settled in F2016	Shares to be settled thereafter
6 November 2012	Performance shares	1 129 000	1 129 000	–
15 November 2013	Retention shares	627 000	627 000	–
15 November 2013	Performance shares	1 091 000	–	1 091 000
4 November 2014	Retention shares	718 200	–	718 200
4 November 2014	Performance shares	2 124 800	–	2 124 800
Balance at 30 June 2015		**5 690 000**	**1 756 000**	**3 934 000**

Full details of the shares granted during the year are set out in Annexure 5 on page 196.

At the 2014 AGM shareholders approved the following:

- the maximum number of shares that may be awarded under the scheme may not exceed 5% of the issued share capital (previously 10%) equaling to approximately 19.9 million shares.
- the maximum number that may be awarded to any single employee in any cycle is limited to 0.5%, equal to approximately 2.0 million shares;

- in order to avoid any future dilution, all shares will either be cash-settled or equity settled through purchases in the open market;
- both the retention shares and the performance shares will vest after three years;
- measurement of performance conditions on share awards are to made over a three year period rather that split in three year lots measured on an annual basis;
- performance conditions or criteria for the F2015 awards going forward will include certain rate-of-return related target/measures (Total Shareholder Return and or Return On Investment or related target) with a weighting of not less than 30%.

DIRECTORATE

During the year ender review, Mr JAK Cochrane resigned as a director on 15 April 2015.

Subsequent to year-end on 18 August 2015, Mr R Havenstein replaced Mr AR Martin as the lead independent director and Mr KB Mosehla was appointed a non-executive director on 19 August 2015 representing Zambezi Platinum.

The composition of the board of directors, as well as of board appointed committees, and details of the election and re-appointment of directors is reflected on page 18 to 25 of this integrated report.

In addition, in terms of Section 94 of the Companies Act, shareholders are required to appoint the company's audit and risk committee. The members of the committee are Messrs. Beckett, Havenstein, Ms Kgosi and Mr Martin, all of whom are independent non-executive directors. Accordingly at the forthcoming AGM members will be requested to consider resolutions providing for the appointment of the aforementioned members of the audit and risk committee.

DIRECTORS' FEES

In terms of the MOI the fees for services as directors are determined by the company in general meeting.

It is proposed to increase the fees of non-executive directors by an average of 7.0% per annum in line with market norms.

At the forthcoming AGM members will accordingly be requested to consider a special resolution providing for the increase in the fees for the year ending 30 June 2016 as set out below:

Board	Proposed fee 2015 AGM	Approved fee 2014 AGM
	(per annum)	(per annum)
Board chairman	135 500	126 600
Lead independent director	100 500	93 900
Board members	63 300	59 100
Board meeting attendance fees per meeting	40 900	38 200
Audit and risk committee		
Committee chairman	60 700	56 700
Committee members	30 400	28 400
Committee meeting attendance fees per meeting	19 800	18 500
Social, ethics and human resources committee		
Committee chairman	51 700	48 300
Committee members	23 800	22 200
Committee meeting attendance fees per meeting	15 900	14 800
Other board appointed committees		
Committee chairman	48 500	45 300
Committee members	23 800	22 200
Committee meeting attendance fees per meeting	15 900	14 800
Ad hoc fees per hour	3 170	2 960

DIRECTORS' REPORT CONTINUED

DIRECTORS' REMUNERATION

The directors' remuneration for the year ended 30 June 2015 is as follows:

	Fees R'000	Remuneration package R'000	Performance bonus R'000	Benefits R'000	Gain on share based payments R'000	Total 2015 R'000	Total 2014 R'000
Executive*							
PA Dunne	–	5 700	2 184	763	–	8 647	2 651
AZ Khumalo	–	2 708	1 686	347	4 740 #	9 481	4 530
GT Lewis (1)	–	–	–	–	–	–	51 471
Non-executive							
ME Beckett	616	–	–	–	–	616	611
CK Chabedi	413	–	–	–	–	413	447
JAK Cochrane (2)	276	–	–	–	–	276	340
R Havenstein	744	–	–	–	–	744	718
NJ Dlamini (3)	–	–	–	–	–	–	89
TE Kgosi	579	–	–	–	–	579	643
AR Martin	557	–	–	–	–	557	523
PL Zim	318	–	–	–	–	318	330
	3 503	8 408	3 870	1 110	4 740	21 631	62 353

(1) *Mr GT Lewis resigned as director and CEO on 1 March 2014.*
(2) *Mr JAK Cochrane resigned as director on 15 April 2015.*
(3) *Dr NJ Dlamini resigned as director on 30 September 2013.*
\# *R1.4 million of this amount should have been paid in F2014 but could not be paid due to closed periods. This was eventually paid in F2015.*
* *See remuneration report of the social, ethics and human resources committee from page 26 of this integrated report regarding executive director remuneration policy.*

An analysis of the non-executive fees in respect of the board and board committee services is as follows:

	Board R'000	Audit and risk committee R'000	Health, safety and environmental committee R'000	Investment committee R'000	Social, ethics and human resources committee R'000	*Ad hoc* fees R'000	Total 2015 R'000	Total 2014 R'000
ME Beckett	288	121	81	–	126	–	616	611
CK Chabedi	250	–	81	82	–	–	413	447
JAK Cochrane (1)	200	–	–	76	–	–	276	340
R Havenstein	288	121	105	105	125	–	744	718
NJ Dlamini (2)	–	–	–	–	–	–	–	89
TE Kgosi	250	121	–	–	152	56	579	643
AR Martin	323	149	–	81	–	4	557	523
PL Zim	318	–	–	–	–	–	318	330
	1 917	512	267	344	403	60	3 503	3 701

(1) *Mr JAK Cochrane resigned as director on 15 April 2015.*
(2) *Dr NJ Dlamini resigned as director on 30 September 2013.*

SERVICE CONTRACTS

Mr P A Dunne, the chief executive officer, has a service contract with the company which is subject to a notice period of 1 year. Mr A Z Khumalo, the chief financial officer, has a service contract with the company which is subject to a notice period of three months.

DIRECTORS' INTERESTS

According to information available to the company after reasonable enquiry, the interests of the directors and their families in the shares of the company at 30 June 2015 were as follows:

	Direct beneficial holding	Indirect beneficial holding	Total 2015	Total 2014
ME Beckett	30 000	–	30 000	30 000
CK Chabedi*	–	204 000	204 000	–
TE Kgosi*	–	635 000	635 000	–
PL Zim*	–	17 547 097	17 547 097	–
Total	**30 000**	**18 386 097**	**18 416 097**	**30 000**

** Pursuant to the Northam BEE transaction, Mr Chabedi, Ms Kgosi and Mr Zim acquired beneficial interests in the ordinary share capital of Zambezi Platinum on 18 May 2015. This resulted in them and their associates acquiring effective interests in Northam shares. The SENS announcement for the aforementioned directors dealings in securities is available on the Northam website at www.northam.co.za.*

There have been no changes in these holdings from 30 June 2015 to the date of this integrated report.

ANALYSIS OF SHAREHOLDERS AT 30 JUNE 2015

Shareholding range	Number of shareholders	Total of shareholding	Percentage holding (%)
1 – 5000	6 054	5 661 689	1.11
5001 – 10 000	274	1 971 749	0.40
10 001 – 50 000	391	9 398 214	1.84
50 001 – 100 000	125	8 827 550	1.73
100 001 – 1 000 000	239	68 838 595	13.50
1 000 001 and over	67	415 083 415	81.42
Total	**7 150**	**509 781 212**	**100.00**

Geographical analysis of shareholders	Total shareholding	Percentage holding (%)
Australasia	76 740	0.02
Europe and United Kingdom	16 355 258	3.21
North America	42 930 442	8.42
Far East	61 894	0.01
Rest of Africa	226 982	0.04
South Africa	438 933 679	86.10
Other	11 196 217	2.20
Total	**509 781 212**	**100.00**

DIRECTORS' REPORT CONTINUED

Major shareholders at 30 June 2015 (based on total issued share capital of 509 781 212)	Number of shares	Percentage holding (%)
Owner		
Zambezi Platinum (RF) Limited	159 905 453	31.37
Fund manager		
Coronation Asset Management	137 046 146	26.88
Public Investment Corporation (PIC)	40 049 690	7.86
Foord Asset Management	27 570 724	5.41
Clients of Allan Gray	23 137 013	4.54
Sanlam Investment Management	22 775 410	4.47

Shareholder spread at 30 June 2015	Number of shareholders	Percentage holding (%)
Public	7 146	99.94
Non-public		
– Directors	4	0.06
Total	**7 150**	**100.00**

HDSA ownership levels in the company are pegged at 35.4% following the conclusion of the R6.6 billion BEE transaction referred to on page 4 of this integrated report.

NORTHAM PLATINUM RESTORATION TRUST FUND

The Northam Platinum Restoration Trust Fund was established in 1996 to assist the group in making financial provision for the environmental rehabilitation of the group's mines, in terms of the MPRDA, upon cessation of their mining operations. Details of the contributions made and provisions raised are disclosed in notes 10 and 20 of the notes to the financial statements. In addition, the group has procured the issue of guarantees for R157.9 million (2014: R114.9 million) in respect of certain unfunded environmental restoration costs, as more fully disclosed in note 11 of the notes to the financial statements.

BUTTONSHOPE CONSERVANCY TRUST

The Buttonshope Conservancy Trust was established in 2011 as part of an initiative to retain a portion of the freehold land adjacent to the Booysendal mine as an environmental conservancy. Details of the contributions made and provisions raised are disclosed in note 12 of the notes to the financial statements.

TORO EMPLOYEE EMPOWERMENT TRUST

The group has entered into an agreement with the representative unions at the Zondereinde mine in terms of which the group contributes 4% of Zondereinde mine's after-tax profits to a registered trust fund (The Toro Employee Empowerment Trust), providing Zondereinde mine's unskilled and semi-skilled employees of Zondereinde with an opportunity to participate in the profits of the mine. Eligible employees will receive payment at the end of each five year cycle, with the first payments having been made in F2013.

SUBSIDIARIES

Northam purchased an additional 20% of NCP for R50.0 million, with effect from 1 August 2014. This brings Northam's total holding in the subsidiary to 100%. NCP produces chrome from Zondereinde's UG2 tailings.

On 10 February 2015 the company entered into a sale of assets agreement with AQPSA. In terms of the transaction Northam acquired the Everest mining assets on 26 June 2015 for a total cash purchase consideration of R400.0 million (excluding VAT). As part of the transaction, Booysendal Platinum acquired 100% of TKO Investment Holdings Limited (TKO Investment), together with various other subsidiary farming companies. A further payment of R50.0 million (excluding VAT) for the Everest mining right, will be paid to AQPSA once the Section 11 consent has been granted by the Minister of Mineral Resources to transfer the mining licence to Booysendal Platinum.

Details of Northam's subsidiaries at 30 June 2015 are set out in Annexure 3 on page 192.

SPECIAL RESOLUTIONS

Special resolutions relating to directors' remuneration, and financial assistance were approved at the AGM in November 2014.

Further special resolutions were approved at the general meeting in March 2015 in terms of the Northam BEE transaction, relating to the adoption of the new MOI, authority for directors' to issue shares, financial assistance to directors and, authority to repurchase issued shares.

GOING CONCERN AND ASSESSMENT OF RECOVERABLE AMOUNTS

Going concern

Mining operations have a finite life and are also dependent amongst other things on geological, technical as well as economic factors such as commodity prices and exchange rates. The global economic outlook and low US dollar metal prices are a concern as Northam is an exporter of PGMs to global markets. Operations continue to be under pressure due to rising input costs (mainly associated with power and labour) and lower US dollar metal prices.

The ZAR/US$ exchange rate however continues to weaken and to a certain extent cushions the effect of lower metal prices.

Management has implemented thorough cost-cutting initiatives. This effort, along with the group's strong balance sheet and current operational cash flows has informed the opinion of management that the group remains a going concern.

Assessment of recoverable amounts

In addition management has assessed whether there are any indicators of impairment in the market and believes that low US dollar metal prices for PGMs are an indicator. Accordingly impairment tests have been performed and the Dwaalkop and Pandora joint ventures and Trans Hex Group associate investments were impaired by R164.5 million, R40.5 million and R34.0 million respectively in F2015. No other assets were impaired.

COMPANY SECRETARY

Ms PB Beale continues in office as company secretary. Relevant details appear on the inside back cover of this report.

LISTING

Northam is listed on the JSE, trading under the share code NHM, ISIN code ZAE000030912 and for the DMTN programme, under the debt issuer code NHM1, ISIN code ZAG000099524.

ADR LISTING

The company terminated its Level 1 American Depositary Receipt (ADR) programme on 15 June 2015. The ADR programme attracted little or no interest since it was established in June 2011.

EVENTS AFTER THE REPORTING DATE

Shareholders were advised on 30 July 2015 that the management of Zondereinde had signed a three-year wage agreement with the recognised union at the mine, apart from the wage agreement there were no other events after year end which requires adjustment in the financial statements or additional disclosure.

ACCOUNTING POLICIES

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are stated at fair value, in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements incorporate the following accounting policies which have been applied on a basis consistent with the previous year, with the exception of the policies adopted during the year as more fully set out below in accounting policy note 1.1.

The preparation of financial statements in conformity with IFRS requires that management and the board exercises their judgement in the process of applying the company's group accounting policies. It also requires the use of certain critical economic and other estimates. The areas requiring a high degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 1 to the financial statements.

1.1 New accounting policies adopted

The group has adopted the following new and amended International Financial Reporting Standards and IFRIC interpretations during the year. The effect of the adoption of these standards, interpretations and amendments in the current financial year is set out below:

IFRS 2 – Share-based payment – definitions of vesting conditions (Annual improvements 2010-2012 cycle)

Performance condition and service condition are defined in order to clarify various issues, including the following:

- A performance condition must contain a service condition.
- A performance target must be met while the counterparty is rendering service.
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group.
- A performance condition may be a market or non-market condition.

If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The impact of the adoption of this amendment has not yet been assessed.

IFRS 3 – Business combinations – accounting for contingent consideration in a business combination (Annual improvements 2010-2012 cycle)

The amendment clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). The adoption of this amendment had no impact on the group as the principle was already being applied.

IFRS 3 – Business combinations – scope exceptions for joint ventures (Annual improvements 2011-2013 cycle)

The amendment clarifies that joint arrangements, not just joint ventures, are outside the scope of IFRS 3. The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The adoption of this amendment had no impact on the entity as it is applied prospectively and there were no joint arrangements acquired during the year.

IFRS 8 – Operating segments – Aggregation of operating segments (Annual improvements 2010-2012 cycle)

The amendment clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g. sales and gross margins) used to assess whether the segments are 'similar'. The impact of the adoption of this amendment has not yet been assessed.

IFRS 8 – Operating segments – Reconciliation of the total of the reportable segments' assets to the entity's assets (Annual improvements 2010-2012 cycle)

The amendment clarifies that the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The adoption of this amendment had no impact on the group as the principle was already being applied.

IFRS 10, IFRS 12, IAS 27 – Consolidated financial statements – Investment entities final amendment – exception to consolidation (amendment)

The amendment provides an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IAS 39 *Financial instruments: recognition and measurement*. The adoption of this amendment had no impact on the group as the holding company is not an investment entity as defined.

IFRS 13 – Fair value measurement – Short term receivables and payables (Annual improvements 2010-2012 cycle)

The amendment clarifies in the Basis for Conclusions that short term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The adoption of this amendment had no impact on the group as the principle was already being applied.

IAS 19 – Defined benefit plans: employee contributions – Amendments to IAS 19

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The adoption of this amendment had no impact on the group as it does not have a defined benefit plan.

IAS 24 – Related party disclosures – Key management personnel (Annual improvements 2010-2012 cycle)

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The adoption of this amendment had no impact on the group as they are not making use of any management entities in the performance of key management personnel services.

IAS 32 – Financial instruments: presentation – offsetting financial assets and financial liabilities (amendment)

The amendments clarify the accounting requirements for offsetting financial instruments. New guidance clarifies that the right of set-off must not be contingent on a future event and must be legally enforceable in the normal course of business, or in the event of a default, or in the event of insolvency or bankruptcy of the entity and all of the counterparties. The adoption of this amendment had no impact on the group, as the financial instruments that were previously offset complied with the new criteria also.

IAS 36 – Impairment of assets – recoverable amount disclosures for non-financial assets (amendment)

These amendments clarify the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarify that additional information should also be disclosed on discount rates if fair value less costs of disposal is based on present value techniques. This amendment had no impact on the group, as impairment calculations were done on a value-in-use basis.

IAS 40 – Investment property – interrelationship between IFRS 3 and IAS 40 (ancillary services) (Annual improvements 2011-2013 cycle)

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e. property, plant and equipment). The amendment clarifies that IFRS 3, not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The adoption of this amendment had no impact on the group as it is applied prospectively and the group didn't enter into any business combinations during the year.

IFRIC 21 – Levies

The interpretation clarifies that a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, contingent liabilities and contingent assets and those where the timing and amount of the levy is certain. The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The impact of this interpretation has not yet been assessed.

IAS 39 Novation of derivatives and continuation of hedge accounting — amendments to IAS 39

The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument. The amendments cover novations:

- that arise as a consequence of laws or regulations, or the introduction of laws or regulations
- in which the parties to the hedging instrument agree that one or more clearing counterparties replace the original counterparty to become the new counterparty to each of the parties
- that did not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing

All of the above criteria must be met to continue hedge accounting under this exception.

ACCOUNTING POLICIES CONTINUED

The amendments cover novations to central counterparties, as well as to intermediaries such as clearing members, or clients of the latter that are themselves intermediaries. For novations that do not meet the criteria for the exception, entities have to assess the changes to the hedging instrument against the derecognition criteria for financial instruments and the general conditions for continuation of hedge accounting. The adoption of this amendment had no impact on the group as it does not apply hedge accounting.

IFRS 1 First-time adoption of international financial reporting standards meaning of effective IFRS

The amendment clarifies in the Basis for conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. The adoption of this amendment had no impact on the group as the group has applied IFRS previously.

IAS 16 Property, plant and equipment and IAS 38 Intangible assets revaluation method – proportionate restatement of accumulated depreciation/amortisation

The amendments to IAS 16 and IAS 38 clarify that the revaluation can be performed, as follows:

- adjust the gross carrying amount of the asset to market value, or
- determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value.

The amendments also clarify that accumulated depreciation/amortisation is the difference between the gross and carrying amounts of the asset. The amendments must be applied retrospectively. The adoption of this amendment had no impact on the group as the group does not apply the revaluation method.

IFRS 13 Fair value measurement scope of paragraph 52 (portfolio exception)

The amendment clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The amendment must be applied prospectively. The adoption of this amendment had no impact on the group.

1.2 Standards and interpretations issued and not yet effective:

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective. The effective date refers to periods beginning on or after, unless otherwise indicated.

Standard or interpretation	Description	Impact	Effective date
IFRS 5	Non-current assets held for sale and discontinued operations - changes in methods of disposal (Annual improvements 2012-2014 cycle)	Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. As this amendment will become effective prospectively, the impact will be assessed for disposal groups during the period of the amendment becoming effective.	1 January 2016
IFRS 7	Financial instruments: disclosures - servicing contracts (Annual improvements 2012-2014 cycle)	The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. The disclosure requirements will be incorporated retrospectively, if needed, when the amendment becomes effective.	1 January 2016
IFRS 7	Financial instruments: disclosures - applicability of the offsetting disclosures to condensed interim financial statements (Annual improvements 2012-2014 cycle)	The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. Upon adoption the disclosure requirements will be incorporated into interim reports where needed.	1 January 2016

Standard or interpretation	Description	Impact	Effective date
IFRS 9	Financial instruments-classification and measurement of financial assets and liabilities	Financial assets: This phase applies to financial assets and simplifies the classification of financial assets whilst retaining the measurement principles, being at fair value or amortised cost. Financial assets are classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The IAS 39 exemption which allows equity instruments to be measured at cost will be limited further and reclassifications between categories will only be allowed in exceptional circumstances. IFRS 9 could impact the classification and measurement of the group's financial assets – the impact has not yet been assessed as the group is still awaiting the finalisation of the other chapters in the accounting standard, e.g. amortised cost and impairment. Financial liabilities: The Standard retains the existing IAS 39 classification and measurement requirements for financial liabilities not designated at fair value through profit or loss using the fair value option as well as the criteria within IAS 39 for using the fair value option for financial liabilities. The changes only affect the measurement of fair value option liabilities. All other requirements in IAS 39 in respect of liabilities are carried forward into IFRS 9. For fair value option liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income (OCI). The remainder of the change in fair value is presented in profit or loss. The Standard prohibits any recycling through profit or loss of amounts recognised in OCI upon derecognition of the liability, but these amounts may be transferred to retained earnings upon derecognition. Liabilities arising from certain derivatives on unquoted equity instruments will no longer be able to be measured at cost and will be required to be measured at fair value. Hedge accounting: Hedge effectiveness testing must be done prospectively and can be qualitative, depending on the complexity of the hedge. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable. The time value of an option, the forward element of a forward contract and any foreign currency basis spread can be excluded from the hedge instrument designation requirement and accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions. The impairment requirements are based on an expected credit loss model that replaces the IAS 39 incurred loss model. The model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, contract assets under IFRS 15 and lease receivables under IAS 17. Entities are generally required to recognise either 12-months' or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised. The impacts of this Standard have not yet been assessed.	1 January 2018

ACCOUNTING POLICIES CONTINUED

Standard or interpretation	Description	Impact	Effective date
IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture - amendments	The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3 *Business combinations*, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. As the amendment will be applied prospectively, the impact will be assessed upon adoption.	1 January 2016
IFRS 11	Joint arrangements – accounting for acquisitions of interests in joint operations (amendments to IFRS 11)	The amendment amends IFRS 11 such that the acquirer of an interest in a joint operation, in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11. Accordingly, a joint operator that is an acquirer of such an interest has to: • measure most identifiable assets and liabilities at fair value; • expense acquisition-related costs (other than debt or equity issuance costs); • recognise deferred taxes; • recognising any goodwill or bargain purchase gain; • perform impairment tests for the cash generating units to which goodwill has been allocated; • disclose information required relevant for business combinations. The amendments apply to the acquisition of an interest in an existing joint operation and also to the acquisition of an interest in a joint operation on its formation, unless the formation of the joint operation coincides with the formation of the business. As the amendment will be applied prospectively, the impact will be assessed upon adoption.	1 January 2016
IFRS 15	Revenue from customer contracts	The core principal of IFRS15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The principles in IFRS 15 will be applied using a five step model which includes the identification of performance obligations within a single contract. Entities will need to exercise judgement when considering the terms of the contracts and all relevant facts and circumstances. The impact of this new standard has not yet been assessed.	1 January 2018

Standard or interpretation	Description	Impact	Effective date
IAS 1	Disclosure initiative - amendments to IAS 1	The amendments to IAS 1 presentation of financial statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify: • The materiality requirements in IAS 1 • That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated • That entities have flexibility as to the order in which they present the notes to financial statements • That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional sub-totals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. The impact of the materiality and sub-totals amendments are still to be assessed. The other amendments will have no impact as these principles are applied already.	1 January 2016
IAS 16, IAS 38	Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	These amendments clarify the principle in IAS 16 Property, plant and equipment and IAS 38 Intangible assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The adoption of these amendments will not have an impact on the group as the straight-line method of depreciation is used to depreciate property, plant and equipment.	1 January 2016
IAS 19	Employee benefits – discount rate: regional market issue (Annual improvements 2012-2014 cycle)	The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment will have no impact on the group as the application of the projected unit credit method in South Africa is based on government bond rates and all the group's plans are denominated in the South African rand, being the group's functional currency.	1 January 2016

ACCOUNTING POLICIES CONTINUED

Standard or interpretation	Description	Impact	Effective date
IAS 27	Equity method in separate financial statements – amendments to IAS 27	The amendments to IAS 27 Separate financial statements allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, an entity must account for these investments either: • At cost • In accordance with IFRS 9 (or IAS 39) Or • Using the equity method The entity must apply the same accounting for each category of investment. A consequential amendment was also made to IFRS 1 *First-time adoption of International Financial Reporting Standards*. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment. Northam currently accounts for investments in subsidiaries, joint ventures and associates at cost in its separate financial statements and does not anticipate adopting the equity accounting method in accounting for these investments when the amendment becomes effective.	1 January 2016
IAS 34	Interim financial reporting (annual improvements 2012-2014 cycle)	The amendment clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g. in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The disclosures required by this amendment will be incorporated into the interim reports presented when the amendment becomes effective.	1 January 2016

The group does not intend early adopting any of the above amendments, standards and interpretations.

2. CONSOLIDATION

The consolidated financial statements include the results, financial position and cash flows of Northam, its subsidiaries, joint ventures and associates. A subsidiary is an entity that is controlled due to the company being exposed or having rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of any subsidiary acquired or disposed of during the year are included from the date control was obtained up to the date control ceased to exist. Where an acquisition of a subsidiary is made during the financial year, any excess or deficit of the purchase price compared to the fair value of the attributable net identifiable assets is recognised respectively as goodwill (excess) and accounted for as described in the goodwill accounting policy note 4 or in profit or loss (deficit) as a bargain purchase gain.

The financial statements of the subsidiaries are prepared for the same reporting period as Northam, using consistent accounting policies, and all intra-group transactions and balances are eliminated on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not held by the group and are presented separately in profit or loss and within equity in the consolidated statement of financial position, separately from parent shareholders equity. Changes in the group's ownership interest in a subsidiary that do not result in the group losing control of the subsidiary are equity transactions.

If the group loses control of a subsidiary, the group shall:

- Derecognise the assets and liabilities of the former subsidiary.
- Recognise any investment retained in the former subsidiary at its fair value when control is lost and subsequently account for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with IAS 39 or, when appropriate, the cost on initial recognition of an investment in associate or joint venture.
- Recognise the gain or loss associated with the loss of control in profit or loss.

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

3. ASSOCIATES AND JOINT ARRANGEMENTS

An associate is an entity in which the group has significant influence. The group has an interest in a "joint venture" which is classified as an investment in associate due to the existence of significant influence as opposed to joint control; as well as other interests in associates. The group's investment in its associates is accounted for using the equity method of accounting except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current assets held for sale and discontinued operations*.

The group also has an interest in a joint arrangement which is classified as a joint venture in terms of IFRS 11 *Joint arrangements*. The group's investment in this joint venture is accounted for using the equity method of accounting except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5.

Under the equity method, the investment in the associates and joint venture is carried in the statement of financial position at cost plus post acquisition changes in the group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Profit or loss in the Statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in other comprehensive income or equity of the associate or joint venture, the group recognises its share of any changes and recognises this, when applicable, in other comprehensive income or equity within the statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The share of profit of associates or joint venture is shown on the face of the Statement of comprehensive income in profit or loss. This is the profit attributable to equity holders of the associate or joint venture and is therefore profit after tax and non-controlling interests.

The financial statements of the associates and joint venture are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the group.

After application of the equity method, the group determines whether it is necessary to recognise an impairment loss on the group's investment in its associates or joint venture. The group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

ACCOUNTING POLICIES CONTINUED

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

4. BUSINESS COMBINATIONS AND GOODWILL

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

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

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

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the date of acquisition. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss. Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) that is expected to benefit from the combination. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Goodwill is tested for impairment annually or more frequently if events or circumstances suggest that it might be impaired and an impairment loss recognised is not reversed in a subsequent period.

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

5. PROPERTY, PLANT AND EQUIPMENT

5.1 Mining assets

Mining assets are recorded at cost of acquisition less accumulated depreciation and accumulated impairment losses.

5.2 Mine development costs

Capitalised mine development costs include expenditure incurred to develop new orebodies, to define further mineralisation in existing orebodies and to expand the capacity of the mine. Costs include interest capitalised during the construction period until commercial production is reached where development is financed by borrowings, and the net present value of future decommissioning costs. Depreciation is first charged on new mining ventures from the date on which the mining venture reaches commercial production levels. When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development. Mine development costs are depreciated on a straight-line basis, over the estimated economic life of the mine, based on measured and indicated resources which are revised annually.

5.3 Mining plant and equipment

Mining plant and equipment, including the decommissioning asset, is depreciated on a straight-line basis over the lesser of the estimated economic life of the mine, based on measured and indicated resources, which are revised annually, or their expected useful lives. Where items of plant and equipment comprise separate, identifiable components that have differing useful lives, such components are depreciated according to their individual useful lives.

Research costs associated with the design of new items of plant and equipment, or improvements to existing items of plant and equipment, are expensed when incurred, unless the recognition criteria are met.

Items of property, plant and equipment that are withdrawn from use, or have no reasonable prospect of being recovered through use or sale, are regularly identified and impaired/scrapped.

5.4 Decommissioning asset

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

The decommissioning asset is recognised and subsequent changes in the assumptions which impact the asset is reflected in the asset as set out in the decommissioning provision accounting policy note 11.1.1.

5.5 Intangible assets comprising mining properties

Mining properties, comprising mineral rights are recorded at cost of acquisition. Depreciation is first charged on new mining properties from the date on which the mining in respect of the mining property reaches commercial production levels. Mining properties are depreciated on a straight-line basis over the estimated economic life of the mine, based on measured and indicated resources which are revised annually.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is expensed in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense of intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

5.6 Plant and equipment

Office equipment, furniture and vehicles are depreciated using varying rates, ranging between 10% and 20% on a straight-line basis over their expected useful lives.

5.7 Land

Land is recorded at cost of acquisition less accumulated impairment losses and is not depreciated.

5.8 Impairment

At each reporting date, the group assesses whether there is any indication that an asset or cash-generating-unit may be impaired. Where an indicator of impairment exists or where annual impairment testing for an asset is required, the group makes a formal estimate of the asset or cash-generating-unit's recoverable amount. Where the carrying amount of an asset or cash-generating-unit exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount and the difference is recognised in profit or loss. The recoverable amount is the higher of value in use and fair value less cost of disposal.

ACCOUNTING POLICIES CONTINUED

The value in use of mining assets is determined by applying a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset to the anticipated cash flows for the remaining useful life of the assets.

The fair value less costs of disposal of non-mining assets is determined with reference to market values by making use of a valuation model.

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

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

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

An impairment calculation used during a previous financial year can be re-used if:

- the assets and liabilities making up the unit have not changed significantly;
- the recoverable amount is significantly greater than the carrying amount; and
- an analysis of events indicates that the chances of the difference being eliminated are remote.

5.9 Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

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

The assets' residual value, depreciation method and useful life are reviewed, and adjusted prospectively, if appropriate, at each financial year end.

5.11 Subsequent expenditure

Subsequent expenditure relating to an item of property, plant, equipment and mining properties is added to the carrying value of the asset when it is probable that future economic benefits will flow to the group. All other subsequent expenditure is recognised as an expense and included in profit before tax.

6. LAND AND TOWNSHIP DEVELOPMENT

Land and township development, which is an initiative in order to assist the group's employees to acquire their own affordable housing, is initially recognised at cost, being the fair value of the consideration given and including acquisition charges. Where the recoverable amount is less than the carrying value, an impairment loss is recognised in accordance with accounting policy note 5.8. Cost is determined on the basis of land acquisition, development and housing construction cost. Land and township development is derecognised when the risks and rewards of ownership of the property transfers to the employees.

Northam is not a developer of properties but is obligated under South Africa mining legislation to offer certain of its employees house ownership as part of their benefits. To that end it constructs houses which are sold to employees on favourable terms. This activity is undertaken by a 100% owned subsidiary of Northam, which is consolidated into the Northam group. The houses are for employees only and not for third parties or outsiders. Therefore the main aim of the disclosure of the land and township development activities provided is qualitative by nature, i.e. social and community advancement and employee benefits. The main business of the group is mining platinum group metals.

Due to the fact that the assets are recognised on the statement of financial position in accordance with IAS 2, the assets are not depreciated. In addition, these assets do not carry significant risk of impairment because the houses are sold to employees at cost price and there is a shortage of housing at mines. We are therefore comfortable that a buyer (employee) will always be found. Because these assets are normally held for a period of longer than 12 months, they are deemed to be non-current assets. These assets are held at the lower of cost and net realisable value.

The land and township assets are not considered to be part of Northam's normal operating activities, because Northam is a platinum miner. Therefore the decision was taken to disclose these land and township assets as separate non-current assets on the statement of financial position.

7. FINANCIAL INSTRUMENTS

Financial instruments recognised on the statement of financial position include investments, cash and cash equivalents, long term receivables, trade accounts receivable, trade accounts payable, borrowings and derivative instruments. These are recognised when the group becomes party to the contractual agreements. All financial instruments are initially recorded at fair value and in the case of financial instruments not at fair value through profit or loss, directly attributable transaction costs.

7.1 Investments

Investments acquired for the purpose of selling in the near term are classified as held for trading and is part of the fair value through profit or loss category of financial assets. Other investments are classified as available for sale or amortised cost, depending on the nature of the investment.

After initial recognition, investments, which are classified as available for sale, are re-measured at fair value with unrealised gains or losses recognised as other comprehensive income until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired when it is recognised in profit or loss – refer to accounting policy note 7.7.

Gains or losses on investments held for trading are recognised in profit or loss.

After initial recognition, investments at amortised cost are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process. Interest income on these investments is recognised in profit or loss.

7.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and include trade and other receivables, long term receivables and cash and cash equivalents. After initial measurement receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the receivables are derecognised or impaired, as well as through the amortisation process.

7.3 Cash and cash equivalents

Cash and cash equivalents comprise demand and time deposits with banking institutions and money market instruments readily convertible to known amounts of cash subject to insignificant risk of changes in value. Current account balances are only netted off when set-off would apply or when the balances are with the same banking institution. Cash and cash equivalents are subsequently carried at amortised cost.

Negotiable instruments are recorded initially at the fair value of the consideration given subsequent measurement is at amortised cost which is incorporated in the determination of investment income.

7.4 Trade and other payables

Trade and other payables are stated at the recognised obligation less payments made and adjustments made to reflect the fair value of the expected outflow of economic resources and are subsequently carried at amortised cost.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

7.5 Borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

7.6 Derivative instruments

In the ordinary course of its operations, the group is exposed to fluctuations in metal prices, exchange rates and changes in interest rates. The group does not speculate, acquire, hold or issue derivative instruments for trading purposes, and does not apply hedge accounting.

Derivatives are initially measured at fair value and associated transaction costs are charged to profit or loss when incurred. Subsequently these instruments are measured as set out below:

- All forward and option contracts outstanding at reporting date are marked to market and any changes in their fair value is included in net sundry income/(expenditure).
- Gains and losses on all contracts not outstanding at reporting date are recognised and included in net sundry income/(expenditure) at the time that the contracts expire.

ACCOUNTING POLICIES CONTINUED

7.7 Impairment of financial instruments

The group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in estimated future cash flows. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss.

The group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

In relation to loans and receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Available for sale investments

For available for sale investments, the group assesses at each reporting date whether there is objective evidence that an investment or group of investments is impaired.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost.

If an available for sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available for sale are never reversed. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

7.8 Derecognition of financial instruments

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either: (a) the group has transferred substantially all the risks and rewards of the asset or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation. Amortisation is based on the total value of underlying liability still outstanding, as this better reflects the pattern of how the company provides the guarantee.

8. COMMODITY CONTRACTS

Contracts that are entered into and continue to meet the group's expected purchase, sale or usage requirements that were designated for that purpose at their inception and are expected to be settled by delivery are recognised in the financial period when the risks and rewards of ownership of such items have passed.

9. INVENTORIES

9.1 Consumable stores

Consumable stores consist of consumable and maintenance stores and are valued at the lower of cost or net realisable value. Cost is determined on the weighted average cost basis. Consumable stores are under continual review and are written down in regard to age, condition and utility.

9.2 Metal on hand

Stocks of the three major platinum group elements and gold (3 PGEs + Au), either in refined or concentrate form, are valued at the lower of cost of production (including the value of any purchased concentrate) or net realisable value. Production costs include an appropriate portion of overhead expenses. Cost is determined on the first-in, first-out basis. No account is taken of the value of metal in the process of production prior to the production of flotation concentrate.

Other metals are accounted for as by-products and are not capitalised as inventory.

10. DEFERRED TAX

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profits will be available, against which the deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilised in the foreseeable future except:

- where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and when they relate to income taxes levied by the same taxation authority and taxable entity.

ACCOUNTING POLICIES CONTINUED

11. PROVISIONS

11.1 Environmental rehabilitation provisions

11.1.1 Decommissioning provision

Provision is made for the present value of the estimated future decommissioning costs at the end of the mine's life. A decommissioning asset is recognised as part of the underlying property, plant and equipment.

With regards to the provision, the estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the decommissioning provision due to the passage of time is recognised as a finance cost in profit or loss. Other changes in the carrying value of the provision subsequent to initial recognition are adjusted in the determination of the carrying value of the decommissioning asset as opposed to being recognised in profit or loss. If the adjustment result in an addition to the decommissioning asset consideration is given as to whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount in accordance with accounting policy note 5.8.

11.1.2 Environmental restoration provision

Provision is made for the estimated cost to be incurred on long term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the mine.

The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money.

The increase in the restoration provision due to the passage of time is recognised as a finance cost in profit or loss.

In assessing the future liability, no account is taken of the potential proceeds from the sale of assets and metals from the plant clean-up. The future liability is reviewed regularly and adjusted as appropriate for new facts and changes in legislation.

The cost of ongoing programmes to prevent and control pollution and rehabilitate the environment is recognised as an expense when incurred.

11.1.3 Environmental rehabilitation fund

The group makes annual contributions to a dedicated trust fund, the Northam Platinum Restoration Trust Fund ("the Fund"), to fund the expenditure on future decommissioning and restoration. Income earned by the fund is credited to the group's profit or loss in the period to which it relates.

In terms of IFRIC 5 *Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds*, the Fund is consolidated.

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

11.2 Other provisions

Provisions are recognised where the group has a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

12. FOREIGN CURRENCIES

The functional and presentation currency of the group is the South African rand. Transactions in foreign currencies are translated into South African rand at the rates of exchange ruling at the transaction date. Monetary assets or liabilities denominated in foreign currencies are translated at rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Profits and losses arising on the translation of foreign currencies, whether realised or unrealised, are credited to or charged to profit or loss.

13. REVENUE RECOGNITION

Revenue is recognised to the extent it is probable that the economic benefits associated with the transaction will flow to the group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the amounts received or receivable net of value added tax, cash discounts and rebates.

13.1 Metal sales

Revenue from the sale of metal is accounted for when the risks and rewards of ownership have passed and is recorded at the invoiced amounts with an adjustment for provisional pricing at each reporting date. Adjustments, in respect of final assayed quantities and/or prices, arising between the date of recognition of the revenue and the date of settlement are recognised in the period in which the adjustment arises.

13.2 Income from the sale of township land

Income from the sale of township land which is sold under suspensive sale agreements is recognised when the substantial risks and rewards of ownership have been assigned to the purchaser.

13.3 Interest revenue

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

13.4 Dividends

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

13.5 Sundry income

Sundry income is recognised when the right to receive payment has been established.

14. LEASED METAL

When metal is leased to fulfil marketing commitments, the equivalent cost of production is charged to cost of sales in profit or loss and is reflected in the statement of financial position as a liability. On the maturity of the lease the liability is credited to metal inventories.

The leasing transaction costs associated with the borrowed metal are charged to other costs in net sundry revenue on a time proportional basis.

15. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or development of qualifying assets that require a substantial period of time to prepare for their intended use are capitalised. Capitalisation is suspended when the active development is interrupted and ceases when the activities necessary to prepare the asset for its use are complete. Other borrowing costs are recognised as an expense when incurred.

In determining the amount of borrowing cost eligible for capitalisation during a period, any investment income earned on such funds is deducted from the borrowing costs incurred.

16. EMPLOYEE BENEFITS

16.1 Short term employee benefits

Remuneration to employees in respect of services rendered during a reporting period is recognised as an expense in that reporting period. Accruals are made for accumulated leave and are measured at the amount that the group expects to pay when the leave is used.

16.2 Equity compensation plans

16.2.1 Share Option Scheme

Options granted to employees in terms of the rules of the Northam Share Option Scheme (the Scheme) are valued at the grant date using the Binomial Model. The value so determined is recognised as an expense within operating costs, together with a corresponding increase in the equity compensation reserve, evenly over the period between the grant date and the date on which the relevant employees become fully entitled to the award (vesting date).

The cumulative expense recognised for these options at each reporting date until the vesting date reflects the best estimate of the value attributable to the number of options that will ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share and diluted headline earnings per share.

Where employees exercise options in terms of the rules of the Scheme, shares are issued to them as beneficial owners. In exchange, employees pay in cash a consideration equal to the price specified in the option allocated to them. The nominal value of the shares are credited to share capital and the difference between the nominal value and the price of the cash consideration credited to share premium.

ACCOUNTING POLICIES CONTINUED

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

The accumulated credit to the equity compensation reserve in respect of options that have lapsed or been forfeited after their vesting date is transferred to retained earnings.

16.2.2 Share Incentive Plan

Awards granted to employees in terms of the rules of the Northam Share Incentive Plan (the Plan) are measured at fair value based on market prices at the date of grant (measurement date).

The shares awarded in terms of the rules of the Plan comprise: retention shares, which vest after three years with no performance criteria, and performance shares, which also vest after three years. The final number of performance shares that the relevant employee will receive will be subject to certain performance criteria being met. Retention shares awarded prior to November 2014 vest after two years with no performance criteria.

The group initially measures the cost of cash-settled transactions with employees using a market value model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in the profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Annexure 5.

16.2.3 Equity settled instruments in respect to the BEE transaction

Equity settled share-based payment expense relates to the BEE transaction and vested on the grant date. The value of the expense was determined by way of a Monte-Carlo simulation.

16.3 Retirement benefits

Eligible employees are members of various defined contribution schemes.

Employer contributions are recognised as an expense during the period in which the employees' services are rendered.

16.4 Medical benefits

Employer contributions in respect of current medical benefits are recognised as an expense during the period in which the employees' services are rendered.

16.5 Post-retirement medical costs

Eligible employees are members of a defined contribution scheme established to assist those employees to meet post-retirement medical costs.

Employer contributions are recognised as an expense during the period in which the employees' services are rendered. These contributions cease when the employees' service terminate.

16.6 Toro employee empowerment trust

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

The Trust is a structured entity that is consolidated in terms of IFRS 10 *Consolidated financial statements*.

Since the cash distribution is payable to employees after the end of the period in which the related services are rendered and it is not a post-employment benefit or a termination benefit, the Trust is accounted for as an "Other Long Term Employee Benefit" in terms of IAS 19. The benefits payable to employees are therefore measured using the Projected Unit Credit Method.

Independent actuarial valuations are conducted annually. Re-measurements, comprising actuarial gains and losses arising as a result of experience adjustments and/or the effects of changes in actuarial assumptions, the effect of changes to the asset ceiling and the return on plan assets (excluding interest) are recognised immediately in profit and loss when they occur. Any increase in the present value of plan liabilities expected to arise from employee service during the period is charged to operating profit. Net interest is determined by applying the discount rate at the beginning of the year to the net defined liability or asset.

Past-service cost is recognised immediately in profit or loss in the period to the extent that benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

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

17. LEASES

17.1 Group as lessee

A finance lease transfers substantially all the risks and rewards of ownership of an asset to the group.

Assets subject to finance leases are capitalised as property, plant and equipment at the lower of the fair value of the leased asset at inception of the lease or the present value of the minimum lease payments with the related lease obligation recognised at the same amount. Capitalised leased assets are depreciated over the estimated useful lives. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Finance lease payments are allocated between finance costs and the capital repayment so as to achieve a constant rate of interest on the remaining balance of the liability.

Leases in respect of which the lessor retains substantially all the risks and rewards of ownership of an asset are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the period of the lease.

17.2 Group as lessor

Leases in respect of which the group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Operating lease payments received such as those relating to mining properties are recognised as revenue in profit or loss on a straight-line basis over the period of the lease.

18. TAXATION

18.1 Current tax

The charge for current tax is based on the results for the year, as adjusted for by items that are exempt or disallowed, and is calculated using the enacted or substantially enacted tax rates, at the reporting date.

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

18.2 Deferred tax

Deferred tax is provided at enacted or substantially enacted tax rates, as more fully set out in Note 10 – Deferred tax of the accounting policies.

18.3 Dividends withholding tax

The group withholds dividends tax on behalf of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of the group’s tax charge but rather as part of the dividend paid recognised directly in equity.

18.4 Value added tax

Revenue, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authorities, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item where applicable; and
- receivables and payables that are stated with the amount of value added tax included.

19. DIVIDENDS DECLARED

Dividends declared are charged to equity in the period in which the dividend is declared.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

		Group		Company	
		2015	2014	2015	2014
	Note	R000	R000	R000	R000
ASSETS					
Non-current assets		13 367 048	12 745 424	12 988 803	8 369 853
Property, plant and equipment	2	7 065 352	6 287 062	2 419 013	2 295 671
Mining properties and mineral resources	3	5 636 478	5 653 328	109 362	113 091
Interest in associates and joint ventures	5	275 847	496 509	116 961	109 938
Investments in subsidiaries	6	–	–	10 236 000	5 747 619
Unlisted investment	7	6	6	6	6
Land and township development	8	10 000	10 204	–	–
Long term receivables	9	94 503	94 047	–	–
Investments held by Northam Platinum Restoration Trust Fund	10	49 092	46 468	38 868	36 791
Environmental Guarantee Investment	11	52 122	51 024	44 137	42 281
Buttonshope Conservancy Trust	12	11 037	10 702	–	–
Deferred tax asset	19	172 611	96 074	–	–
Long term subsidiary loans	13	–	–	24 456	24 456
Current assets		5 784 288	1 995 572	6 074 996	6 116 903
Short term subsidiary loans	13	–	–	4 201 563	4 588 974
Inventories	14	1 126 550	1 076 853	1 045 353	700 983
Trade and other receivables	15	498 854	244 672	281 497	192 186
Cash and cash equivalents	16	4 138 189	666 174	534 959	634 760
Tax receivable		20 695	7 873	11 624	–
Total assets		19 151 336	14 740 996	19 063 799	14 486 756

	Note	Group 2015 R000	Group 2014 R000	Company 2015 R000	Company 2014 R000
EQUITY AND LIABILITIES					
Stated capital	17	13 778 114	9 178 688	13 778 114	9 178 688
Treasury shares	17	(6 556 123)	–	–	–
Retained earnings		1 139 808	2 223 135	(6 349 735)	2 302 455
Equity settled share based payment reserve	18	874 448	–	1 173 756	–
Share of other comprehensive income from associate		(19 822)	(15 340)	–	–
Equity attributable to owners of the parent		9 216 425	11 386 483	8 602 135	11 481 143
Non-controlling interests		–	5 389	–	–
Total equity		9 216 425	11 391 872	8 602 135	11 481 143
Non-current liabilities		7 310 753	2 157 462	8 235 923	2 063 084
Deferred tax liability	19	521 452	502 097	527 234	506 818
Long term provisions	20	187 217	142 709	114 509	96 834
Long term loans	21	39 963	43 763	–	–
Long term share based payment liability	24	69 466	98 893	58 236	89 432
Domestic medium term notes	25	–	1 370 000	–	1 370 000
Financial guarantee liability	23	–	–	7 535 944	–
Preference share liability	22	6 492 655	–	–	–
Current liabilities		2 624 158	1 191 662	2 225 741	942 529
Current portion of long term loans	21	3 801	3 801	–	–
Short term share based payment liability	24	61 019	69 942	49 974	63 449
Domestic medium term notes	25	1 370 000	–	1 370 000	–
Bank overdraft	16	–	118	–	118
Tax payable		102 072	121 481	–	15 390
Trade and other payables	26	959 996	877 365	685 303	751 577
Short term provisions	27	127 270	118 955	120 464	111 995
Total equity and liabilities		19 151 336	14 740 996	19 063 799	14 486 756

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2015

		Group		Company	
		2015	2014	2015	2014
	Note	R000	R000	R000	R000
Revenue	29	6 173 618	5 477 558	4 629 208	4 702 912
Sales revenue	29	6 035 535	5 339 397	4 230 121	4 268 436
Cost of Sales		5 439 722	5 277 915	3 980 584	4 152 938
Operating costs	30	4 342 571	3 536 002	3 114 831	2 690 872
Concentrates purchased		602 395	918 605	963 011	918 605
Refining and other costs		199 470	267 117	83 408	155 789
Depreciation and write-offs	31	339 949	445 875	165 091	209 430
Change in metal inventories		(44 663)	110 316	(345 757)	178 242
Operating profit		595 813	61 482	249 537	115 498
Share of earnings from associate and joint venture	32	28 769	3 464	–	69
Investment revenue	33	72 043	59 963	220 904	261 274
Finance charges		(245 937)	(176 124)	(140 342)	(170 690)
Sundry expenditure	34	(1 587 264)	(26 724)	(9 244 535)	(89 442)
Sundry income	34	268 250	123 735	377 490	216 334
(Loss)/profit before tax		(868 326)	45 796	(8 536 946)	333 043
Taxation	35	(165 619)	(26 199)	(115 244)	(93 870)
(Loss)/profit for the year		(1 033 945)	19 597	(8 652 190)	239 173
Other comprehensive income		(4 482)	(1 327)	–	–
Items that will not be reclassified subsequently to profit and loss		–	418	–	–
Share of associate's remeasurements of post-employment benefit obligations net of tax		–	418	–	–
Items that will be subsequently reclassified to profit and loss		(4 482)	(1 745)	–	–
Share of associate's exchange differences on translating foreign operations		(4 482)	(1 738)	–	–
Share of associate's fair value adjustment on available for sale financial assets		–	(7)	–	–
Total comprehensive income for the year		(1 038 427)	18 270	(8 652 190)	239 173
(Loss)/profit attributable to:					
Owners of the parent		(1 035 649)	9 486	(8 652 190)	239 173
Non-controlling interests		1 704	10 111	–	–
(Loss)/profit for the year		(1 033 945)	19 597	(8 652 190)	239 173
Total comprehensive income attributable to:					
Owners of the parent		(1 040 131)	8 159	(8 652 190)	239 173
Non-controlling interests		1 704	10 111	–	–
Total comprehensive income for the year		(1 038 427)	18 270	(8 652 190)	239 173

		Cents	Cents
(Loss)/earnings per share	36	(264.3)	2.4
Fully diluted (loss)/earnings per share	36	(264.3)	2.4
Headlines (loss)/earnings per share	36	(202.9)	2.2
Fully diluted headline (loss)/earnings per share	36	(202.9)	2.2

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Stated capital R000	Equity settled share-based payment reserve R000	Retained earnings R000	Other comprehensive income from associate R000	Non-controlling interests R000	Total equity R000
GROUP						
Balance at 1 July 2013	8 599 655	–	2 220 477	(14 013)	9 516	10 815 635
Acquisition of non-controlling interest	–	–	(6 828)	–	(3 172)	(10 000)
Total comprehensive income for the year	–	–	9 486	(1 327)	10 111	18 270
Profit for the year	–	–	9 486	–	10 111	19 597
Other comprehensive income for the year	–	–	–	(1 327)	–	(1 327)
Dividends declared #	–	–	–	–	(11 066)	(11 066)
Issue of new shares	579 033	–	–	–	–	579 033
Balance at 1 July 2014	9 178 688	–	2 223 135	(15 340)	5 389	11 391 872
Acquisition of non-controlling interest	–	–	(46 815)	–	(3 185)	(50 000)
Total comprehensive income for the year	–	–	(1 033 945)	(4 482)	1 704	(1 036 723)
Loss for the year	–	–	(1 033 945)		1 704	(1 032 241)
Other comprehensive income for the year	–	–	–	(4 482)	–	(4 482)
Dividends declared #	–	–	(2 567)	–	(3 908)	(6 475)
Issue of new shares	4 599 426					4 599 426
Treasury shares	(6 556 123)	–	–	–	–	(6 556 123)
Share based payment reserve	–	874 448	–	–	–	874 448
Balance at 30 June 2015	**7 221 991**	**874 448**	**1 139 808**	**(19 822)**	**–**	**9 216 425**
Note	17	18				

Non-controlling interest's portion of dividends declared by entities within the Northam group.

STATEMENT OF CHANGES IN EQUITY CONTINUED

for the year ended 30 June 2015

	Stated capital R000	Equity settled share-based payment reserve R000	Retained earnings R000	Total equity R000
COMPANY				
Balance at 1 July 2013	8 599 655	–	2 063 282	10 662 937
Total comprehensive income for the year	–	–	239 173	239 173
Issue of new shares	579 033	–	–	579 033
Balance at 1 July 2014	9 178 688	–	2 302 455	11 481 143
Loss for the year	–	–	(8 652 190)	(8 652 190)
Share-based payment reserve	–	1 173 756	–	1 173 756
Issue of new shares	4 599 426	–	–	4 599 426
Balance at 30 June 2015	**13 778 114**	**1 173 756**	**(6 349 735)**	**8 602 135**
Note	17	18		

STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

		Group		Company	
		2015	2014	2015	2014
	Note	R000	R000	R000	R000
Cash flows from operating activities		**340 950**	**885 379**	**(117 395)**	**670 485**
Cash generated from operations	37	745 187	693 774	283 498	507 329
Interest received		72 043	52 583	220 904	35 516
Change in working capital	38	(221 248)	270 414	(499 955)	238 050
Taxation paid	39	(255 032)	(131 392)	(121 842)	(110 410)
Cash flows utilised in investing activities		**(1 101 462)**	**(765 945)**	**(4 448 845)**	**(523 201)**
Property, plant, equipment and mining properties and mineral reserves					
Additions to maintain operations		(322 980)	(358 200)	(286 245)	(351 466)
Additions to expand operations		(779 068)	(539 645)	–	–
Proceeds from sale of development ounces		–	137 687	–	–
Disposal proceeds		1 551	3 508	1 402	1 297
Land and township development					
Additions		(1 088)	(2 825)	–	–
Disposals proceeds		885	8 174	–	–
Investment in associate – cash distributed		12 918	69	–	69
Additional investment made in associate		(9 623)	–	(9 623)	–
Decrease/(increase) in subsidiary loans		–	–	387 411	(248 911)
Increase in investments held by Northam Platinum Restoration Trust Fund		(2 624)	(5 520)	(2 077)	(2 878)
Increase in investments held by Environmental Guarantee Investment		(1 098)	(8 617)	(1 856)	(6 316)
Increase in investment held in Buttonshope Conservancy Trust		(335)	(576)	–	–
Additional investment in subsidiary		–	–	(4 650 000)	(10 000)
Dividends received		–	–	112 143	95 004
Cash flows generated from financing activities		**4 232 645**	**248 042**	**4 466 557**	**278 343**
Proceeds from issue of shares		4 600 000	600 000	4 600 000	600 000
Transaction costs		(574)	(20 967)	(574)	(20 967)
Liquidity fees paid		(163 903)	–	–	–
Acquisition of non-controlling interest		(50 000)	(10 000)	–	–
Finance charges		(145 170)	(176 124)	(132 869)	(170 690)
Dividends paid		(3 908)	(11 066)	–	–
Decrease in long term loans		(3 800)	(3 801)	–	–
Revolving credit facilities repaid		–	(250 000)	–	(250 000)
Domestic medium term notes issued		–	120 000	–	120 000
Increase in cash and cash equivalents		**3 472 133**	**367 476**	**(99 683)**	**425 627**
Cash and cash equivalents at beginning of year		**666 056**	**298 580**	**634 642**	**209 015**
Cash and cash equivalents at end of year	16	**4 138 189**	**666 056**	**534 959**	**634 642**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2015

1. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the company and group's financial statements requires management to make judgements, 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-of-disposal or 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 the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

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-of-disposal. 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 judgements were made by management, which are based on management interpretation of market forecast and the future.

	Group and company	
	2015	2014
The main assumptions include:		
long term real platinum price – US$ per ounce	1 663	1 495
long term real exchange rate – US$ = R	11.64	9.00
long term real discount rate – %	15.10	13.40

Management estimated the residual amount of mineral assets that the group is not currently developing. For those assets, the residual amount is calculated on a fair-value-less-cost-of-disposal basis taking into account earlier binding sales agreements between market participants.

1.2 Mine rehabilitation provision

The net present value of current decommissioning and restoration costs are based on the following assumptions:

	Group and company	
	2015	2014
Long term inflation rate for South Africa – %	6.00	6.00
Long term real discount rate – % (based on long bond yield rates)	8.00	8.00

Mine rehabilitation costs will be incurred by the group at the end of the operating life of some of the group's facilities and mine properties. The group assesses its mine rehabilitation provision at each reporting date. The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates 6% (2014: 6%), and changes in discount rates 8% (2014: 8%). These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

1.3 Useful lives and residual values of property, plant and equipment

In assessing the useful lives of its assets, technological innovation, product life cycles, physical condition of the assets and maintenance programmes are taken into consideration by the group.

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 Ore reserve and mineral resource estimates (life of mine)

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the group's mining properties. The group estimates its ore reserves and mineral resources, based on information compiled by appropriately qualified persons, relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resources estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, provision for rehabilitation, recognition of deferred tax assets (if any), and depreciation and amortisation charges. The group estimates and reports ore reserves in line with the principles contained in the South African Code for Reporting of Mineral Resources and Mineral Reserves of 2007, revised in 2009 (SAMREC 2009).

1.5 Production start date for mine developments

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
– Ability to produce metal in saleable form (within specification)
– 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 new mines. Only borrowing costs relating to qualifying assets is capitalised as borrowing costs.

1.7 TORO Employee Empowerment Trust

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

	Group and company	
	2015	2014
Discount rate – %	7.60	7.90
Interest rate – %	7.90	8.20

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2015

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. In the event of the company making a loss, no contributions are made to the trust. Eligible employees will receive payment at the end of each five year cycle, starting from September 2013. The amount of this cash to be distributed is based on the valuation of the fund and Northam does not guarantee any values over and above what is included in the Trust and managed accordingly by the investment manager.

The substance of the transaction has been assessed and, based on the results of this assessment, management has concluded that the Trust is a structured entity under IFRS 10 and, that it controls it with no non-controlling interests. The Trust is accounted for as an "other long term employee benefit" in terms of IAS 19.

1.8 Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Judgement is required to determine which arrangements are considered to be a tax on income as opposed to an operating cost. Judgement is also required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the reporting date could be impacted.

In addition, future changes in tax laws in the jurisdictions in which the group operates could limit the ability of the group to obtain tax deductions in future periods.

1.9 Contingencies

By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

1.10 Inventories

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained PGM ounces is based on assay data, and the estimated recovery percentage is based on the expected processing method.

Stockpile tonnages are verified by periodic surveys.

1.11 Fair value measurement

The group measures financial instruments at fair value at each financial reporting date. Also, from time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g., when the entity acquires a business, or where an entity measures the recoverable amount of an asset or cash-generating unit at fair-value-less-costs-of-disposal.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Changes in estimates and assumptions about these inputs could affect the reported fair value.

1.12 Exploration and evaluation expenditure

The application of the group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely,from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

In addition to applying judgement to determine whether economic benefits are likely to arise from the group's exploration assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the group has to apply a number of estimates and assumptions.

Exploration costs are currently being expensed.

Mineral resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e. measured, indicated or inferred).

If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off in the profit or loss in a period when the new information becomes available.

1.13 Guarantee to BEE SPV

A financial guarantee contract was issued by Northam to Zambezi Platinum to guarantee the preference shares that were issued by Zambezi as part of the BEE transaction.

The redemption of the BEE preference shares is planned to occur through cash accumulation from dividends received from Northam, and after the lock-in the possible sell-off of Northam Platinum Limited shares into the market to realise the capital value, to redeem the preference shares. In the event that this is not sufficient to settle the liability, it will be secured by the Company in terms of a financial guarantee ("Northam Guarantee"), in terms of which Northam Platinum Limited will be responsible for the payment of all amounts which Zambezi Platinum (RF) Limited has contracted but failed to pay in terms of the BEE preference share terms by means of a cash payment or the issue of a determinable number of Northam Platinum Limited shares to the BEE preference shareholders, or a cash and Northam Platinum Limited share combination.

In the Northam separate financial statements, the financial guarantee was recognised as a financial guarantee liability. Refer to note 23 for details of the financial guarantee contract. Measuring the guarantee contract liability required to use of estimates, these assumptions include:

	Company	
	2015	**2014**
Dividend yield rate	0.30%	–
Volatility	30.00%	–
Risk free rate	8.42%	–

The financial guarantee liability is amortised based on the total value of preference shares still outstanding, as this better reflects the pattern of how Northam Platinum Limited provides the guarantee.

1.14 BEE transaction cost

The group executed the BEE transaction during the year, various costs were incurred by the group to facilitate the transaction. The services provided by the advisors included finding appropriate shareholders, raising debt and ensuring that all legal requirements were complied with. These costs were expensed, as there was no reasonable basis on which these costs could be allocated directly to the issuance of the debt (preference shares) or equity (ordinary shares). Also, in undertaking the transaction, the group obtained BEE credentials, which does not qualify for capitalisation.

1.15 Liquidity fees

Subscription undertakings for the full value of the preference shares were secured at a 2.5% liquidity fee. The liquidity fee is classified as a transaction cost in terms of IAS 39 at a group level. In terms of IAS 39.43 transaction costs will be included in the initial measurement of the financial liability, except when it is classified as a financial liability held at fair value through profit or loss. The BEE preference share liability will be measured at amortised cost and therefore the transaction cost should be included on initial measurement.

The liquidity fee payable of R163.9 million is of a capital nature and therefore not tax resulting in a permanent difference.

Included in the Northam Platinum Limited company accounts these costs were expensed as transaction costs.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2015

1.16 Determining the recoverable of investment in associate

In applying IAS 36 to the group's investment in Trans Hex, the group determined the recoverable amount as the higher of the value in use and fair value less costs of disposal. The fair value was calculated with reference to the ruling market price at year end multiplied by the number of shares as required by IFRS 13. No liquidity adjustment was made. The impairment loss was based on value in use which incorporated net cash flows to be received upon disposal of the investment at a future date.

1.17 Zambezi Platinum (RF) Limited

Zambezi Platinum was created and designed for the sole purpose of providing Northam with BEE credentials and as a structure to hold the listed BEE preference shares. If Northam does not comply with the HDSA requirements in the Mining Charter they will not be able to retain their mining rights. Northam is able to direct the strategic direction of Zambezi and as per the subscription and relationship agreement between the two companies, Zambezi's memorandum of incorporation may not be amended or replaced without Northam's prior written consent. Northam assumes full responsibility for the administration of Zambezi as well as any costs incurred by Zambezi up to a certain limit. Furthermore, Northam provides a guarantee for Zambezi's obligation in respect of the preference shares. All these points indicate that Northam has been involved from the inception of the transaction, to ensure that the design and operation of Zambezi achieves the purpose for which it was created. In terms of the transaction, an "N" share was issued to Northam, which gave them the right to implement mitigating action should Zambezi not comply with certain undertakings as per the transaction's agreements and in other limited instances aimed at maintaining the integrity of the transaction at all times. Zambezi can also not dispose of the Northam ordinary shares without the prior consent of Northam. Northam has significant exposure to the variable returns of Zambezi, through the creation and maintenance of the BEE credentials during the 10 year lock-in period as well as through the guarantee provided by Northam. The decision making power of Zambezi's board of directors is restricted to maintaining Northam's BEE credentials and funding arrangements.

All of these factors have been considered in determining that even though Northam Platinum do not have majority of the voting rights in Zambezi, they still have control over the entity.

1.18 Pandora joint venture

The group's interest in the "joint venture" is classified as an investment in an associate due to the existence of significant influence as opposed to joint control. The entity is called the Pandora joint venture because there are four parties that have an interest in the entity, the two main parties hold 85% interest. Joint control only exists for the two majority parties and the minority interest holders only have significant influence due to board representation. Thus the investment has been accounted for as an investment in associate.

1.19 Operating segments

Two operating segments have been identified, being the Zondereinde mine and Booysendal mine. Both of these mines engage in business activities from where they earn revenue and incur expenses, the operating results of these two segments are also regularly reviewed by the chief decision makers at Northam and their performance assessed separately. Furthermore, discrete financial information is available for both segments.

The Zondereinde mine includes the results of Northam Chrome Producers. This segment does not meet the quantitative thresholds to be separately reported and the nature of the products and type of customers is similar to that of Zondereinde.

Zambezi Platinum has been included in Annexure 6 segmental analysis, in order to reconcile the amounts to the reported statement of financial position and statement of comprehensive income. Zambezi Platinum is not a separate operating segment as it does not engage in business activities from which it earns revenue and incurs expenses and in addition to this their operating results are not regularly reviewed by the chief operating decision maker in assessing the performance of the company.

1.20 Equity settled share based payment

Northam will effectively be paying for BEE credentials by distributing Northam ordinary shares to the various participant SPVs. This constitutes a share based payment as defined which will be classified as an equity-settled share-based payment to be delivered after the 10 year lock-in period. Current indications are that there are no vesting conditions attached to the BEE equity that will be held by the BEE participants. The valuation of the share-based expense would therefore take into account the restrictions on the participants' ability to dispose of the shares as well as the fact that they will only receive 10% of actual dividends declared during the 10 year lock-in period. The fair value at grant date will therefore not necessarily be the same as the listed share price. IFRS 2 requires equity-settled transactions to be accounted for at the fair value at grant date, defined as the date at which the entity and another party agree to a share-based payment arrangement, being the date when the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement. This will result in the full share-based payment in respect of the BEE transaction being incurred on day one of the BEE transaction.

2. PROPERTY, PLANT AND EQUIPMENT

Group – 30 June 2015	Mining plant and equipment R000	Mine development costs R000	Decom-mission-ing asset R000	Motor vehicles R000	Total R000
Property, plant and equipment					
at cost	4 951 289	4 115 766	132 814	17 198	9 217 067
accumulated depreciation	(1 766 611)	(354 575)	(25 097)	(5 432)	(2 151 715)
Balance at end of year	**3 184 678**	**3 761 191**	**107 717**	**11 766**	**7 065 352**
Reconciliation of movement in property, plant and equipment					
balance at beginning of year	2 275 249	3 930 054	73 464	8 295	6 287 062
additions to maintain operations	281 805	–	–	4 207	286 012
additions to expand operations	776 140	–	–	2 928	779 068
present value of decommissioning asset capitalised (note 20)	–	–	36 968	–	36 968
disposals at cost	(31 479)	–	–	(7 997)	(39 476)
depreciation charged for the year	(148 516)	(168 863)	(2 715)	(3 005)	(323 099)
accumulated depreciation on disposals during the year	31 479	–	–	7 338	38 817
Balance at end of year	**3 184 678**	**3 761 191**	**107 717**	**11 766**	**7 065 352**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2015

2. PROPERTY, PLANT AND EQUIPMENT continued

Group – 30 June 2014	Mining plant and equipment R000	Mine development costs R000	Decommis-sioning asset R000	Motor vehicles R000	Total R000
Property, plant and equipment					
at cost	3 920 378	4 115 766	95 544	18 318	8 150 006
accumulated depreciation	(1 645 129)	(185 712)	(22 080)	(10 023)	(1 862 944)
Balance at end of year	**2 275 249**	**3 930 054**	**73 464**	**8 295**	**6 287 062**
Reconciliation of movement in property, plant and equipment					
balance at beginning of year	2 117 502	4 016 435	77 477	10 812	6 222 226
additions to maintain operations	358 086	–	–	–	358 086
additions to expand operations	–	537 336	–	2 309	539 645
proceeds from sale of development ounces	–	(137 687)	–	–	(137 687)
reclassification of development tonnes to inventory (note 38)	–	(300 318)	–	–	(300 318)
present value of decommissioning asset capitalised (note 20)	–	–	114	–	114
disposals at cost	(94 464)	–	–	(3 221)	(97 685)
depreciation charged for the year	(197 356)	(185 712)	(4 127)	(3 183)	(390 378)
accumulated depreciation on disposals during the year	91 481	–	–	1 578	93 059
Balance at end of year	**2 275 249**	**3 930 054**	**73 464**	**8 295**	**6 287 062**

Company – 30 June 2015					
Property, plant and equipment					
at cost	4 154 469	–	67 485	7 937	4 229 891
accumulated depreciation	(1 786 243)	–	(21 502)	(3 133)	(1 810 878)
Balance at end of year	**2 368 226**	**–**	**45 983**	**4 804**	**2 419 013**
Reconciliation of movement in property, plant and equipment					
balance at beginning of year	2 260 580	–	32 308	2 783	2 295 671
additions to maintain operations	267 295	–	–	4 207	271 502
present value of decommissioning asset capitalised (note 20)	–	–	14 743	–	14 743
disposals at cost	(17 985)	–	–	(3 373)	(21 358)
depreciation charged for the year	(159 462)	–	(1 068)	(832)	(161 362)
accumulated depreciation on disposals during the year	17 798	–	–	2 019	19 817
Balance at end of year	**2 368 226**	**–**	**45 983**	**4 804**	**2 419 013**

Company – 30 June 2014	Mining plant and equipment and development cost R000	Decom-mission-ing asset R000	Motor vehicles R000	Total R000
Property, plant and equipment				
at cost	3 905 157	52 742	7 103	3 965 002
accumulated depreciation	(1 644 577)	(20 434)	(4 320)	(1 669 331)
Balance at end of year	**2 260 580**	**32 308**	**2 783**	**2 295 671**
Reconciliation of movement in property, plant and equipment				
balance at beginning of year	2 107 197	34 675	5 218	2 147 090
additions to maintain operations	351 352	–	–	351 352
present value of decommissioning asset capitalised (note 20)	–	114	–	114
disposals at cost	(91 013)	–	(2 640)	(93 653)
depreciation charged for the year	(197 242)	(2 481)	(1 036)	(200 759)
accumulated depreciation on disposals during the year	90 286	–	1 241	91 527
Balance at end of year	**2 260 580**	**32 308**	**2 783**	**2 295 671**

3. MINING PROPERTIES AND MINERAL RESOURCES

	Mining properties R000	Mineral resources R000	Total R000
Group – 30 June 2015			
at cost	282 374	5 571 003	5 853 377
accumulated amortisation	(156 952)	(59 947)	(216 899)
Balance at end of year	**125 422**	**5 511 056**	**5 636 478**
Reconciliation of movement in mining properties and mineral resources			
balance at beginning of year	129 151	5 524 177	5 653 328
amortisation charged for the year	(3 729)	(13 121)	(16 850)
Balance at end of year	**125 422**	**5 511 056**	**5 636 478**
Group – 30 June 2014			
at cost	282 374	5 571 003	5 853 377
accumulated amortisation	(153 223)	(46 826)	(200 049)
Balance at end of year	**129 151**	**5 524 177**	**5 653 328**
Reconciliation of movement in mining properties and mineral resources:			
balance at beginning of year	137 822	5 571 003	5 708 825
amortisation charged for the year	(8 671)	(46 826)	(55 497)
Balance at end of year	**129 151**	**5 524 177**	**5 653 328**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2015

3. MINING PROPERTIES AND MINERAL RESOURCES continued

	Mining properties R000	Mineral resources R000	Total R000
Company – 30 June 2015			
at cost	266 314	–	266 314
accumulated amortisation	(156 952)	–	(156 952)
Balance at end of year	**109 362**	**–**	**109 362**
Reconciliation of movement in mining properties and mineral resources:			
balance at beginning of year	113 091	–	113 091
amortisation charged for the year	(3 729)	–	(3 729)
Balance at end of year	**109 362**	**–**	**109 362**
Company – 30 June 2014			
at cost	266 314	–	266 314
accumulated amortisation	(153 223)	–	(153 223)
Balance at end of year	**113 091**	**–**	**113 091**
Reconciliation of movement in mining properties and mineral resources:			
balance at beginning of year	121 762	–	121 762
amortisation charged for the year	(8 671)	–	(8 671)
Balance at end of year	**113 091**	**–**	**113 091**

A register containing the information required by Regulation 25(3) of the Companies Regulations 2011 is available for inspection at the registered office of the company.

4. ACQUISITION OF NON-CONTROLLING INTERESTS

Acquisitions in 2015

Acquisition of non-controlling interest

On 1 August 2014, the company acquired the last remaining 20% of the voting shares in Northam Chrome Producers Proprietary Limited (NCP) which was not held by Northam for a consideration of R50 million. The company now wholly owns NCP.

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
Non-controlling interest				
Non-controlling interest acquired	3 185	–		
Adjustment to retained earnings	46 815	–		
Purchase consideration transferred	50 000	–		

Acquisitions in 2014

On 1 July 2013, the company acquired an additional 10% of the voting shares in Northam Chrome Producers Proprietary Limited (NCP) for a consideration of R10 million. This represented an acquisition of non-controlling interest, and increased the company's shareholding in NCP to 80%.

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
Non-controlling interest				
Non-controlling interest acquired	–	3 172		
Adjustment to retained earnings	–	6 828		
Purchase consideration transferred	–	10 000		

5. INTEREST IN ASSOCIATES AND JOINT VENTURES

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 (joint venture) 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.

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
Dwaalkop joint venture	136 230	300 679	–	–
Pandora joint venture/associate	70 720	114 927	49 356	42 333
Trans Hex Group Limited	68 897	80 903	67 605	67 605
	275 847	496 509	116 961	109 938

Details of the group's share of the comprehensive income and financial position are set out in Annexure 2 from page 186, which forms part of these notes.

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for the year ended 30 June 2015

6. INVESTMENTS IN SUBSIDIARIES

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Khumama Platinum Proprietary Limited [1]	–	–	10 166 000	5 566 000
Mining Technical Services Proprietary Limited [2]	–	–	*	*
Mvelaphanda Resources Proprietary Limited [3]	–	–	–	161 619
Norplats Properties Proprietary Limited [4]	–	–	*	*
Northam Chrome Producers Proprietary Limited [5]	–	–	70 000	20 000
Windfall 38 Properties Proprietary Limited [6]	–	–	*	*
Zambezi Platinum (RF) Limited [7]	–	–	*	–
Balance at end of year	**–**	**–**	**10 236 000**	**5 747 619**

** Represents investment of less than R1 000.*

[1] The company holds 505 (2014: 405) ordinary shares representing a 100% equity interest in Khumama Platinum Proprietary Limited.

[2] The company holds 120 ordinary shares representing a 100% equity interest in Mining Technical Services Proprietary Limited, formerly known as Dialstat Trading Proprietary Limited.

[3] The company holds 217 881 101 ordinary shares representing a 100% equity interest in Mvelaphanda Resources Proprietary Limited. The investment was fully impaired in the current year.

[4] The company holds 100 ordinary shares representing a 100% equity interest in Norplats Properties Proprietary Limited.

[5] The company holds 100 ordinary shares representing a 100% equity interest in Northam Chrome Producers Proprietary Limited (2014: the company held 80 ordinary shares representing a 80% equity interest).

[6] The company holds 100 ordinary shares representing a 100% equity interest in Windfall 38 Properties Proprietary Limited.

[7] The company holds a single N share in Zambezi Platinum (RF) Limited as a protective right.

All companies are incorporated in the Republic of South Africa, and wholly owned, from the current year.

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

7. UNLISTED INVESTMENTS

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Investment in Rand Mutual Assurance Company	6	6	6	6

The unlisted investment represents an equity investment in a mining industry service organisation, Rand Mutual Assurance Company Limited. This investment was acquired a number of years ago to assist with the administration of occupational injuries and diseases. The shares are disclosed at cost as the fair value is not available as the shares are not traded in an active market. Management is not planning to dispose these shares.

8. LAND AND TOWNSHIP DEVELOPMENT

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Balance at beginning of year	10 204	15 553	–	–
Construction in progress	–	23	–	–
Acquisitions	884	2 802	–	–
Disposals	(1 088)	(8 174)	–	–
Balance at end of year	**10 000**	**10 204**	**–**	**–**

Township development comprising 411 residential erven with houses erected thereon in Northam, District of Thabazimbi. 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.

14 houses (2014: 38 houses) were sold in Mojuteng Township of Northam town during the year, totalling the number of houses sold to date at 388 (2014: 373), which includes properties surrendered of 11 during the current year (2014: 3) which will be available for resell in future periods bringing the total number of surrendered properties to 28 (2014: 17).

9. LONG TERM RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Long term receivables	99 692	102 484	–	–
Current portion of long term receivables (note 15)	(5 189)	(8 437)	–	–
Non-current portion of long term receivables	**94 503**	**94 047**	**–**	**–**

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 prime, and repayable over 15 years. In terms of the agreements, employees enjoy the full benefits of home ownership, and at such a time as the loan is paid off, the title to the houses will be transferred to the employees. As at 30 June 2015 there were no receivables (2014: Rnil) which were impaired and fully provided for. The group has pledged the installment sales agreements as security for the loan secured from Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N V (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	
	2015	2014	2015	2014
	R000	R000	R000	R000
Balance at beginning of year	46 468	40 948	36 791	33 913
Contributions made during the year	–	2 774	–	603
Income earned during the year (note 33)	2 624	2 746	2 078	2 275
Balance at end of year	**49 092**	**46 468**	**38 869**	**36 791**

The assets, which mainly consist of cash, 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	
	2015	2014	2015	2014
	R000	R000	R000	R000
Balance at beginning of year	51 024	42 407	42 281	35 965
Contributions made during the year	–	6 000	–	3 000
Management fees	(2 304)	(1 441)	(978)	(479)
Income earned during the year (note 33)	3 402	4 058	2 834	3 795
Balance at end of year	**52 122**	**51 024**	**44 137**	**42 281**

The Environmental Guarantee Investment policy was issued in terms of the insurance guarantee for R157.9 million (2014: R114.9 million) relating to the group and R67.0 million (2014: R49.0 million) for the company.

The assets, which mainly consist of cash, of the Fund are separately administered and the group's right of access to these funds are restricted.

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for the year ended 30 June 2015

12. BUTTONSHOPE CONSERVANCY TRUST

The balance of the fund comprises:

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
Balance at beginning of year	10 702	10 126		
Contributions received during the year	–	141		
Interest earned during the year (note 33)	574	576		
Less expenditure incurred during the year	(239)	(141)		
Balance at end of year	**11 037**	**10 702**		

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, cleanup 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 Booysendal Platinum Proprietary Limited (previously Micawber 278 Proprietary Limited), an indirect subsidiary of Northam. An initial contribution of R10 million was required by Booysendal Platinum in terms of the trust agreement.

Funds of R3.0 million (2014: R2.5 million) are invested with Standard Bank Limited in a call account and R8.0 million (2014:R8.1 million) is held in a Extra Income Fund with Stanlib Collective Investments Limited.

The assets, which mainly consist of cash, of the trust are separately administered and the group's right of access to these funds are restricted.

13. SUBSIDIARY LOANS

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
Long term subsidiary loans receivable				
Norplats Properties Proprietary Limited			24 456	24 456
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), by no later than 30 September 2026.				
Short term subsidiary loans receivable				
Booysendal Platinum Proprietary Limited (previously Micawber 278 Proprietary Limited)			4 159 333	4 556 577
Buttonshope Conservancy Trust			403	–
Mvelaphanda Resources Proprietary Limited			957	945
Norplats Properties Proprietary Limited			26 007	16 284
Windfall 38 Properties Proprietary Limited			14 862	15 167
Mining Technical Services Proprietary Limited (previously Dialstat Trading Proprietary Limited)			1	1
			4 201 563	4 588 974
Total subsidiary loans receivable			4 226 019	4 613 430

The loan to Booysendal Platinum bears interest at JIBAR plus 3.75% from 1 January 2015 on the portion of the loan that relates to third party funding. Previously the loan bore interest at 2.0% below the South African prime interest rate. The loan is repayable on demand and therefore stated as current.

All other loans, except Windfall 38 Properties, are unsecured and interest free, repayable on demand and therefore stated as current.

The loan to Windfall 38 Properties bears 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 comprise:

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Metals on hand and in transit – at net realisable value	1 052 774	1 007 945	993 247	647 491
Chrome finished product – at cost	222	176	–	–
Consumable stores – at cost	73 554	68 732	52 106	53 492
Total inventories at the lower of cost and net realisable value	1 126 550	1 076 853	1 045 353	700 983

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

Included in cost of sales is Rnil (2014: R1.1 million) for consumable stores written down to net realisable value and R273.0 million (2014: R325.3 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	
	2015	2014	2015	2014
	R000	R000	R000	R000
Trade receivables	160 064	108 875	143 068	107 159
Prepayments and deposits	3 946	5 698	3 516	5 088
SARS – value added tax	244 497	61 702	70 343	20 377
Current portion of long term receivables (note 9)	5 189	8 437	–	–
Other	85 158	59 960	64 570	59 562
	498 854	244 672	281 497	192 186

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 2015 a single receivable balance of R22.4 million was impaired (2014: Rnil), relating to other receivables.

The age analysis of trade receivables as at 30 June 2015 is set out in Annexure 1 from page 182, which forms part of these notes.

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for the year ended 30 June 2015

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Cash at bank and on hand	3 779	135 555	1 716	108 441
Restricted cash	104 936	27 300	23 000	23 000
Short term deposits	4 029 474	503 319	510 243	503 319
Cash and cash equivalents	4 138 189	666 174	534 959	634 760
Bank overdraft	–	(118)	–	(118)
Total cash and cash equivalents including bank overdrafts	4 138 189	666 056	534 959	634 642

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods depending on the immediate cash requirements of the group, and earn interest at the respective short term deposit rates.

At 30 June 2015 the group had R1.0 billion (2014: R1.4 billion) of undrawn committed borrowing facilities.

Included in restricted cash is R8.5 million (2014: R4.3 million) that has been pledged to FMO by Norplats Properties Proprietary Limited 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 Properties Proprietary Limited 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.

Restricted cash includes a guarantee of R23.0 million relating to an electricity supply agreement between the company and Eskom Holdings SOC Limited.

Also included in restricted cash is money ring fenced for the benefit of the ESOP Trust, the Zondereinde Community Trust and the Booysendal Community Trust, which may only be spent in terms of the various Trust deeds.

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

	2015		2014	
	R000	Number of shares	R000	Number of shares
	Group and company		Group and company	
Authorised share capital		2 000 000 000		545 000 000
Issued share capital				
At 1 July 2013	8 599 655	382 586 090	8 599 655	382 586 090
Shares issued during the year for cash on the exercise of share options	579 033	15 000 000	579 033	15 000 000
At 1 July 2014	9 178 688	397 586 090	9 178 688	397 586 090
Shares issued as part of the BEE empowerment transaction	4 599 426	112 195 122		
At 30 June 2015	13 778 114	509 781 212		
Treasury shares	(6 556 123)	(159 905 453)		
At 30 June 2015	7 221 991	349 875 759		

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

18. EQUITY SETTLED SHARE BASED PAYMENT RESERVE

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
Balance at beginning of year	–	–	–	–
Creation of an equity compensation reserve as a result of the BEE transaction	874 448	–	1 173 756	–
Balance at end of year	**874 448**	**–**	**1 173 756**	**–**

The issue of preference shares by Zambezi Platinum resulted in a need to account for a share based payment charge and related reserve in terms of IFRS 2. The actual share based payment charge and related reserve were calculated according to market information available as at 30 June 2015.

A Monte Carlo simulation was used to determine the share based payment expense.

These BEE shares vested immediately on grant date. The input relating to the calculation of the share based payment expense included a risk free rate of 8.17%, volatility of 30% and a dividend yield rate of 0.3% over a 10 year period.

19. DEFERRED TAX LIABILITY AND ASSET

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

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
Deferred tax liabilities				
Property, plant and equipment	(612 073)	(585 184)	(622 282)	(596 812)
Metal inventory	(4 755)	(12 662)	(4 755)	(12 662)
Restoration trust fund	(10 883)	(10 301)	(10 883)	(10 301)
Section 24C allowance in respect of long term receivables	(6 791)	(8 977)	–	–
	(634 502)	(617 124)	(637 920)	(619 775)
Deferred tax assets				
Employee benefits relating to leave pay and bonus provisions	49 128	43 441	48 324	43 036
Decommissioning and environmental restoration provisions	32 063	27 155	32 063	27 114
Share-based payment liability	30 299	42 807	30 299	42 807
Calculated loss	1 560	1 624	–	–
	113 050	115 027	110 686	112 957
Net deferred tax liability	(521 452)	(502 097)	(527 234)	(506 818)
The charge in the deferred tax balance is reconciled as follows:				
Deferred tax liability at beginning of year	(502 097)	(476 053)	(506 818)	(484 447)
Charge for the year (per note 35)	(19 355)	(26 044)	(20 416)	(22 371)
Temporary differences in respect of property, plant and equipment	(26 889)	(37 312)	(25 470)	(37 137)
Depreciation component included in metals on hand and in transit	7 907	4 309	7 907	4 309
Temporary differences in respect of restoration trust fund	(582)	(10 301)	(582)	(10 301)
Section 24C allowance in respect of long term receivables	2 186	(5 231)	–	–
Calculated loss	(64)	1 624	–	–
Temporary difference in respect of employee benefits	5 687	4 102	5 288	3 988
Temporary difference in respect of decommissioning and environmental restoration provisions	4 908	1 825	4 949	1 830
Temporary difference in respect of share-based payment liabilities	(12 508)	14 940	(12 508)	14 940
Net deferred tax liability at end of year	(521 452)	(502 097)	(527 234)	(506 818)

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	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
19. DEFERRED TAX LIABILITY AND ASSET continued				
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.				
19.1 Booysendal Platinum Proprietary Limited – deferred tax asset				
A deferred tax asset has been raised for items included in Booysendal Platinum Proprietary Limited as taxable profits will be generated in the foreseeable future against which the deferred tax asset can be utilised.				
Deferred tax liability				
Metal inventory	(947)	(21 065)		
Restoration trust fund	(2 863)	(2 710)		
Employee benefits relating to bonus provisions	–	(3 206)		
	(3 810)	(26 981)		
Deferred tax assets				
Property, plant and equipment	144 666	56 533		
Employee benefits relating to leave provisions	5 160	692		
Decommissioning and environmental restoration provisions	20 358	12 803		
Share-based payment liability	6 237	2 204		
Calculated loss	–	50 823		
	176 421	123 055		
Net deferred tax asset	172 611	96 074		
The charge in the deferred tax balance is reconciled as follows:				
Deferred tax liability at beginning of year	96 074	–		
Charge for the year	76 537	96 074		
Temporary differences in respect of property, plant and equipment	88 133	56 533		
Depreciation component included in metals on hand and in transit	20 118	(21 065)		
Temporary differences in respect of restoration trust fund	(153)	(2 710)		
Calculated loss	(50 823)	50 823		
Temporary difference in respect of employee benefits	7 674	(2 514)		
Temporary difference in respect of decommissioning and environmental restoration provisions	7 555	12 803		
Temporary difference in respect of share-based payment liabilities	4 033	2 204		
Net deferred tax asset at end of year	172 611	96 074		

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
20. LONG TERM PROVISIONS				
Provision for decommissioning costs				
Balance at beginning of year	113 000	105 653	80 402	75 139
Change in estimate and capitalisation of decommissioning costs as part of the development of the Booysendal mine (note 2)	36 968	114	14 743	114
Unwinding of discount (note 30)	–	7 233	–	5 149
Balance at end of year	**149 968**	**113 000**	**95 145**	**80 402**
Provision for restoration costs				
Balance at beginning of year	29 709	27 614	16 432	15 160
Change in estimate (note 30)	5 163	(114)	1 618	59
Unwinding of discount (note 30)	2 377	2 209	1 314	1 213
Balance at end of year	**37 249**	**29 709**	**19 364**	**16 432**
Total long term provisions	**187 217**	**142 709**	**114 509**	**96 834**

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 the 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 15 years (2014: 16 years), and over the remaining life of the Booysendal mine which is currently estimated at over 26 years (2014: 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	
	2015	2014	2015	2014
	R000	R000	R000	R000
Provisions before funding	187 217	142 709	114 509	96 834
Less: Northam Platinum Restoration Trust Fund (note 10)	(49 092)	(46 468)	(38 868)	(36 791)
Less: Environmental Guarantee Investment (note 11)	(52 122)	(51 024)	(44 137)	(42 281)
Net present value of unfunded environmental rehabilitation obligations	86 003	45 217	31 504	17 762
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.				
The present value of the environmental restoration obligation is determined by applying a pre-tax discount rate of 8.0% (2014: 8.0%) and a long term inflation rate of 6.0% (2014: 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:				
Undiscounted decommissioning obligations	215 070	160 450	125 938	108 432
Undiscounted restoration obligations	54 706	43 106	25 631	22 159
Total decommissioning and restoration obligation	269 776	203 556	151 569	130 591
Less: Obligation not requiring financial provision	(51 105)	(46 096)	(51 105)	(46 096)
	218 671	157 460	100 464	84 495
Less: Funds held by Northam Platinum Restoration Trust Fund (note 10)	(49 092)	(46 468)	(38 868)	(36 791)
Environmental Guarantee Investment (note 11)	(52 122)	(51 024)	(44 137)	(42 281)
Total unfunded current rehabilitation obligations	117 457	59 968	17 459	5 423

The group has procured the issue of an insurance guarantee for R157.9 million (2014: R114.9 million) in respect of the unfunded decommissioning and restoration costs, of which R67.0 million (2014: R49.0 million) relates to the company.

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	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
21. LONG TERM LOANS				
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N V (FMO)	43 764	47 564	–	–
Current portion of long term loans	(3 801)	(3 801)	–	–
Total long term loans	39 963	43 763	–	–

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

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

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
22. PREFERENCE SHARE LIABILITY				
Zambezi Platinum preference shares	6 492 655	–	–	–

Zambezi Platinum issued 159 905 453 preference shares, at R41 per share, on 18 May 2015 as a result of the BEE transaction. These are repayable on 18 May 2025 at the end of the lock-in period. The preference's rights, limitations and other terms associated with the Zambezi preference shares are set out in the Zambezi MOI.

The preference shares will accrue a cumulative variable dividend of 3.5% over the prime overdraft rate in South Africa.

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
23. FINANCIAL GUARANTEE LIABILITY				
Financial guarantee	–	–	7 535 944	–

The redemption of the Zambezi Preference Shares is secured by the company in terms of a financial guarantee ("Northam Guarantee"), in terms of which Northam will be responsible for the payment of all amounts which Zambezi Platinum has contracted but failed to pay in terms of the BEE Preference Share terms by means of a cash payment or the issue of a determinable number of Northam shares to the BEE preference shareholders, or a cash and Northam share combination.

24. SHARE BASED PAYMENT LIABILITY

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
Total share-based payment liability	130 485	168 835	108 210	152 881
Short term share based payment liability	(61 019)	(69 942)	(49 974)	(63 449)
Long term share-based payment liability	69 466	98 893	58 236	89 432

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

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 cash-settled rather than an equity-settled share based payment.

Refer to Annexure 5 from page 196, which forms part of these notes, for further details on the share based payments.

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
25. DOMESTIC MEDIUM TERM NOTES AND REVOLVING CREDIT FACILITIES				
Domestic medium term notes	1 370 000	1 370 000	1 370 000	1 370 000
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 matured on 4 September 2015.				
On 11 July 2013, the company raised an additional amount of R120 million in the domestic capital market through a tap issue which matured 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.				
The issues were guaranteed by Northam's wholly owned subsidiaries, Booysendal Platinum Proprietary Limited (previously Micawber 278 Proprietary Limited) and Khumama Platinum Proprietary Limited, who are the statutory entities in which the Booysendal mine is housed.				
Due to the maturity date being 4 September 2015, the Domestic Medium Term Note was classified as current (2014: non-current).				
Revolving credit facilities	–	–	–	–

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. The facility was not drawn at year-end (2014: Rnil).

26. TRADE AND OTHER PAYABLES

Trade and other payables comprise:

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Trade payables	206 830	312 499	149 687	266 257
Accruals	563 785	403 540	385 772	356 069
SARS – value added tax	15 186	13 141	–	–
Other	174 195	148 185	149 844	129 251
	959 996	877 365	685 303	751 577

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

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27. SHORT TERM PROVISIONS

Provision for leave pay

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Balance at beginning of year	118 955	104 670	111 995	104 670
Additional amounts raised	261 209	194 968	255 057	188 008
Utilised	(252 894)	(180 683)	(246 588)	(180 683)
Balance at end of year	**127 270**	**118 955**	**120 464**	**111 995**

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.

28. 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	
	2015	2014	2015	2014
	R000	R000	R000	R000
Assets at fair market value as at 1 July	94 234	127 170	–	–
Expected return on assets	7 420	4 641	–	–
Employer contributions	(28)	9 189	–	–
Benefits paid	(586)	(54 995)	–	–
Actuarial (loss)/gain	(3 405)	8 229	–	–
Assets at fair market value as at 30 June	97 635	94 234	–	–
Unrecognised due to asset ceiling limit	81 056	83 180	–	–
Other long term employee benefit as at 1 July	11 054	51 637	–	–
Service cost	14 252	13 675	–	–
Interest cost	1 976	1 052	–	–
Actuarial gain	(10 117)	(315)	–	–
Benefits paid	(586)	(54 995)	–	–
Other long term employee benefit as at 30 June	16 579	11 054	–	–
Asset/(liability) recognised on the statement of financial position	–	–	–	–

** The "asset ceiling limit" ensures the asset to be recognised on the company's statement of financial position is subject to 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 benefits available to the company is Rnil.

29. REVENUE

Total revenue comprises:

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Sales revenue	6 035 535	5 339 397	4 230 121	4 268 436
Investment revenue (note 33)	72 043	59 963	220 904	261 274
Sundry revenue (note 34)	66 040	78 198	178 183	173 202
	6 173 618	5 477 558	4 629 208	4 702 912

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

30. OPERATING COSTS

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

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Labour (note 41)	1 622 438	1 499 144	1 487 601	1 354 749
Stores	984 392	735 647	833 180	652 232
Utilities	544 217	443 016	447 313	372 396
Sundries	1 183 984	848 850	343 805	305 074
Provision for decommissioning and restoration costs (note 20)	7 540	9 345	2 932	6 421
	4 342 571	3 536 002	3 114 831	2 690 872
The analysis of operating costs by principal activity is as follows:				
Mining operations	3 518 241	2 814 611	2 469 040	2 112 238
Smelter operations	74 900	77 266	74 900	77 266
Base metal removal plant operations	59 716	38 769	59 716	38 769
Overheads	682 174	596 011	508 243	456 178
Provision for decommissioning and restoration costs (note 20)	7 540	9 345	2 932	6 421
	4 342 571	3 536 002	3 114 831	2 690 872
Sundry operating costs include the following:				
Directors' remuneration				
Non executive fees	3 503	3 701	3 503	3 701
Executive remuneration (agreed to annexure PA Dunne and AZ Khumalo)	18 128	58 652	18 128	58 652
Share-based payment expense	36 037	139 081	22 994	117 739
Operating lease payments				
Office equipment	2 131	2 475	1 126	1 063
Premises	4 723	1 456	1 201	1 454

Details of directors' remuneration are contained in the directors' report on page 124.

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31. DEPRECIATION

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

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
Mining property	16 850	55 497	3 729	8 671
Property, plant and equipment and mine development costs	317 379	383 068	159 462	197 242
Decommissioning asset	2 715	4 127	1 068	2 481
Vehicles	3 005	3 183	832	1 036
	339 949	445 875	165 091	209 430
32. SHARE OF EARNINGS FROM ASSOCIATES AND JOINT VENTURES				
Share of earnings from associates/dividends received (refer Annexure 2)	28 769	3 464	–	69
33. INVESTMENT REVENUE				
Investment revenue consists of the following:				
Interest received on cash and cash equivalents and other	55 595	43 802	26 892	35 516
Interest received from subsidiary	–	–	189 100	219 688
Interest received on installment sale agreement	9 848	8 781	–	–
Interest received in Northam Platinum Restoration Trust Fund (note 10)	2 624	2 746	2 078	2 275
Interest received in Environmental Guarantee Investment (note 11)	3 402	4 058	2 834	3 795
Interest received in Buttonshope Conservancy Trust (note 12)	574	576	–	–
	72 043	59 963	220 904	261 274
34. NET SUNDRY INCOME				
Net sundry income is arrived taking into account the following:				
Dividends received	–	–	112 143	95 004
Treatment charges in respect of concentrates purchased	66 040	78 198	66 040	78 198
Sundry revenue (note 29)	66 040	78 198	178 183	173 202
Rent received	5 847	5 926	5 803	5 870
Sale of scrap	2 028	2 675	1 935	2 620
Insurance claim	183 774	–	183 774	–
Other income	3 379	4 829	1 644	2 535
Currency translation gain	6 151	32 107	6 151	32 107
Profit on sale of property, plant and equipment	1 031	–	–	–
Total sundry income	268 250	123 735	377 490	216 334
Sundry expenditure				
Loss on sale of property, plant and equipment	(139)	(1 118)	(139)	(829)
Amortisation of participation interest of the Pandora joint venture	(2 600)	(2 600)	(2 600)	(2 600)
Net BEE Lock in fee	(242 429)	–	(174 198)	–
Write-down of investments and accounts receivable	(261 488)	–	(184 054)	(73 799)
IFRS 2 share based payment expense relating to BEE transaction	(874 448)	–	(1 173 756)	–
Guarantee charge	–	–	(7 535 944)	–
Corporate action costs	(172 640)	–	(162 491)	–
Other expenditure	(33 520)	(23 006)	(11 353)	(12 214)
Total sundry expenditure	(1 587 264)	(26 724)	(9 244 535)	(89 442)
Net sundry expenditure/income	(1 319 014)	97 011	(8 867 045)	126 892

35. TAXATION

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Current income tax				
Current income tax charge	210 884	102 829	92 682	78 202
Adjustment in respect of current income tax of previous year	(530)	(6 600)	2 146	(6 703)
Dividend withholding tax	12 447	–	–	–
	222 801	96 229	94 828	71 499
Deferred tax				
Relating to origination and reversal of temporary differences (note 19)	(57 182)	(17 583)	20 416	22 371
Relating to calculated tax losses (note 19)	–	(52 447)	–	–
Income tax expense reported in profit or loss	165 619	26 199	115 244	93 870
Taxation comprises:				
Mining tax	51 350	32 437	51 350	32 437
Non mining tax	84 918	70 327	41 308	45 700
Tax on share of earnings from associate – current year	24	65	24	65
Adjustment in respect of prior years	(530)	(6 600)	2 146	(6 703)
Temporary differences	(57 182)	(17 583)	20 416	22 371
Calculated loss	–	(52 447)	–	–
Dividend withholding tax	12 447	–	–	–
Capital gains tax	74 592	–	–	–
	165 619	26 199	115 244	93 870
A reconciliation of the standard rate of South African tax compared with that charged in the statement of comprehensive income is set out below:	%	%	%	%
South African normal tax	28.0	28.0	28.0	28.0
Adjustments in respect of prior periods	–	(14.4)	–	(2.0)
Expenditure disallowed and other adjustments	(37.1)	43.6	(29.8)	2.2
Exempt income and other adjustments	–	–	0.4	–
Dividend withholding tax	(1.4)	–	–	–
Capital gains tax	(8.6)	–	–	–
Effective tax rate	(19.1)	57.2	(1.4)	28.2

35.1 Mining tax

The current rate of mining tax applicable to the company is 28% (2014: 28%).

35.2 Non-mining tax

Non-mining income is subject to a rate of 28% (2014: 28%).

35.3 Deferred tax

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

35.4 Dividends withholding tax

Dividends withholding tax is levied at 15% for local shareholders, who are not companies.

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35. TAXATION continued

35.5 Capital gains tax

Capital gains tax at an effective rate of 18.7% is payable on any gains realised on the disposal of investments or mining properties.

35.6 Tax on share of earnings from associate

Mining and non-mining income is subject to a rate of 28% (2014: 28%).

36. EARNINGS AND DIVIDEND PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares of 391 834 708 (2014: 390 969 652) outstanding during the year. Headline earnings per share are based on headline earnings and are reconciled to profit attributable to shareholders as follows:

	Group		Company	
	2015 R000	2014 R000	2015 R000	2014 R000
(Loss)/profit attributable to shareholders	(1 035 649)	9 486		
(Profit)/loss on sale of property, plant and equipment	(892)	1 118		
Impairment of associate's assets	17 493	–		
Negative goodwill on assets acquired by associate	(26 804)	–		
Profit on sale of associate's investment	(7 105)	(2 347)		
Foreign currency differences on repayment of long term receivables from associates foreign operations reclassified to profit or loss	(922)	–		
Impairment of property, plant and equipment	2 525	–		
Impairment of investments and receivable balances	261 488	–		
Tax effect on above	(5 097)	344		
Headline (loss)/earnings	(794 963)	8 601		
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)	–	–		
The number of potential diluted shares are calculated as follows:				
Average number of ordinary shares in issue during the year	391 834 708	390 969 652		
Average number of potential diluted ordinary shares in issue	391 834 708	390 969 652		

37. CASH GENERATED FROM OPERATIONS

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
(Loss)/profit before taxation	(868 326)	45 796	(8 536 946)	333 043
Adjusted for non-cash items				
Profit/(loss) on disposal of property,plant and equipment	(892)	1 118	139	829
Depreciation and write-offs	339 949	445 875	165 091	209 430
Increase in long term provisions	44 508	9 442	17 675	6 535
Movement in financial guarantee	–	–	7 535 944	–
Increase in long term receivables	(456)	(6 647)	–	–
Change in short term provisions	8 315	14 285	8 469	7 325
Equity settled share based payment expense	874 448	–	1 173 756	–
Share of profit from associate	(28 769)	(3 464)	–	(69)
Amortisation of participation interest in the Pandora joint venture	2 600	2 600	2 600	2 600
Finance charges on preference shares	100 767	–	–	–
Impairment of investment in associate subsidiary	239 054	–	161 619	73 799
Cash settled share based payment	(38 350)	61 228	(44 671)	53 355
Interest paid	145 170	176 124	132 869	170 690
Interest received	(72 831)	(52 583)	(220 904)	(255 204)
Dividend received	–	–	(112 143)	(95 004)
	745 187	693 774	283 498	507 329
38. CHANGE IN WORKING CAPITAL				
Inventories	(49 697)	(198 323)	(344 370)	171 350
Reclassification of Development tonnes to inventory (Note 2)	–	300 318	–	–
Trade and other receivables	(254 182)	303 248	(89 311)	141 773
Trade and other payables	82 631	(134 829)	(66 274)	(75 073)
	(221 248)	270 414	(499 955)	238 050
39. TAXATION PAID				
Balance owing at beginning of year	113 608	147 318	15 390	52 848
Profit or loss charge	222 801	96 229	94 828	71 499
Write-off of state share of profits	–	1 453	–	1 453
Balance owing at end of year	(81 377)	(113 608)	11 624	(15 390)
	255 032	131 392	121 842	110 410

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40. COMMITMENTS

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Capital Expenditure – Booysendal mine				
Authorised but not contracted	367 584	338 204	–	–
Contracted	74 506	145 186	–	–
Capital Expenditure – Zondereinde mine				
Authorised but not contracted	795 628	172 316	795 628	172 316
Contracted	42 376	154 060	42 376	154 060
Information Technology Outsource Service Providers				
Due within one year	26 675	10 293	20 986	10 293
Due within two to five years	18 403	21 460	13 785	21 460
Operating lease rentals – office equipment				
Due within one year	2 136	1 947	1 442	1 126
Due within two to five years	1 684	1 004	1 483	1 004
Operating lease – premises				
Due within one year	5 599	4 585	2 797	1 201
Due within two to five years	27 324	13 588	12 545	2 233
More than five years	–	5 959	–	–
Housing development				
Authorised	4 800	4 800	4 800	4 800
Bank guarantees issued	73 266	78 736	73 266	78 736

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

41. EMPLOYEE BENEFITS

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
The aggregate earnings and benefits of employees, including directors, were:				
Salaries, wages and other benefits	1 405 790	1 331 209	1 292 544	1 193 532
Contributions to retirement benefit funds	114 565	99 685	107 479	94 160
Contributions to health-care funds	66 074	59 061	64 612	57 868
Share based payment expense	36 037	–	22 994	–
Employee empowerment scheme (note 28)	(28)	9 189	(28)	9 189
	1 622 438	1 499 144	1 487 601	1 354 749
Fees paid to non-executive directors	3 503	3 701	3 503	3 701
	1 625 941	1 502 845	1 491 104	1 358 450

Please see Annexure 4 on page 194 for the directors' remuneration disclosed per director.

42. 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.

43. SEGMENTAL REPORTING

The group has two (2014: two) business segments, the Zondereinde mine and 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.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's principal financial liabilities, comprise loans and borrowings including preference shares, trade and other payables, and a financial guarantee contract. 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 the following 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 cash flows 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 exchange rates 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	
	2015 R000	2014 R000	2015 R000	2014 R000
Weakening by 10%	5 192	16 424	5 192	16 424
Strengthening by 10%	(5 192)	(16 424)	(5 192)	(16 424)
At year end the foreign currency value of items under their respective statement of financial position classifications were as follows:				
Accounts receivable – US$	5 415	5 327	5 415	5 327
Cash and cash equivalents – US$	–	10 150	–	10 150
Accounts payable – €	(1 023)	–	(1 023)	–
Exchange rates at year end:				
ZAR/US $	12.16	10.61	12.16	10.61
ZAR/€	13.62	14.50	13.62	14.50

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44. 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.

The following is an indication of the effect that changes in the commodity prices would have on the profit before tax, based on the outstanding accounts receivable balance at year end:

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Increase of 10%	16 006	10 716	16 006	10 716
Decrease of 10%	(16 006)	(10 716)	(16 006)	(10 716)

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 1.

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	
	2015	2014	2015	2014
	R000	R000	R000	R000
Cash and cash equivalents				
Increase of 1%	41 382	6 661	5 350	6 346
Decrease of 1%	(41 382)	(6 661)	(5 350)	(6 346)
Floating rate borrowings				
Increase of 1%	(79 064)	(14 176)	(13 700)	(13 700)
Decrease of 1%	79 064	14 176	13 700	13 700

(f) Fair value

The fair value of financial instruments is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Management is of the opinion that the book value of financial instruments approximates fair value. 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.

(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 N V (FMO) (note 21) by Norplats Properties Proprietary Limited, 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 matured on 4 September 2015. On 11 July 2013, the company raised an additional amount of R120 million in the domestic capital market through a tap issue which also matured 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 no amount of the Nedbank facility was utilised.

Zambezi Platinum Limited issued 159 905 453 preference shares at R41 per share on 18 May 2015 in terms of the BEE transaction. These preference shares are repayable in 10 years time, and accrue cumulative variable dividends at 3.5% over the prime overdraft rate in South Africa.

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

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 (which consists of equity) 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 shareholders or issue new shares.
No changes were made in the objectives, policies or processes during the years ended 30 June 2015 and 30 June 2014.

(i) Categories of financial instruments

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

45. EVENTS AFTER THE REPORTING DATE

Shareholders were advised on 30 July 2015 that the management of Zondereinde has signed a three-year wage agreement with the recognised union at the mine.

46. MAJOR SHAREHOLDERS AND SHAREHOLDER SPREAD

Please refer to major shareholders at 30 June 2015 on page 126 of the directors' report and shareholder spread at 30 June 2015 on page 126 of the directors' report.

ANNEXURE 1

ANALYSIS OF FINANCIAL INSTRUMENTS AT 30 JUNE 2015

A) CATEGORIES OF FINANCIAL INSTRUMENTS

	Investment in equity instruments measured at cost		Loans and receivables		Financial assets and liabilities at amortised cost		Non-financial instruments		Total	
	Year ended 30 June 2015	Year ended 30 June 2014	Year ended 30 June 2015	Year ended 30 June 2014	Year ended 30 June 2015	Year ended 30 June 2014	Year ended 30 June 2015	Year ended 30 June 2014	Year ended 30 June 2015	Year ended 30 June 2014
	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000
Group										
Unlisted investments	6	6	–	–	–	–	–	–	6	6
Long term receivables	–	–	94 503	94 047	–	–	–	–	94 503	94 047
Investments held by Northam Platinum Restoration Trust Fund	–	–	–	–	49 092	46 468	–	–	49 092	46 468
Environmental Guarantee Investment	–	–	–	–	52 122	51 024	–	–	52 122	51 024
Buttonshope Conservancy Trust	–	–	–	–	11 037	10 702	–	–	11 037	10 702
Trade and other receivables	–	–	250 411	177 272	–	–	248 443	67 400	498 854	244 672
Cash and cash equivalents	–	–	4 138 189	666 056	–	–	–	–	4 138 189	666 056
Trade and other payables	–	–	–	–	(944 810)	(864 224)	(15 186)	(13 141)	(959 996)	(877 365)
Loans and unsecured lending	–	–	–	–	(7 906 419)	(1 417 564)	–	–	(7 906 419)	(1 417 564)
	6	6	4 483 103	937 375	(8 738 978)	(2 173 594)	233 257	54 259	(4 022 612)	(1 181 954)
Company										
Unlisted investments	6	6	–	–	–	–	–	–	6	6
Investments held by Northam Platinum Restoration Trust Fund	–	–	–	–	38 868	36 791	–	–	38 868	36 791
Environmental Guarantee Investment	–	–	–	–	44 137	42 281	–	–	44 137	42 281
Trade and other receivables	–	–	207 638	166 723	–	–	73 859	25 463	281 497	192 186
Cash and cash equivalents	–	–	534 959	634 642	–	–	–	–	534 959	634 642
Subsidiary loans	–	–	–	–	4 226 019	4 613 430	–	–	4 226 019	4 613 430
Trade and other payables	–	–	–	–	(685 303)	(751 577)	–	–	(685 303)	(751 577)
Financial guarantee liability	–	–	–	–	(7 535 944)	–	–	–	(7 535 944)	–
Loans and unsecured lending	–	–	–	–	(1 370 000)	(1 370 000)	–		(1 370 000)	(1 370 000)
	6	6	742 597	801 365	(5 282 223)	2 570 925	73 859	25 463	(4 465 761)	3 397 759

Note: Non financial instruments comprise pre-payments and VAT receivable.

B) TRADE AND OTHER RECEIVABLES

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

	Neither past due nor impaired		30 – 60 days		60 – 90 days		> 90 days		Total	
	Year ended 30 June 2015	Year ended 30 June 2014	Year ended 30 June 2015	Year ended 30 June 2014	Year ended 30 June 2015	Year ended 30 June 2014	Year ended 30 June 2015	Year ended 30 June 2014	Year ended 30 June 2015	Year ended 30 June 2014
	R000	R000	R000	R000	R000	R000	R000	R000	R000	R000
Group	296 622	204 060	57 641	14 825	16 945	1 914	127 646	23 873	498 854	244 672
Company	227 200	158 553	42 332	9 582	8 089	1 892	3 876	22 159	281 497	192 186

ANNEXURE 1 CONTINUED

ANALYSIS OF FINANCIAL INSTRUMENTS AT 30 JUNE 2015

C) LIQUIDITY RISK PROFILE

The table below summarises the maturity profile of the undiscounted cash flows of the company and group's borrowings and trade and other payables.

	Payable on demand		1 to 6 months		More than six months		More than a year		Total	
	Year ended 30 June 2015 R000	Year ended 30 June 2014 R000	Year ended 30 June 2015 R000	Year ended 30 June 2014 R000	Year ended 30 June 2015 R000	Year ended 30 June 2014 R000	Year ended 30 June 2015 R000	Year ended 30 June 2014 R000	Year ended 30 June 2015 R000	Year ended 30 June 2014 R000
Group										
– trade payables	206 830	312 499	–	–	–	–	–	–	206 830	312 499
– accruals	–	–	563 785	403 540	–	–	–	–	563 785	403 540
– South African Revenue Service – value added tax	–	–	15 186	13 141	–	–	–	–	15 186	13 141
– other	–	–	174 195	148 185	–	–	–	–	174 195	148 185
– long term loans	–	–	–	–	70 922	150 982	–	–	70 922	150 982
– unsecured lending	–	–	1 392 552	–	–	1 519 768	–	–	1 392 552	1 519 768
– preference share liability*	–	–	–	–	–	–	21 800 977	–	21 800 977	–
	206 830	312 499	2 145 718	564 866	70 922	1 670 750	21 800 977	–	24 224 447	2 548 115
Company										
– trade payables	149 687	266 257	–	–	–	–	–	–	149 687	266 257
– accruals	–	–	385 772	356 069	–	–	–	–	385 772	356 069
– other	–	–	149 844	129 251	–	–	–	–	149 844	129 251
– unsecured lending	–	–	1 392 552	–	–	1 519 768	–	–	1 392 552	1 519 768
	149 687	266 257	1 928 168	485 320	–	1 519 768	–	–	2 077 855	2 271 345

** The undiscounted cash flows relating to the preference share liability is also the maximum exposure to credit risk regarding the guarantee issued by Northam company.*

ANNEXURE 2

INTEREST IN ASSOCIATES AND JOINT VENTURES AT 30 JUNE 2015

RECONCILIATION OF NORTHAM'S INTEREST IN ASSOCIATES AND JOINT VENTURES

2015

	Interest in Pandora joint venture	Interest in Dwaalkop joint venture	Interest in Trans Hex Group Ltd	Total	Interest in Pandora joint venture	Interest in Trans Hex Group Ltd	Total
	7,50%	50,00%	20,30%		7,50%	20,30%	
	Group	Group	Group	Group	Company	Company	Company
	R000	R000	R000	R000	R000	R000	R000
Cost of investment	65 000	300 679	67 821	433 500	65 000	77 509	142 509
Amortisation/Impairment	(15 167)	–	–	(15 167)	(22 667)	(9 904)	(32 571)
	49 833	300 679	67 821	418 333	42 333	67 605	109 938
Additional investment	9 623	–	–	9 623	9 623	–	9 623
Share of earnings previously accounted for	101 217	–	13 082	114 299	–	–	–
(Loss)/profit for the year	(10 747)	–	39 516	28 769	–	–	–
Other comprehensive income	–	–	(4 482)	(4 482)	–	–	–
Current year amortisation	(2 600)	–	–	(2 600)	(2 600)	–	(2 600)
Cash distributions received in previous years	(36 123)	–	–	(36 123)	–	–	–
Cash distributions received in the current year	–	–	(12 918)	(12 918)	–	–	–
Impairment	(40 483)	(164 449)	(34 122)	(239 054)	–	–	–
Other	–	–	–	–	–	–	–
Carrying value of investment in associate	70 720	136 230	68 897	275 847	49 356	67 605	116 961
Dividends received	–	–	–	–	–	12 918	12 918

2014

	Interest in Pandora joint venture	Interest in Dwaalkop joint venture	Interest in Trans Hex Group Ltd	Total	Interest in Pandora joint venture	Interest in Trans Hex Group Ltd	Total
	7,50%	50,00%	20,30%		7,50%	20,30%	
	Group	Group	Group	Group	Company	Company	Company
	R000	R000	R000	R000	R000	R000	R000
Cost of investment	65 000	300 679	67 821	433 500	65 000	77 509	142 509
Amortisation/Impairment	(12 567)	–	–	(12 567)	(12 567)	(9 904)	(22 471)
	52 433	300 679	67 821	420 933	52 433	67 605	120 038
Additional investment	–	–	–	–	–	–	–
Share of earnings previously accounted for	104 536	–	6 083	110 619	–	–	–
(Loss)/profit for the year	(3 319)	–	6 783	3 464	–	–	–
Other comprehensive income	–	–	(1 327)	(1 327)	–	–	–
Current year amortisation	(2 600)	–	–	(2 600)	(2 600)	–	(2 600)
Cash distributions received in previous years	(36 054)	–	–	(36 054)	(7 500)	–	(7 500)
Cash distributions received in the current year	(69)	–	–	(69)	–	–	–
Impairment	–	–	–	–	–	–	–
Other	–	–	1 543	1 543	–	–	–
Carrying value of investment in associate	114 927	300 679	80 903	496 509	42 333	67 605	109 938
Dividends received					69	–	69

ANNEXURE 2 CONTINUED

ANNEXURE 2 CONTINUED

INTEREST IN ASSOCIATES AND JOINT VENTURES AT 30 JUNE 2015

STATEMENT OF COMPREHENSIVE INCOME

	2015				2014			
	Interest in Pandora joint venture	Interest in Dwaalkop joint venture	Interest in Trans Hex Group Ltd	Total	Interest in Pandora joint venture	Interest in Dwaalkop Group Ltd joint venture	Interest in Trans Hex	Total
	7,50%	50,00%	20,30%		7,50%	50,00%	20,30%	
	Group	Group	Group	Group	Group	Group	Group	Group
	R000	R000	R000	R000	R000	R000	R000	R000
Sales	38 013	–	182 767	220 780	23 019	–	155 900	178 919
Cost of sales and operating expenditure	(48 766)	–	(154 365)	(203 131)	(21 111)	–	(141 753)	(162 864)
Operating (loss)/profit	(10 753)	–	28 402	17 649	1 908	–	14 147	16 055
Investment income	73	–	34 516	34 589	259	–	3 173	3 432
Sundry (expenditure)/income	–	–	(6 141)	(6 141)	–	–	2 015	2 015
Other operating costs	–	–	(19 922)	(19 922)	(5 426)	–	(16 334)	(21 760)
Finance charges	(67)	–	(887)	(954)	(60)	–	(937)	(997)
Income tax	–	–	(818)	(818)	–	–	(935)	(935)
Profit from discontinued operation	–	–	4 366	4 366	–	–	5 654	5 654
(Loss)/profit for the year	(10 747)	–	39 516	28 769	(3 319)	–	6 783	3 464
Other comprehensive income	–	–	(4 482)	(4 482)	–	–	(1 327)	(1 327)
Total comprehensive income for the year	(10 747)	–	35 034	24 287	(3 319)	–	5 456	2 137

The interest in Pandora joint venture and Trans Hex Group Limited are accounted for as associates.

The interest in Dwaalkop joint venture is accounted for as a joint venture.

These associates and joint venture are not material for group purposes as they are not considered core to the business and thus the above amounts have been stated at their percentage interest.

ANNEXURE 2 CONTINUED

INTEREST IN ASSOCIATES AND JOINT VENTURES AT 30 JUNE 2015

STATEMENT OF FINANCIAL POSITION

	2015				2014			
	Interest in Pandora joint venture	Interest in Dwaalkop joint venture	Interest in Trans Hex Group Ltd	Total	Interest in Pandora joint venture	Interest in Dwaalkop joint venture	Interest in Trans Hex Group Ltd	Total
	7,50%	50,00%	20,30%		7,50%	50,00%	20,30%	
	Group	Group	Group	Group	Group	Group	Group	Group
	R000	R000	R000	R000	R000	R000	R000	R000
Non-current assets								
Property, plant and equipment	61 496	–	30 344	91 840	63 113	–	54 622	117 735
Financial assets	–	–	65 627	65 627	–	–	22 922	22 922
Deferred tax asset	–	–	138	138				
Current assets	20 169	–	105 604	125 773	14 377	–	103 252	117 629
Inventory	–	–	26 866	26 866	–	–	33 031	33 031
Trade and other receivables	7 274	–	4 878	12 152	7 609	–	4 629	12 238
Prepayments	59	–	–	59	61	–	–	61
Cash and cash equivalents	1 466	–	73 860	75 326	6 707	–	65 592	72 299
Profit share loans due from participants	11 370	–	–	11 370	–	–	–	–
Total assets	81 665	–	201 713	283 378	77 490	–	180 796	258 286
Participants interest	75 553	–	24 633	100 186	72 917	–	25 450	98 367
Total shareholder's interest	–	–	131 374	131 374	–		109 430	109 430
Non-current liabilities	985	–	23 273	24 258	895	–	29 988	30 883
Provision for environmental and rehabilitation obligations	985	–	–	985	895	–	–	895
Deferred tax	–	–	925	925	–	–	8 831	8 831
Other provisions	–	–	22 348	22 348	–	–	21 157	21 157
Current liabilities	5 127	–	22 433	27 560	3 678	–	15 928	19 606
Royalties payable	6	–	–	6	6	–	–	6
Trade and other payables	5 121	–	22 062	27 183	3 672	–	15 777	19 449
Borrowings	–	–	–	–	–	–	176	176
Tax payable	–	–	371	371	–	–	(25)	(25)
Total equity and liabilities	81 665	–	201 713	283 378	77 490	–	180 796	258 286

ANNEXURE 3

SUBSIDIARIES AT 30 JUNE 2015

	Effective holding		Share capital and premium	Interest of holding company				
				Shares		Indebtedness		
	2015	2014		2015	2014	2015	2014	
Name of company	%	%	R000	R000	R000	R000	R000	Nature of business
Broad Brush 2 Proprietary Limited	–	100.0	–	–	**	–	–	Liquidated during the year.
Mining Technical Services Proprietary Limited (previously Dialstat Trading 133 Proprietary Limited)	100.0	100.0	***	*	*	1	1	Dormant
Khumama Platinum Proprietary Limited	100.0	100.0	7 106 126	10 166 000	5 566 000	–	–	Khumama owns 100% of the issued capital of Booysendal Platinum Proprietary Limited (previously Micawber 278 Proprietary Limited).
Booysendal Platinum Proprietary Limited (previously Micawber 278 Proprietary Limited)	100.0	100.0	4 600 000	**	**	4 159 333	4 556 577	Booysendal Platinum Limited owns the mining titles and certain freehold land in respect of the Booysendal mine.
Mvelaphanda Resources Proprietary Limited	100.0	100.0	4 358	–	161 619	957	945	Mvelaphanda Resources holds the group's interest in the Dwaalkop exploration joint venture and the Kokerboom exploration joint venture. The value of the shares was impaired in full in the current year as a result of the impairment in the Dwaalkop joint venture.
NCP Materials Handling Proprietary Limited	–	20.0	–	–	**	–	–	NCP Materials Handling Proprietary Limited is in the process of voluntary liquidation.
NCP Staff Transportation Proprietary Limited	–	39.2	–	–	**	–	–	Liquidated during the year.
Norplats Properties Proprietary Limited	100.0	100.0	***	*	*	50 463	40 740	Norplats Properties owns residential erven in the town of Northam, and has erected houses thereon as part of an initiative to assist Northam employees in acquiring their own affordable houses.
Northam Chrome Producers Proprietary Limited	100.0	80.0	1	70 000	20 000	–	–	Northam Chrome Producers operates a chrome recovery plant at Northam's Zondereinde mine.
Windfall 38 Properties Proprietary Limited	100.0	100.0	***	*	*	14 862	15 167	Windfall owns certain freehold land in respect of Booysendal.
Zambezi Platinum (RP) Limited	–	–	***	*	–	–	–	Zambezi was created for the sole purpose of providing Northam with BEE credentials.
Interest in subsidiaries				10 236 000	5 747 619	4 225 616	4 613 430	

**** Issued capital is less than R1 000.*

*** Indirectly held subsidiary.*

** Investment less than R1 000.*

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

In May 2015, the company acquired an additional 100 shares in Khumama Platinum Proprietary Limited (Khumama) for a consideration of R4 600 million. This bring the company's total shareholding to 505 shares. Khumama is still a wholly owned subsidiary of the company.

The loan to Norplats Properties Proprietary Limited includes a fixed-term loan, further details of which are disclosed in note 13. The loans to Booysendal Platinum Proprietary Limited and Windfall 38 Properties bear interest at 2.0% below South African prime interest rate. The loans to Dialstat Trading 133 and Mvelaphanda Resources are unsecured and interest free. All loans are repayable on demand and are therefore stated as current.

Zambezi Platinum (RF) Limited is consolidated in the Northam Group

Zambezi was created and designed for the sole purpose of providing Northam with BEE credentials and as a structure to hold the listed BEE preference shares. If Northam does not comply with the HDSA requirements in the Mining Charter they will not be able to retain their mining rights. Northam is able to direct the strategic direction of Zambezi and as per the subscription and relationship agreement between the two companies, Zambezi's memorandum of incorporation may not be amended or replaced without Northam's prior written consent.

Northam assumes full responsibility for the administration of Zambezi as well as any costs incurred by Zambezi up to a certain limit. Furthermore, Northam provides a guarantee for Zambezi's obligation in respect of the preference shares. All these points indicate that Northam has been involved from the inception of the transaction, to ensure that the design and operation of Zambezi achieves the purpose for which it was created. In terms of the transaction, an "N" share was issued to Northam, which gave them the right to implement mitigating action should Zambezi not comply with certain undertakings as per the transaction's agreements and in other limited instances aimed at maintaining the integrity of the transaction at all times. Zambezi can also not dispose of the Northam ordinary shares without the prior consent of Northam. Northam has significant exposure to the variable returns of Zambezi, through the creation and maintenance of the BEE credentials during the 10 year lock-in period as well as through the guarantee provided by Northam. The decision making power of Zambezi's board of directors is restricted to maintaining Northam's BEE credentials and funding arrangements.

All of these factors have been considered in determining that even though Northam do not have majority of the voting rights in Zambezi, they still have control over the entity.

ANNEXURE 4

RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 30 JUNE 2015 – KEY MANAGEMENT PERSONNEL

	Non-executive directors fees		Remuneration		Contribution to retirement funds		Performance bonus		Other benefits		Share based payment charge		Total		Total cash payment on cash settlement of share option and incentive schemes obligations	
Where charged/(credited) in statement of comprehensive income	**Operating costs – sundries**		**Operating costs – labour**		**Operating costs – labour**		**Operating costs – labour**		**Operating costs – labour**		**Operating costs – labour**					
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	R000	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**	**R000**
Non-executive directors' remuneration																
ME Beckett	616	611	–	–	–	–	–	–	–	–	–	–	616	611	–	–
CK Chabedi	413	447	–	–	–	–	–	–	–	–	–	–	413	447	–	–
JAK Cochrane	276	340	–	–	–	–	–	–	–	–	–	–	276	340	–	–
R Havenstein	744	718	–	–	–	–	–	–	–	–	–	–	744	718	–	–
NJ Dlamini	–	89	–	–	–	–	–	–	–	–	–	–	–	89	–	–
TE Kgosi	579	643	–	–	–	–	–	–	–	–	–	–	579	643	–	–
AR Martin	557	523	–	–	–	–	–	–	–	–	–	–	557	523	–	–
PL Zim	318	330	–	–	–	–	–	–	–	–	–	–	318	330	–	–
	3 503	3 701	–	–	–	–	–	–	–	–	–	–	3 503	3 701	–	–
Executive directors																
PA Dunne	–	–	5 700	1 900	713	238	2 184	500	50	14	–	–	8 647	2 652	–	–
AZ Khumalo	–	–	2 708	2 392	338	299	1 686	1 629	9	210	4 740	7 694	9 481	12 224	4 740#	–
GT Lewis	–	–	–	3 894	–	487	–	27 040	–	47	–	11 595	–	43 063	–	20 003
	–	–	8 408	8 186	1 051	1 024	3 870	29 169	59	271	4 740	19 289	18 128	57 939	4 740	20 003
Total directors' remuneration	3 503	3 701	8 408	8 186	1 051	1 024	3 870	29 169	59	271	4 740	19 289	21 631	61 640	4 740	20 003
Senior management			30 836	23 953	3 854	3 011	19 024	19 046	6 636	7 667	33 507	46 367	93 857	100 044	13 800	28 458

R1.4 million of this amount should have been paid in F2014 but could not be paid due to closed periods. This was eventually paid in F2015.

Refer to page 125 of the Directors' Report for directors' interests.

No individuals other than directors are considered to be prescribed officers.

ANNEXURE 5 (A)

ANALYSIS OF SHARE OPTIONS HELD AS AT 30 JUNE 2015

								Total
Grant date	**23 October 2006**	**22 October 2007**	**27 November 2008**	**05 November 2009**	**01 July 2010**	**12 October 2010**	**15 November 2013**	
Earliest exercise date	**23 October 2008**	**22 October 2009**	**27 November 2010**	**05 November 2011**	**01 July 2012**	**12 October 2012**		
Expiry date	**22 October 2013**	**21 October 2014**	**26 November 2015**	**04 November 2016**	**30 June 2017**	**11 October 2017**		
Exercise price – rands	**38.45**	**48.00**	**32.38**	**36.95**	**45.59**	**46.59**	**40.00**	
Balance at 30 June 2013	**1 058 000**	**1 397 500**	**1 237 000**	**2 050 000**	**125 000**	**2 907 500**	**–**	**8 775 000**
New options granted during the year	–	–	–	–	–	–	302 551	302 551
Options forfeited/reissued during the year	–	(232 500)	37 500	50 000	–	(332 500)	(57 035)	(534 535)
Options exercised during the year	(1 058 000)	–	(1 114 500)	(1 582 500)	–	–	(67 431)	(3 822 431)
Month								
July	–	–	–	–	–	–	–	–
August	(450 000)	–	(459 500)	(57 500)	–	–	–	(967 000)
September	(353 000)	–	(147 500)	(207 500)	–	–	–	(708 000)
October	(255 000)	–	–	(50 000)	–	–	–	(305 000)
November	–	–	–	–	–	–	–	–
December	–	–	–	–	–	–	–	–
January	–	–	–	–	–	–	–	–
February	–	–	–	(45 000)	–	–	(1 764)	(46 764)
March	–	–	–	(22 500)	–	–	(882)	(23 382)
April	–	–	–	(55 000)	–	–	–	(55 000)
May	–	–	(250 000)	(767 500)	–	–	(39 890)	(1 057 390)
June	–	–	(257 500)	(377 500)	–	–	(24 895)	(659 895)
Balance at 30 June 2014	–	1 165 000	160 000	517 500	125 000	2 575 000	178 085	4 720 585
Options granted during the year	–	–	–	–	–	–	–	–
Options forfeited during the year	–	(1 165 000)	–	–	–	(25 000)	(46 648)	(1 236 648)
Options exercised during the year	–	–	(90 000)	(137 500)	–	(500 000)	(28 521)	(756 021)
Month								
July	–	–	–	–	–	–	–	–
August	–	–	–	–	–	–	–	–
September	–	–	–	–	–	–	–	–
October	–	–	–	–	–	–	–	–
November	–	–	–	–	–	–	–	–
December	–	–	–	–	–	–	–	–
January	–	–	–	–	–	–	–	–
February	–	–	(45 000)	(90 000)	–	(180 000)	(12 351)	(327 351)
March	–	–	–	(22 500)	–	(275 000)	(11 662)	(309 162)
April	–	–	(45 000)	–	–	(45 000)	(3 528)	(93 528)
May	–	–	–	(25 000)	–	–	(980)	(25 980)
June	–	–	–	–	–	–	–	–
Balance at 30 June 2015	–	–	70 000	380 000	125 000	2 050 000	102 916	2 727 916
Total gain on cash-settled options R000	–	–	1 612	1 882	–	2 224	310	6 028

In March 2013 the JSE approved a change to the rules of the Scheme in terms of which option holders may elect to receive either the shares over which an option has been granted or a cash payment equivalent to the difference between the volume weighted average price at which Northam shares traded on the day preceding the exercise date and the exercise price. Options which are cash settled are regarded as having been exercised. All options exercised during the year were cash-settled.

ANNEXURE 5 (A) CONTINUED

ANALYSIS OF SHARE OPTIONS HELD AS AT 30 JUNE 2015

ANNEXURE 5 (A) CONTINUED

								Total
Grant date	**23 October 2006**	**22 October 2007**	**27 November 2008**	**05 November 2009**	**01 July 2010**	**12 October 2010**	**15 November 2013**	
Earliest exercise date	**23 October 2008**	**22 October 2009**	**27 November 2010**	**05 November 2011**	**01 July 2012**	**12 October 2012**		
Expiry date	**22 October 2013**	**21 October 2014**	**26 November 2015**	**04 November 2016**	**30 June 2017**	**11 October 2017**		
Exercise price – rands	**38.45**	**48.00**	**32.38**	**36.95**	**45.59**	**46.59**	**40.00**	
Details of options granted to directors								
PA Dunne								
Balance at 30 June 2014	–	–	–	–	–	–	–	–
New options granted during the year	–	–	–	–	–	–	–	–
Balance at 30 June 2015	–	–	–	–	–	–	–	–
AZ Khumalo								
Balance at 30 June 2013	–	–	–	–	125 000	125 000	–	250 000
New options granted during the year	–	–	–	–	–	–	9 802	9 802
Balance at 30 June 2014	–	–	–	–	125 000	125 000	9 802	259 802
New options granted during the year	–	–	–	–	–	–	–	–
Balance at 30 June 2015	–	–	–	–	125 000	125 000	9 802	259 802

ANNEXURE 5 (B)

ANALYSIS OF SHARE INCENTIVES HELD AS AT 30 JUNE 2015

	04 November 2014 share award	15 November 2013 share award	06 November 2012 share award	22 November 2011 share award	Total
Retention shares					
Balance at 30 June 2013	–	–	904 000	608 000	1 512 000
Shares awarded during the year	–	789 000	–	–	789 000
Shares forfeited/adjusted for performance conditions met during the year	–	(4 600)	(84 800)	8 000	(81 400)
Shares cash-settled during the year	–	(87 400)	(108 200)	(558 000)	(753 600)
Balance at 30 June 2014	–	697 000	711 000	58 000	1 466 000
Shares awarded during the year	750 500	–	–	–	750 500
Shares forfeited/adjusted for performance conditions met during the year	(5 900)	(40 000)	(18 000)	–	(63 900)
Shares cash-settled during the year	(26 400)	(30 000)	(693 000)	(58 000)	(807 400)
Balance at 30 June 2015	718 200	627 000	–	–	1 345 200
Performance shares					
Balance at 30 June 2013	–	–	1 573 000	1 113 000	2 686 000
Shares awarded during the year	–	1 375 000	–	–	1 375 000
Shares forfeited during the year	–	(9 300)	(134 705)	(8 324)	(152 329)
Shares cash-settled during the year	–	(153 700)	(201 295)	(136 676)	(491 671)
Balance at 30 June 2014	–	1 212 000	1 237 000	968 000	3 417 000
Shares awarded during the year	2 220 500	–	–	–	2 220 500
Shares forfeited/adjusted for performance conditions met during the year	(17 500)	(69 000)	(46 000)	(287 280)	(419 780)
Shares cash-settled during the year	(78 200)	(52 000)	(62 000)	(680 720)	(872 920)
Balance at 30 June 2015	2 124 800	1 091 000	1 129 000	–	4 344 800

DETAILS OF SHARE INCENTIVES GRANTED TO DIRECTORS

	04 November 2014 share award	15 November 2013 share award	06 November 2012 share award	22 November 2011 share award	Total
PA Dunne					
Balance at 30 June 2013	–	–	–	–	–
Retention shares awarded during the year	–	–	–	–	–
Performance shares awarded during the year	–	–	–	–	–
Shares forfeited/adjusted for performance conditions met during the year	–	–	–	–	–
Shares cash-settled during the year	–	–	–	–	–
Balance at 30 June 2014	–	–	–	–	–
Retention shares awarded during the year	37 900	–	–	–	37 900
Performance shares awarded during the year	112 400	–	–	–	112 400
Shares forfeited/adjusted for performance conditions met during the year	–	–	–	–	–
Shares cash-settled during the year	–	–	–	–	–
Balance at 30 June 2015	150 300	–	–	–	150 300

	04 November 2014 share award	15 November 2013 share award	06 November 2012 share award	22 November 2011 share award	Total
AZ Khumalo					
Balance at 30 June 2013	–	–	154 000	93 000*	247 000
Retention shares awarded during the year	–	44 000	–	–	44 000
Performance shares awarded during the year	–	78 000	–	–	78 000
Shares forfeited during the year	–	–	–	–	–
Balance at 30 June 2014	–	122 000	154 000	93 000	369 000
Retention shares awarded during the year	37 900	–	–	–	37 900
Performance shares awarded during the year	112 400	–	–	–	112 400
Shares forfeited/adjusted for performance conditions met during the year	–	–	–	(17 700)	(17 700)
Shares cash-settled during the year	–	–	(56 000)	(75 300)	(131 300)
Balance at 30 June 2015	150 300	122 000	98 000	–	370 300

** Allocated shares from this award have vested and were paid out in December 2014.*

The shares awarded in terms of the rules of the Share Incentive Plan (SIP) comprise: retention shares, which vest after three years from grant date with no performance criteria, and performance shares, which vest after three years from grant date. The final number of performance shares that an employee will receive will be subject to certain performance criteria being met. In November 2014 the JSE and shareholders approved a change to the rules of the SIP in terms of which, from then onwards retention shares also vest after three years.

In March 2013 the JSE approved a change to the rules of the SIP in terms of which, upon the vesting of any awards, participants may elect to receive either the shares that have vested or an amount equal to the volume weighted average price at which Northam shares traded on the day preceding the settlement date.

All awards that had not yet vested but were cash-settled during the year relate to employees who retired.

ANNEXURE 5 (C)

SHARE BASED PAYMENT LIABILITY AT 30 JUNE 2015

The carrying amount of the liability relating to the share options scheme and share incentive plan:

	Group R000	Company R000
Long term share based payment liability	98 893	89 432
Short term share based payment liability	69 942	63 449
Total share-based payment liability at 30 June 2014	168 835	152 881
Net movement of share-based payment liability during the year	(38 350)	(44 671)
Share-based payment expense during the year	36 037	22 994
Options/incentive shares cash-settled during the year	(74 387)	(67 665)
Total share-based payment liability at 30 June 2015	130 485	108 210
Long term share-based payment liability	69 466	58 236
Short term share-based payment liability	61 019	49 974

The short term portion is based on the options/shares which will expire in the next 12 months.

The following table lists the inputs to the model used for the share option scheme for the year ended 30 June 2015:

	27 November 2008	05 November 2009	01 July 2010	12 October 2010
Dividend yield (%)	–	–	–	–
Expected volatility (%)	31.71	31.71	31.71	31.71
Risk-free interest rate (%)	6.13	6.68	6.96	7.06
Expected life of share options (years)	0.41	1.35	2.0	2.3
Spot price (R)	40.26	40.26	40.26	40.26
Model used	Market value	Market value	Market value	Market value

The following table lists the inputs to the model used of the share option scheme for the year ended 30 June 2014:

	22 October 2007	27 November 2008	05 November 2009	01 July 2010	12 October 2010
Dividend yield (%)	–	–	–	–	–
Expected volatility (%)	29.30	29.30	29.30	29.30	29.30
Risk-free interest rate (%)	5.85	6.53	6.88	7.10	7.16
Expected life of share options (years)	0.31	1.41	2.35	3.00	3.28
Spot price (R)	45.5	45.5	45.5	45.50	45.50
Model used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

The following table lists the inputs to the model used for the share incentive plan for the year ended 30 June 2015:

	06 November 2012		15 November 2013		04 November 2014	
	Retention shares	Performance shares	Retention shares	Performance shares	Retention shares	Performance shares
Dividend yield (%)	–	–	–	–	–	–
Forfeiture rate (%)	–	0.9	0.9	0.9	0.9	0.9
Expected life of share awards (years)	–	0.35	0.38	1.38	2.35	2.35
Spot price (R)	–	40.26	40.26	40.26	40.26	40.26
Model used	Market value	Market value	Market value	Market value	Market value	Market value

The expected life is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options/incentive shares is indicative of future trends, which may not necessarily be the actual outcome.

The following table lists the inputs to the model used of the share incentive plan for the year ended 30 June 2014:

	22 November 2011		06 November 2012		15 November 2013	
	Retention shares	Performance shares	Retention shares	Performance shares	Retention shares	Performance shares
Dividend yield (%)	–	–	–	–	–	–
Forfeiture rate (%)	–	0.90	0.90	0.90	0.90	0.90
Expected life of share options (years)	–	0.40	0.35	1.35	1.38	2.38
Spot price (R)	45.5	45.5	45.5	45.50	45.50	45.50
Model used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

The expected life is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the operations/incentive shares is indicative of the future trends, which may not necessarily be the actual outcome.

ANNEXURE 6

SEGMENTAL ANALYSIS AT 30 JUNE 2015

SEGMENTAL ANALYSIS AT 30 JUNE 2015

	2015				2014		
	Booysendal operations R000	Zondereinde operations R000	Other (Zambezi) R000	Total group R000	Booysendal operations R000	Zondereinde operations R000	Total group R000
Non current assets	10 321 649	3 045 399	–	13 367 048	9 671 814	3 073 610	12 745 424
Property, plant and equipment	4 619 408	2 445 944	–	7 065 352	4 032 778	2 254 284	6 287 062
Mining properties and mineral resources	5 511 421	125 057	–	5 636 478	5 524 542	128 786	5 653 328
Investment in associates and joint ventures	–	275 847	–	275 847	–	496 509	494 509
Unlisted investments	–	6	–	6	–	6	6
Land and township development	–	10 000	–	10 000	–	10 204	10 204
Long term receivables	–	94 503	–	94 503	–	94 047	94 047
Investments held by Northam Platinum Restoration Trust Fund	10 224	38 868	–	49 092	9 677	36 791	46 468
Environmental Guarantee Investment	7 985	44 137	–	52 122	8 743	42 281	51 024
Buttonshope Conservancy Trust	–	11 037	–	11 037	–	10 702	10 702
Deferred tax asset	172 611	–	–	172 611	96 074	–	96 074
Current assets	3 821 482	1 962 381	425	5 784 288	417 149	1 578 423	1 995 572
Inventories	80 431	1 046 119	–	1 126 550	375 178	701 675	1 076 853
Trade and other receivables	211 547	287 307	–	498 854	41 942	202 730	244 672
Cash and cash equivalents	3 529 504	608 260	425	4 138 189	29	666 145	666 174
Tax receivable	–	20 695	–	20 695	–	7 873	7 873
Total assets	14 143 131	5 007 780	425	19 151 336	10 088 963	4 652 033	14 740 996
Non-current liabilities	83 938	734 160	6 492 655	7 310 753	55 188	2 102 274	2 157 462
Deferred tax liability	–	521 452	–	521 452	–	502 097	502 097
Long term provisions	72 708	114 509	–	187 217	45 727	96 982	142 709
Long term share-based payment liability	11 230	58 236	–	69 466	9 461	89 432	98 893
Long term loans	–	39 963	–	39 963	–	43 763	43 763
Domestic medium term notes	–	–	–	–	–	1 370 000	1 370 000
Preference share liability	–	–	6 492 655	6 492 655	–	–	–
Current liabilities	223 318	2 400 840	–	2 624 158	73 406	1 118 256	1 191 662
Trade and other payables	205 695	754 301	–	959 996	60 304	817 061	877 365
Tax payable	169	101 903	–	102 072	1 101	120 380	121 481
Short term provision	6 409	120 861	–	127 270	5 508	113 447	118 955
Short term share-based payment liability	11 045	49 974	–	61 019	6 493	63 449	69 942
Current portion of long term loans	–	3 801	–	3 801	–	3 801	3 801
Domestic medium terms notes	–	1 370 000	–	1 370 000	–	–	–
Bank overdraft	–	–	–	–	–	118	118
Net assets	13 835 875	1 872 780	(6 492 230)	9 216 425	9 960 369	1 431 503	11 391 872

SEGMENTAL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2015					2014		
	Booysendal operations R000	Zondereinde operations R000	Other (Zambezi) R000	Inter-segmental sales R000	Total group R000	Booysendal operations R000	Zondereinde operations R000	Total group R000
Sales revenue	1 978 081	4 418 070	–	(360 616)	6 035 535	956 203	4 383 194	5 339 397
Cost of Sales	1 781 117	4 019 221	–	(360 616)	5 439 722	1 084 599	4 193 316	5 277 915
– operating costs	1 192 167	3 150 404	–	–	4 342 571	806 784	2 729 218	3 536 002
– concentrates purchased	–	963 011	–	(360 616)	602 395	–	918 605	918 605
– refining and other costs	116 062	83 408	–	–	199 470	111 328	155 789	267 117
– depreciation and write-offs	171 961	167 988	–	–	339 949	234 599	211 276	445 875
– change in metal inventories	300 927	(345 590)	–	–	(44 663)	(68 112)	178 428	110 316
Operating profit/(loss)	196 964	398 849	–	–	595 813	(128 396)	189 878	61 482
Share of earnings from associate	–	28 769	–	–	28 769	–	3 464	3 464
Investment revenue	29 929	41 526	588	–	72 043	6 664	53 299	59 963
Finance charges	(169)	(145 001)	(100 767)	–	(245 937)	–	(176 124)	(176 124)
Net sundry (expenditure)/income	(412 538)	(906 476)	–	–	(1 319 014)	(3 965)	100 976	97 011
(Loss)/profit before tax	(185 814)	(582 333)	(100 179)	–	(868 326)	(125 697)	171 493	45 796
Taxation	(74 279)	165 141	74 757	–	165 619	(93 995)	120 194	26 199
(Loss)/profit for the year	(111 535)	(747 474)	(174 936)	–	(1 033 945)	(31 702)	51 299	19 597
Other comprehensive income								
– share of other comprehensive income from associate	–	(4 482)	–	–	(4 482)	–	(1 327)	(1 327)
Total comprehensive income for the year	(111 535)	(751 956)	(174 936)	–	(1 038 427)	(31 702)	49 972	18 270

ANNEXURE 6 CONTINUED

SEGMENTAL ANALYSIS AT 30 JUNE 2015

	2015					2014		
	Booysendal operations R000	Zondereinde operations R000	Other (Zambezi) R000	Inter-segmental sales R000	Total group R000	Booysendal operations R000	Zondereinde operations R000	Total group R000
Analysis of sales revenue by geographic location of customer								
Europe	455 607	1 270 346	–	–	1 725 953	287 549	999 103	1 286 652
Japan	298 645	754 109	–	–	1 052 754	286 678	1 042 602	1 329 280
North America	370 734	981 886	–	–	1 352 620	242 813	811 847	1 054 660
Australia	383	4 616	–	–	4 999	–	–	–
South Africa	852 712	1 407 113	–	(360 616)	1 899 209	276 850	1 529 642	1 806 492
Less: Proceeds from sale of development ounces	–	–	–	–	–	(137 687)	–	(137 687)
	1 978 081	4 418 070	–	(360 616)	6 035 535	956 203	4 383 194	5 339 397
Analysis of trade receivables by geographic location of customer								
Europe	–	10 159	–	–	10 159	–	7 950	7 950
Japan	–	–	–	–	–	–	–	–
North America	–	55 700	–	–	55 700	–	48 581	48 581
South Africa	16 572	77 633	–	–	94 205	41 942	146 199	188 141
	16 572	143 492	–	–	160 064	41 942	202 730	244 672

	2015				2014		
	Booysendal operations	Zondereinde operations	Other (Zambezi)	Total group	Booysendal operations	Zondereinde operations	Total group
	R000	R000	R000	R000	R000	R000	R000
Other disclosable items							
Additions to non-current assets (excluding financial instruments)	779 068	324 068	–	1 103 136	539 645	361 025	900 670
	779 068	324 068	–	1 103 136	539 645	361 025	900 670

Analysis of sales revenue

The following customers each account for more than 10% of the total sales revenue of the group:

	Group and company	
	2015	2014
Customer 1	1 313 631	901 492
Customer 2	1 030 323	716 190
Customer 3	786 498	687 925
Customer 4	763 003	579 470
Customer 5	612 354	459 097
	4 505 809	3 344 174

REPORTING IN LINE WITH GRI

The following table presents the GRI content index in line with the G4 guidelines, including GRI's G4 Mining and Metals Sector Supplement (MMSS), to which Northam has reported 'in accordance' with the Core option.

GENERAL STANDARD DISCLOSURES		Section heading and page number	Reporting level	External assurance
Strategy and analysis				
G4-1	Provide a statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	Chairman's statement: 13 Chief executive's review: 14 – 17	Fully	Assured
G4-2	Provide a description of key impacts, risks and opportunities	Managing material risks and opportunities: 34 – 39	Fully	Assured
Organisational profile				
G4-3	Report the name of the organisation	Scope: IFC Throughout the report	Fully, throughout the report	Assured
G4-4	Report the primary brands, products and services	Corporate profile: 5 – 6	Fully	Assured
G4-5	Report the location of the organisation's headquarters	Administration and contact information: IBC	Fully	Assured
G4-6	Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	Northam Platinum and the Bushveld Complex: 2 Corporate profile: 3	Fully	Assured
G4-7	Report the nature of ownership and legal form	Corporate profile: 3	Fully	Assured
G4-8	Report the markets served (including geographic breakdown, sectors served, and the types of customers and beneficiaries)	Corporate profile: 5	Fully	Assured
G4-9	Report the scale of the organisation, including: a) Total number of employees b) Total number of operations c) Net sales (for private sector organisations) or net revenues (for public sector organisations) d) Total capitalisation broken down in terms of debt and equity (for private sector organisations) e) Quantity of products or services provided	Our business model: 8 – 9 Five-year sustainability review: 66 – 67	Fully	Assured
G4-10	Report the composition of the workforce, including: a) Report the total number of employees by employment contract and gender b) Report the total number of permanent employees by employment type and gender c) Report the total workforce by employees and supervised workers and by gender d) Report the total workforce by region and gender e) Report whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors f) Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	Five-year sustainability review: 66 Material issue 4: 90 and 93	Fully	Limited assurance

REPORTING IN LINE WITH GRI CONTINUED

GENERAL STANDARD DISCLOSURES		Section heading and page number	Reporting level	External assurance
Organisational profile continued				
G4-11	Report the percentage of total employees covered by collective bargaining agreements	Report of the social, ethics and human resources committee: 27 Material issue 3: 86 – 87	Fully	Limited assurance
G4-12	Describe the organisation's supply chain	Material issue 4: 99	Partially	Assured
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain, including: a) Changes in the location of, or changes in, operations, including facility openings, closings, and expansions b) Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations) c) Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	Scope: IFC Corporate profile: 3 – 7	Fully	Assured
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation	Scope: IFC	Fully	Assured
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	Corporate profile: 6 Corporate governance: 20 Stakeholder engagement: 40 CDP submission at www.cdp.net/enus/results/pages/company-responses	Fully	Assured
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic	Corporate governance: 20 CDP submission at www.cdp.net/enus/results/pages/company-responses Throughout this report The South African mining industry, including Northam, is governed by various laws, codes and guidence initiatives. These include: • MPRDA • NEMA • Employment Equity Act • National Water Act • Mining charter • ILO • Samrec Voluntary codes Northam subscribes to include: • GRI • CDP • SRI • MHSO targts • Framework agreement on a sustainable mining industry • Framework for peace and stability in the mining industry	Fully	Assured

REPORTING IN LINE WITH GRI CONTINUED

GENERAL STANDARD DISCLOSURES		Section heading and page number	Reporting level	External assurance
Identified material aspects and boundaries				
G4-17	a) List all entities included in the organisation's consolidated financial statements or equivalent documents b) Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report	Corporate profile: 3 – 7 Material issue 6: 112 Approval of annual financial statements and company secretary's confirmation: 113	Fully	Assured
G4-18	a) Explain the process for defining the report content and the aspect boundaries b) Explain how the organisation has implemented the reporting principles for defining report content	Scope: IFC	Fully	Assured
G4-19	List all the material aspects identified in the process for defining report content	Our business model: 8 – 9 Our material issues: 10	Fully	Assured
G4-20	For each material aspect, report the aspect boundary within the organisation, as follows: • Report whether the aspect is material within the organisation • If the aspect is not material for all entities within the organisation (as described in G4-17), select one of the following two approaches and report either: • The list of entities or groups of entities included in G4-17 for which the aspect is not material or • The list of entities or groups of entities included in G4-17 for which the aspects is material • Report any specific limitation regarding the aspect boundary within the organisation	Material issues, material issue 1: 78 – 80 Material issue 2: 81 – 85 Material issue 3: 86 – 88 Material issue 4: 89 – 101 Material issue 5: 102 – 103 Material issue 6: 104 – 111	Fully	Assured
Identified material aspects and boundaries continued				
G4-21	For each material aspect, report the aspect boundary outside the organisation, as follows: • Report whether the aspect is material outside of the organisation • If the aspect is material outside of the organisation, identify the entities, groups of entities or elements for which the aspect is material • In addition, describe the geographical location where the aspect is material for the entities identified • Report any specific limitation regarding the aspect boundary outside the organisation	Material issues, material issue 1: 78 – 80 Material issue 2: 81 – 85 Material issue 3: 86 – 88 Material issue 4: 89 – 101 Material issue 5: 102 – 103 Material issue 6: 104 – 111	Fully	Assured
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	Scope: IFC	Fully	Assured
G4-23	Report significant changes from previous reporting periods in the scope and aspect boundaries	Scope: IFC	Fully	Assured
Stakeholder engagement				
G4-24	Provide a list of stakeholder groups engaged by the organisation	Stakeholder engagement: 40 – 41	Fully	Assured
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	Stakeholder engagement: 40 – 41	Fully	Assured
G4-26	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and give an indication as to whether any of the engagement was undertaken specifically as part of the report preparation process	Stakeholder engagement: 40 – 41 Material issue 3: 86 – 88	Fully	Assured
G4-27	Report key topics and concerns raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	Report of the social, ethics and human resources commitee: 32 Stakeholder engagement: 41 Material issue 3: 86 –88	Fully	Assured

REPORTING IN LINE WITH GRI CONTINUED

GENERAL STANDARD DISCLOSURES		Section heading and page number	Reporting level	External assurance
Report profile				
G4-28	Reporting period (such as fiscal or calendar year) for information provided	Scope: IFC	Fully	Assured
G4-29	Date of most recent previous report (if any)	2014, annual reporting cycle	Fully	Assured
G4-30	Reporting cycle (such as annual, biennial)	Scope: IFC	Fully	Assured
G4-31	Provide the contact point for questions regarding the report or its contents	Administration and contact information: IBC	Fully	Assured
G4-32	'In accordance' option: a) Report the 'in accordance' option the organisation has chosen b) Report the GRI Content Index for the chosen option c) Report the reference to the external assurance report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines	Reporting in line with GRI: 210 – 218 Sustainability assurance statement: 219 – 221	Fully	Assured
G4-33	Assurance: a) Report the organisation's policy and current practice with regard to seeking external assurance for the report b) If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided c) Report the relationship between the organisation and the assurance providers d) Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report	Scope: IFC Reporting in line with GRI: 210 – 218 Sustainability assurance statement: 219 – 221	Fully	Assured
Governance				
G4-34	Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	Corporate governance report: 18 – 25	Fully	Assured
G4-36	Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post-holders report directly to the highest governance body	Corporate governance report: 20 – 22 The chief executive takes ultimate responsibility for matters relating to the sustainability of the business	Fully	Assured
G4-38	Report the composition of the highest governance body and its committees by: • Executive or non-executive • Independence • Tenure on the governance body • Number of each individual's other significant positions and commitments, and the nature of the commitments • Gender • Membership of under-represented social groups • Competences relating to economic, environmental and social impacts • Stakeholder representation	Directorate: 18 – 19	Fully	Assured
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organisation's management and the reasons for this arrangement)	Directorate: 18 – 19 Corporate governance report: 20 – 25	Fully	Assured
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: • Cross-board membership • Cross-shareholding with suppliers and other stakeholders • Existence of controlling shareholder • Related party disclosures	Corporate governance report: 21 – 24	Fully	Assured

REPORTING IN LINE WITH GRI CONTINUED

GENERAL STANDARD DISCLOSURES		Section heading and page number	Reporting level	External assurance
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	Corporater governance report: 25 Report of the social, ethics and human resources committee: 26 – 33	Fully	Assured
Highest governance body's role in sustainability reporting				
G4-48	Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material aspects are covered	The chief executive takes ultimate responsibility for matters relating to the sustainability of the business	Fully	Assured
Remuneration and incentives				
G4-51	a) Report the remuneration policies for the highest governance body and senior executives for the types of remuneration below: • Fixed pay and variable pay: • Performance-based pay • Equity-based pay • Bonuses • Deferred or vested shares • Sign-on bonuses or recruitment • Incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes • and contribution rates for the highest governance body, senior • executives, and all other employees b) Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	Report of the social ethics and human resources committee: 26 – 33	Fully	Assured
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organisation	Report of the social ethics and human resources committee: 26 – 33	Fully	
Ethics and integrity				
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Corporate governance: 25 Report of the social ethics and human resources committee: 26 Material issue 3: 88 www.northam.co.za/governance/policies and procedures	Fully	Assured
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines	Material issue 3: 88	Partially, does not report on internal and exernal mechanisms but does say that there are systems via managers	Assured
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Directorate: 25 Material issue 3: 88	Fully	Assured

SPECIFIC STANDARD DISCLOSURES

DMA and indicators		Section heading and page number	Reporting level	External assurance
CATEGORY: ECONOMIC				
Material aspect: Economic performance				
G4-EC1	Direct economic value generated and distributed	Our business model: 8 – 9 Our material issues: 10 Key features F2015: 11 Material issues, material issue 4: 78 – 80	Fully	Assured
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Our business model: 8 – 9 Our material issues: 10 Material issues, material issue 1: 78 – 80	Partially, total financial data has not been collated for F2015 although savings related to specific projects and risks and opportunities are discussed in the carbon disclosure report	Not assured
G4-EC4	Financial assistance received from government	Material issue 4: 89 – 101	Fully	Not assured
Material aspect: Indirect economic impacts				
G4-EC7	Development and impact of infrastructure investments and services supported	Material issue 4: 89 – 101	Fully	Limited assurance
G4-EC8	Significant indirect economic impacts, including the extent of Impacts	Material issues, material issue 1 and 4: 78 – 80, 101	Fully	Not assured
CATEGORY: ENVIRONMENTAL				
Material aspect: Materials				
G4-EN1	Materials used by weight or volume	Material issue 6: 106	Fully	Limited assurance
G4-EN2	Percentage of materials used that are recycled input materials	Material issue 6: 106	Fully, figures are not reported in percentages	Limited assurance
Material aspect: Energy				
G4-EN3	Direct energy consumption	Our business model: 9 Five-year sustainability review: 66 Material issue 6: 108 – 109	Fully	Limited assurance
G4-EN5	Energy intensity	Our business model: 9 Material issue 6: 108 – 109	Fully	Not assured
G4-EN6	Reduction of energy consumption	Our business model: 9 Material issue 6: 108 – 109	Fully	Assured

REPORTING IN LINE WITH GRI CONTINUED

SPECIFIC STANDARD DISCLOSURES

DMA and indicators		Section heading and page number	Reporting level	External assurance
CATEGORY: ENVIRONMENTAL continued				
Material aspect: Water				
G4-EN8	Total water withdrawal by source	Our business model: 9 Five-year sustainability review: 66 Material issue 6: 104 – 107	Fully	Not assured
G4-EN10	Percentage and total volume of water recycled and reused	Five-year sustainability review: 66 Material issue 6: 104 – 107	Fully	Assured
Material aspect: Biodiversity				
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Material issue 6: 110 – 111	Fully	Not assured
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Material issue 6: 110 – 111	Fully	Not assured
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	Material issue 6: 110 – 111	Fully	Not assured
Material aspect: Emissions				
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Five-year sustainability review: 66 Material issue 6: 109 – 110	Fully	Limited assurance
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Five-year sustainability review: 66 Material issue 6: 110 – 111 CPD submission at www.northam.co.za/governance/policies and procedures	Fully	Limited assurance
G4-EN17	Other indirect greenhouse gas (GHG) Emissions (Scope 3)	Five-year sustainability review: 66 Material issue 6: 109 – 110 CPD submission at www.northam.co.za/governance/policies and procedures	Fully	Assured
G4-EN20	Emissions of ozone depleting substances	Our business model: 9 Five-year sustainability review: 66 Material issue 6: 109 – 110	Fully	Limited assurance on SO_2
Material aspect: Effluents and waste				
G4-EN22	Total water discharge by quality and destination	Material issue 6: 107	Partially, Northam has a ''no release" policy. Discharges may be logged as environmental incidents depending on severity	Assured

REPORTING IN LINE WITH GRI CONTINUED

SPECIFIC STANDARD DISCLOSURES

DMA and indicators		Section heading and page number	Reporting level	External assurance
Material aspect: Compliance				
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Material issue 5: 102 Material issue 6: 104	Fully	Not assured
Material aspect: Environmental grievance mechanisms				
G4-EN34	Number of grievances about environmental impacts filed addressed and resolved through formal grievance mechanisms	Material issue 5: 102 Material issue 6: 104	Fully	Limited assurance
CATEGORY: SOCIAL				
Sub-category: Labour practices and decent work				
Material aspect: Employment				
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Material issue 4: 90 – 91	Partially, turnover by age group or gender is not collated and therefore not available	Not assured
Material aspect: Labour/management relations				
G4-LA4	Percentage of employees covered by collective bargaining agreements	Report of the social, ethics and human resources committee: 24 Material issue 3: 86 – 87	Fully	Limited assurance
MM4	Number of strikes and lock-outs exceeding one week's duration, by country	Material issue 3: 86 – 87	Fully	Limited assurance
Material aspect: Occupational health and safety				
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	Managing material risks and opportunities: 38	Fully, the figure is not reported as a percentage	Assured
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender	Our business model: 9 Five-year sustainability review: 66 Material issue 2: 81 – 83	Partially, information on absenteeism is not available	Limited assurance
Material aspect: Diversity and equal opportunity				
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Corporate governance report: 25 Managing risks and opportunities: 34 Five-year sustainability review: 66 Material issue 4: 90 – 94	Fully, a breakdown of employees by age group is not available. A more critical measure in South Africa specifically, is the percentage of historically disadvantaged South Africans (HDSAs) in management roles and women in mining, which we have reported	Limited assurance
Material aspect: Labour practices grievance mechanisms				
G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	Material issue 4: 90	Fully	Not assured
Material aspect: Freedom of association and collective bargaining				
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Managing material risks and opportunities: 35 Shareholder engagement: 40 Material issue 3: 88 Material issue 4: 90	Partially, no violations reported	Not assured

REPORTING IN LINE WITH GRI CONTINUED

SPECIFIC STANDARD DISCLOSURES

DMA and indicators		Section heading and page number	Reporting level	External assurance
CATEGORY: SOCIAL **Sub-category: Human rights**				
Material aspect: Child labour				
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	No incidents occurred	Partially, Northam upholds the basic labour rights of the Fundamental Rights Convention of the ILO and in legislation, regulations and practices of South Africa. The company does not employ child labour, nor does it employ workers younger than 18 years of age as all prospective employees are screened in terms of Northam's employment policies and procedures	Not assured
Material aspect: Forced or compulsory labour				
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	No incidents occurred	Fully	Not assured
Sub-category: Society				
Material aspect: Anti-corruption				
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Corporate governance: 25 Managing material risks and opportunities: 35	Fully, 100% of operations assessed for risks related to corruption and risks were identified	Not assured
G4-SO5	Confirmed incidents of corruption and actions taken	Whistle blowers are protected in accordance with the provisions of the Protected Disclosures Act, No 26 of 2000, these incidents cannot be disclosed	Fully	Not assured

SUSTAINABILITY ASSURANCE STATEMENT

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF NORTHAM PLATINUM LIMITED FOR THE YEAR ENDED 30 JUNE 2015

SCOPE OF OUR ENGAGEMENTS

Part A

We have completed our independent limited assurance engagement to enable us to express our limited assurance conclusions on whether anything has come to our attention that causes us to believe that the integrated report ("the report") for the year ended 30 June 2015 has not been prepared, in all material respects, in accordance with the Global Reporting Initiative (GRI) G4 Reporting Guidelines; and whether the following specified performance indicators ("specified KPIs"), highlighted for identification purposes in the Report by the symbol ( ) have not been prepared, in all material respects, in accordance with the basis of measurement as described in the Report:-

- Direct and indirect energy usage, as disclosed on pages 9, 66, 106 and 109 of the Report
- SO_2 emissions, as disclosed on pages 9 and 109 of the Report
- Number of significant environmental incidents, as disclosed on page 105 of the Report
- Fatality incidence rate (FIR) and lost time injury incidence rate (LTIIR) , as disclosed on pages 9, 66, 76, 77, 82 and 83 of the Report
- Percentage of historically disadvantaged South Africans (HDSAs) in management, as disclosed on pages 66 and 91 of the Report
- Percentage of women in mining, as disclosed on pages 66 and 93 of the Report
- Social and Labour Plan expenditure, as disclosed on page 94 of the Report
- Housing project as disclosed on pages 9 and 97 of the Report
- Percentage of employees covered by collective bargaining agreements as disclosed on pages 27 and 86 of the Report, and
- Number of strikes and lock-outs exceeding one week's duration, by operation as disclosed on page 87 of the Report

Northam Platinum Limited has elected to prepare the Report in accordance with the GRI G4 Guidelines, and has applied a "core" reporting level. A full copy of the guidelines, published by the GRI, can be obtained from the GRI's website. Northam Platinum Limited's GRI G4 Content Index Table is available online at http://northam.integrated-report.com/2015/gri.

Part B

We have completed our independent limited assurance engagement to enable us to express our limited assurance conclusion on whether anything has come to our attention that causes us to believe that the direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions by weight ("specified carbon emissions KPIs"), as described on pages 66 and 110 and highlighted by the symbol ( ) in the Report have not been prepared, in all material respects, in accordance with the basis of measurement as described in the CDP report which can be found at www.cdp.net/en-US/Results/Pages/Company-Responses.aspx?company=13459 ("carbon emissions criteria").

Our responsibility in performing our independent limited assurance engagement is to Northam Platinum Limited only and in accordance with the terms of reference for this engagement as agreed with them. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Northam Platinum Limited for our work, for this report, or for the conclusions we have reached.

DIRECTORS' RESPONSIBILITY

The directors are responsible for implementing a stakeholder engagement process to identify all relevant stakeholders; to identify key issues; to respond appropriately to key issues identified; to determine those key performance indicators which may be relevant and material to the identified stakeholders; and to design and apply appropriate sustainability reporting policies. The directors are also responsible for the preparation and presentation of the Report, the information and assessments contained in the Report and for such internal control as the directors determines is necessary to ensure that the information and data reported meet the requirements of the relevant criteria, and contains all relevant disclosures that could materially affect any of the conclusions drawn.

The directors are also responsible for the preparation of the specified carbon emissions in accordance with the carbon emissions criteria as disclosed in the CDP report which can be found at www.cdp.net/en-US/Results/Pages/Company-Responses.aspx?company=13459. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the specified carbon emissions that is free from material misstatement, whether due to fraud or error. The quantification of the specified carbon emissions is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

SUSTAINABILITY ASSURANCE STATEMENT CONTINUED

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF NORTHAM PLATINUM LIMITED FOR THE YEAR ENDED 30 JUNE 2015

In accordance with International Standard on Quality Control, Ernst & Young Inc maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

ASSURANCE PROVIDER'S RESPONSIBILITY

Our responsibility is to express our limited assurance conclusions on the Report and/or the specified KPIs based on our independent limited assurance engagement. Our independent limited assurance engagement was performed in accordance with the International Federation of Accountants' (IFACs) International Standard on *Assurance Engagements (ISAE) 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* with regards to the scope described in part A and with the ISAE3410 *Assurance Engagements on Greenhouse Gas Statements* with regards to the specified carbon emissions KPIs in part B. This standard requires us to comply with ethical requirements and to plan and perform our engagement to obtain the assurance as required by the scope of our engagement, as expressed in this report.

BASIS OF WORK AND LIMITATIONS

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the subject matter and the purpose of our engagement. In making these assessments, we have considered internal control relevant to the entity's preparation and presentation of the Report and the information contained therein, in order to design procedures appropriate for gathering sufficient appropriate assurance evidence to determine that the information in the Report is not materially misstated or misleading as set out in the summary of work performed below. Our assessment of relevant internal control is not for the purpose of expressing a conclusion on the effectiveness of the entity's internal controls.

We planned and performed our work to obtain all the information and explanations that we considered necessary to provide a basis for our reasonable and limited assurance conclusions pertaining to the specified KPIs, the specified carbon emissions KPIs and the report, expressed below.

Where a limited assurance conclusion is expressed, our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Our report does not extend to providing assurance on any prior periods' information or any other information specifically excluded from the scope of the engagement.

SUMMARY OF WORK PERFORMED

Set out below is a summary of the procedures performed pertaining to the specified KPIs, specific carbon emission KPIs and the Report which were included in the scope of our limited assurance engagement. We:-

- obtained an understanding of:
  - the entity and its environment;
  - entity-level controls;
  - the stakeholder engagement process;
  - the selection and application of sustainability reporting policies;
  - how management has applied the principle of materiality in preparing the Report, the specified KPIs and specific carbon emissions KPIs;
  - the significant reporting processes including how information is initiated, recorded, processed, reported and incorrect information is corrected, as well as the policies and procedures within the reporting processes.
- made such enquiries of management, employees and those responsible for the preparation of the Report and the specified KPIs, as we considered necessary.
- inspected relevant supporting documentation and obtained such external confirmations and management representations as we considered necessary for the purposes of our engagement.
- performed analytical procedures and limited tests of detail responsive to our risk assessment and the level of assurance required, including comparison of judgementally selected information to the underlying source documentation from which the information has been derived.
- evaluated whether Northam Platinum Limited's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Northam Platinum Limited's estimates.
- considered whether Northam Platinum Limited has applied the GRI G4 "Core" Reporting Guidelines as described in the inside front cover under the section "Scope" in the Report.

We believe that the evidence obtained as part of our limited assurance engagement, is sufficient and appropriate to provide a basis for our findings and our limited assurance conclusion expressed below.

CONCLUSIONS

Part A

Based on the work performed and subject to the limitations described above, nothing has come to our attention that the specified KPIs as detailed above, marked by the symbol LA in the report, have not been prepared, in all material respects, in accordance with management's sustainability criteria as described in the Report for the year ended 30 June 2015.

Part B

Based on the work performed and subject to the limitations described above, nothing has come to our attention that the specified carbon emissions KPIs disclosed on pages 66 and 110 and by marked by the symbol LA in the Report, have not been prepared in all material respects in accordance with management's carbon criteria as described in the CDP report which can be found at www.cdp.net/en-US/Results/Pages/Company-Responses.aspx?company=13459 for the year ended 30 June 2015.

OTHER MATTER

The maintenance and integrity of Northam Platinum Limited's website is the responsibility of Northam Platinum Limited's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our assurance report that may have occurred since the initial date of presentation on the Northam Platinum Limited Website.

Ernst & Young Inc

Director – Jeremy Grist
Registered auditor
Chartered accountant (SA)

102 Rivonia Road
Sandton
2148

25 September 2015

ADMINISTRATION AND CONTACT INFORMATION

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