NORTHAM

PLATINUM LIMITED

Sustainable Development Report

09

Contents

Scope of report

This is Northam Platinum Limited's second Sustainable Development Report and is presented in conjunction with the company's Annual Report, which may be found on the company's website at *www.northam.co.za*.

This report is for the 2009 financial year (F2009), which runs from 1 July 2008 to 30 June 2009, although both historical and forward-looking data are provided for information purposes. While the operating structure of the company has not changed during the year under review, Northam's major shareholder, Mvelaphanda Resources (Mvela Resources), has announced its intention to unbundle its holdings in Northam in F2010. See page 14 for further details.

Included within the scope of this report are the economic, social and environmental considerations of the operations of the Zondereinde mine in Limpopo province, although reference is also made to the wholly-owned Booysendal project, for which a feasibility study is currently being completed. It is expected that a decision as to whether or not the Booysendal project will proceed will be taken during F2010.

Northam's sustainability reporting and risk management processes are aligned and the company has undertaken a process of identifying material issues through a discourse with key discipline heads, matters raised by the Safety, Health and Environmental Committee and the Board, a review of material issues as presented by the company's peers, and interaction with the independent auditors. Key challenges and issues have been identified in the CEO's letter and each section of this report.

The report has been compiled in line with the G3 guidelines of the Global Reporting Initiative (GRI) (see page 31) and the South African Mining Charter (see page 33).

Certain key performance indicators (KPIs) have been independently assured by PricewaterhouseCoopers (PWC) and their assurance report may be found on page 35. In accordance with GRI, Northam has again self-declared a C+ level of reporting, and this has been confirmed by PWC.

For further information on sustainability reporting at Northam, please contact:

Marion Brower
Tel: +27 11 880 3924
Email: marion@rair.co.za

Key performance indicators F2009

On a social level

LTIIR improves to
1.02
(F2008: 2.30)

- *Four fatal accidents occurred at the Zondereinde mine in F2009, two as a result of fall of ground accidents.*
- *Other safety indicators improved. The lost time injury incidence rate (LTIIR) was 1.02 per 200 000 man hours. (F2008: 2.30), and the reportable injury incidence rate (RIIR) was 0.63 per 200 000 man hours (F2008: 1.01).*
- *New VCT campaign launched on 2 September.*
- *Employment of 8 462 people, including contractors.*
- *HDSAs make up 34% of management.*

On an environmental level

- *Recognised by the JSE as a leading reporter in the 2008 Carbon Disclosure Project.*
- *Good progress with ISO14001 implementation – compliance audit scheduled for F2010.*
- *Water consumption levels well-maintained: 89% of all water used is recycled.*
- *Energy optimisation initiatives continue to deliver results.*
- *Average daily SO_2 emissions well below permitted levels.*

Recognised as
leading reporter
in 2008 CDP

On an economic level

- *Significant value-added during the year, despite the global financial crisis, and both negativity and volatility in the PGMs markets.*
- *R733 million paid to employees (including salaries and wages, contributions to retirement fund benefits, contributions to health-care funds), 36% of the total value distributed during the year (F2008: R630 million: 19%).*
- *Taxes paid to government at a local and national level of R484 million (F2008: R966 million).*
- *Support for suppliers of capital and consumer goods and services of R1 374 million (F2008: R1 006 million).*
- *Corporate social investment of R10 million (F2008: R5 million).*
- *Dividends of R802 million (F2008: R1 010 million) paid to shareholders.*

Corporate social investment of
R10 million

Corporate profile

Northam Platinum Limited (Northam) is the only fully independent, black-owned and controlled integrated platinum group metals (PGM) producer, listed on the JSE Limited (JSE). The company wholly owns and operates the cash-generative Zondereinde mine and metallurgical complex on the western limb of the South African Bushveld Complex, located near the town of Thabazimbi. Northam is currently developing the 103 million ounce-resource Booysendal project, which is located near the town of Mashishing (Lydenburg) on the eastern limb of the Bushveld Complex. Northam also holds a 7.5% interest in the Pandora joint venture, a PGM mining operation on the western limb, in a partnership with Anglo Platinum Limited (Anglo Platinum), Lonmin Plc (Lonmin) and the Bapo Ba Mogale mining company.

As an independent, fully integrated PGM producer, Northam has full control over the entire beneficiation stream of its metals from mine to market. Northam has its own concentrating and smelting facilities at the Zondereinde mine and, through its relationship with international metals processor, Heraeus, has access to world-class independent refining facilities. The company's corporate office is located in Johannesburg, South Africa.

History

Northam Platinum was originally established by the historic mining group, Gold Fields of South Africa (GFSA), as that group's platinum vehicle. Development at the Zondereinde mine began in January 1986 and production commenced seven years later, in January 1993. Northam was listed on the Johannesburg Stock Exchange (today the JSE Limited) in 1987 and took up a secondary listing on the London Stock Exchange (LSE) in 1990. Following the unbundling of GFSA, and the acquisition by Mvelaphanda Holdings Limited (a leading black economic empowerment (BEE) group led by Tokyo Sexwale) of an equity stake in Northam, Anglo Platinum and Mvelaphanda Resources Limited (Mvela Resources) became significant stakeholders, each with an interest of 22.5% in Northam.

Subsequent transactions between Mvela Resources and Afripalm Limited, a new BEE entrant led by another leading business figure, Lazarus Zim, has seen the BEE ownership of Northam broaden. At the end of June 2009, Mvela Resources, which was 50.1% HDSA controlled, had a 63% interest in Northam.

In June 2009, Mvela Resources announced its intended dissolution in order to collapse the pyramid holding structure, in line with the requirements of the JSE Limited. Mvela Resources' interests (including those in Northam) will be distributed to Mvela Resources shareholders during F2010 and, as a consequence, Northam's direct BEE shareholding will be 27%. This will ensure that the company continues to meet the equity ownership requirements of the Mineral and Petroleum Resources Development Act (MPRDA).

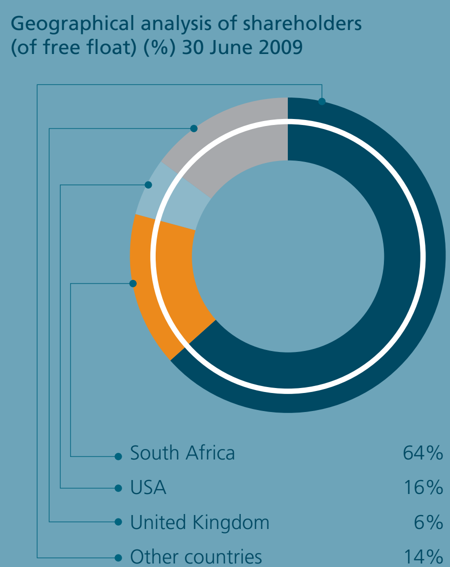
Northam today

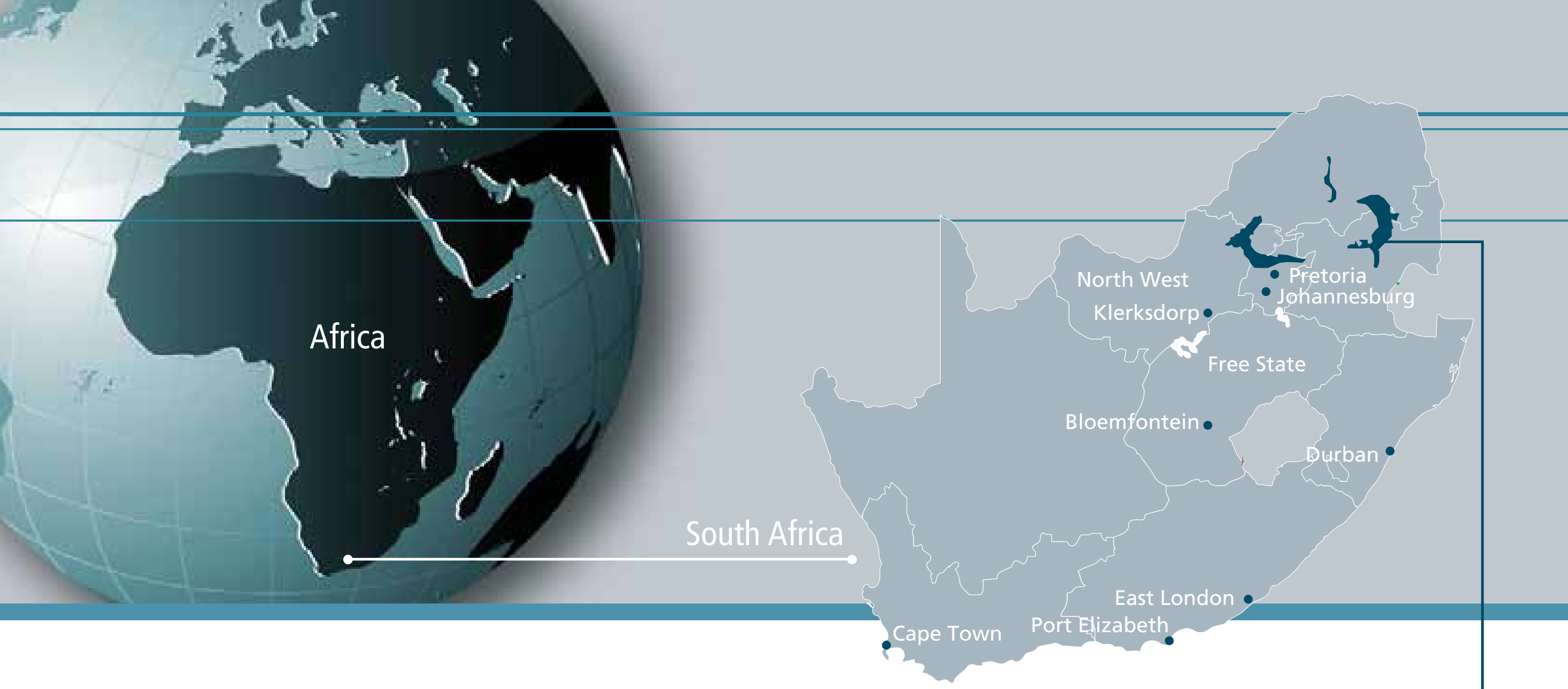
In F2009, Northam sold 221 338 ounces of platinum (333 159 ounces of PGMs). During its 16 years of operation, the Zondereinde mine has produced some 5 million ounces of PGMs. The company has a combined resource base of 133 million ounces (8.1 million ounces in the reserve category), with more than 50 years life-of-mine. The development of Booysendal has potential to add some 350 000 ounces to the company's existing annual output of some 300 000 ounces.

A total of 8 462 employees – some 6 405 full-time employees and 2 057 contractors – owe their livelihood to Northam's current mining activities. This number is expected to grow as Booysendal comes into production over the next few years.

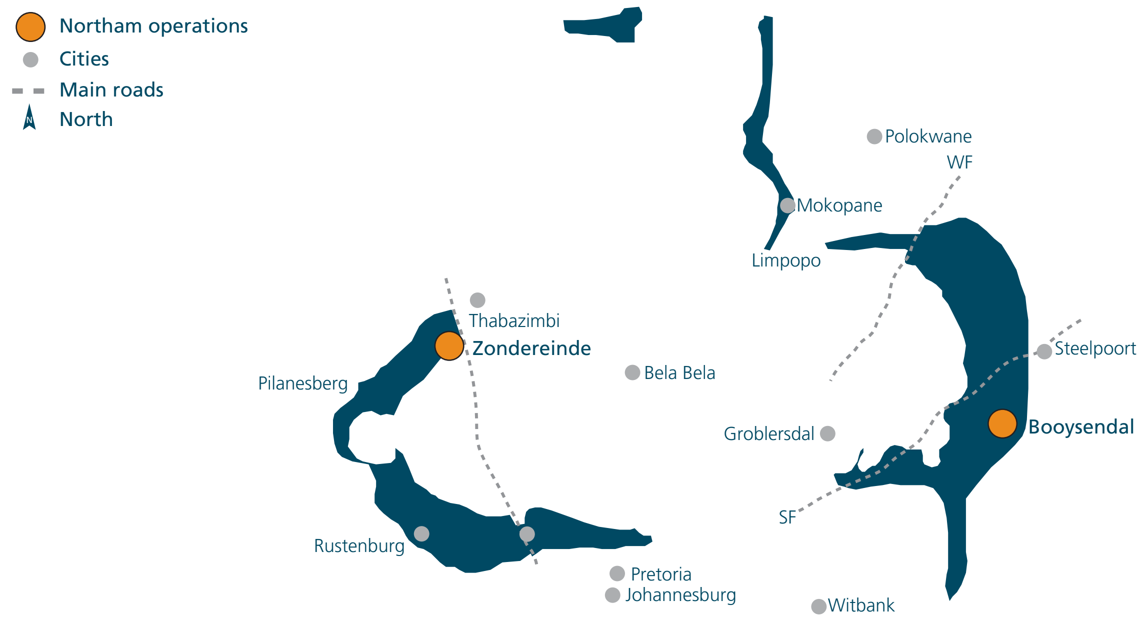
Northam's shareholders

Northam is a publicly listed company, with its primary listing on the JSE Limited. The company has been admitted to the JSE's Socially Responsible Investment Index (SRI). Northam's free float is currently only around 37%. Following the conclusion of the Mvela Resources unbundling expected in F2010, the company's shareholder base is likely to be radically transformed, with significantly increased liquidity to around 70%. At the end of June 2009 Northam had a market capitalisation of R10 797 million.

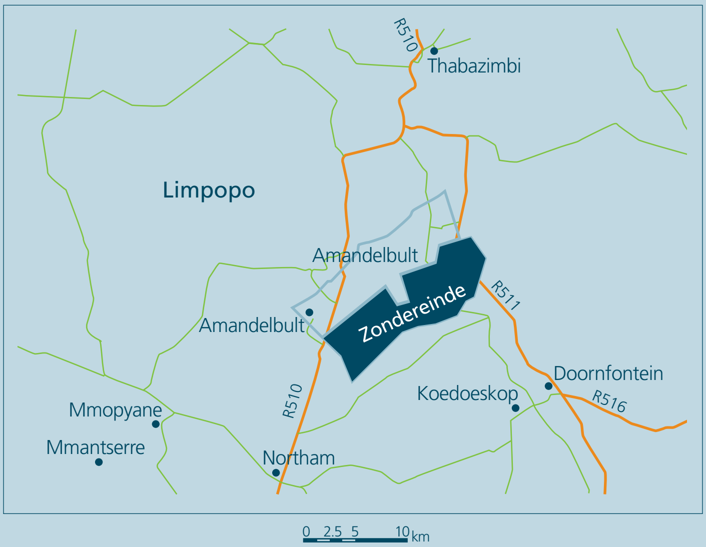




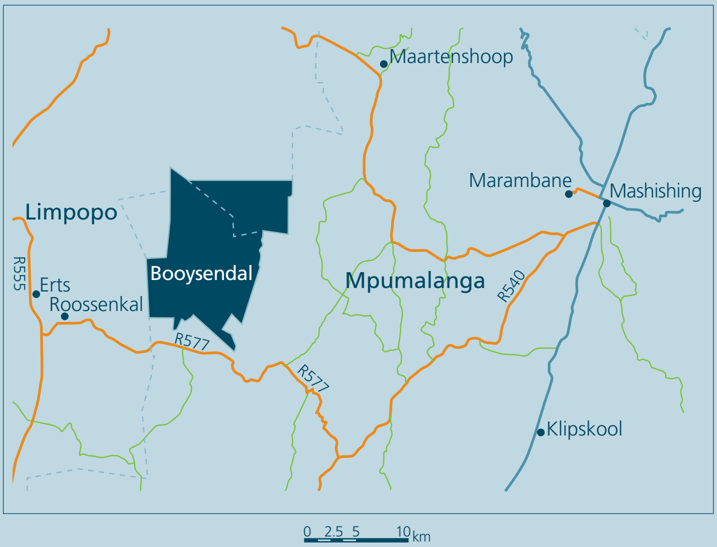
Bushveld Complex



A closer look at Zondereinde



A closer look at Booysendal



Northam and sustainable development

As a mining and processing company, Northam's existing and potential impacts may be:

- on the people we employ, and the families and communities that they sustain;
- on the natural environment;
- on the communities in which our operations are located;
- through the metals we sell, and their use;
- through the suppliers from whom we purchase goods and services; and
- through the taxes we pay.

This report details the most significant of our impacts and those issues that have been deemed to be material, both by stakeholders and the company.

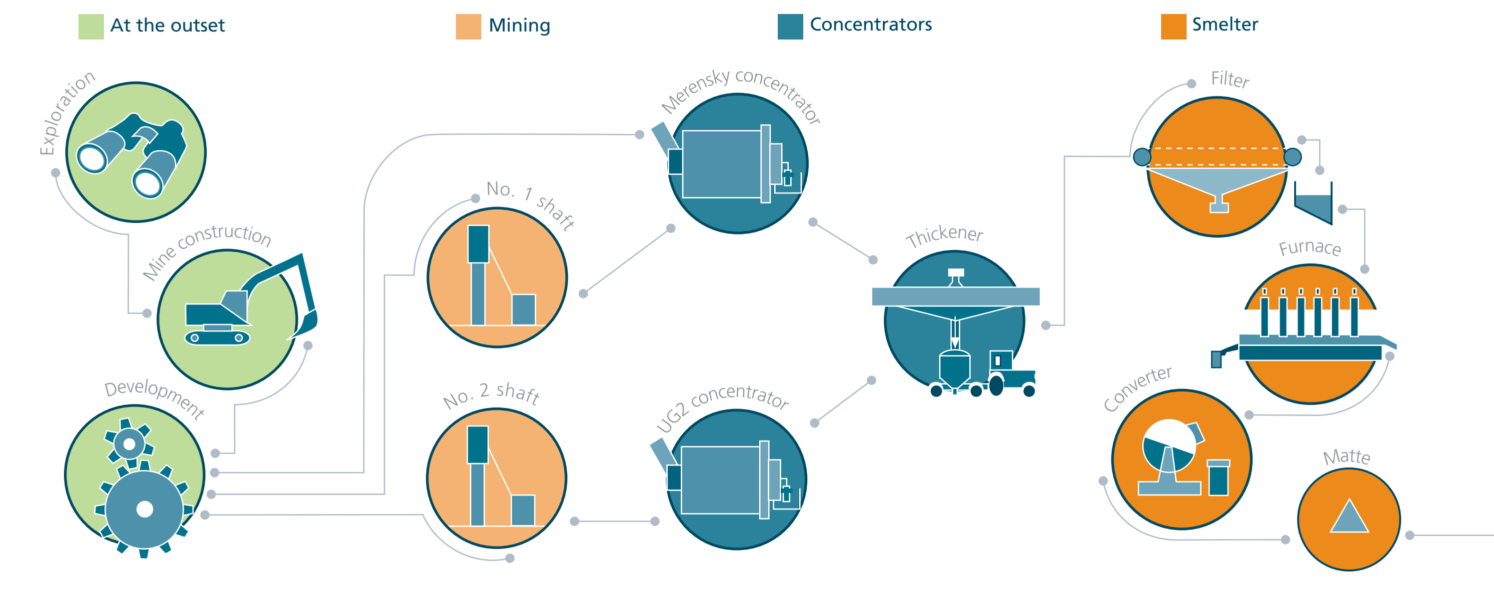
The diagram below illustrates the life cycle of our operations, while the diagram on page 3 indicates the primary geographic impact (now and in the future).

Mining a scarce resource

Mining and processing these scarce and valuable PGMs is a highly complex process that requires an enormous amount of effort. In F2009, Northam produced 9 408 kilograms of PGMs, along with other by-products. To produce these PGMs, Northam mined some 2 336 561 tonnes of material (ore and waste) and milled 2 105 091 tonnes of reef. So, for every kilogram of PGMs produced, some 224 tonnes of rock was mined.

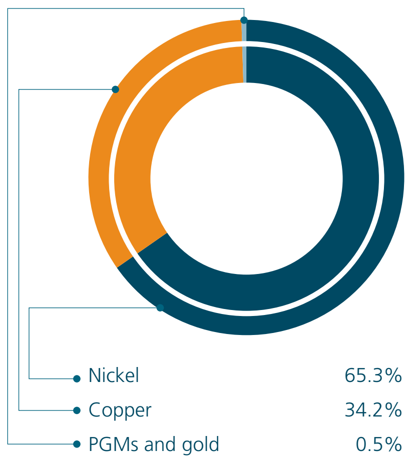
Some of these by-products exist in the orebody in greater quantities by weight than the PGMs themselves. Of the volumes of the metals sold in F2009, 99.5% were in fact the major by-products, copper and nickel, with the PGMs and gold amounting to only 0.5% of the metals sold. Platinum is the primary product produced by contribution to revenue (51%), followed by palladium (25%).

The Northam life cycle of operations:

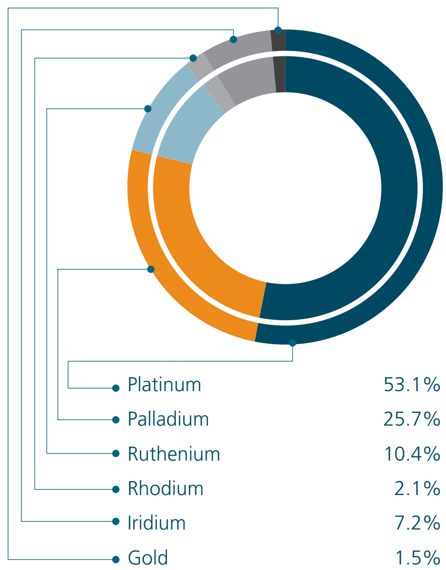


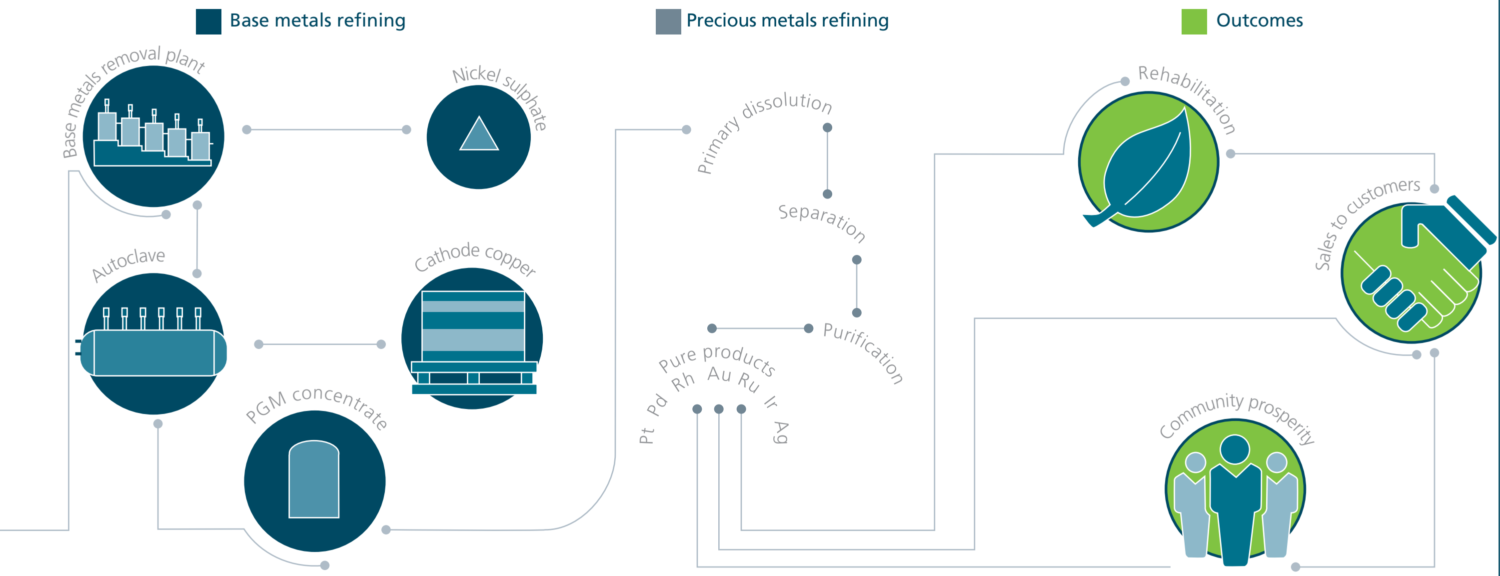
Feasibility study	Mining	Milling and flotation concentrate	Drying, smelting, converting
• Mine and metallurgical design • Infrastructure layouts • Environmental, social scoping studies	• Drill, blast, and scrape narrow tabular reef mining systems • Driven by hydropowered equipment • Merensky and UG2 reefs mined via a twin shaft system	• Merensky: 150 000tpm • UG2: 105 000tpm • External sparger column • High-pressure roll crusher/ball mill combination	• Bricklined refractory vessel 22m x 9m • 15MW, 6-in-line-furnace • three pairs of submerged carbon electrodes • Two matte tap holes into 18t ladles • Pierce Smith converters • Chrome levels below 1.6% in concentrate • Merensky/UG2 concentrate ratio of 1:1

Metals sold by volume (F2009) (%)



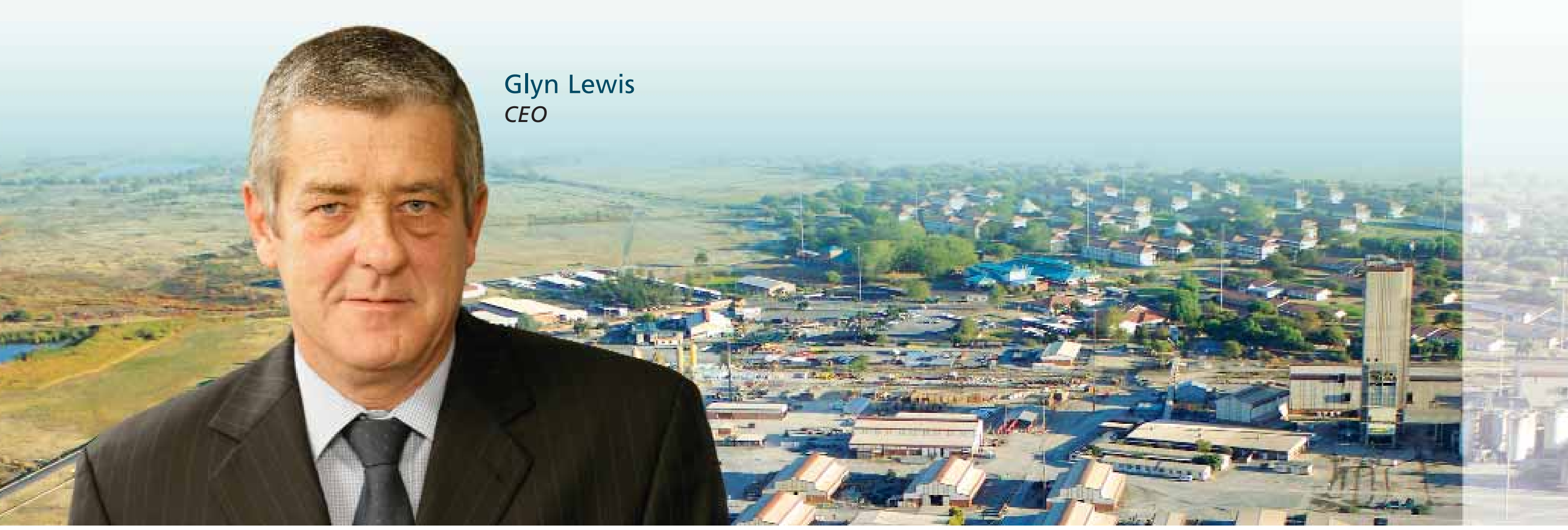
Sales of PGMs and gold by volume (F2009) (%)





Base metals removal	Precious metals refinement	Outcomes
• One 5-compartment autoclave, pressure vessel and agitator • Each segment has its own vent valve and pressure monitor • Atmospheric pressure level system • BMR (precipitates Cu and Ni)	• Final concentrate refined to 99.95% pure Pt, Pd and Rh	• Products sold to customers in North America, Asia, Europe • Refined metals packaged according to international standards and accompanied by a unique certificate of Assay by Heraeus

Letter from the CEO



Glyn Lewis
CEO

Dear stakeholder

At Northam, we not only have obligations to our shareholders to deliver a good return on their investment in the longer term, but as a South African company that has been uniquely positioned to operate and grow in the context of a transforming social and economic landscape, we have an obligation to the society that has made this possible.

Bringing Booysendal to account

The acquisition of the Booysendal asset and the way in which we bring this to account is both an important milestone for BEE in South Africa (representing as it does the application of largely black-owned funding and a transaction that was completed in the spirit of the MPRDA), and is also an opportunity to bring into production a new operation in the context of modern environmental designs and practices, with better work processes and forward-thinking management practices.

This is a responsibility that we do not take lightly. While this project is yet at an early stage – we expect the feasibility study to be completed by the end of September 2009 with optimisation exercises to follow during the rest of the calendar year – and at this stage we are confident that we have a viable project that can be brought to account to the benefit of a broad group of stakeholders.

Understanding sustainable development

In F2009 we took a further step forward in understanding sustainable development in the context of our business. We have ensured that we have greater clarity on our objectives, and that we are developing better systems and processes for monitoring these issues. We do not have a separate sustainability department at Northam, and do not intend putting such a vehicle in place. Rather sustainability will continue to be managed as an integral part of our operations, with equal emphasis on these targets and performance as on our operational ones.

Safety

The most important area that we report on in this report is that of safety, having achieved our best lost time and reportable injury rates to date. It is with great regret and sadness that we report on the loss of four lives at Northam during F2009. We extend our condolences to the families, friends and colleagues of Mr Thabiso Johannes Masilo (10 August 2008), Mr Dodefika Gxoko (11 November 2008), Mr Mazilo Dlwana (13 January 2009) and Mr Mpeli Sekholane (12 February 2009). We will continue with our efforts to ensure that Northam is a safe mine and to reduce the severity of accidents during the next financial year.

Key challenges and issues

While the issues and challenges we face are many and varied, we identified six key areas in F2009 and F2010. These are:

- **Ensuring the safety of employees, by putting in place the appropriate practices and procedures, training and behaviour-based safety initiatives to reduce the incidence of accidents and eliminate fatalities.** We have continued to make good progress in many areas of our safety performance, but regrettably we have not eliminated fatal accidents. We report on our performance and our various initiatives on page 15 of this report.

- **Fulfilling our obligations as a leading BEE company and, in particular, meeting the requirements of the MPRDA and related legislation.** We have continued to make progress on BEE procurement, on the employment and development of historically disadvantaged South Africans (HDSAs), on women in mining, in workplace training and development initiatives, and on identifying and implementing local economic development projects in our communities. We have the opportunity at Booysendal to start from scratch in creating a workplace that is appropriate to and reflective of our society, and we intend to do so. We reflect on these issues throughout this report and, in particular, our compliance with the Mining Charter on page 33.

- **To bring the Booysendal project to account in such a way that it may deliver sustainable benefits to a broad spectrum of stakeholders, and without detriment to its neighbours.** Booysendal is one of only a handful of substantial, viable and

long-life projects available in our sector. We discuss some of the issues that we have considered on page 21 of this report.

- To implement the ISO14001 environmental management standard at Northam, and to introduce this at Booysendal. Substantial progress was made on this during the year, and it is our intention to see accreditation against this standard in F2010. Relating to the implementation of this standard has been the introduction of more formal and rigorous monitoring systems in relation to environmental management, including specifically energy and water consumption, understanding and limiting our greenhouse gas (GHG) emissions, and biodiversity management. See the discussion on page 24.

- To optimise water usage. Increasingly, water is a scarce and costly resource. At Northam, it is a critical element in the operation of our hydro-power systems. At Booysendal, the lack of available water is a serious consideration in that project's growth profile. We have placed a great deal of emphasis on conserving this resource through recycling at Northam, and in designing our operations in such a way as to minimise the use of water in our mining and processing operations. See the section on page 28 for further information.

- To optimise energy consumption, and to investigate potential alternative energy sources. While the electricity supply crisis that faced South Africa in early 2008 abated somewhat in 2009, this was clearly a temporary reprieve and the national utility, Eskom, is again under pressure. As a responsible citizen it is incumbent on us to optimise our usage, while fostering efficiency in the face of rising energy costs. Recently-introduced electricity tariff increases have meant that electricity now makes up 10% of our cost base. Also, given that Eskom's electrical energy supply is almost entirely generated from fossil fuels, our unabated energy usage will contribute towards climate change. While South Africa has no current climate change commitments (in terms of the Kyoto agreement) it is likely that GHG-reducing commitments will be made at the climate change meetings that will take place in Copenhagen in November this year.

Sustainability a journey

We recognise that sustainability is a journey, and one on which we have just started. In this, our second Sustainable Development Report, we have presented some of the most interesting and challenging sustainability issues that have faced us during the year. We have also tried to reflect and respond to those issues that have been raised by our stakeholders, ranging from employees, shareholders and community members, to business partners and non-governmental organisations (NGOs). We have aligned our report with the requirements of the Global Reporting Initiative's (GRI) G3 guidelines. Certain significant key performance indicators (KPIs) have been assured by our external auditors, PWC. Their assurance report is presented on page 35. As is required by GRI we have declared an application level of C+. It is our intention to improve the level of disclosure in future reports.

We welcome feedback from our stakeholders on those issues that we have covered and, perhaps more importantly, those issues that we have not covered.

There are two further issues we should report on. Firstly, we are very pleased to have once again been admitted to the JSE's SRI index and, secondly, we have responded for the second year to the Carbon Disclosure Project's (CDP) CDP7 survey. In respect of the latter, we were very pleased to have been nominated as one of the top 10 reporters among carbon intensive companies on the JSE in 2009, based on our responses to CDP6. To us this is an acknowledgement of the progress we have made on this debate.

Finally, it remains for me to thank our employees and associates for their efforts at the Zondereinde mine, to our project team for the progress made in developing Booysendal, to our shareholders for their continuing support, and to our surrounding communities for their neighbourliness.

Glyn Lewis
Chief executive officer
18 September 2009

Governance

Northam affirms its commitment to the principles of openness, integrity and accountability, to providing timeous, relevant and meaningful reporting to all stakeholders, and seeks to uphold and implement the principles of good corporate governance.

The directors endorse the Code of Corporate Practices and Conduct (the Code) set out in King Report on Corporate Governance 2002 (King 2).

A detailed account of corporate governance matters may be found in the Annual Report on page 26.

Compliance

The key principles underlying the King 2 recommendations as contained in the Code are reflected in the group's corporate governance structures, which are reviewed from time to time to take into account organisational changes and international developments.

The group is substantially compliant with King 2 and differs only in those areas where the formation of the group as a leading BEE entity has required special variances. The primary area of non-compliance has so far been that the chairman, as well as the majority of directors, are not deemed to be independent. It is likely however that, once the unbundling of the company from the major controlling shareholder, Mvela Resources, is completed, the situation will be resolved.

The third King Report on Corporate Governance (King 3) was released in September 2009 and is expected to become effective from March 2010. The group is taking steps to ensure the requisite reformulation of the terms of reference of certain board sub-committees and that integrated financial and sustainability reporting is progressively implemented.

Board committees

Policies, practices and performance relating to sustainable development form an integral part of the management of the company. Responsibility for these matters lies with the board, although the direction of major elements of sustainability has been delegated to the Health, Safety and Environmental Committee and the Remuneration, Nomination and Employment Equity Committee. These committees function in accordance with established terms of reference approved by the board.

Material matters considered by these board committees are raised to board level for consideration. Safety is always such an issue. The broader matter of transformation in line with the MPRDA is considered by the board as a whole and is a standard agenda item.

- The Health, Safety and Environmental Committee comprises four non-executive directors, under the chairmanship of Bernard van Rooyen, and met on four occasions in F2009.
- The Remuneration, Nomination and Employee Equity Committee, under the chairmanship of Emily Kgosi, is also made up of four non-executive directors and met three times during the year.

Code of ethics

Northam is committed to the highest ethical standards in its dealings with all its stakeholders, and to this end has adopted a code of ethics which governs the relationship between the group and its employees, the group and the environment, the group and its suppliers and customers, and the group and the community. In promoting the code, the group is committed to:

- defending the right of employees to a safe and healthy work environment;
- conducting its business in such a way that promotes the recognition of the environment as a strategic asset;
- applying the highest ethical standards in its dealings with customers and suppliers;
- improving the quality of life of the communities in which it operates;
- creating a climate free of conflict, discrimination and harassment of any nature;
- engaging constructively and creatively with government bodies, labour organisations and non-governmental organisations (NGOs); and
- providing a channel through which grievances or breaches of the code can be dealt with without fear of victimisation. This is done through an on-mine whistleblowing facility.

Employees who contravene the Code are liable to face disciplinary action and, depending on the nature of the contravention, may also face civil or criminal action. Northam's code of ethics is currently being reviewed and it is envisaged that a revised document will be approved and communicated to all employees by the end of F2009.

Risk management

Risk management is approached from the premise that it is inseparable from the company's strategic and business processes and should be practised by all staff in their day-to-day activities. Through these processes, the company is comfortable that the precautionary approach – as envisaged in environmental legislation – has been adopted.

The board is responsible for the oversight of risk management within the group, with board committees and management being consecutively accountable to the board. Extensive systems of internal control are in place to identify and manage significant risks. These systems support the board in discharging its responsibility of ensuring that the range of risks associated with the group's operations are managed effectively and the interests of stakeholders safeguarded.

Through an integrated risk management framework, significant risks facing the group, as well as factors in mitigation thereof, are identified and addressed. While the operating risks cannot be fully eliminated, the group endeavours to minimise them by ensuring that appropriate infrastructure, controls, systems and ethics are applied throughout the group to manage such risks.

The framework identifies all the activities carried out in the various processes, the assessment of the impact of the inherent risks within those activities, and/or processes and measures taken or to be taken to mitigate such risks. A risk matrix is subject to annual review by management in conjunction with the group's internal auditors. The major risks are aligned with the material issues identified on page 31 of the Annual Report.

Engagement with stakeholders

Northam has a policy of communicating openly with its key stakeholders which include employees, unions, communities, government and regulators, NGOs, suppliers, contractors, customers, and the public at large.

The group encourages proactive two-way engagement with stakeholders by way of hosting visits, open days, conducting surveys and other communication channels. Copies of this Sustainable Development Report will be made available to identified stakeholders and their feedback will be sought by means of the feedback form on page 37 of this report.

Political donations

Formal and informal structures are in place to engage with stakeholders. The board's policy, however, is not to support political donations of any form. Accordingly, no such donations were made in F2009.

Significant legal issues or fines

Northam did not incur any fines during the year under review in respect of non-compliance with law or regulations. Similarly the company is not engaged in any significant legal actions.

Economic performance

Northam Platinum is the fifth largest PGMs producer in the world. Our impact is therefore at both a macro level and a micro level.

Northam Platinum Limited's current operation at the Zondereinde mine in North West Province employs 8 462 people in this impoverished region of the country, where little formal, large-scale economic activity exists. Apart from mining, the primary industries are agriculture and tourism.

The scope of our economic footprint is set to grow in the future as plans proceed to develop and construct the Booysendal project, which is located in another region in the eastern limb of the Bushveld Complex that is relatively isolated, economically underactive and with poor infrastructure. While the project currently primarily comprises consultants, employment levels could rise to 1 500 during construction and settle at 1 150 at steady-state production.

Economic context

South Africa is the world's leading producer of PGMs, emanating from the Bushveld Complex, on which Northam's operations are located. In 2008, a host of operational problems among South African producers, including a crisis in the supply of electricity, resulted in a decline in South Africa's contribution to global platinum and palladium supply. However, given that other producers also declined in the same year, South Africa's relative contribution was maintained at around 76%.

Northam Platinum is currently the fifth largest producer of refined platinum in the world, after Anglo Platinum Limited (Anglo Platinum), Impala Platinum Holdings Limited (Implats), Lonmin Plc (Lonmin) and Norilsk Nickel (Norilsk), and is the fourth largest South African producer.

After two years of record prices in the PGMs industry, 2008 and early 2009 saw a rapid decline in prices, along with rising volatility. This was on the back of the global financial crisis and particularly its impact on the US motor vehicle markets, as well as the industrial sector. Lower prices had a significant impact on the company during the year under review and, while it appeared as if prices had stabilised by year-end, the record prices of the prior year are not expected to be repeated in the near term.

Platinum supply and demand 000 oz	2008	2007
Supply		
South Africa	4 530	5 070
Russia	820	915
North America	325	325
Others	295	290
Total supply	**5 970**	**6 600**
Demand		
Autocatalyst:		
gross	3 805	4 145
recovery	(1 005)	(935)
Jewellery	1 365	1 455
Industrial	1 755	1 845
Investment	425	170
Total demand	**6 345**	**6 680**
Movements in stocks	**(375)**	**(80)**

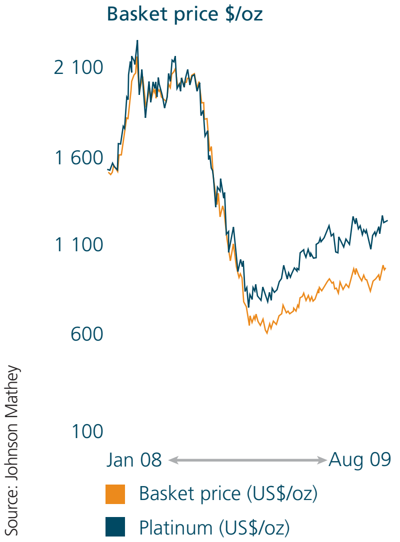
Source: Johnson Mathey

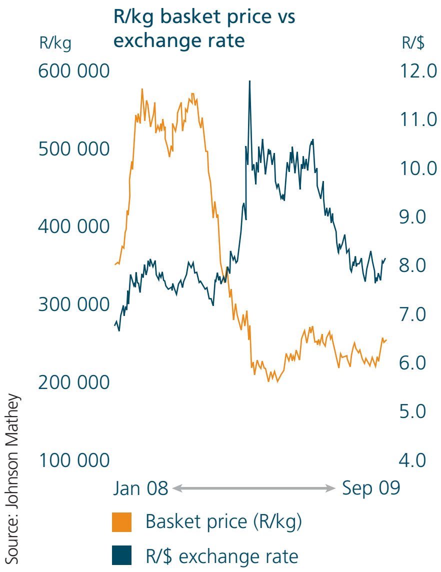
Other includes physical investment, dental, chemical and other industrial demand.

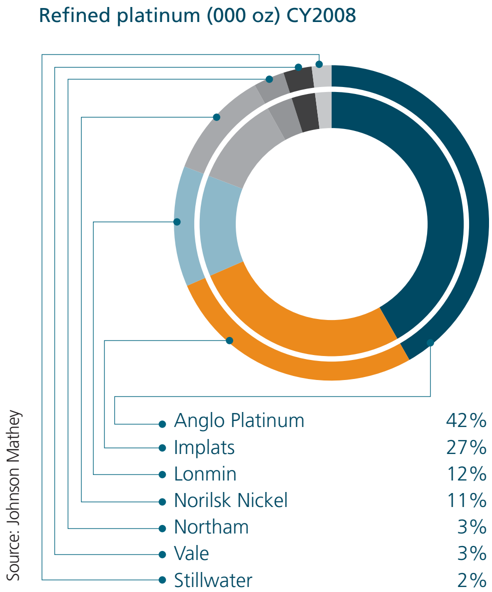
Palladium supply and demand 000 oz	2008	2007
Supply		
South Africa	2 430	2 765
Russia		
Primary production	2 700	3 050
State sales	960	1 490
North America	910	990
Others	310	285
Total supply	**7 310**	**8 580**
Autocatalyst:		
gross	4 380	4 545
recovery	(1 170)	(1 015)
Jewellery	855	715
Electronics	1 325	1 240
Other*	1 460	1 350
Total demand	**6 850**	**6 835**
Movements in stocks	**460**	**1 745**

Source: Johnson Mathey

*Other includes physical investment, dental, chemical and other industrial demand.

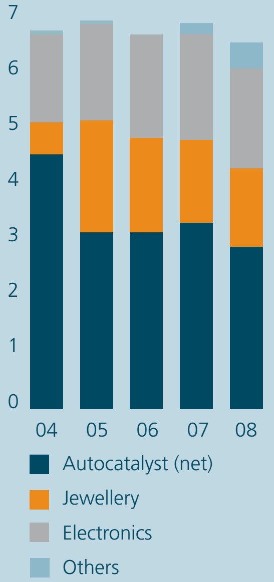




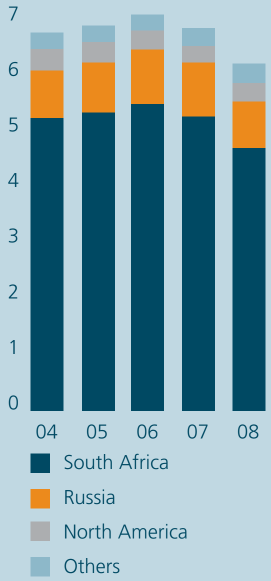


A look at the platinum and palladium markets

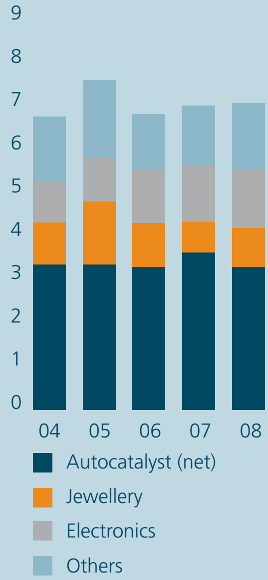
Demand for platinum
2004 - 2008 (Moz)



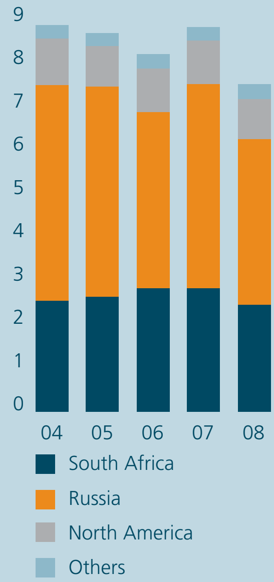
Platinum supply by region
2004 - 2008 (Moz)



Demand for palladium
2004 - 2008 (Moz)



Palladium supply by region
2004 - 2008 (Moz)



The following information has been drawn from the Johnson Matthey 2009 Platinum Review and has been reproduced with their kind permission. Note that this report is published for the calendar year.

Key features of the platinum market in 2008:

- Global platinum demand was down by 5% to 6.35Moz while platinum supplies were also down, by 9.5%, to 5.97Moz. As a result there was a market deficit of some 375 000oz in 2008. Supplies from South Africa fell to 4.53Moz in 2008, a decrease of 11% on the prior year.
- Gross demand for platinum for autocatalysts was down by 8.2% to 3.81Moz. In Europe, production of light-duty vehicles fell due to the economic climate, while at the same time the market share of diesel vehicles fell slightly. Therefore, despite the increasing fitment of platinum-containing diesel particulate filters (DPFs), platinum autocatalyst demand fell in this region. In North America, production of light-duty vehicles was also down and there was continuing substitution of platinum by palladium which contributed to a fall in platinum demand in the region.
- Industrial demand for platinum declined to 1.76Moz in 2008.
- Jewellery demand for platinum rose towards the end of 2008 as the price of platinum fell. However, demand had been affected earlier in the year by the high price of platinum, and net platinum demand for jewellery in 2008 was down at 1.37Moz.
- Physical investment demand rose to 425 000oz.

Key features of the palladium market in 2008:

- The market surplus of palladium was 460 000oz in 2008, with demand growing, despite the economic downturn, to 6.85Moz. Supplies were down to 7.31Moz. Supplies of palladium from South Africa declined to 2.43Moz.
- Demand for palladium from the autocatalyst sector fell to 4.38Moz in 2008. North American light-duty vehicle production was down, causing demand for palladium to be reduced to 1.35Moz. In Europe, palladium demand for autocatalysts rose, with the increasing use of platinum-palladium catalysts for the diesel sector outweighing the effects of lower vehicle output.
- Demand for palladium from the chemical industry fell to 350 000oz.
- Jewellery demand for palladium was up to 855 000oz.
- Physical palladium investment grew to 400 000oz in 2008.

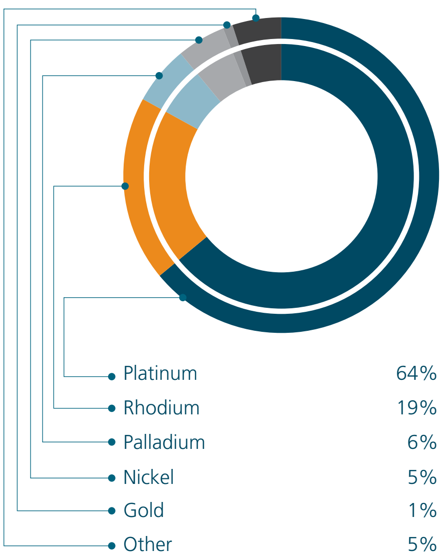
Financial performance

Northam's Annual Report for F2009 (see *www.northam.co.za*) provides extensive discussion on the operational and financial performances of the company.

Key features of the year include:

- The average US dollar price received for Northam's basket of metals decreased by 42% year-on-year to US$1 001/oz, which was partially offset by the 18% decline in the value of the South African rand against the dollar. As a result, the average rand basket price received was 31% lower at R280 609/kg.
- Production of metals in concentrate rose by 3% to 9 408kg (302 474oz), and contributed towards the 21% increase in sales for the year.
- Total operating costs increased by 17% to R1 906 million reflecting both the increase in production, and despite significant internal inflationary pressures.
- Operating profit, at R818 million, was 64% lower than in F2008, although the operating margin was maintained at 26%.
- Profit attributable to shareholders decreased by 58% to R630 million, with headline earnings per share decreasing from 627 cents per share to 169 cents per share.
- Dividend payments to shareholders during the year under review amounted to R802 million.

Contribution to revenues F2009 (%)



Adding value

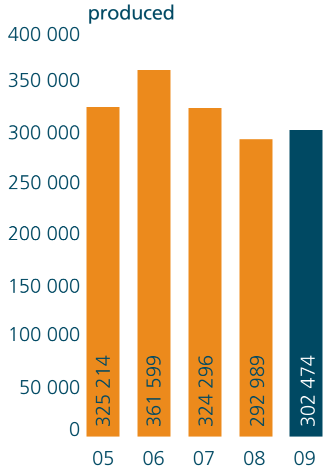
Owing to our location, the labour intensive nature of its operations and the high value of its product, Northam's economic impact is significant in its region of operation and not inconsiderable towards the broader economy. This is evident from the value-added statement opposite.

Direct and indirect economic impacts include:

- The creation of 8 462 jobs, directly and indirectly, both around its operations and from labour-sending areas. In F2009, some R733 million was paid to employees (including salaries and wages, contributions to retirement fund benefits, contributions to health-care funds), which is 36% of the total value distributed during the year (F2008: R630 million: 19%).
- Taxes paid to government at a local and national level. Total payments to government in F2009 were R484 million (F2008: R966 million). No significant benefits were received from government.
- Support for suppliers of capital and consumer goods and services of R1 374 million (F2008: R1 006 million).
- Corporate social investment of R10 million (F2008: R5 million). The direct and indirect expenditure by employees in the region of operation is not quantifiable, but is expected to include a large portion of employees' disposable income.
- Dividends paid to shareholders of R802 million (F2008: R1 010 million).
- Contribution towards Employee Empowerment Trust Fund.

* Note: that Northam is not exposed to obligations in respect of employee's deferred benefit plans.

Precious metals in concentrate produced

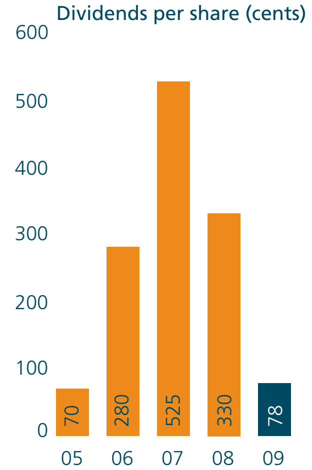


Value added statement

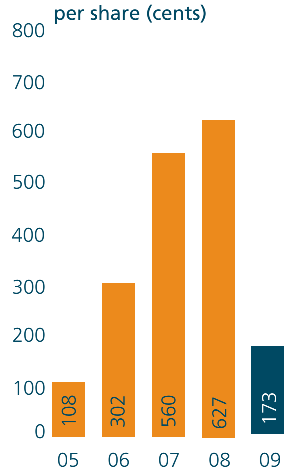
for the year ended 30 June 2009

	F2009 %	F2009 R000	F2008 %	F2008 R000
Sales revenue		3 186 042		3 886 137
Less: Purchase of goods and services		(1 366 981)		(724 246)
Value added by operations	90.2	1 819 061	97.5	3 161 891
Add: Share of earnings from associate	3.6	72 606		
Investment income	6.5	130 417	3.0	97 507
Net sundry revenue	(0.3)	(6 430)	0.1	1 824
Less: Booysendal costs	–	–	(0.6)	(17 969)
Total value added	100.0	2 015 654	100	3 243 253
Value distributed				
Employees	36.4	733 430	19.4	630 432
Salaries and wages	36.0	725 819	19.3	628 183
Contributions to retirement benefit funds	3.0	61 042	1.7	53 564
Contributions to health-care funds	1.9	37 417	1.1	34 970
Pay-as-you-earn deducted	(4.5)	(90 848)	(2.7)	(86 285)
Government	24.0	484 088	29.8	966 180
Mining and non-mining tax	11.8	238 021	18.9	612 138
Deferred tax	2.0	40 766	0.4	11 892
State's share of profits	0.4	7 580	3.8	124 629
Tax on share of earnings from associate	0.9	17 445		
Secondary tax on companies	4.0	80 212	3.6	117 381
Royalties	0.4	9 216	0.4	13 855
Pay-as-you-earn deducted from employees	4.5	90 848	2.7	86 285
Providers of capital				
Dividends	39.8	802 122	31.1	1 010 068
Broader community				
Corporate social investment	0.5	9 583	0.2	5 269
Total value distributed	100.7	2 029 223	80.5	2 611 949
Retained by company	(0.7)	(13 569)	19.5	631 304
Depreciation	8.0	160 907	4.6	149 325
Decommissioning provision	(0.1)	(2 836)	0.0	(764)
Retained income	(8.6)	(171 640)	14.9	482 743
	100.0	2 015 654	100.0	3 243 253

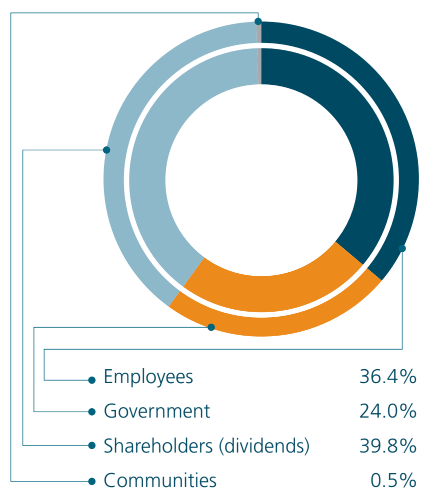
Dividends per share (cents)

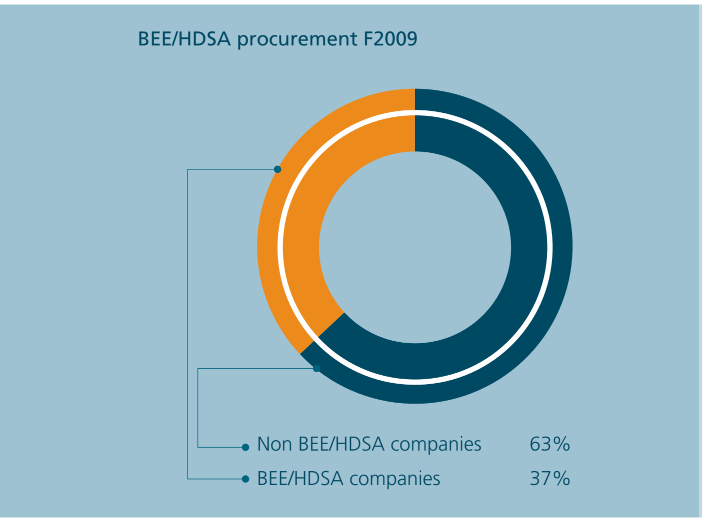


Headline earnings per share (cents)



Value distributed in F2009 (%)





Commitment to external initiatives

In view of the company's commitment to responsible and objective reporting, Northam is committed to independent external initiatives. Northam has tried to identify sustainability issues raised by its various stakeholders including employees, shareholders, community members, business partners and non-governmental organisations (NGOs).

Apart from aligning its sustainable development activities with the requirement of the Global Reporting Initiative's (GRI) G3 guidelines, Northam is a member of the International Platinum Association (IPA) which supports a variety of research initiatives into technologies which aim to exploit the 'clean metal' properties of the PGMs it produces, and continues to lend financial support to the jewellery promotion campaigns of the Platinum Guild International (PGI), which aims to stimulate the global demand for platinum jewellery.

Black economic empowerment and equity ownership

As a leading BEE company in the resources sector, Northam takes very seriously its obligations towards BEE and transformation at all levels in the organisation. See the employment and human rights section on page 18 for further information.

The transactions entered into in F2007/F2008 between Northam and Mvela Resources, and Mvela Resources and Afripalm, have ensured that the company's BEE credentials in terms of equity compliance have been more than met, with Northam's BEE equity interest currently in the region of 63%. In a further move to create more direct BEE exposure and accountability, Mvela Resources has announced the dissolution of that company with its interests being devolved to shareholders. This is expected to take place in F2010. As a consequence of this corporate action, Northam's direct and see-through BEE shareholding is expected to be 27%.

In a significant move to ensure that employees participate in the fortunes of the company, and actively take empowerment into the workplace, Northam established an Employee Empowerment Trust in F2008. During the year the company contributed an amount of R45 million, comprising an amount of R30 million provided as an initial contribution in F2008 and R15 million in respect of the share of Northam's profits for the year. The net income of the Trust amounted to R1.6 million, resulting in the interest of the beneficiaries being R46.6 million at 30 June 2009.

Transforming our procurement base

Northam's commitment to local beneficiation is demonstrated in the role it has played in facilitating, with the DMR, Mintek and the DTI, the development of the Heraeus refinery in Port Elizabeth.

This project creates an opportunity to make a percentage of Northam's metal available for local downstream beneficiation initiatives. In its strategic intent document, both Northam and Heraeus have articulated a commitment to building local intellectual capital – and to this end discussions have been initiated with a number of scientific, research and educational institutions to further the technological capabilities of our country and our people.

We are highly cognisant that the company can and should play a role in transforming its procurement base to include emerging entrepreneurs and to provide preferential access to vendors who are historically disadvantaged South Africans (HDSAs). Systems have been put in place to identify HDSA suppliers and to monitor and nurture expenditure with these suppliers, particularly in the operation.

In F2009, Northam's total procurement amounted to R1 374 million (F2008: R1 005 million), of which the total HDSA/BEE procurement with BEE/HDSA suppliers with BEE equity (or BEE ownership) of greater than 5%, was R514.4 million (37%) (F2008: 33%). These figures were based on oudated supplier certificates. Northam has however engaged a service provider to source updated BEE certificates from its top 50 suppliers during the coming financial year.

In line with the requirements of the Mining Charter, Northam reports BEE/HDSA expenditure was at 5.4% for capital goods, 15.2% for consumables and 15.8% for services (F2008: 5.3%, 13.3% and 15.3% respectively).

Safety, health and employee well-being

Joint direction of safety and health

The management of safety and health remains a priority at Northam with policies and systems in place that are compliant with the Mine Health and Safety Act (MHSA). A focus area for the company in F2008 has been ensuring the effective roll-out of policies and practices to ensure compliance with the amendments to the MHSA.

As is required by the act, emphasis is placed on the joint direction of safety and health matters at Northam, from goal setting, to compliance and review, although ultimate accountability for safety and health remains the remit of line management. The information below is provided for the Zondereinde mine.

A joint management/union Health and Safety Committee acts in alignment with the MHSA. The committee has within its ambit oversight of safety and health issues including:
- the identification of important issues;
- the provision of personal protective equipment (PPE);
- the participation of employees in inspections, audits and accident investigations;
- training and education; and
- the right of employees to refuse to work when conditions are not safe.

Around 87% of the company's workforce is affiliated to a representative union and, through the union structures, participates in planning for and management of safety and health issues through their elected Health and Safety Committees. Further, employees and management are encouraged to participate in safety and health matters at all levels. Elections are held on an annual basis by union members for employee representatives. At 30 June 2009, there were three full-time, safety representatives and 596 trained workplace safety representatives.

Safety and health performance and issues are reviewed and monitored both by the mine and by company executive and considered by the relevant board committee on a quarterly basis.

Safety performance in F2009

It is with deep regret that Northam reported that there were four fatal accidents at the Zondereinde Mine in F2009, two of which were as a result of fall of ground accidents.

The board and management extend their sincere condolences to the families and colleagues of:

Mr Thabiso Johannes Masilo, who died on 10 August 2008 after being struck by a camlock jack installed as underground support. Mr Masilo was from Mafeleng, Lesotho.

Mr Dodefika Gxoko, who died on 11 November 2008 as a result of injuries sustained after he drilled into a pressurised air pocket. Mr Gxoko was from Tabankulu, Lesotho.

Mr Mazilo Dlwana, who died on 13 January 2009 in a fall of ground accident. Mr Dlwana was from Bizana, South Africa.

Mr Mpeli Sekholane, who was injured in a fall of ground accident on 12 February 2009 and died whilst undergoing physiotherapy on 6 March 2009. Mr Sekholane was from Leribe, Lesotho.

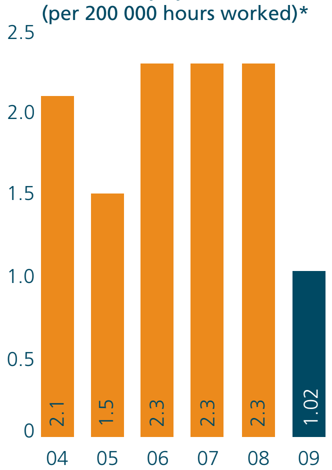
While the number of fatal accidents at Northam has remained unchanged year-on-year, Northam's overall underlying safety performance has improved significantly as a result of organisational safety objectives having been implemented during F2008/F2009.

The mine's fatal injury incidence rate (FIIR) was 0.05 per 200 000 man hours (F2008: 0.05), the lost time injury frequency rate (LTIIR) was 1.02 per 200 000 man hours (F2008: 2.30), and the reportable injury incidence rate (RIIR) was 0.63 per 200 000 man hours (F2008: 1.01).

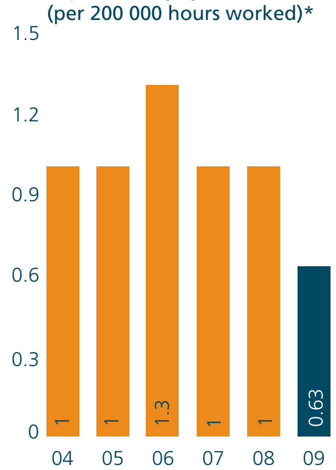
The primary causes of lost time injuries are at-risk behaviour, resulting in 62% of all safety incidents and fall of ground incidents resulting in the remaining 38%.

A total of 919 days were lost as a result of occupational injury during the year (F2008: 2 156).

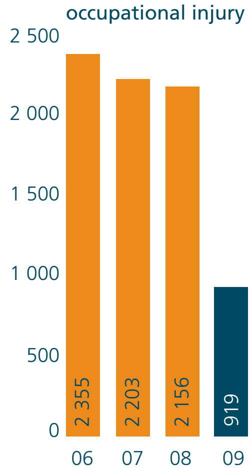
Lost time injury incidence rate (per 200 000 hours worked)*



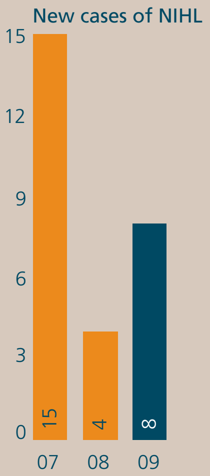
Reportable injury incidence rate (per 200 000 hours worked)*

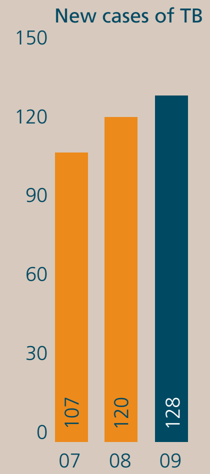


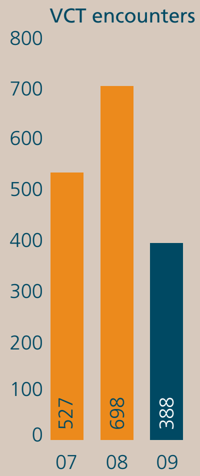
Days lost as a result of occupational injury

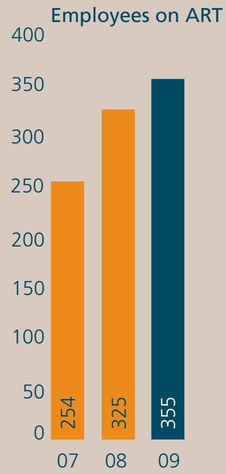


* Note: lost time injury refers to any injury sustained at work that results in an absence from work for 1 to 14 days. Reportable injury refers to any injury sustained at work that results in an absence from work for 14 days and longer.









Continued emphasis on safety

Safety will continue to receive intense attention during F2010, with the focus being on the following four key safety objectives:

- Achieving good physical conditions in the workplace, which will enhance safe production.
- Introducing a programme to enhance the quality of supervision and to achieve and maintain the objectives of the Quality Safety Management System.
- Through concerted efforts using demonstrations and coaching of Hazard Identification and Risk Assessment (HIRA) with the aim of further reducing at-risk behaviour.
- Developing and instilling a shared duty of care between employees at all levels within the company.

Occupational health performance in F2009

Integrated and comprehensive occupational health care and medical services are available to all employees and are provided by a medical service provider, Platinum Health, which operates facilities on site at the mine and in the nearby employee village. These services are provided free of charge to all employees.

Occupational health surveillance is undertaken on an ongoing basis. In addition to general health screening and as a preventative measure, the medical surveillance programme identifies the incidence of noise-induced hearing loss (NIHL), pulmonary tuberculosis (TB), and occupational lung disease (OLD).

The use of hydropower underground, particularly for powering rockdrills, provides Northam with an advantage in respect of the incidence of NIHL and dust generation as compared with other mining companies.

Medical surveillance: In F2009, 10 683 examinations were undertaken of employees and contractors (1 728 entry, 1 081 exit and 7 874 annual). In F2008, this figure was 10 305.

NIHL: All noisy equipment has been reduced to at least below 110 dBA, and personal protective equipment is provided to employees to ensure that employees are not exposed to noise levels of above 85 dBA over an extended period of time.

Northam is continuing to undertake trials in conjunction with the manufacturer of the mine's hydro-power equipment so as to further reduce noise levels in the future.

Eight new cases of NIHL were identified during F2009 (F2008: 4).

Occupational lung disease (OLD): Although there is no silica present in platinum orebodies (silica is related to the presence of silicosis), OLD is sometimes detected in employees who have previously been employed in the gold mining industry. Pulmonary TB is classified as an occupational illness in certain circumstances in South Africa. Northam recognises the healthcare burden that is presented by TB and that this extends far beyond compensation. Active programmes are in place to address TB. (See below).

No new cases of silicosis were identified in F2009 (F2008: 38).

Heat tolerance testing: Owing to the high virgin rock temperature (VRT) at Zondereinde (ranging between 51.4 °C and 69.8 °C), heat tolerance testing forms an important part of the overall heat stress management programme. During F2009, 8 847 heat tolerance tests were undertaken and no cases of heat stress were reported. All employees are required to undergo heat tolerance testing in a 365 day cycle.

Other medical surveillance: Testing for waterborne diseases, such as cholera and other bacterial illnesses, is undertaken on a monthly basis. Biological monitoring did not detect any exceedances on occupational exposure limits.

Emphasis on employee well-being

Increasingly the emphasis at Northam has been to extend its health remit from that purely aligned with occupational health to consider that of employee well-being. This would include health screening, the active management of pulmonary TB, and programmes to combat the incidence and impact of HIV and AIDS. Around 11% of the total workforce (698 people) currently participate in the company's wellness programme (F2008: 698).

Tuberculosis: In respect of TB, Northam runs a highly-effective Directly Observed Treatment (DOT) regime, a World Health Organisation-aligned programme. In F2009, 128 new cases of TB were identified (F2008: 120), and 75 employees and four contractors participated in the DOTS programme. There have been 6 incidences of Multi Drug Resistant (MDR) TB or Extremely Drug Resistant (XDR) TB at Northam.

HIV and AIDS: The HIV and AIDS pandemic continues to present a challenge in South Africa, to communities, business and the state.

The actual prevalence levels amongst Northam's workforce is unknown. Based on information available about the prevalence levels in surrounding communities and the mining industry as a whole, the company estimates that the prevalence level amongst employees and their communities is around 30%, indicating significant numbers of infected and affected people.

Northam's HIV and AIDS policy was adopted by the company in F2005 and provides for the care of employees, education programmes, confidentiality of information and non-discrimination.

Priorities for the company are:
- To persuade those 70% of employees who are HIV negative not to participate in high risk behaviour. This is done through education and awareness programmes, combined with the mass distribution of condoms, the treatment of sexually transmitted infections (STIs) and a highly successful peer education programme.
- To identify those with HIV as early as possible, to change or limit their high-risk behaviour and to start them into a treatment regimen that can prolong their healthy lives. This is done through an active voluntary counselling and testing (VCT) programme.
- To persuade infected employees to participate in the wellness programme, that includes the provision of anti-retrovirals (ART). Given that the commitment to ART is a life-long one, comprehensive counselling is in place to ensure that employees understand, and accept, the long-term implications of moving on to the ART programme.

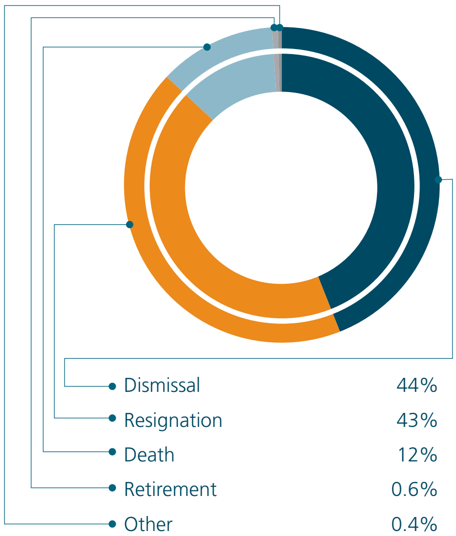
Participation in Northam's VCT programme in F2009 was disappointing, with only 388 employees known to have undertaken tests during the year. Under-reporting is likely as the medical service provider, Platinum Health, is unable to account for statistics for a two-month period. Given the lack of enthusiasm and participation, in early F2010, Northam launched a new and highly visible VCT campaign that encourages employees to take charge of their status. On the first day of this campaign, 159 VCT encounters were recorded, which equates to almost 50% of the total number of employees who had themselves tested during F2008 (323).

A total of 355 people were on ART at the end of F2009 (F2008: 325), with 127 new patients joining the ART programme in F2009, and 97 people leaving for various reasons.

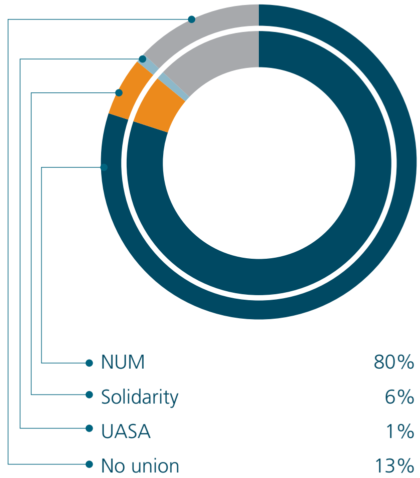
Malaria: While Northam is not located in an area in which malaria is endemic, many of the company's employees have their primary homes in countries in which this is the case (particularly Mozambique). As a preventative measure, prophylaxis is provided to employees who return home to these areas and treatment is provided to employees who contract the disease.

Employment and human rights

Reason for separation F2009



Union membership F2009 (%)



Northam strives to be a fair employer, providing sustainable job opportunities, as well as the facilities for our employees to grow and develop their skills.

Local job creation a priority

Both Limpopo province and Mpumalanga have been identified as presidential poverty nodes within South Africa. As such, recruitment by the Zondereinde mine and, in the future, the Booysendal project, is focused on initiatives to attract and develop employees from within these provinces wherever possible. Owing to the substantial skills shortage in the area and the nature of the operation, some positions need to be filled by highly-skilled professionals from neighbouring provinces. In line with the Mining Charter, Northam does not discriminate against employees from outside of South Africa.

At the end of June 2009, Northam employed 8 462 people (6 405 employees and 2 057 contractors), which is a slight decrease (1%) on employee numbers at the end of F2008. This change was effected through natural attrition. It is notable that Northam has not embarked on employee restructuring programmes in F2009, as did many other PGMs and mining sector employees, and has managed to sustain jobs. In fact, the group's employee base is set to rise with the potential for employment of a further 1 150 people at Booysendal when that operation reaches steady-state.

At the end of June 2009, some 23.7% of employees at Zondereinde were drawn from Limpopo province, while a further 29% were from other provinces in South Africa, and the balance of 47.3% from neighbouring countries.

The turnover level at Zondereinde in F2009 was 11%, with a total of 691 people, 663 men and 28 women leaving the company during the period. These departures were primarily as a result of dismissal (44%), resignation (43%), retirement (0.6%) and death (12%).

Human rights and collective bargaining

Northam is committed to upholding the basic labour rights captured in the Fundamental Rights Conventions of the Labour Organisation (ILO) which deals with collective bargaining and seeks to ensure the implementation of fair employment practices by prohibiting forced, compulsory or child labour, or discrimination on the basis of race, religion, age, disability or political affiliation. Northam recognises that freedom of association is a fundamental right of all employees and acts in accordance with the South African constitution, prescribed labour legislation, industry compacts and recognition agreements with unions. None of these rights are believed to be at risk within the company.

The rights to freedom of association and collective bargaining in particular are entrenched within South Africa's labour legislation and the country's constitution and collective bargaining structures, policies and practices are embedded at all levels of operation at Northam. Minimum notice periods in respect of operational changes are prescribed by legislation. The rates of pay for men and women are the same.

Around 87% of the workforce is represented by a recognised union or through a collective bargaining agreement. The National Union of Mineworkers (NUM) continues to represent the bulk of employees (80%), while Solidarity (6%) and UASA (1%) represent the remainder of unionised employees. Wages and other conditions other conditions of service are negotiated on an annual basis.

Recognition agreements with unions also regulate aspects such as participation in safety and health structures and disciplinary and grievance procedures. Notice periods in respect of major operational changes are provided for in terms of the South African Labour Relations Act and recognition agreements.

Good employee-management relations characterised the year for Northam, with no significant time lost to industrial relations disputes.

Employment practices

Northam is committed to fair and progressive employment practices, providing long-term employment opportunities with the scope for employees to develop to the level of their full potential. Taking into account the remote location of the company's current operating mine, the nature of the operation as well as innovative mining practices, Northam's remuneration practices are well above the country's legislative minimum wage requirements.

As a mining company operating in South Africa, Northam's operations are subject to the Mining Charter. An employment equity programme is in place and the company reports to the Department of Labour (DoL) in terms of the Employment Equity Act. A joint management/labour employment equity forum plays a major role in monitoring and implementing employment equity practices that promote the recruitment, development and retention of HDSAs, particularly in supervisory and management roles and core mining disciplines.

Benefits provided to full-time employees include membership of pension and provident funds, death benefits, access to medical care, housing and living-out allowances, study assistance, maternity and paternity leave and share ownership through the TORO Trust Fund which seeks to empower employees by providing a meaningful interest in the company's fortune.

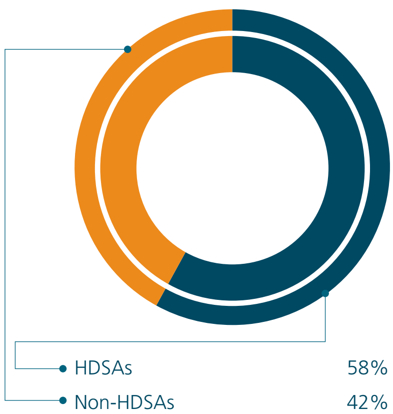
At the end of F2009, 34% of management positions were filled by HDSAs and 5% by women. Women made up 4% of the workforce compared with 3% during F2008.

A mentorship programme is in place to achieve the requisite levels of HDSAs and women in mining targets required by the Mining Charter with the progress of each employee reviewed on a quarterly basis. Programmes to promote women in mining and to address the needs of women underground are in place.

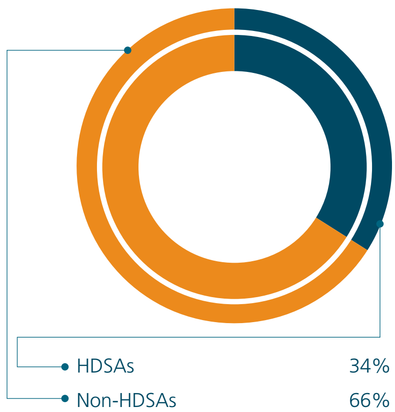
Employment equity performance (F2009)	Total	Men	%	Women	%	HDSA	%	Non-HDSA	%
Board*	12	10	83	2	17	7	58	5	42
Senior management	11	11	100	–	–	2	20	9	80
Middle management	72	68	94	4	6	10	14	62	86
Total management	83	79	95	4	5	12	34	71	66
Total employees	**6 405**	**6 161**	**96**	**244**	**4**	**3 245**	**51**	**3 160**	**49**

Note: HDSAs include white women
* Board members includes alternate directors

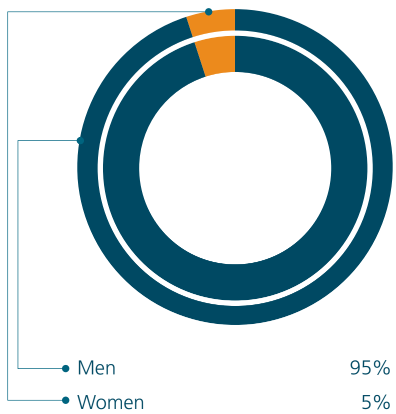
HDSAs at board level F2009



HDSAs in management F2009



Women in management F2009



Employment and human rights *(continued)*

Training and development

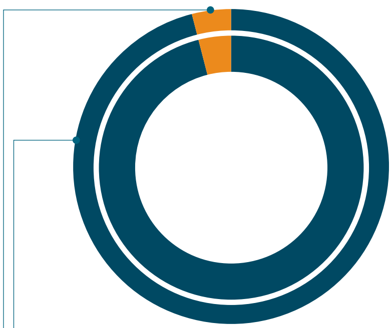
Northam has extensive training and development programmes in place, ranging from Adult Basic Education and Training (ABET) to learnerships, on-the-job training, the provision of bursaries and study assistance to potential and current employees and to the development of alternative skills to assist employees in the transition to retirement or separation from the company for other reasons.

In F2009, each employee received around 72 hours of training (on average) (F2008: 84 hours). Training expenditure amounted to R44 million (F2008: R38 million) during the year.

ABET is available to all employees on a part-time, voluntary basis. Three computer rooms equipped with 100 computers and two facilitation rooms can accommodate up to 1 000 learners per year, with seven full-time facilitators employed. In F2009 there were 457 ABET learners (F2008: 431). The pass rate for F2009 was 51% (F2008: 76%). Given Northam's ABET programme and recruitment profile, the company estimates that the literacy level could rise to 60% by 2010.

Bursaries and study assistance (assistance to employees who are employed by the company, including in-service bursars) provided support to three and 27 people respectively. In line with the imperatives of the Mining Charter, most of the recipients (88%) were HDSAs and 29.6% women.

Women at Northam F2009



A skills development plan to develop employees for specific careers paths is in place.

Housing and living conditions

Northam's accommodation and housing strategy aims for all employees to have the ability to access accommodation that meets certain minimum standards and, at the same time, to promote affordable housing and home ownership. In particular, the company wishes to reduce employees' dependence on company-provided accommodation and discourages the growth of informal settlements.

In total, 4 788 full-time employees (71%) were accommodated in hostels provided by the company, while some 1 175 employees opted to receive living-out allowances. Many employees have their primary homes and families in other countries, other provinces or other regions of Limpopo province. To deal with the continued need for hostels, the company is in the process of converting portions of the hostels into lower density accommodation. By the end of F2009, 8% of the hostel inhabitants (350 people) had been moved to new accommodation. Approximately R27 million has been spent on hostel conversions and upgrades to date.

Supervisory and management employees are largely accommodated in company-provided housing, which is a significant draw-card for employment in a country and region where there are housing shortages.

A tender has been awarded for the electrification of the Mojuteng housing project. However, an application to the local power utility for power two years ago has recently been granted. An extensive marketing project in collaboration is planned to ensure all eligible employees are informed and aware of the application process and assistance is available from the company and the Department of Local Government and Housing.

Meals served at company-provided accommodation are prepared according to a meal plan drawn up by a clinical dietician with the energy, macro and micro nutrient content being rigorously monitored. On average meals are served to around 3 900 people per day.

Northam in the community

While Northam operates in typically sparsely populated areas, we recognise that we can and should have a positive impact on our community.

Zondereinde mine

Zondereinde mine is located in a region that is relatively sparsely populated, and in a province with low levels of economic activity. Agriculture, mining and tourism are the primary economic activities in the province and region.

Northam invested R9.5 million in community development activities during F2009 (F2008: R5.9 million).

This funding has been guided by the Corporate Social Investment (CSI) Committee, which has been tasked with identifying developmental priorities in the area, and understanding the way in which Northam may optimise its CSI investment. The committee, comprising three members of management together with one representative from each of the organised employee representative bodies, convenes on a monthly basis to identify, prioritise and allocate resources towards sustainable projects which are aligned with the local municipality's Integrated Development Plans (IDPs). Northam has taken the initiative in setting up a forum to collaborate with other mining companies in the area to see how best a pooled effort might achieve a maximum effect. Northam is in the process of implementing a supply chain management policy whereby BEE companies which comply with necessary criteria are placed on the vendor list and receive preferred status in winning contracts, should they be commercially competitive. (See the economic performance section on page 10).

The CSI priorities for F2009 were:

- education;
- housing;
- health and welfare; and
- local economic development, comprising sustainable upliftment, poverty alleviation and employment creation projects.

Some R3.5 million was spent on local economic development initiatives during the year as per the mine's commitment in its SLPs. The primary project (R657 596) remains the Northam Life Centre. (This project is featured on page 23).

Booysendal project

The feasibility study at Booysendal will be completed by the end of 2009. In order to obtain the requisite mining licence, Northam has submitted a Social and Labour Plan (SLP) to the DME that incorporates both CSI and local economic development activities.

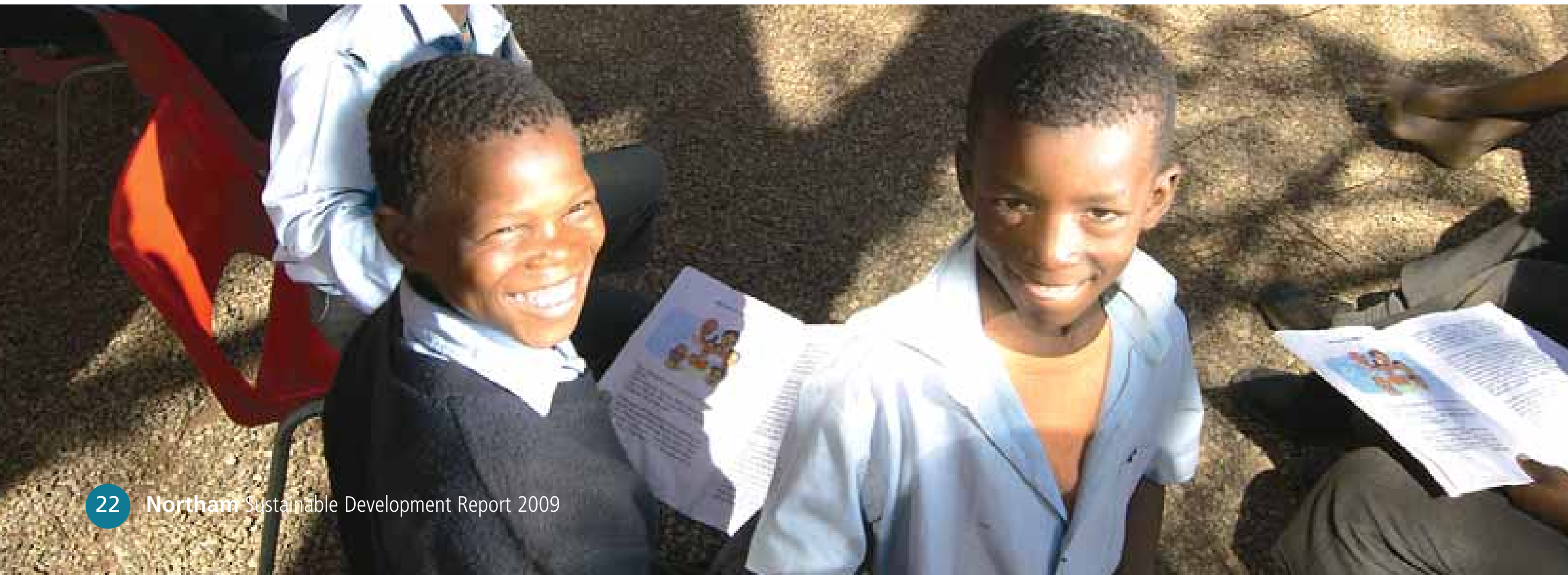
LED projects supported by Northam during F2009

Project name	Amount allocated	Description of project	Description of beneficiaries
Northam Life Centre	R657 596	Sustainable upliftment and poverty alleviation through job creation, agricultural activities, dressmaking training, chainsaw training, compost, bee harvesting, milking of cattle and cutting of alien syringa trees.	Community
Hostel hawking stalls fitted with gas cylinders	R145 054	Sustainable upliftment and poverty alleviation through job creation for 15 previously unemployed community members.	Community

Northam in the community *(continued)*

CSI projects supported by Northam during F2009.

Project name	Amount allocated	Description of project	Description of beneficiaries
Smashblock/Chromite village mobile clinic	R198 934	HIV/AIDS counselling and condom distribution	Community
Grade 12 Mathematics and the Science facilitation (Spring, Winter and Summer School)	R362 000	Comprehensive mathematics and science facilitation for the new grade 12 syllabus and final examination	Teachers and grade 12-learners from the following six high schools: • Frikkie Meyer High School • Mabogopedi High School • Naletsana Combined School • Northam Comprehensive School • Itireleng School • Groenvlei School
Northam Comprehensive School Computer Centre	R62 000	Computer centre fittings and computer connections	Learners/Community
Thabazimbi Primary School – English medium section	R852 300	Conversion of model C school into a dual medium school	Learners/Community
Frikkie Meyer High School	R362 000	Salaries of teachers	Learners/Teachers/Community
Krause Primary School	R46 588	Ablution block renovation	Learners/Teachers
Koedoeskop Primary School	R277 940	Salaries of teachers	Learners/Community
Other school projects: Northam Comprehensive School Chrome Mine Primary School Naletsana Combined School Frikkie Meyer High School	R370 676	Purchased school desks, chairs, chalk boards, sports equipment and computers	Learners/Community
Thabang Children's Place of Safety	R37 045	Feeding scheme for abused, abandoned or HIV/AIDS orphaned children	Children/Community
Thabang Place of Safety	R155 241	Construction of caretakers quarters	Children/Community
SAPS - Thabazimbi	R9 700	Donation of clothes	Police/Community



The Northam Life Centre: growing opportunities

The Northam Life Centre forms an important part of the day-to-day lives of many individuals from the communities which surround the Zondereinde operations. From humble beginnings in 2004, the initiative has slowly but surely started to blossom into a venture which facilitates development in the area.

The centre's activities are aimed at poverty alleviation through job creation and skills training and, in so doing, improving health and welfare. Since 2004, the Life Centre has spawned and developed a number of projects which include organic vegetable farming, vegetable processing, compost development, sewing and handcrafts training, and a project aimed at the eradication of alien plant species such as the invasive syringa trees found in the area.

The initiative started out with the efforts of four volunteers and one hectare of land and has grown to employ 31 employees who cultivate six hectares of land with produce. "When you look at how far this project has come since we first started and the impact it has made in the lives of community members, you cannot help but be amazed at the progress we have made so far," says Northam Life Centre Administrator, Ingrid Knoetze.

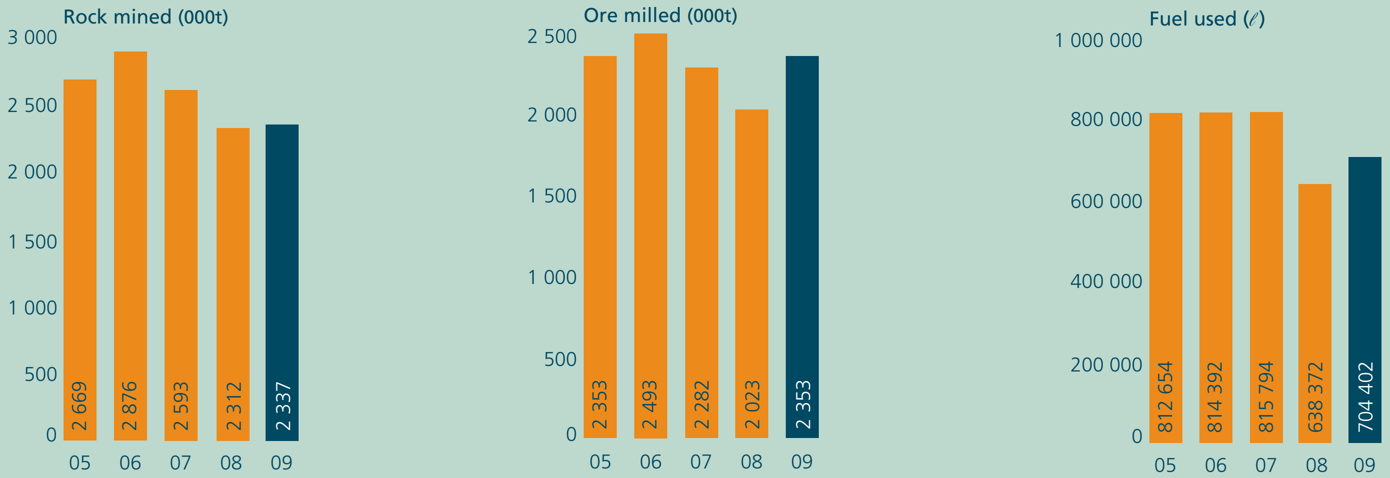
The organic vegetable farming project is a very important part of the centre's activities. People are equipped with the necessary skills to cultivate and process their own produce. In the past, the harvest was primarily distributed to community members. Since June 2009 however, the centre has started to supply processed vegetables to local shops, guesthouses and restaurants in the area. "At the moment we are not making a profit from the sale of our produce, but it does form a valuable part of the business skills training participants receive. We are hoping that people can go out there and start their own small businesses," says Ingrid.

At present, two women are provided with sewing and handcrafts skills training. These women will in turn transfer their knowledge to two other women from the community.

The eradication of invasive syringa trees has presented the centre with another opportunity that lies in with the mine's own environmental commitment. The trees are cut into workable pieces and sold to a local carpenter. The left-over wood cuttings are used to teach members of the community how to make timber trellising and gates from scrap wood.

Ingrid and her team are looking into the feasibility of producing and distributing soya milk from soya beans and have also started a chicken farming trial run at the centre.

Environmental performance



Environmental issues are managed as an integral part of our production processes at Northam and, since so many of the environmental issues and challenges are of a technical nature, this portfolio falls under the auspices of the engineering department.

Key environmental issues and parameters are formally reported on a monthly basis to the mine and company executive and then on a quarterly basis to the SHE Committee of the board.

The report that follows applies largely to the Zondereinde mine.

Compliance

Northam operates in compliance with environmental legislation and its permits that have been granted by the regulatory authorities. All requisite permits are in place other than the water use licence. Zondereinde's water use permit expired in December 2005 and, although the company submitted a water use licence application in June 2005, the permit has not yet been received owing to an apparent processing backlog within the local authority. Northam has been advised by Department of Water Affairs (DWAF) to continue to act in compliance with the previous permit until such time as the new permit has been issued.

Our environmental management system (EMS) is aligned with the international environmental standard ISO14001, and supports the environmental management progress report (EMP) that has been submitted to and approved by the DMR in conjunction with the DWA. An annual compliance audit is undertaken by an independent third party, and submitted to the DMR.

Integral to ISO14001 are:

- the prevention of harm to the environment;
- compliance with regulations and permits; and
- the implementation of a process of continual improvement in environmental management.

Good progress was made in F2009 with the implementation of ISO14001, with several gap analyses been undertaken during the year at the Zondereinde mine. Zondereinde will seek external verification of its compliance with ISO14001 in F2010.

Although no significant environmental incidents were reported in F2009 and no fines or penalties were imposed, a formal incident reporting system is yet to be approved and implemented.

Primary impacts

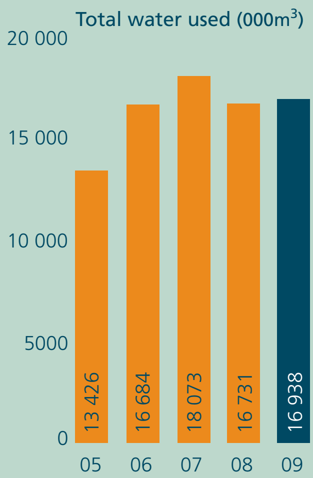
The Zondereinde mine is an underground operation with a relatively small surface environmental footprint. Its primary actual and potential environmental impacts relate to:

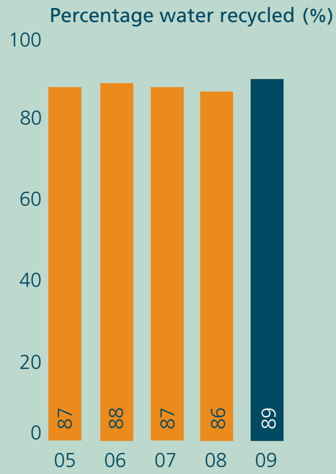
- resource utilisation – rock mined, water and energy consumption and raw material usage;
- emissions and discharges to water and air; and
- land management, rehabilitation and biodiversity and the need for eventual closure.

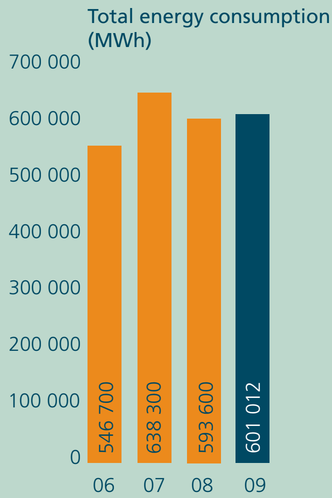
Materials used

The bulk material used by the company in the production of metals are: rock mined and processed, liquid fuels, coal, grease and lubricating and hydraulics oils.

Materials used	Unit	**F2009**	F2008	F2007	F2006
Rock mined	000t	**2 337**	2 312	2 593	2 876
Ore milled	000t	**2 353**	2 023	2 282	2 493
Coal	t	**5 049**	4 217	5 524	5 194
Grease	t	**14**	41	52	46
Fuels	ℓ	**704 402**	638 372	815 794	814 392
Lubricating and hydraulics oils	ℓ	**87 383**	103 803	279 321	274 741







Continued effort is made to optimise material usage, both from a cost and environmental perspective, and efforts have been made to improve the recycling of materials.

Recycling	Unit	F2009	F2008
Plastics	kg	**1 600**	1 686
Steel	kg	**1 944**	2 497
Timber	m^3	**6 628**	5 839
Scrap	m^3	**1 505**	2 174

Water

Water is fundamentally important for Zondereinde mine, not just from an environmental and permitting perspective, but operating as we do largely on hydro-power, water is central to the mine's operation. Water management and water quality are thus an integral part of the management of our operations.

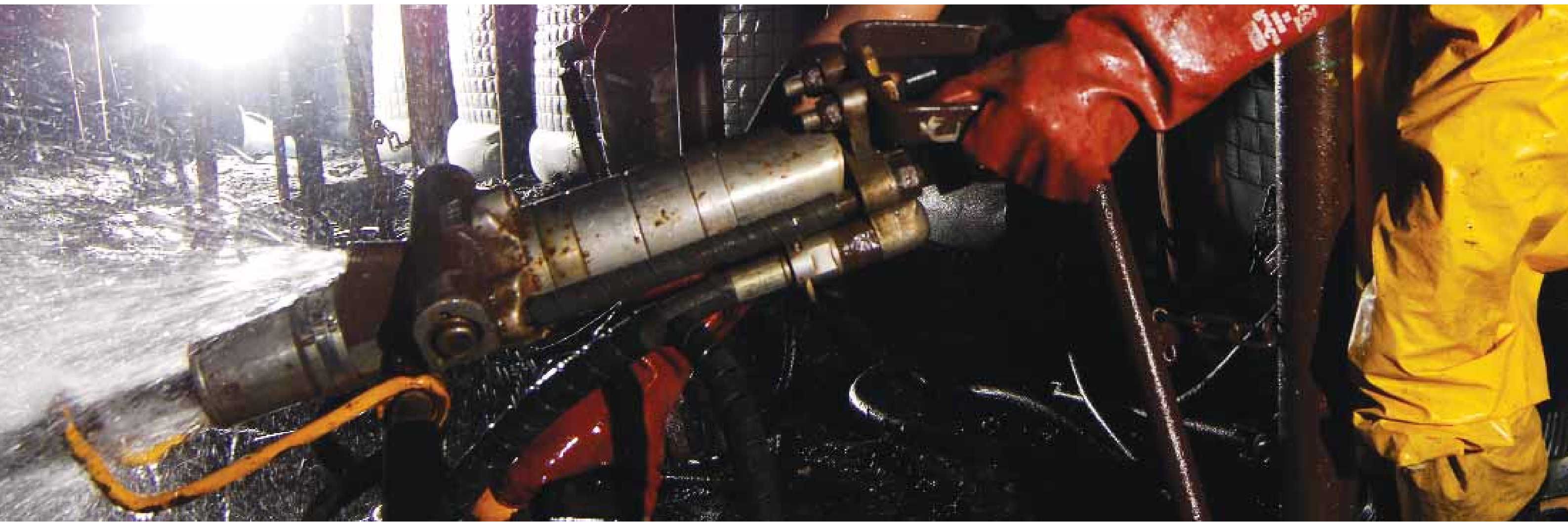
The Zondereinde mine is a registered participant within the Crocodile and Groot Marico Catchment Management Authorities.

Two primary water sources make up the water consumption at Zondereinde:

- Potable water is purchased from the Magalies Water Board. This constitutes about 11% of total daily water usage on an average annual basis.
- Industrial water (89%) used in mining and processing operations is recycled and maintained within a closed circuit. Given the geography and climate of the region, where surface temperatures may reach as high at 40 °C in summer, evaporation rates are high. This industrial water, which is exposed to evaporation when it is contained within the processing facilities, on the tailings dams and in storage facilities, needs to be supplemented by about 10% on average per annum. Zondereinde does not source water from riverine systems, surface sources or from perched aquifers (that is, groundwater). The make-up (around 20% of total industrial water on an annual basis) is sourced from the ingress of water into the deep level underground workings of our operations from fissure water (essentially 'fossil water') – at around 5 Ml per day and from surface rainfall. Since mining started at Northam around 20 years ago, there has not been any noticeable change in the rate of this fissure water flow as a result of mining operations; this water flow is also not seasonal, clearly indicating it is distinct from rechargeable groundwater.

Zondereinde endeavours to run a zero discharge operation and closely monitors any potential impact of our operations on surface and groundwater sources. Extensive monitoring is undertaken around our operations and a comprehensive groundwater model has been compiled by specialist external consultants, which also monitors and advises on surface and groundwater quality control. There were no significant spills during the year.

Water usage	Unit	F2009	F2008	F2007	F2006
Water used for primary industrial activities	$000m^3$	**15 079**	14 442	15 725	14 701
Potable water from external sources	$000m^3$	**1 858**	2 288	2 348	1 983
Surface water used	$000m^3$	**0**	0	0	0
Ground water used	$000m^3$	**1 445**	2 817	2 387	1 492
Total water used	$000m^3$	**16 938**	16 731	18 073	16 684
Water recycled in processes	$000m^3$	**15 079**	14 442	15 725	14 701
% water recycled	%	**89%**	86%	87%	88%



When overflow is inevitable (in times of heavy and sudden rainfall), discharge conditions are monitored and discharge is undertaken into the Bierspruit strictly in compliance with permit conditions from the treated sewerage effluent dam and evaporation dam.

While Northam neither consumes water from local sources or has an impact on them, it remains an interested and concerned participant in the matters relating to water management in the area. Local water quality has been deteriorating in recent years. It is our understanding that much of this impact has stemmed from the agricultural industry – a large user in our area – and, in particular, the impact of nitrates (from fertilisers) in water run-off. Northam recognises also that in South Africa water is a scarce resource which may, in the future, be further exacerbated by climate change.

In F2009, Northam used 16.9Mm^3 of water (F2008: 16.7Mm^3 of water), 1.9Mm^3 as potable water (predominantly used for human consumption) and as industrial water – 15.1Mm^3 and 347 420m^3 was consumed by smelter activities. A large percentage (89%) of this water was recycled. As a result, the 'new' water coming into the water system at Zondereinde in F2009 amounted to only 11% of the total water used.

Energy usage

Energy usage and, in particular, energy efficiency are matters that have continued to receive significant attention at Zondereinde. Not only is electricity a considerable current contributor to costs (at 7.1% of the cost base in F2009), rising electricity tariffs indicate that electricity will become a 8.2% component of input costs in F2010. (Given that Zondereinde relies highly on hydro-power, this level is lower than most other producers and presents an economic advantage to Northam). Further, while the energy crisis experienced in South Africa in F2008 was not repeated in F2009, it is expected that the national energy utility, Eskom, will continue to experience capacity constraints in F2010 and that this will have an impact on industrial users.

In an effort to reduce energy consumption, Northam has embarked on renewable energy and energy efficiency solutions in accommodation provided by the mine. This initiative includes the distribution of compact fluorescent lighting to employees and the provision of geyser blankets and timers in 600 houses. Northam has also equipped water generators at the hostel with solar power. Total energy consumption from electricity purchased during the year increased by 1.24% to 601 012 MWh (F2008: 593 640 MWh).

Greenhouse gas emissions and climate change

A more detailed inventory of greenhouse gas emissions (GHGs) was undertaken in F2008 at Zondereinde, and this analysis has been disclosed as part of Northam's submission to the Carbon Disclosure Project's 2009 annual survey. Northam's submission may be found at *www.cdproject.net* and on Northam's website. Also included in this response is Northam's assessment of the risks and opportunities presented to the company as a result of climate change.

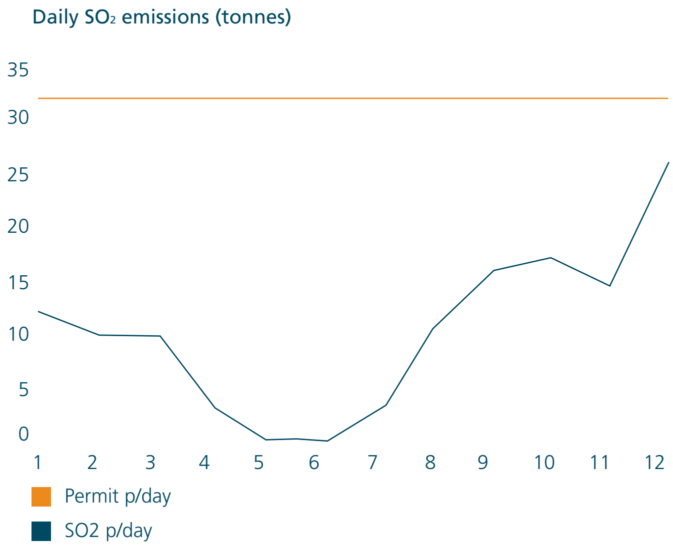
Greenhouse gas emissions (Scope 1 and Scope 2) CO_2-e (tonnes)	**F2009**	F2008
Total global scope 1 emissions	**16 775**	14 755
Total global scope 2 emissions	**739 365**	657 184
Total emissions	**756 729**	671 939

Emissions

Other emissions of concern to Northam are sulphur dioxide (SO_2) and particulates (dust). Both of these parameters are continuously monitored and performance is reported on a regular basis to the relevant authorities.

Energy consumption	Unit	**F2009**	F2008	F2007	F2006
Energy from electricity purchased by shafts	MW/hour	**473 181**	473 700	473 100	418 900
Energy from electricity purchased by plant	MW/hour	**127 831**	119 900	165 200	127 800
Total energy purchased	MW/hour	**601 012**	593 600	638 300	546 700

In total, 3 650 tonnes of SO_2 were released into the atmosphere in F2009 from Zondereinde's smelting facility (F2008: 3 310 tonnes). This translated into 10.3t/day (on average) for the year, which is well below the permitted level that allows for an average discharge of 32 t/day.



Progressive vegetation of the surface tailings dam continues to result in a decrease in dust levels.

Land management, biodiversity and closure

Zondereinde's land holding is far greater than the actual complex's surface footprint; the lease area covers some 5 000 hectares. Of this land under management:

- around 40% has been disturbed by mining operations, dwellings and infrastructure;
- the tailings storage facility (TSF), waste rock dump and slag retreatment plant and dump occupy only about 162 hectares (around 3% of the land holding);
- leased farmland covers about 276 hectares (4%) of the total area, while Northam leases some 800 hectares (11%) for conservation purposes in order to conserve the biodiversity of the region; and
- the balance of the land (50%) remains as natural habitat.

None of the company's activities are situated in areas protected by the World Conservation Union, heritage sites or biosphere reserves. Furthermore, no Red Data species have been identified on or adjacent to the mine property. An extensive exercise was undertaken during the year to identify alien invasive species on the property during the year through a structured aerial survey. This has resulted in a local economic development project being initiated in conjunction with the Northam-funded Life Centre to eradicate syringa trees from the property. (See page 30).

The TSFs are rehabilitated as deposition is concluded to reduce dust levels and for aesthetic reasons. Final rehabilitation will only occur after closure however.

Environmental liabilities and provisions Northam's total environmental liability is estimated at R54 million as at the end of June 2008 (F2008: R56 million). As prescribed by law, the company has a rehabilitation trust fund in place currently valued at R25 million (F2008: R22 million). The company has also passed a notarial bond for R56 million over certain areas of the mine's freehold property for any future rehabilitation obligations.

Booysendal

The Booysendal project is one of the world's largest and most accessible greenfields platinum projects with an estimated life of more that 50 years. Booysendal is located on the border of the Limpopo and Mpumalanga provinces within the Der Brochen valley, with the Groot Dwars River traversing through the eastern valley and the Klein Dwars River flowing along the western valley. The remote Booysendal lease area is considered environmentally sensitive due to the unique and unspoiled nature of this largely untouched environment.

Metallurgical complex at Zondereinde, with TSF in the background, showing progress with the slag dump rehabilitation project on the far right.

Environmental performance *(continued)*

As part of its regulatory approval processes, Northam has submitted an SLP to the DMR. This document indicates the extent to which mining activities will have an impact on the environment and communities which surround the Booysendal project. See page 24.

Northam is committed to minimising its environmental impact at this operation and to employing best practice in land and environmental management at the start of this long-life operation. An important part of the current feasibility study has been the identification of environmental issues and a dedicated Booysendal project team member has oversight for this function, supported by a range of consultants and academics.

Given the significant changes in scope of the project, the original Environmental Impact Assessment (EIA) undertaken by the former project owner, Anglo Platinum, has been completely revised and is expected to be submitted to the authorities in late 2009.

Northam has identified three key areas in its approach at Booysendal:

- Preserving the unique and unspoiled vegetation found only in the area surrounding Booysendal through good practice environmental management and, possibly, offsetting the impacts of mining activities on the area by allocating the Buttonshope portion as a nature reserve. An important part of this approach is minimising the physical footprint of the mine and to ensure – through the careful arrangement of the geometry of the project – that operations and infrastructure do not have an impact on environmentally sensitive areas.
- Securing responsible water and energy supply and ensuring maintenance of water quality by means of effective water management and adherence to legislation. Booysendal works closely with other producers in the area in a co-operative approach to resource usage, and in land and water management. A comprehensive and integrated water monitoring programme is in place in the valley and, together with other mining companies, Northam is committed to minimising the impacts on local water bodies.
- Limiting total energy usage at underground and surface operations by means of good practice and technology.

Again, given the unique nature of the environment at Booysendal, a dedicated land manager has been appointed at the project, and will be separate from the responsibilities of the mine manager. Northam recognises that the complexity and scope of land management to be undertaken at Booysendal is of such an intensive nature that it will require specialist skills. The land manager will work closely with the mine manager to guide, assess and monitor the impact of mining activities on the environment.

Booysendal's EMS will be ISO14001-aligned and accreditation against this standard will be sought after commissioning, should the project proceed.

Minimising the mine's footprint

The feasibility study for Booysendal is expected to be completed by the end of calender year 2009 and full scale commercial production is expected to be achieved during 2015. Pending the results of the feasibility study, the development of the Booysendal mine involves the construction of an initial 120 000 tonne underground mining operation (accessed through a decline shaft), a concentrator plant and surface infrastructure which will include a tailings storage facility (TSF).

The Booysendal mine will ultimately exploit both the UG2 and Merensky reefs. The parting between the two reefs is sufficiently wide to allow them to be mined simultaneously on two different levels and using separate mine access infrastructure. Both mine sections will be accessed via cluster decline portals.

Detailed engineering design has been brought to bear on the project to minimise the surface footprint, including changing the location of the decline portal.

Extensive studies undertaken

Extensive baseline studies have been undertaken by environmental experts at Booysendal and are being incorporated into the EIA. Some of these include:

- Baseline studies on flora and fauna
- Archeological studies
- Water management studies

Pycna sylvia – the timeless song of the cicada

The Booysendal project is situated in an ecologically unspoilt area, the Der Brochen valley, where Northam is planning to develop an initial 120 000 tonne underground operation. Northam is committed to minimising its environmental impact at this operation by implementing best practice in land and environmental management.

While revising the Environmental Impact Assessment (EIA) conducted by former project owner, Anglo Platinum, the company stumbled upon an ancient neighbour - the *Pycna sylvia* cicada, thought to be extinct for almost a century. (While cicadas are rare they are not featured on the International Union for Conservation of Nature and Natural Resources (IUCN) red list due to insufficient data.)

To better understand its singing neighbour, Northam conducted an extensive survey in the Der Brochen and Buttonshope areas which form part of the Groot Dwars River Valley. The survey was intended to determine if there are any vital concentrations of cicada *Pycna sylvia* which could be destroyed by mine development even before building and construction start.

The survey was performed by mapping the areas where the cicada could be found by tracking them on foot or by vehicle. The locations were entered onto a GPS system and the readings used to accurately plot maps indicating the density of cicada populations and where they could be found.

Little is known about the lifecycle of this cicada. However this cicada seems to emerge just before the rainfall season. The study indicated that the singing cicada was most commonly found in areas where its host plant, the *Vitex obovata* subspecies, could be found. The male cicadas sing their mating chorus (which can be heard from up to 170 metres) from these trees as sound travels further from this altitude. It was also established that the grasslands in the valley contained no cicadas and that they were confined to areas with Vitex trees.

The cicada and its host can be found along the several riverbeds and streams in the area and are highly sensitive to ecological changes in the environment such as water quality, dust and alien vegetation.

Since water distribution was identified as the main determining factor in the distribution of the cicada, Northam will continue to monitor the water quality and ensure responsible water supply and management which will benefit both the mine and the environment.

All building and construction activities, including new roads, will be restricted to the open grassland areas. At the moment, the area can only be accessed by two dirt roads which are constantly dampened to contain dust. Northam intends to tar and fence these roads to reduce the amount of dust caused by heavy vehicles and prevent erosion after rain.

The IUCN lists invasive species as the second largest threat to biodiversity. The Der Brochen valley is devoid of alien invasive species which are prevalent throughout Mpumalanga. However, the increased road traffic and the continuous disturbances could introduce propagules which could aid the dispersal of invasive species. To prevent this from happening, Northam will conduct regular assessments of the road verges and remove any invasive plants as soon as they have been identified.

Northam has, and will continue to consider the welfare of its neighbours and will ensure that the summer song of the *Pycna sylvia*, like a timeless classic, continues to captivate listeners for many years to come.

The eradication and control of the invasive syringa tree (*Melia azedarach*)

The International Union for Conservation of Nature and Natural Resources (IUCN) lists invasive species as the second largest threat to biodiversity. Against this backdrop, the management at Northam's Zondereinde mine (near Northam and Thabazimbi in the Limpopo province) embarked on an extensive environmental study to improve the level of monitoring and maintenance of invasive plant species found on the company's property during the year. A previous study, completed in 2004, formed the basis for a more detailed examination of intrusive plant species.

During F2009, the Zondereinde mine's lease area was re-assessed by means of aerial and terrain surveys. The data generated by the surveys was used to re-evaluate alien species identified by the previous environmental study as well as to identify and update the current status of biodiversity in the area in order to develop practical guidelines for the control and eradication of invasive alien vegetation.

Invasive plant species were prioritised according to the various stages of invasion and the degree of ecological threat. The four major invasive plants on the property were identified as *Arundo donax*, *Tamarix ramosissima*, *Texoma stans* and *Melia azedarach*.

"These plants have the ability to alter the indigenous vegetation structure in the area, which means that they are a huge threat to the natural ecosystem," says environmental control officer, Orelia Pretorius.

"We have presented an environmental control programme based on the outcome of the study, which outlines the locality, population density and eradication methods of invading plant species."

The invasive *Melia azedarach*, also known as the syringa tree, has turned out to be a sheep in wolves' clothing. The remains of the removed trees are used at the Northam Life Centre to teach valuable skills – including being used to teach community members how to make furniture and other wooden objects.

"At the moment, we are primarily cutting the syringa trees to a manageable size and selling these cuttings to consumers in the surrounding area. However, participants are receiving valuable on-the-job training," says Northam Life Centre administrator, Ingrid Knoetze.

Reporting in line with GRI

GRI REPORT SELF DECLARED

Northam is supportive of the G3 reporting guidelines of the Global Reporting Initiative (GRI) and has provided an index of compliance with the guidelines and the core performance indicators below.

Northam has engaged external auditors PwC to assure certain key parameters and the company's compliance with its stated application level.

Northam has self-declared a **C+** level of reporting

Indicator	Reported	Page no
Profile		
1	Strategy and analysis	
1.1	Statement by CEO	6-7
1.2	Description of key impacts, risks and opportunities	Throughout the report
2	Organisational profile	
2.1 – 2.9	Information on the company	IFC, 2-3
3.	Report parameters	
3.1 – 3.4	Report profile	IFC
3.5 – 3.11	Report scope and boundary	IFC
3.12	Content index	31-32
3.13	Assurance	35
4.	Governance, commitments and engagement	
4.1 – 4.10	Governance	Annual Report, 8-9
4.11 – 4.13	Commitments to external initiatives	14
4.14 – 4.17	Stakeholder engagement	Throughout the report
Performance indicators	Economic performance indicators	
	Management approach	4-5, 10-14
EC1	Direct economic value generated and distributed	13
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	26
EC3	Coverage of the organisation's defined benefit plan obligations	12
EC4	Significant financial assistance received from government	12
EC6	Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation	14
EC7	Procedures for local hiring and proportion of senior management hired from local community at significant locations of operation	18
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro-bono engagement	21-23
	Environmental performance indicators	
	Management approach	24-29
EN1	Materials used by weight or volume	24-25
EN2	Percentage of materials used that are recycled	25
EN3	Direct energy consumption by primary energy source	25-26
EN4	Indirect energy consumption by primary source	25-26
EN8	Total water withdrawal by source	25-26
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high bio-diversity value outside protected areas	27
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	27
EN16	Total direct and indirect greenhouse gas emissions by weight	
EN17	Other relevant indirect greenhouse gas emissions by weight	26
EN20	NOx, Sox, and other significant air emissions by type and weight	27
EN21	Total water discharge by quality and destination	25-26
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	24

Reporting in line with GRI *(continued)*

Indicator	Reported	Page no
	Labour practices and decent work	
	Management approach	18-20
LA1	Total workforce by employment type, employment contract, and region	18
LA2	Total number and rate of employee turnover by age group and region	18
LA3	Benefits provided to full time employees that are not provided to temporary or part-time employees, by major operations	19
LA4	Percentage of employees covered by collective bargaining agreements	10
LA5	Minimum notice periods regarding operational changes, including whether it is specified in collective agreements	18
LA5	Percentage of total workforce represented in formal joint-management health and safety committees that help monitor and advise on occupational health and safety programmes	15
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region	15-17
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families, or community members regarding serious disease	17
LA10	Average hours of training per year per employees by employee category	20
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	19
LA14	Rate of basic salary of men to women by employee category	18
	Human rights	
	Management approach	18
HR4	Total number of incidents of discrimination and actions taken	18
HR5	Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk, and actions taken to support these rights	18
	Society	
	Management approach	21
SO1	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	21-23
SO4	Actions taken in response to incidents of corruption	9
SO5	Public policy positions and participation in public policy development and lobbying	9
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	9

Mining Charter compliance

Description	Compliance	Page no
1. Human resource development		
Has the company offered every employee the opportunity to be functionally literate and numerate by the year 2009 and are employees being trained?	yes	18-20
Has the company implemented career paths for HDSA employees including skills development plans?		
Has the company developed a system through which empowerment groups can be mentored?		
2. Employment equity		
Has the company published its employment equity plan and reported on its annual progress in meeting that plan?	Yes	18-20
Has the company established a plan to achieve a target for HDSA participation in management of 40% within five years and is it implementing the plan?		
Has the company identified a talent pool and is this being fast tracked?		
Has the company established a plan to achieve the target for the participation of women in mining of 10% within five years and is it implementing the plan?		
3. Migrant labour		
Has the company subscribed to government and industry agreements to ensure non-discrimination against foreign migrant labour?	Yes	18-20
4. Mine community and rural development		
Has the company co-operated in the formulation of integrated development plans and is the company co-operating with government in the implementation of these plans for communities where mining takes place?	Yes	21-23
5. Housing and living conditions		
For company-provided housing, has the mine, in consultation with stakeholders, established measures for improving the standard of housing, including the upgrading the hostels, conversion of hostels to family units and promoted ownership options for mine employees?	Yes	20
For company-provided nutrition, has the mine established measures for improving the nutrition of mine employees?		

Mining Charter compliance *(continued)*

Description	Compliance	Page no
6. Procurement		
Has the mining company given HDSA preferred supplier status?	Yes	14
Has the mining company identified current levels of procurement from HDSA companies in terms of capital goods, consumables and service?		
Has the mining company indicated a commitment to progress of procurement from HDSA companies over a three-year to five-year time frame in terms of capital goods, consumables and service and to what extent has the commitment been implemented?		
7. Ownership and joint ventures		
Has the mining company achieved HDSA participation in terms of ownership for equity or attributable units of production of 15% HDSA hands within five years and 26% in 10 years?	Yes	14
8. Benefication		
Has the mining company identified its current level of benefication?	Yes	14
Has the mining company established its baseline level of benefication and indicated the extent that this will have grown in order to qualify for an offset?		
9. Reporting		
Has the company reported on annual basis its progress towards achieving its commitments in its annual report?	Yes	This report

Report of the independent assuror

PRICEWATERHOUSECOOPERS

To the Board of Directors and management of Northam Platinum Limited

Introduction

We have been engaged by Northam Platinum Limited ("Northam") to perform an independent assurance engagement in respect of certain Identified Sustainability Information reported in Northam's Sustainable Development Report ("SD Report") for 2009, for the period 1 July 2008 to 30 June 2009. This assurance report is produced in accordance with the terms of our engagement letter, dated 28 May 2009.

Scope and subject matter

The following Identified Sustainability Information reported in the SD Report was selected for an expression of limited assurance:

Economic performance:

- Value added statement (Page 13)
- Total procurement spend from HDSA/BEE suppliers measured as a percentage of total procurement (Page 14)

Environmental performance:

- Total water consumption in $1000m^3$ (Page 25)
- SO_2 emissions in 1000 tonnes (Page 27)
- Total energy consumption in MW/hour (Page 26)
- Total CO_2 emissions – Scope 1 emissions in tonnes (Page 26)
- Significant environmental incidents (Page 24)

Social performance:

- Number of employees and contractors (Page 19)
- Employee turnover levels measured as a percentage of total employees (Page 18)
- Employment equity percentages (Page 19)
- Total number of employees receiving adult basic education and training (ABET) (Page 20)
- Total amount spent on corporate social investment (CSI) projects (Page 21)
- Fatality injury incidence rate (FIIR) (Page 15)
- Lost time injury incidence rate (LTIIR) (Page 15)
- Reportable injury incidence rate (RIIR) (Page 15)
- New cases of occupational lung disease (OLD) (Page 16)
- New cases of tuberculosis (TB) (Page 17)
- New cases of noise induced hearing loss (NILH) (Page 16)
- Total voluntary counselling and testing (VCT) encounters (Page 18)
- Total number of people on the wellness programme (Page 18)
- Total number of people on anti-retroviral treatment (ART) (Page 18)

Our responsibilities do not extend to any other information.

Responsibility of the directors

Northam's directors are responsible for the preparation and presentation of the identified selected subject matter in accordance with internal corporate policies and procedures, and the Global Reporting Initiative (GRI) new generation (G3) guidelines.

Responsibility of the independent assurance provider

Our responsibility is to conduct a limited assurance engagement and, based on our assurance procedures, report our conclusions to the directors.

We conducted our engagement in accordance with the International Standards for *Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. This standard requires inter alia that we comply with ethical requirements.

Summary of work performed

Our procedures included examination, on a test basis, of evidence relevant to the Identified Sustainability Information. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the Identified Sustainability Information.

Our work consisted of:

- Obtaining an understanding of the systems used to generate, aggregate and report Identified Sustainability Information
- Conducting interviews with management at the operations and at corporate head office
- Evaluating the data generation and reporting processes against the reporting criteria
- Performing key controls testing
- Testing the accuracy of data reported on a sample basis

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion. The "Glossary of terms and acronyms" (page 36) provides detail on the applied definitions of the Identified Sustainablity Information.

Inherent limitations

Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used for determining, calculating, sampling or estimating such data. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements.

Conversion factors used to derive CO_2 emissions and energy used from fuel and electricity consumed, are based upon information and factors derived by independent third parties. Our assurance work has not included an examination of the derivation of those factors and other third party information.

We have not carried out any work on data reported for prior reporting periods, nor in respect of future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the Identified Sustainability Information.

Conclusion

We were unable to express an opinion on VCT encounters, number of people on the wellness programme and number of people on ART, as access to records required for data verification was restricted by the service provider.

In our opinion, except for VCT encounters, number of people on the wellness programme and number of people on ART, referred to above, nothing has come to our attention or caused us to believe that the Identified Sustainability Information is misstated in any material respects.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Wessie van der Westhuizen
Johannesburg
7 October 2009

Glossary of terms and acronyms

ABET	Adult Basic Education and Training, aimed at improving literacy levels and providing learners with nationally recognised qualifications
AIDS	Acquired Immune Deficiency Syndrome, a disease of the immune system caused by HIV infection. HIV & AIDS pose serious challenges for the government and the industry, as South Africa is one the countries worst affected by the pandemic
ART	Anti-retroviral therapy, treatment of retroviruses especially HIV, usually involving a cocktail of drugs
BEE	Black Economic Empowerment, a socio-economic process that contributes to the economic transformation of the country and increases the number of HDSAs (historically disadvantaged South Africans) participating in the economy
CDM	The Clean Development Mechanism is an arrangement under the Kyoto Protocol allowing industrialised countries with a greenhouse gas reduction commitment to invest in projects that reduce emissions in developing countries as an alternative to more expensive emission reductions in their own countries
CDP	Carbon Disclosure Project is an independent not-for-profit organisation which acts as an intermediary between shareholders and corporations on all climate change related issues, providing primary climate change data from the world's largest corporations, to the global market place
CSI	Corporate social investment
DMR	Department of Mineral Resources
DoL	Department of Labour, South Africa
DWAF	Department of Water Affairs and Forestry, South Africa
DOT	Directly observed treatment
DSM	Demand Side Management
EETF	Employee Empowerment Trust Fund
EMP	Environmental Management Plan
EMS	Environmental Management System
FIIR	A total injury incidence rate per 200 000 man hours worked
GHG	Greenhouse gas
GRI	Global Reporting Initiative is a multi-stakeholder governed institution collaborating to provide the global standards in sustainability reporting. These standards set out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance
HDSAs	Historically disadvantaged South Africans, all persons and groups who have been previously discriminated against on the basis of race, gender and disability. Defined by the MPRDA
HIRA	Hazard Identification and Risk Assessment
HIV	Human Immunodeficiency Virus which causes AIDS by infecting the helper T cells of the immune system. The HIV virus is transmitted through blood or bodily secretions
IDP	Integrated development plans provided for by the Local Government Municipal Systems Act. (NO. 32 of 2000)
ILO	International Labour Organisation
ISO 14001	Published in 1996 by the International Organisation for Environmental Standardisation, it specifies the actual requirements for an environmental management system (EMS)
JSE	JSE Limited, formerly known as the JSE Securities Exchange South Africa
King II	King II is the abbreviated name for the King Report on Corporate Governance for South Africa published 2002 in South Africa
LED	Local economic development
LRA	Labour Relations Act 66 of 1995, South Africa
LTIIR	Lost Time Injury Incidence Rate measured per 200 000 man hours worked
Mining Charter	The Broad-Based Social-Economic Empowerment Charter for the South African Mining Industry. The goal of the charter is to bring about an industry that reflects the promise of a non-racial South Africa
MHSA	Mine Health and Safety Act 29 of 1996
MPRDA	Minerals and Petroleum Resources Development Act 28 0f 2002
MQA	Mining Qualifications Authority, a Sector Education Training Authority for the Mining and Minerals Sector. Its mission is to facilitate and promote human resources development in the sector
NGOs	Non-governmental organisations
NIHL	Noise induced hearing loss
NUM	National Union of Mineworkers, the largest collective bargaining agent representing workers in the mining, energy and construction industries in South Africa
OLD	Occupational lung disease
PwC	PricewaterhouseCoopers, independent auditors
RIIR	Reportable Injury Incidence Rate: injuries resulting in 14 or more days absence from work per 200 000 man hours worked
SETA	Mining Sector Education Training Authority, South Africa
SLPs	Social and labour plans aimed at promoting employment and advancement of the social and economic welfare of all South Africans whilst ensuring economic growth and socio-economic development. Stipulated in the MPRDA
SRI	Index Socially responsible investment index of the JSE
STIs	Sexually transmitted infections
TB	Pulmonary tuberculosis
TSF	Tailings Storage Facility
VCT	Voluntary counselling and testing, a programme aimed at encouraging voluntary HIV testing in order for individuals to know their status
VRT	Virgin Rock Temperature

Feedback form

Northam would be grateful for your feedback and invites you to complete this feedback form and fax or email it to:

Marion Brower

Fax: +27 11 880 3788

Email: marion@rair.co.za

1. Personal details

Name: ____________________

Organisation: ____________________

Tel: ____________________ Fax: ____________________

Email address: ____________________

Postal address: ____________________

2. What is your interest in or association with Northam?

☐ Employee ☐ Analyst ☐ Shareholder

☐ Journalist ☐ Community member

☐ Non-governmental/community-based organisation

☐ Student ☐ Business partner ☐ Supplier

☐ Government representative

☐ Other – please specify: ____________________

____

3. How did you become aware of our report?

☐ Delivered or posted to you (printed copy)

☐ Email link sent to you

☐ Through the media

☐ Other – please specify:

____

4. How did you view the report?

☐ Website version ☐ Printed version

5. Have you been aware of or had access to Northam's previous reports?

☐ Yes ☐ No

6. How would you describe the report?

☐ Printed version

☐ Too much information

☐ Not enough information

☐ Website version

☐ Too much information

☐ Not enough information

7. What are your areas of interest in this report?

☐ Economic performance

☐ Environmental performance

☐ Social performance

☐ Employment ☐ Community

☐ Safety and Health ☐ HIV & AIDS

8. Did you read the message from the CEO?

☐ Yes ☐ No

9. Were Northam's sustainability development issues and how they are being dealt with clearly communicated in this report?

☐ Yes ☐ No

10. Did you use the Global Reporting Initiative (GRI) index?

☐ Yes ☐ No

11. Does the fact that the report is independently assured provide you with confidence regarding the accuracy and relevance of the information?

☐ Yes ☐ No

12. Do you have any other comments on the report?

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Contact details and administration

Registered office
1st Floor
1A Albury Park
Magalieszicht Avenue
Dunkeld West 2196
Johannesburg
South Africa

PO Box 412694
Craighall 2024
South Africa

Telephone: +27 11 759 6000
Facsimile: +27 11 325 4795

Website
www.northam.co.za

Company secretary
Bethuel Ngwenya
1st Floor
1A Albury Park
Magalieszicht Avenue
Dunkeld West 2196
Johannesburg
South Africa

PO Box 412694
Craighall 2024
South Africa

Email: bethuel.ngwenya@norplats.co.za

Bankers
Standard Bank of South Africa Limited
PO Box 61029
Marshalltown 2107
South Africa

Auditors
Ernst and Young Inc.
Wanderers Office Park
52 Corlett Drive
Illovo 2196
Johannesburg
South Africa

Transfer secretaries
Computershare Investor Services (Pty) Limited
70 Marshall Street
Johannesburg 2001
South Africa

PO Box 61051
Marshalltown 2107

Telephone: +27 11 370 5000
Facsimile: +27 11 688 7716

Sponsor
Barnard Jacobs Mellet Corporate Finance
(Proprietary) Limited
Barnard Jacobs Mellet House
24 Fricker Road
Illovo 2196
Johannesburg
South Africa

Investor relations
Russell and Associates
PO Box 1457
Parklands 2121
Johannesburg
South Africa

Telephone: +27 11 880 3924
Email: general@rair.co.za

Russell and Associates 2833/09

www.northam.co.za