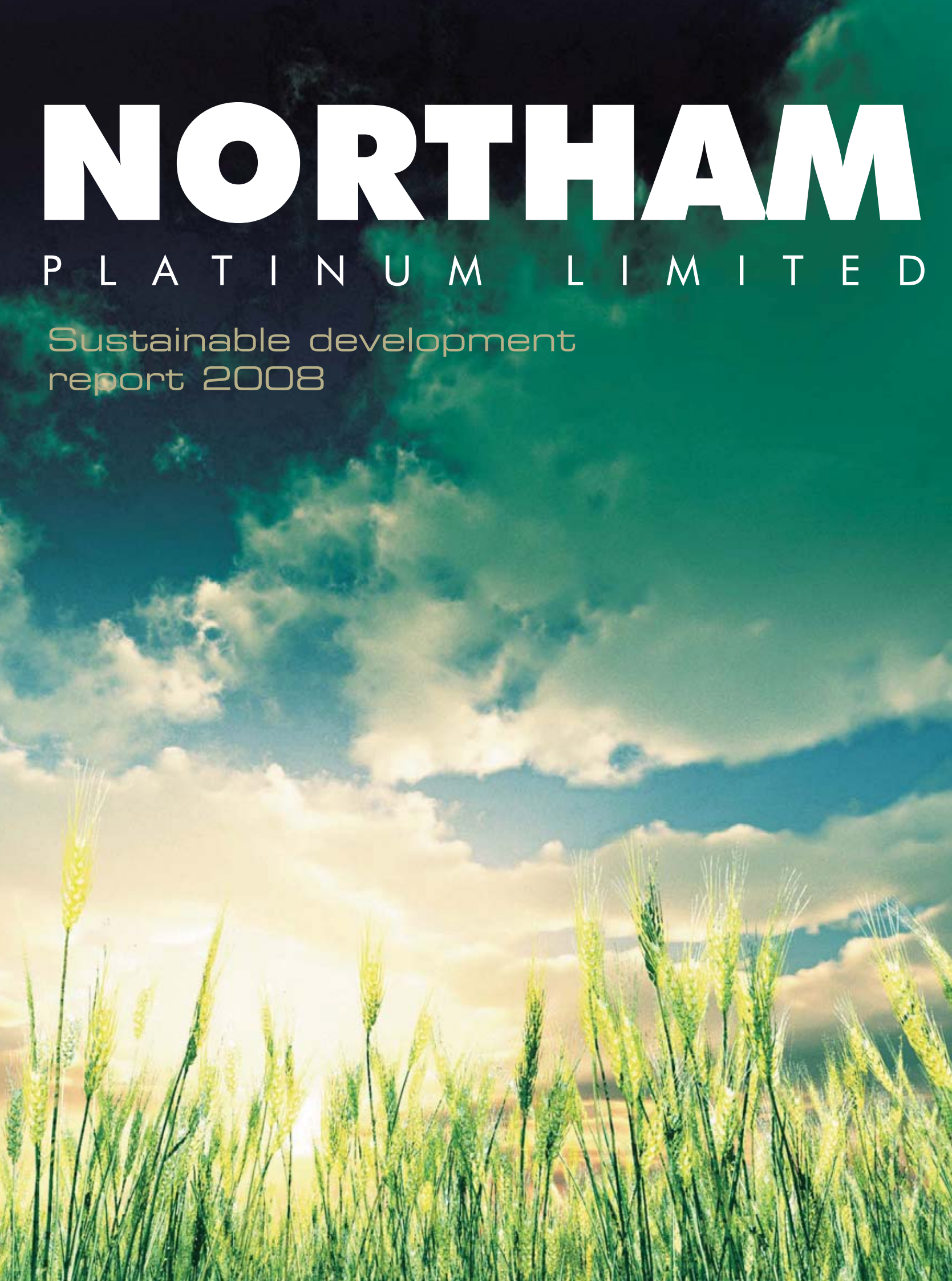


NORTHAM

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

Sustainable development
report 2008



About this report

This is the first separate sustainable development report by Northam Platinum Limited 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 covers the economic, social and environmental aspects of the operations of the Northam Platinum Mine in Limpopo Province. A feasibility study for the Booyendal Project is currently being compiled and, although no detailed information is available, this project is considered in respect of various issues in this report. Matters relating to corporate governance and risk management may be found in the annual report.

The report has been compiled in line with the G3 guidelines of Global Reporting Initiative (GRI) and the South African Mining Charter. An index of Northam's reporting in line with GRI may be found on page 30.

Selected parameters have been independently assured by PricewaterhouseCoopers (PWC) and their assurance report may be found on page 31.

In accordance with the GRI guidelines, Northam has declared a C+ level of reporting, and this has been confirmed by independent assurers PricewaterhouseCoopers (PWC).

The information in this report has been prepared for the 2008 financial year, that is from 1 July 2007 to 30 June 2008. The currency used in this report is the South African rand. Where dollar information is provided, it refers to US dollars (\$).

For further information on sustainability reporting at Northam, please contact Marion Brower: +27 11 880 3924, or email marion@rair.co.za.

Key performance indicators

Economic	Social	Environmental
■ Significant value added and distributed during the year ■ R630 million distributed to employees ■ R966 million taxes paid ■ R1 010 million distributed to shareholders ■ HSDA procurement of 39.8% ■ BEE equity ownership of 62.8% ■ Admitted to JSE SRI index	■ Four fatalities during the year FIIR of 0.05 and LTIIR of 2.30 ■ Four new cases NIHL and 68 new cases of TB identified ■ 698 employees on company's wellness programme, with 325 people on ART ■ 9 068 employees (including contractors) ■ Labour turnover of 8.7% ■ 413 ABET students during the year ■ 27% HSDAs in management ■ 3.7% women in management ■ 3.2% women in work force ■ R5.3 million spent on corporate social investment and local economic development	■ 16.7 million cubic metres of water consumed, down by 7.4% ■ 593 640 MWh of energy consumed, down by 16% ■ CO₂ emissions of 14755 CO₂-e (score 1) and 65 718 CO₂-e (score 2) emissions ■ 3 310 t of SO₂ emissions

Contents

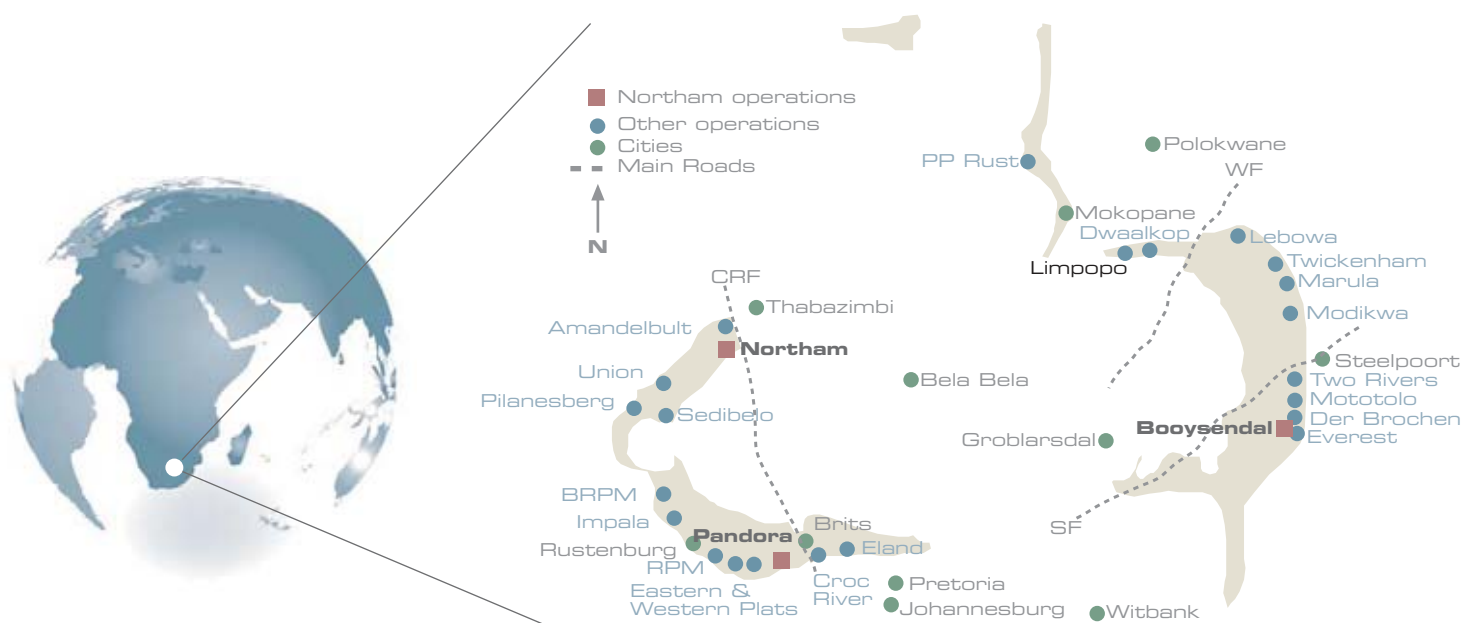


2	Corporate profile
4	PGMs – our product
6	Letter from the Chairman, Lazarus Zim and CEO, Glyn Lewis
8	Governance
10	Economic performance and impact
12	<i>Case study: Considering the economic implications of climate change</i>
16	Safety and health
18	HIV/AIDS and malaria
19	<i>Case study: Peer educators at the forefront of HIV prevention</i>
20	Employment and human rights
23	<i>Case study: Adult Basic Education and Training well established at Northam</i>
24	Corporate social investment
26	Environmental performance
30	Reporting in line with GRI
31	Report of the independent assurers
32	Glossary of terms and acronyms
Back Cover	Contact details and administration

Corporate profile

About Northam

Northam Platinum Limited (Northam) wholly owns and operates the Northam Platinum Mine, near the town of Thabazimbi, at the upper end of the western limb of the Bushveld Complex, the world's premier platinum group metal-bearing orebody. Northam has its own concentrating and smelting facilities and, through its relationship with international metals processor, Heraeus, has access to refining facilities. So, with control of metal from mine-to-market, Northam Platinum is the first independent, black-owned and fully-integrated platinum group metals (PGMs) producer. Northam recently acquired 100% of the Booyseendal Platinum Project on the eastern limb of the Bushveld Complex.



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 Northam 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, significant stakes (22.5% each) in Northam were acquired by Anglo Platinum Limited and Mvelaphanda

Resources, a leading black economic empowerment (BEE) group, headed by business leader Toyko Sexwale. Subsequent transactions between Mvelaphanda Resources and Afripalm Limited, a new BEE entrant led by another leading business figure, Lazarus Zim, has seen the ownership of Northam changing. As a consequence of this, Northam is a truly black-owned company, fully meeting the equity ownership requirements of the Mineral and Petroleum Resources Development Act (MPRDA).

Northam today

During its approximately 20 years of operations the Northam Mine has produced

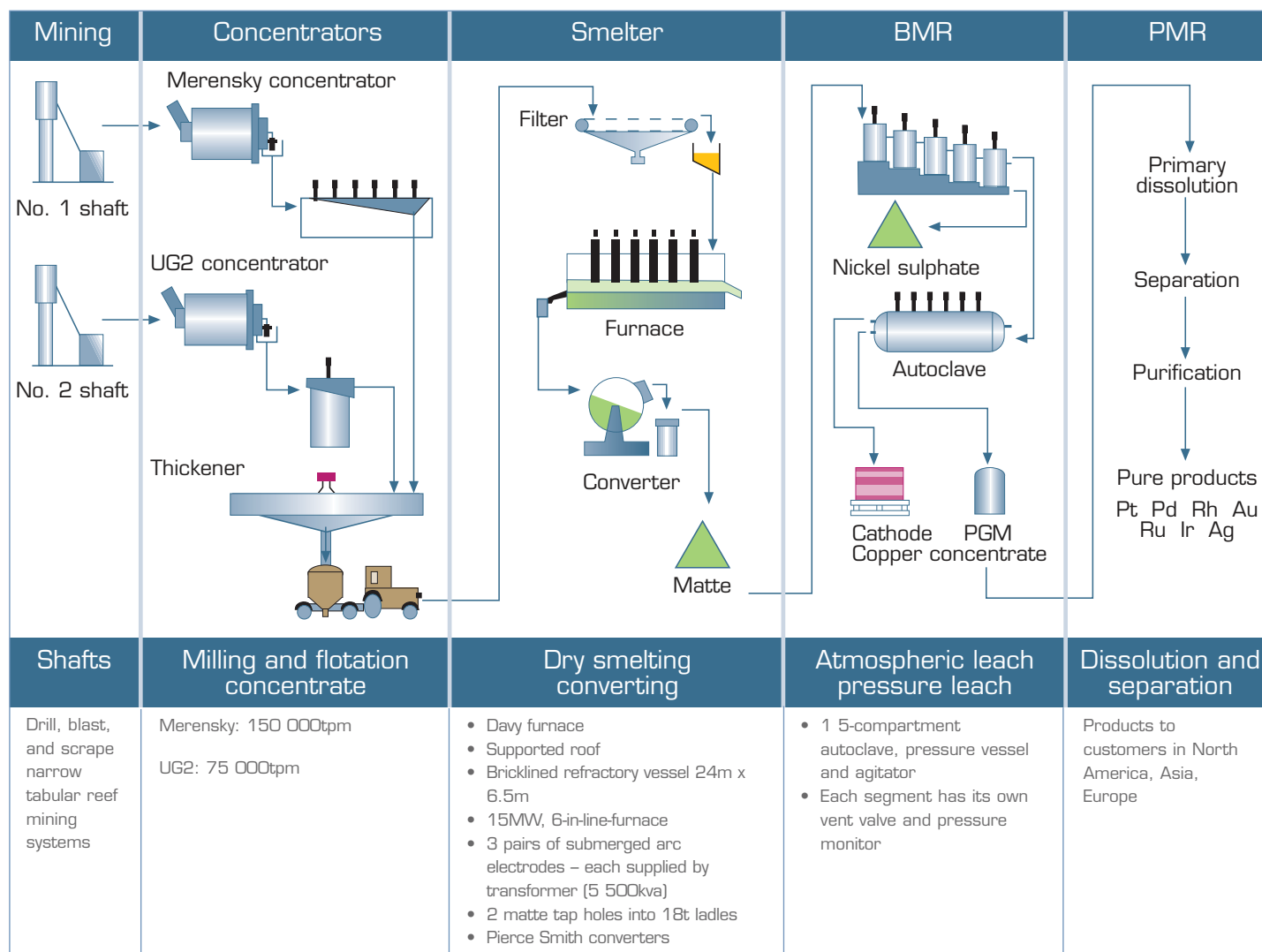
some 4.4 million PGM ounces, and still has a further life of some 18 years. The Booyseendal asset adds 103 million ounces to Northam's resource base, and could add more than 50 years' life of mine to Northam.

A total of 9 068 employees – some 6 787 full-time employees and 2 281 contractors – owe their livelihood to Northam's current mining activities. This number is expected to grow as Booyseendal comes into production over the next few years.

The company has been admitted to the JSE's Socially Responsible Investment Index (SRI).

What we do

Northam Platinum Limited's current operations at Northam Platinum Mine in Limpopo Province comprise a single underground mining operation, two concentrator plants, a smelter and base metals removal plant. Final PGM concentrate is transported to a refinery in Germany, operated by Heraeus, and then for sale to long-term customers in the USA, Europe and Japan. This report deals with the sustainability impacts up until the point at which the materials are sent for refining, that is, the operations managed by the company.



Mining at Northam

Northam is the deepest platinum mine in the world, operating today at an average mining depth of 1 750 metres below surface. The underground workings are accessed via a twin-shaft system to a depth of 1 987 metres, and further access is provided for people and materials to a depth of 2 176 metres through a decline.

The mine exploits both the Merensky and UG2 reefs, with the UG2 reef typically appearing between 20 and 40 metres below the Merensky reef. Conventional drill and blast mining methods are used at Northam and are appropriate for the narrow tabular mining reefs.

The virgin rock temperature (VRT) at Northam is high, given the relatively high geothermal gradient levels experienced in the Bushveld Complex, where rock temperatures increase by 2.2°C for every 100 metres in depth. At the bottom of the mine, the VRT is in the region of 70°C. To counteract this, the mine has installed substantial

refrigeration capacity to maintain a safe and comfortable underground working environment.

Northam is a technologically advanced mine in the South African context, having pioneered and employed a number of innovations that have now been introduced into other mines, locally and internationally. Foremost amongst these is the use of hydro-power, the application of which not only reduces electricity consumption, but also has a number of benefits in terms of hygiene, such as reducing dust and noise levels.

Water, cooled on surface to 5°C, is sent underground in high-pressure pipes and powers the drilling and cleaning equipment that comprise the primary mining operations. Specialised support systems to accommodate the layout necessitated by hydro-power and extensive use of backfill (supporting the mined-out areas with slurry waste generated from the processing of ore) are among the novel technologies that Northam uses.

For more information on the way we work, please go to www.northam.co.za.

PGMs – our product

In a world grappling with conflicting needs of sustaining economic growth and protecting the environment, PGMs are central to mankind's well-being and are crucial for our future.

At present there are some 800 million vehicles on the world's roads, and 85% are fitted with exhaust catalysts, each one loaded with comparatively tiny amounts of PGM compounds – catalysts that remove noxious carbon monoxide, ozone-damaging nitrous oxides, smog-inducing hydrocarbons and carbon particulates from vehicle exhausts. By the year 2030, that fleet is expected to exceed 2 billion vehicles, largely as rising living standards raise demand for cars in developing economies, particularly in China and India.

China already has the world's second largest motor vehicle fleet and, back in 2000, Beijing legislated strict vehicle emissions standards. These have not yet been fully implemented due to concerns over the quality of China's petrol and diesel fuel. Improvements will call for greater use of platinum catalysts by that country's oil refineries.

Certainly, exhaust emissions will be reduced by more efficient engines and the advent of biofuels, hybrid (battery and petrol) engines and even cars that are fuelled solely by electricity or hydrogen. But for the next half century, the world will remain highly reliant on the abundant crude oil that fuels mobility and economies.

The bulk of auto catalyst PGMs will need to come from South Africa, the home to more than 70% of the world's known platinum reserves along with more than a third of the globe's palladium. Based on these demand and supply estimates alone, the outlook for South African platinum mining remains positive.

Platinum mining started in South Africa back in the 1920s, mining the extensive Merensky reef on the Bushveld Complex.

For decades the platinum industry was tightly controlled, but that started to change in the 1970s so that today a dozen companies are producing or preparing to produce PGMs. Over the intervening decades since the 1970s, technological advances have allowed the UG2 reef to be processed on its own or blended with Merensky ore. In 2007 South Africa produced fractionally more than 5 million ounces of platinum and 2.8 million ounces of palladium – which represented but a fraction of the country's estimated 200 million ounces of platinum and palladium proven and probable reserves and the estimated 930 million ounces contained in inferred reserves.

To put another perspective on South Africa's role in the world of platinum, according to authoritative research by Johnson Matthey, world demand for newly-mined platinum totalled 7.03 million ounces of platinum in 2007. Auto catalyst makers used 4.23 million ounces but sourced 890 000 ounces of that from recycled catalysts.

PGMs are to a significant extent immune from chemical attack by other compounds and have high melting points making them ideal for the manufacture of products as diverse as fibre glass, electrical connections and high-end jewellery.

Again in 2007, the world's chemicals industries bought 390 000 ounces of platinum, jewellery manufacturing 1 585 million ounces, the electrical goods industry 425 000 ounces, oil refineries 205 000 ounces, the glass industry 405 000 ounces and investors 170 000 ounces.

In some respects palladium demand was similar to that of platinum, helped by some substitution as platinum prices rose

strongly along with those of other commodities. In total the world used 6.84 million ounces of newly-mined palladium supplemented by 1 million ounces from recycled auto catalysts. In total the auto catalyst sector used 4.45 million ounces and the chemicals industry 440 000 ounces.

Then there is rhodium, much rarer than platinum or palladium and much more expensive. In 2007 the world used 856 000 ounces of new metal, while auto catalysts absorbed 879 000 ounces of which 183 000 ounces came from recycled material.

In the same year, South Africa provided 5.04 million ounces of newly-mined platinum, 2.77 million ounces of palladium and 696 000 ounces of rhodium. Russia, the world's second-largest producer weighed in with 910 000 ounces of platinum, 4.54 million ounces of palladium and 90 000 ounces of rhodium. However, production trends in the two majors differ widely – Russia's production has been declining for the past 10 years while South Africa's has been rising with the opening of new mines.

Though PGM prices have fallen sharply from the peaks achieved in the commodities boom in mid-2008, the balance between supply and demand is likely to ensure that any further near-term declines will be reasonably modest. By mid-2008 spot platinum prices were peaking in the region of \$2 000 an ounce, palladium around \$500 and rhodium within spitting distance of \$10 000, although the three metals were trading in the region of half of these price levels, by the third quarter of calendar year 2008.

This volatility resulted largely from speculative demand on worries about production shortfalls at South African mines hit by power shortages. Northam's view is

that current prices should be maintained to be followed by steady advances over the next 20 or so years as Chinese and Indian car sales call for increasing use in auto catalysts and oil refining. In addition, rising jewellery demand can be expected from an increasingly affluent Chinese population which took half of the jewellery

total in 2007. Certainly, jewellery demand is extremely price sensitive, but at current levels demand looks set to remain firm.

PGMs are underpinned by solid industrial demand from a world increasingly concerned about reining in climate change. And new uses for platinum are emerging each year.

Among the more promising uses is as a catalyst in fuel cells which assures clean hydrogen power – if not in cars then almost certainly in small local power plants hooked to homes, factories and the grid.



Letter from the Chairman, Lazarus Zim and CEO, Glyn Lewis

Sustainable development as a concept is an admirable one, but how this is applied to a mining and metals processing company is one that requires consideration. We mine and process a depleting resource and our operations, almost unavoidably, have the potential for a negative impact on a number of aspects related to the fabric of our society and on our environment.

At the outset we report, with sincere regret, that four of our colleagues, Mr Mahlomola Hoffman, Mr Mosimanyana Mpywe, Mr Tanes Matumane and Mr Justice Lethiba were fatally injured at work during the year. We extend our sympathies to their family and friends. Safety is a priority for us at Northam.

To ensure that we as a company do more good than harm is a fundamental challenge that we seek to live up to. For us, it all comes to one thing – the duty of care that we, as management, have towards the company and our community, and that employees have towards each other, to the company and to our communities. This duty of care is valid at many levels. This is how we interpret our responsibility in this regard:

- We have a duty to act within the law, both in letter and spirit, and to comply with regulations and permits.
- We have a duty to implement and uphold fair employment practices, to engage fully with employees and unions and to offer employees the opportunity for personal growth and advancement.

- We have a duty to transform the workplace so that it more clearly reflects all the peoples of our country, and to ensure that we encourage diversity and respect.

- We have a duty to safeguard the health and safety of our employees, to understand the risks inherent in the workplace, to address them as best we can and to inform and educate our workforce both of the hazards faced and as to what is expected of them in attending to standards.

- We have a duty to mitigate any negative impacts on our natural environment, to conserve natural resources, and to continuously seek ways to improve our environmental performance.

- We have a duty to be a responsible corporate citizen and to ensure that we contribute socially and economically to those regions and communities which are host to our operations both now and into the future by also ensuring that they are viable and sustainable once mining has ceased. We have a further responsibility to those remote areas from which our employees are drawn.

So, in response to the question whether we as a mining company can apply the concept of sustainable development, the answer is most certainly affirmative. By exercising our duty, consistently and innovatively, we can have a positive impact on all of our stakeholders. We will strive to instil this duty at all levels in our company.

That our products – the so-called green metals – have a longer-term contribution to reducing environmental degradation is an added factor that we must celebrate. So too, is the fact that we have recently acquired the Booyendal Project which opens up a world of opportunities – for current employees, potential employees, surrounding communities and the country as a whole.

In conclusion, we wish to thank our employees, our communities and our partners for their efforts in ensuring that we as a company leave a lasting and positive impact.

Lazarus Zim, Glyn Lewis,
(Chairman) (Chief Executive Officer)
18 September 2008



■ Lazurus Zim (Chairman)



Glyn Lewis (CEO) ■



Governance

Northam is committed to the principles of openness, integrity and accountability, and to providing timeous, relevant and meaningful reporting to all stakeholders.

The directors of Northam endorse the Code of Corporate Practices and Conduct set out in the second report of the King Committee on Corporate Governance in 2002. The group is substantially compliant with King II 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, for example, is that the chairman as well as the majority of directors are not deemed to be independent. It is the group's intention that, as the company has fully met its BEE imperatives and that of the MPRDA, that it will be structured as to meet King II requirements fully. The company reports more fully on this in the corporate governance report that may be found on page 33 of the annual report.

Board committee

Matters relating to sustainable development are dealt with by the board, with certain aspects being delegated to board committees. These aspects include health, safety and environment which are delegated to the Health, Safety and Environment Committee, and employment equity, delegated to the Remuneration, Nomination and Employment Equity Committee. Material matters considered by these board committees are raised to board level for consideration. Safety is always such an issue. In addition, 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 three non-executive directors and met four times in FY2008, under the chairmanship of director, Bernard van Rooyen. The Remuneration, Nomination and Employment Equity Committee met on three occasions during the year and is made up of four directors, all non-executive, under the chairmanship of Emily Kgosi.

Code of ethics

Northam 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 working 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.
- Engaging constructively and creatively with government bodies, labour organisations and non-governmental organisations (NGOs).
- Providing a channel through which grievances or breaches of the code can be dealt with without fear of victimisation.

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.

Risk management

The board is responsible for oversight of risk management within the group, with board committees and management being accountable in turn 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 for ensuring that the range of risks associated with the group's operations is managed effectively and that 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 within the group, 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 reviewed annually by management in conjunction with the group's internal auditors. The major risks and steps taken to mitigate and/or manage these risks are listed in the corporate governance section of the annual report on page 33.

Engaging with stakeholders

Northam engages with a wide range of stakeholders, both formally and informally. Northam has identified key stakeholders to include: employees, unions, communities, government and regulators, non-governmental organisations, suppliers, contractors and customers, and the public at large. Copies of this report will be made available to identified stakeholders and their feedback will be sought.



Economic performance and impact

Northam Platinum Limited is currently the world's fifth largest producer of PGMs. The company's current operation at Northam Platinum Mine in North West Province employs more than 9 000 people in this poor region of the country, where little formal, large-scale economic activity exists. The scope of Northam's economic footprint is set to grow in the future as the economy develops its plans to mine the Booyseendal Project, which is located in another relatively isolated and impoverished region in Mpumalanga Province. The Booyseendal Project currently employs 23 people (1 employee and 22 contractors) and could employ around a few thousand people at steady-state.

Operating and financial highlights

The annual report (www.northam.co.za) provides extensive discussion on the operational and financial performances of the company. Brief highlights are as follows:

- Northam mined more than 2 million tonnes of ore in FY2008 to obtain 9 113 kilograms (324 296 ounces) of PGMs (in concentrate). This was down by some 10% on the previous year, largely owing to difficulties experienced in mining conditions, power shortages and safety-related stoppages.
- The PGMs market displayed an excellent performance for the year. The average basket price received by Northam was R409 159 per kilogram, up by some 38% on the average achieved the prior year.
- Unit costs continued to rise by 29% during the year as rising input costs combined with lower production, took their toll. Nonetheless, the cost increases experienced are typically in line with reported inflation (PPI) over a five-year period.
- The company's cash balances continued to grow to R1.5 billion cash-on-hand at year-end.
- After tax profits rose by 13% to R1.5 billion, while headline earnings increased by 12% to R6.27 per share.
- The group's operating margin was 59% for the year, up from 54% in the previous year.
- Combined with the final dividend of R1.85 per share, the total dividend for the year amounted to R3.30 per share.
- Dividends paid to shareholders of R1.01 billion (FY2008: R970 million).
- Benefits from Northam's corporate social investment (CSI) and local economic development (LED) activities. A total of R5 million was spent on CSI activities during the year.

More detail is provided in the value-added statement that appears opposite.

Economic impact

Owing to its 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. Direct and indirect economic impacts include:

- The creation of 9 068 jobs, directly and indirectly, both around its operations and from labour-sending areas. In FY2008, some R630 million was paid to employees in salaries and wages (FY2007: R527 million).
- Taxes paid to government at a local and national level. Taxation paid (and deferred) for the financial year amounted to R966 million (FY2007: R851 million).
- Support for suppliers of capital and consumer goods and services.
- Direct and indirect expenditure by employees in the region of operation.

Black economic empowerment

As a leading BEE company in the resources sector, Northam takes very seriously its obligations towards BEE at all levels in the organisation. Details relating to employment equity may be found in the employment and human rights section of this report on page 20.

The transactions entered into in FY2007/FY2008 between Northam and Mvela Resources and Mvela Resources and Afripalm, have ensured that the company's BEE credentials in terms of equity compliance are more than met. Northam's BEE equity interest is in the region of 62%. The MPRDA requires this level to be 26% by 2014.

In a significant move to include employees, and to actively take empowerment into the workplace, the group established an Employee Empowerment Trust

Value-added statement

For the year ended 30 June 2008

	2008		2007	
	%	R000	%	R000
Sales revenue		3 886 137		3 739 805
Less: Purchase of goods and services in order to operate mine and produce refined metal		(724 246)		(995 546)
Value added by operations	97.5	3 161 891	96.9	2 744 259
Add: Investment income	3.0	97 507	2.9	83 643
Sundry Income	0.1	1 824	0.2	5 303
Less: Booysemdal costs	(0.6)	(17 969)	0.0	–
Total value added	100.0	3 243 253	100.0	2 833 205
Value distributed				
Employees	19.4	630 432	18.6	526 950
Salaries and wages	19.3	628 183	17.9	509 280
Contributions to retirement benefit funds	1.7	53 564	1.7	47 693
Contributions to health-care funds	1.1	34 970	1.3	36 107
Pay-as-you-earn deducted	(2.7)	(86 285)	(2.3)	(66 130)
Government	29.8	966 180	30.1	851 135
Mining and non-mining tax	18.9	612 138	20.4	579 014
Deferred tax	0.4	11 892	0.7	18 531
State's share of profits	3.8	124 629	2.00	55 726
Secondary tax on companies	3.6	117 381	4.3	121 291
	26.7	866 040	27.4	774 562
Royalties	0.4	13 855	0.4	10 443
Pay-as-you-earn deducted from employees	2.7	86 285	2.3	66 130
Providers of capital				
Dividends	31.1	1 010 068	34.2	970 332
Broader community				
Corporate social investment	0.2	5 269	0.1	3 236
Total value distributed	80.5	2 611 949	83.0	2 351 653
Retained by company	19.5	631 304	17.0	481 552
Depreciation	4.6	149 325	4.5	129 040
Decommissioning provision to meet statutory obligations	0.0	(764)	(0.1)	(3 400)
Retained income	14.9	482 743	12.6	355 912
	100.0	3 243 253	100.0	2 833 205

Economic performance and impact cont

Fund (EETF) in July 2008. The fund was established following extensive consultation with all unions and has as its aim enabling lower level employees to benefit from the company's operating performance and financial results – more senior employees already have access to a share incentive scheme. Northam has committed 4% of after-tax profits, less retentions, to fund the trust on an annual basis and the trust will make disbursements to employees every five

years, starting in 2013. The structure of the fund specifically protects employees' earnings from market volatility, while at the same time providing a meaningful way in which company performance can be used as an incentive and reward for safety and operational performance.

Northam has a policy in place to actively support emerging entrepreneurs and to provide preferential access to vendors who are historically disadvantaged South

Africans (HDSAs). Systems have been put in to identify HDSA suppliers and to monitor and nurture expenditure with these suppliers. In FY2008, Northam estimates that its expenditure with HDSA suppliers amounted to 36.1% of procurement. This is an increase of 16.7% from the level reported in FY2007.

Case study: Considering the economic implications of climate change



During FY2008 Northam engaged an external consultant, Genesis Analytics, to assist the company in understanding its position in respect of climate change (both risks and opportunities) and to undertake a scoping study to understand the steps that the company should take to better manage these issues. For the first time, Northam also completed the Carbon Disclosure Project's (CDP's) survey on climate change. For

further details on the CDP and for a copy of Northam's submission, please go to www.cdproject.net.

Limited exposure

Northam currently has limited exposure to existing regulations regarding greenhouse gas (GHG) emissions, as South Africa does not have emission targets under the Kyoto Protocol in the First Commitment Period (ending 2012). GHG regulation

has not been a priority for government to date although it is likely to come under pressure to take on some form of emissions constraints in the period post-2012.

Northam's scope 1 and scope 2 GHG emissions are predominately (98%) energy-related, with energy expenditure amounting to 7% of operational costs. A constant energy supply is crucial for the operation of the mine, particularly

Case study: Considering the economic implications of climate change cont

with its implications for health and safety. GHG emission regulations which would reasonably increase the price of energy, will not however, have a significant impact on Northam; that is, regulations which stipulate emission thresholds, or set technology standards which may result in an insecurity of energy supply.

Energy costs

An important climate change-related development in the FY2008 reporting year has been the electricity supply crisis in South Africa. This necessitated the national power utility, Eskom, to mandate an interim 10% reduction in electricity use by its industrial and mining customers. The crisis has also necessitated an electricity tariff increase in the region of 25% per year over the next three years. Particularly within this context of rising baseline electricity costs, GHG regulations which additionally increase the price of fossil energy over the medium term, are unlikely to affect Northam significantly.

A second important climate change-related development in the FY2008 financial year has been that of rising oil and related fuel prices. These items are GHG emissions intensive, and will attract additional costs under a GHG regulatory regime, but the effect of GHG regulatory cost increases will be muted by the rising cost baseline. The rising baseline cost is likely to encourage an earlier consideration of alternative fuel sources. A regulatory regime which encourages a switch away from oil to low emissions fuels will address baseline and climate change regulatory cost increases simultaneously. The rising oil price also makes travel more expensive. Northam relies on airlines to transport PGMs internationally,

where they are partially refined in Germany, an endeavour that will be particularly affected by fuel price increases.

Future regulations

As the Northam Mine has a life expectancy until 2026, Northam is highly likely to be affected by potential future regulations, taxes or incentive schemes. Should the Booyssendal Project proceed, this would extend Northam's mining operations by another 50 years, by which time GHG regulations are expected to be a permanent feature of the global economy.

Impacts

With the bulk of the world's platinum resources coming from South Africa, any reduction in production within the area as a result of increased energy costs or supply interruption has a direct effect on the international platinum market. This raises concern in the industry that should the price continue to increase, customers could switch to alternative products.

The physical impacts of climate change most likely to affect Northam are:

- **Drought:** The most significant physical risk from climate change to Northam is expected to be water scarcity resulting from a decrease in rainfall. Should water restrictions be imposed due to severe water shortages, this would affect the hydro-power supply to Northam.
- **Floods:** The Northam Mine is geographically located on a breakpoint, or a line where water from floods run off on both sides, and the mine workings are therefore protected to some extent from flash flooding and deluges, as

well as from contaminated water. Minor flooding of equipment on the surface may occur, but this does not pose a threat to the shafts. Flash floods could have a knock-on effect on food supply and disease on the workforce as well as negative effects on road infrastructure in the area. An outbreak of typhoid occurred in the area in 2007 due to inadequate control and monitoring of water, necessitating extra testing by Northam, highlighting a vulnerability which could be further exacerbated by flash flooding.

- **Rise in temperature:** An increase in surface temperature would result in a significant increase in energy demand for refrigeration purposes, as the ambient temperature increases underground. An increase in temperature would also require increased air conditioning of the surface operations, implying higher energy use and refrigerant gas use. A rise in temperature could result in an increased incidence of diseases such as malaria.
- **Food shortages:** Food shortages, brought about by drought and extreme weather events, could lead to increased susceptibility to diseases (such as malaria) and could negatively affect the workforce pool available to Northam, further compounding the current HIV/AIDS situation in the region as well as the high labour turnover.
- **Spread of famine and disease:** Due to its proximity to the borders of Zimbabwe, Mozambique, Swaziland and Botswana, the area could experience an influx of refugees driven by famine and disease, which could lead to conflict situations as

Economic performance and impact cont

Case study: Considering the economic implications of climate change cont

refugees compete with locals for limited resources. Climate change-induced conflict is anticipated to be prevalent in Sub-Saharan Africa through increased competition for resources and poor adaptation capacity. Currently 48% of the workforce is made up of foreign labour, sourced mainly from Botswana, Mozambique, Lesotho and Swaziland. Legislation prohibits discrimination in the mining industry against foreign nationals.

The current South African energy crisis has had an impact on the rising global platinum price, and raises concern in the industry that, should the price continue to increase, customers could switch to alternative products with lower embodied energy. Increased public awareness of climate change could pose a negative reputational risk to the mining sector as a whole. However, this effect could be mitigated for the platinum mining industry as one of the uses of platinum is in fuel cells and catalytic converters, so-called 'clean' technologies.

Climate change is starting to be felt as an investment issue by the private sector. This is understood to be a risk to the company if not managed proficiently in the future.

Understanding

Northam has embarked on a process of understanding the risks and opportunities the company faces from climate change, and will be formulating a climate change response programme, strategic position on climate change, disclosure and climate change management plan over the coming years. In response to the electricity crisis, Northam is considering the use of the Clean Development Mechanism (CDM) of the Kyoto Protocol to enable

investment in parabolic trough solar power generation to supply power both to the existing mine and potentially to Booysendal through a modular introduction of the technology. This is significantly more expensive than alternative, fossil fuelled off-grid generation options. A pre-feasibility assessment of the CDM opportunity for parabolic trough solar technology has been undertaken and is currently being considered by management.

Northam has participated in a Demand Side Management (DSM) project together with Eskom to automate its underground pumps, enabling two pumps to operate at off-peak times. Northam has worked with ABB South Africa which offers a wide range of power and automation technologies solutions from a comprehensive product and service portfolio. The challenge to the mine is one of shifting its power load to off peak, whilst retaining operating flexibility.

Northam's expertise in hydropower and in the use of backfill to reduce cooling requirements underground reduces the company's exposure to energy-related GHG regulation-driven price increases.

The financial effects of climate change risks are not currently assessed, although this is something that will occur as a result of the climate change response programme Northam is currently embarking on.

The CDM and Renewable Energy Certificates provide potential incentives and financial streams for Northam to secure renewable energy supply, develop on-site generation capacity and/or implement energy efficiency interventions. Northam has identified a number of potential CDM projects,

with parabolic trough solar already considered under a pre-feasibility assessment. Marginal land owned by Northam and maintained as a game farm is a source of biological sequestration of GHGs. This is currently 50% of the total land owned.

Global concerns relating to GHG emissions are likely to add momentum to emissions legislation and the sourcing of alternative energy, which will in turn provide support for the PGMs market. PGMs are used in important technologies that bring about reductions in environmental gases. Platinum is used in the manufacture of fuel cells which hold vast potential as an alternative energy source in the transport sector. Fuel cells have the potential to quickly double the efficiency of cars and power generators. Over the next few decades this new age technology could replace today's conventional combustion engines and stationary power systems.

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. This includes research into fuel cells, catalytic converters, etc. For more information please go to www.ipa-news.com.



Safety and health

No of fatalities



FIIR (per 200 000 man hours)



Management

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). While specialists have been appointed by the mine to give guidance to, and set targets for the safety and health programme, these issues are the responsibility of mine management and line supervisors. Employees too are encouraged to play an active role in all safety and health-related issues.

A joint management/union Health and Safety Committee is in place and meets on a regular basis. The committee has within its ambit reviews of safety and health issues; programmes and the planning with regards to the provision of personal protective equipment (PPE); participation of workers in inspections; audits and accident investigations; training and education; and the right of employees to refuse to work when conditions are not safe. Some 87% of the company's workforce is affiliated to a representative union and, through the union structures, participate in planning for and management of safety and health issues through the mine Health and Safety Committees. As at 30 June 2008, there were three full-time safety representatives (elected, union members) as required by the MHSA and 582 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.

Performance - safety

With deep regret we report that there were four fatal accidents at Northam Platinum during the year: two of these were as a result of fall of ground accidents, one was a result of a mudrush and one a mine-related medical condition.

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

- Mr Mahlomola Andriak Hoffman, who died on 6 September 2007 as a result of a mud rush. Mr Hoffman was from Matatiele, South Africa.
- Mr Mosimanyana Mpywe, who died on 5 October 2007 in a fall of ground accident. Mr Mpywe was from Molepolole, Botswana.
- Mr Tanes Matumane, who died on 16 October 2007 in a fall of ground accident. Mr Matumane was from Mhales Hoek, Lesotho.
- Mr Justice Matli Lethiba, who died on 22 March 2008 in a heat-related incident. Mr Lethiba was from Botshabelo, South Africa.

While the actual number of safety-related incidents declined year-on-year, Northam's overall safety performance in terms of key indicators has remained constant, reflecting a continuing trend in the severity of incidents. This may be due in part to the increasing average depth of mining which brings with it additional risk, as well as high employee turnover. Of concern too is the apparent tolerance by some individuals of at-risk behaviour and at-risk conditions.

The mine's Fatal Injury Incidence Rate (FIIR) was 0.05 per 200 000 man hours (FY2007: 0.04), the Lost Time Injury Incidence Rate (LTIIIR) was 2.30 per 200 000 man hours (FY2007: 2.31), and the RIIR was 1.01 per 200 000 man hours (FY2007: 1.02). The primary causes of lost time injuries are: fall of ground, slip and fall, manual handling of materials, track-bound equipment and machinery, and tools and equipment. A total of 2 156 out of a total of 2 144 987 man days or 0.11% were lost as a result of occupational injury during the year (FY2007: 2 203 out of a total of 1 976 498 or 0.11%).

Note that a lost time injury refers to any injury sustained at work that results in an absence from work for 1 to 14 days. A reportable injury refers to any injury sustained at work that results in an absence from work for 14 days and longer.

Safety will receive increased attention in FY2009 in order to achieve a step-change in safety performance. The mine has

LTIIIR (per 200 000 man hours)



RIIR (per 200 000 man hours)



Days lost as a result of occupational injury



identified four key safety objectives for the year ahead, which are:

- Achieving good physical conditions in the workplace, that 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 being to change at-risk behaviour.
- Developing and instilling a shared duty of care between employees at all levels within the company.

Performance – health

Occupational and primary health care, and medical services are available to all employees and are provided by a medical services provider. As part of the occupational health medical surveillance programme, 10 305 examinations were undertaken of employees and contractors (2 100 entry, 1 271 exit and 6 934 annual).

In addition to general health screening, the medical surveillance programme identifies (for preventative, treatment and compensation purposes) the incidence

of noise-induced hearing loss (NIHL), pulmonary tuberculosis (TB) (which is classified as an occupational illness in South Africa) and occupational lung disease (OLD).

The use of hydropower underground provides Northam with an advantage in respect of NIHL and dust conditions. In respect of TB, Northam runs a highly-effective Directly Observed Treatment (DOT) regime, a World Health Organisation-aligned programme. Even though there is no silica present in the platinum orebodies, OLD is sometimes detected in employees who have previously been employed in the gold mining industry. Owing to the high VRT at Northam, heat tolerance testing forms an important part of the overall heat stress management programme. Testing for waterborne diseases (cholera and other bacterial illnesses) is regularly undertaken.

In FY2008, there were four new cases of NIHL identified (FY2007: 8), 68 new cases of TB (FY2007: 107) and no new cases of silicosis (FY2007: 2). In total, 9 034 heat tolerance tests were undertaken and no instances of heat stress were reported. There were 10 cases of heat-related cramps reported during the year. Biological monitoring (for lead) did not detect any exceedances on occupational exposure limits.



New cases of NIHL



New cases of TB



HIV/AIDS and malaria

The HIV/AIDS pandemic continues to present a challenge in South Africa, to communities, business and the state. Actual prevalence levels amongst the workforce are unknown. Based on available information, the company estimates that the prevalence level amongst employees and their communities is around 27%, presenting significant number of infected and affected people. Northam's HIV/AIDS policy was adopted by the company in FY2005 and provides for the care of employees, education programmes, confidentiality of information and non-discrimination.



Owing to the stigma still associated with the disease, the latter two are particularly important in ensuring the success of the wellness programme.

At the forefront of the company's campaign is the need to inform and persuade those employees who are HIV negative to remain that way. Education and awareness programmes are combined with the mass distribution of condoms, the treatment of sexually transmitted infections and a highly successful peer education programme. (See opposite page).

The second thrust in Northam's AIDS programme is to identify those with HIV as early as possible, to change or limit their high-risk behaviour and to get them into a treatment regimen that can prolong their healthy lives. Northam's treatment programme comprises three elements:

- Access to and encouragement of voluntary counselling and testing (VCT).
- A wellness programme, that includes the provision of anti-retrovirals as indicated
- A comprehensive counselling programme is in place to ensure that employees understand, and accept, the long-term implications of moving on to the ART programme.

In FY2008, 323 employees participated in the VCT programme. This is a disappointing statistic, and one which is being addressed through the peer education programme. It should be noted though that, as a result of testing and other services available through medical aid schemes and the state, this number (and that

of wellness clinic programme and ART) may well be under-reported.

Around 8% of the total workforce (698 people) currently participate in the company's wellness programme) (FY2007: 527), with 46% of these (325 people) on ART (FY2007: 254). This is a significant improvement on the prior year and a gratifying response to the company's education efforts.

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.

Case study: Peer educators at the forefront of HIV prevention



Northam Platinum employees have taken up arms in the fight against HIV/AIDS, on the mine and in the community surrounding the mine. The peer educators programme, initiated by Northam Platinum in association with health service provider, Platinum Health, and TEBA uses fellow employees within the mine to inform employees, communities and family members they may come in contact with.

The programme dates back to 2002, when peer educators were trained for the first time by the national NGO Life Insight, but the programme never fully got off the ground, possibly because of the high levels of stigma that were associated with the disease. Now, this is changing.

In total, 30 peer educators have been trained by Life Insight to inform and educate fellow employees about the

causes of HIV, prevention methods, the advantages of a healthy lifestyle and how entry into the wellness programme can extend their healthy and productive lives.

There are many challenges faced by the educators while they are out on their quest of educating people about HIV/AIDS. Among these are superstition and custom, all underlain by an unwillingness by individuals to disclose their HIV-positive status for fear of discrimination and alienation. To overcome this considerable challenge, local community leaders and traditional healers are actively involved in the programme, not to undermine traditional beliefs but to ensure that conventional value systems thrive and are reinforced.

Peer educators are recruited from across the mine and participate purely on a voluntary basis.

The peer educators discuss issues relating to HIV/AIDS, with employees and community members, whether this be at work or at leisure, at the shafts, underground, in the hostels or in communal gatherings. The new programme has had a very positive response - 115 people opted for VCT within the first week of the programme's inception.

The group of educators meets on a monthly basis to discuss and find solutions to specific challenges identified in specific target areas.

"We need people to understand that they need to start taking responsibility for their own actions, and for their wellbeing. In our community at Northam, if you are not infected you are still affected", says Kennedy Mothae, Human Resources Projects Manager at Northam.

Employment and human rights

Employment statistics

At the end of June 2008, Northam employed 9 068 people (6 787 employees and 2 281 contractors), which is an increase of 6% on employee numbers at the end of June 2007.

Employees versus contractors



Some 22% of employees are drawn from Limpopo Province, the province in which the Northam Mine is located, while about 30% are from other provinces in South Africa, and the balance (48%) from neighbouring countries.

Although recruitment initiatives focus on attracting employees from Limpopo Province (with 9.1% of new recruits during the year from that province), Northam does not discriminate against employees from other provinces or countries.

In total, 638 employees left the employment of the company in FY2008, which is a turnover level of 8.7%. This is a creditable level of turnover given the current skills shortage in the mining industry.

Human rights and collective bargaining

Northam acts in accordance with prescribed labour legislation, the constitution of the country, industry compacts and recognition agreements with unions. The major conventions of the International Labour Organisation (ILO) dealing with collective bargaining, child labour and forced and compulsory labour are more than adequately enshrined in the above. Northam did not act in contravention of any of these conventions during the year, and none of the rights are at risk within the company.

The right to collective bargaining is enshrined within South Africa's constitution and in labour legislation, and the collective bargaining policies and practices are fully in place at Northam. As

at the end of FY2008, 87% of the workforce was 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 of service are negotiated on an annual basis with employees.

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, and no such notice was given during the

period under review. Only one day was lost to industrial action and this was for a Cosatu-led industry stay away.

Employment practices

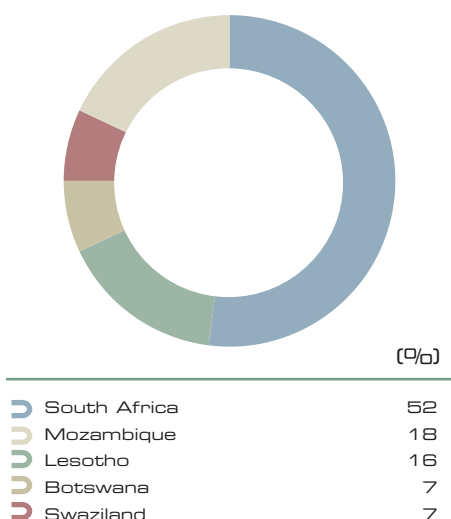
Northam endeavours to be a fair and progressive employer, providing long-term employment opportunities with the scope for employees to develop to the level of their own potential. Competitive remuneration practices take into account the nature of the operation and, in particular, the innovative mining practices at Northam, as well as the company's remote location.

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, and maternity and paternity leave. A significant additional benefit to lower-level employees has been the implementation of an Employee Empowerment Trust Fund which will provide to some 6 583 beneficiaries a meaningful interest in the fortunes of the company, without exposing them to the volatility of the stock market. (See discussion on page 10.)

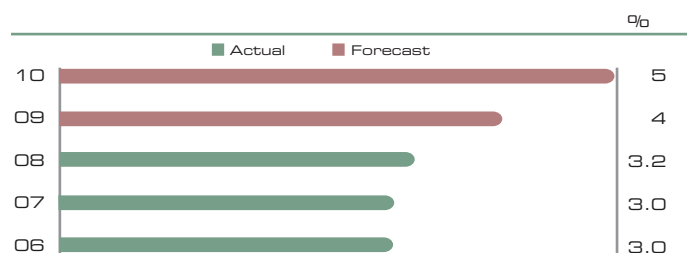
Northam has an employment equity programme in place and reports to the Department of Labour (DoL) in terms of the Employment Equity Act. A joint management/labour employment equity forum plays a major role in monitoring and implementing skills development plans and affirmative action measures.

At the end of FY2008, 35% of management positions were filled by

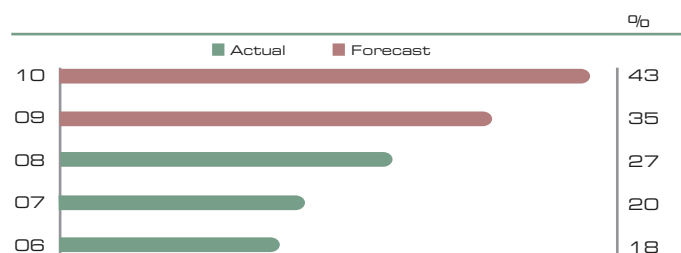
Origin of employees by country (%)



Women in mining (actual and forecast) (%)



HDSAs in management (actual and forecast) (%)



HDSAs and 3.7% by women. Women made up 3.2% of the workforce.

A mentorship programme has been put in place to achieve the requisite levels of HDSAs and women in mining targets required by the Mining Charter. Programmes to promote women in mining and, in particular, to address the needs of women underground are in place.

Training and development

Northam has training and development programmes in place, ranging from Adult Basic Education and Training (ABET) to learnerships, on-the-job and other 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 into retirement.

In FY2008, on average employees received around 84 hours of training (FY2007: 70). The sum spent by the company on training expenditure amounted to R38.2 million, (FY2007: R 30.2 million) net of skills levy refunds.

As the current level of literacy at Northam is around 37%, the provision of ABET is a significant imperative and a meaningful way in which the company can enhance the lives of employees. ABET is available to all employees on a part-time voluntary basis. Facilities in place at the mine can accommodate up to 1 000 learners per year, with seven full-time facilitators in

ABET LEARNERS IN FY2008

Basic oral	70
Level 1	99
Level 2	102
Level 3	60
Level 4 – communication and numeracy	41
Level 4 – natural science and life orientation	41
Total	413

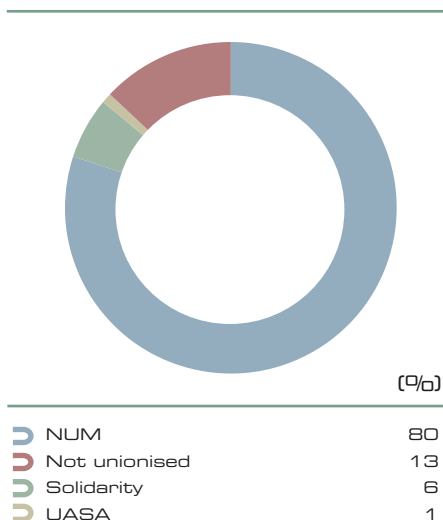
place. In FY2008, there were 431 ABET learners, all of whom were part-time participants. In FY2007, there were 437 participants. The pass rate improved during the year, from 65% in FY2007 to 76% in FY2008. Given Northam's ABET programme and recruitment profile, the company estimates that the literacy level could rise to 60% by FY2010.

Bursaries and study assistance (assistance to employees who are employed by the company, including in-service bursars) provided support to six and 29 people respectively in FY2008. In line with the imperatives of the Mining Charter, all the recipients in FY2008 were HDSAs, and 41% were women. Bursaries are offered in the disciplines of engineering (electrical, mechanical, rock mechanics), geophysics, mine surveying and analytical chemical metallurgy. There was also a total of 57 learnerships during the year, mostly artisans and miners, but also engineers. Interest-free study loans were granted to a further 21 employees.

Housing and accommodation

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.

Union membership



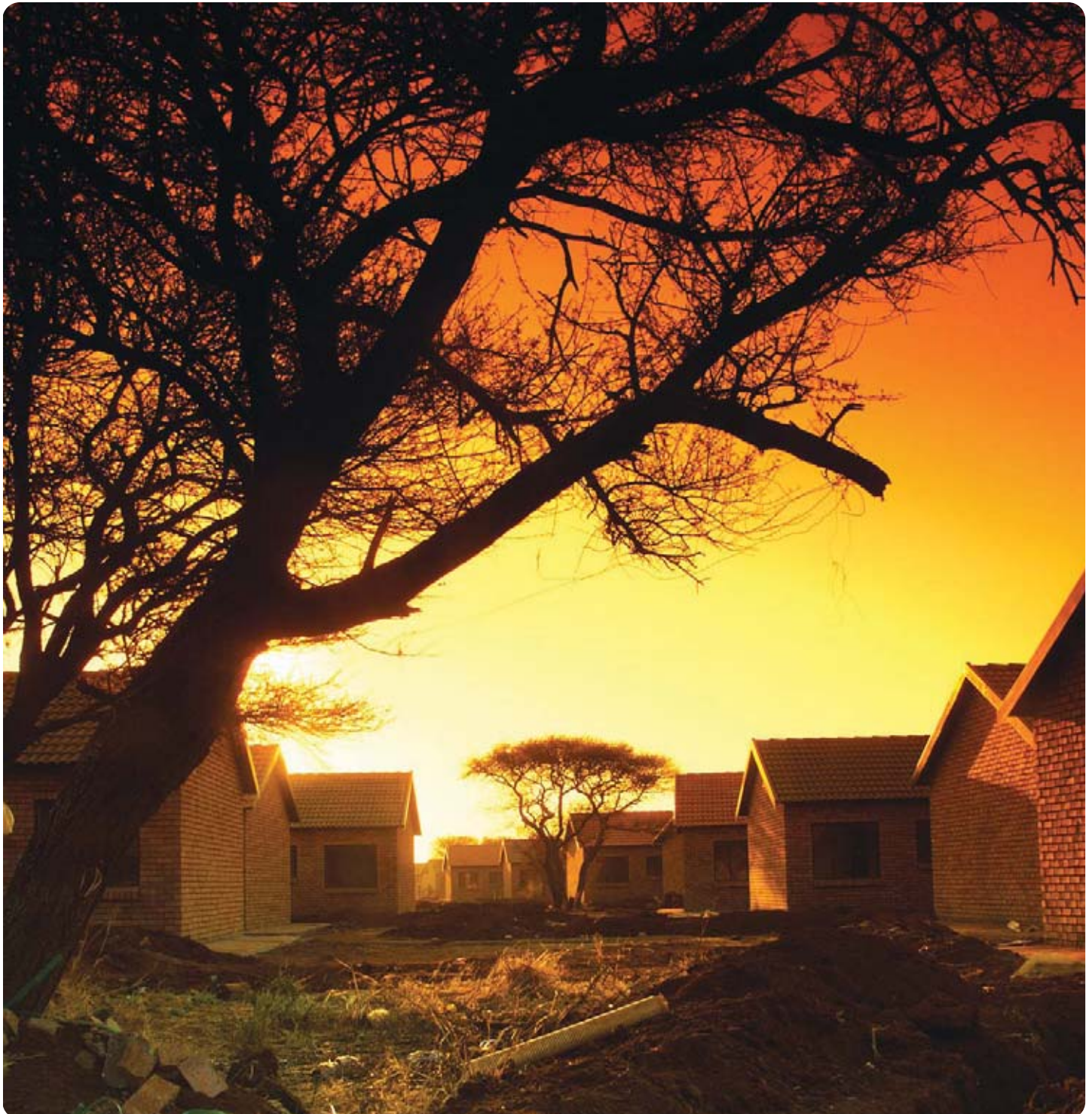
Employment and human rights

Some 4 788 full-time employees (71%) live in hostels provided by the company, while some 1 175 employees have opted to receive living-out allowances. Most of these 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 FY2008, 25% of the hostel accommodation had been converted into single quarters and 50% of the accommodation comprised

rooms shared by four people. This was undertaken at a cost of R11 million for the year, with a further R16 million allocated in FY2009.

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 not yet been granted. An extensive marketing project in collaboration with Sacsprops is planned to ensure all eligible employees are informed and aware of the application process and available assistance 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.

Case study: Adult Basic Education and Training well established at Northam

The Adult Basic Education and Training (ABET) programme was first initiated at Northam Platinum back in 1994, and has since progressed into a well-established supportive system for all employees.

When the programme started there was only one classroom which catered to the needs of at most 100 students at different times, and only offered English and numeracy lessons for ABET level 1 to 3.

Today, the programme offers the entire ABET curriculum, comprising ABET level 1 to NQF 1 (equivalent to grade 9) including the subjects such as communication, numeracy, natural science, life orientation, occupational safety, employment relations, mining and metallurgy. In

FY2008, 413 part-time students participated in the programme.

Learners are educated by means of the computerised learning and teaching system, where educators play a facilitator role. The e-learning system was first introduced by the mine in 2002. The ABET centre currently has three computer rooms, with a total of 100 computers. Promising students who wish to obtain further qualifications are able to attend the learning facilities at a neighbouring mine with which Northam has an arrangement.

Obtaining ABET level 4 holds various advantages for employees. Apart from learning to read and write for personal gain, employees who have completed the programme are able

to advance their careers. Learners who have completed the ABET programme on-mine have gone on to become miners, shift bosses and even instructors at the training centre.

Going forward, the centre would like to offer full-time classes and work towards a 90% literacy level at the mine.

"We are faced with many challenges," says Amanda Phefo, Senior ABET Facilitator at the centre. "It is difficult to change an adult's attitude towards learning, but when you monitor the progress a student has made from not being able to write his or her own name to receiving a text message from that same student, it makes what we do here at the centre worthwhile."

ABET consists of five levels which focus on the development of language, literacy, communication and numeric skills amongst employees:

- ABET level basic (pre-ABET)
- ABET level 1 (equivalent to standard 1 or grade 3)
- ABET level 2 (equivalent to standard 3 or grade 5)
- ABET level 3 (equivalent to standard 5 or grade 7)
- ABET level 4 NQF level 1 (equivalent to standard 7 or grade 9)

Corporate social investment

Northam's corporate social investment (CSI) and local economic development (LED) programmes are integrated and are driven by the needs identified by the community in which we operate. In FY2008, Northam spent R5.3 million on CSI/LED activities (FY2007: R3.2 million).

As in the past, the primary areas of focus are:

- Education (19%)
- Housing (50%)
- Health and welfare (0.5%)
- Local economic development (30.5%)

Attention has been paid to ensuring the understanding of, and integration with, the

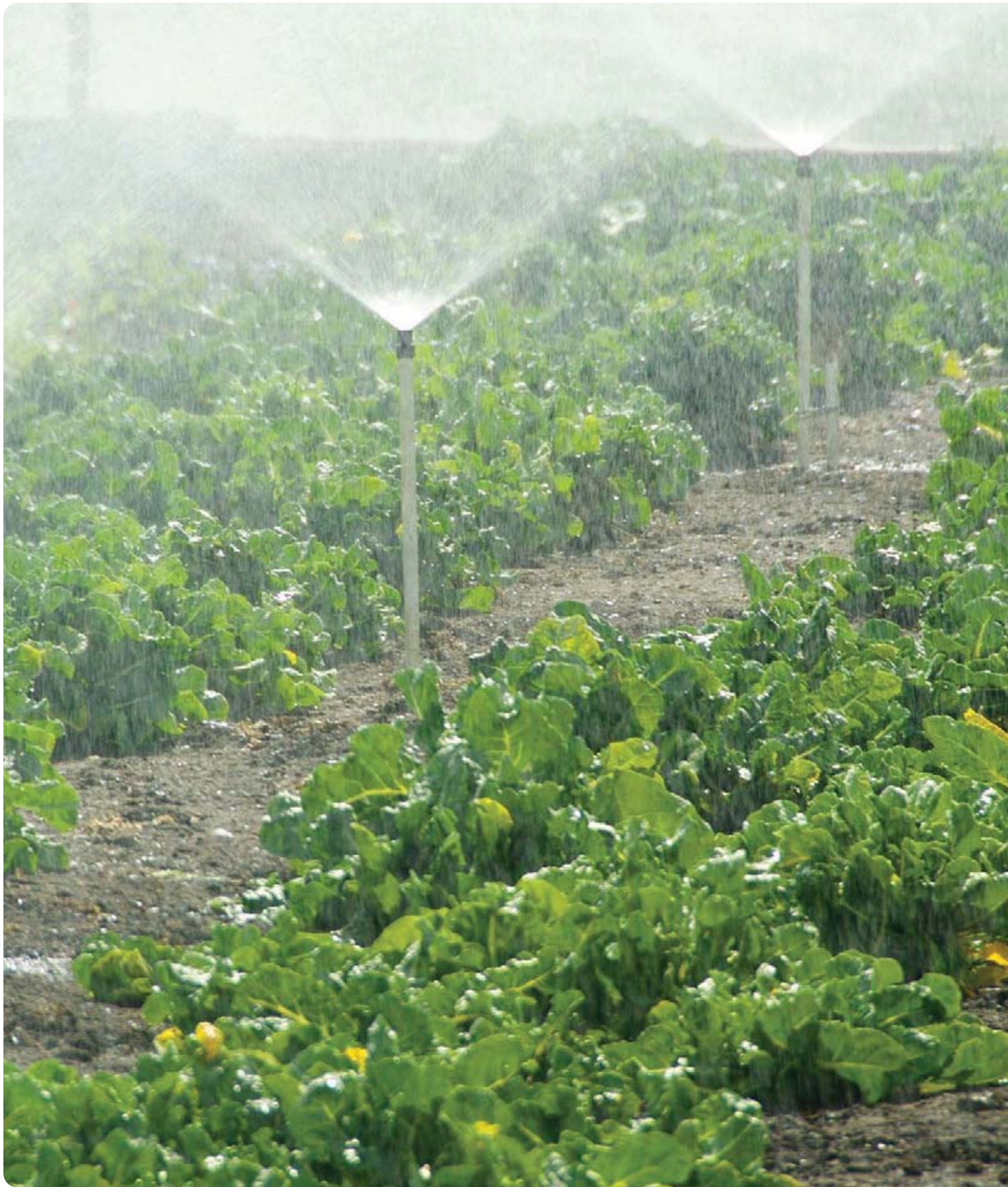
plans of the local municipality and in ensuring that Northam's activities in this sphere are aligned with those of the municipality's Integrated Development Plans (IDPs).

Some R1.63 million was spent on local economic development during the year, as per the mine's commitment of R1.60 million made in its SLP. The primary

project is the Northam Life Centre, a vegetable farming project that provides 32 jobs for local community members. Assistance includes the payment of salaries, provision of seeds, storage and freezers, alien tree eradication and an HIV/AIDS counselling programme.

CSI projects supported by Northam are shown below:

Project name	Amount allocated	Description of project	Description of beneficiaries
Koedoeskop Primary School	R 226 000	Salaries of teachers	Learners/Community
Naletsana Combined School	R 21 000	Technical teaching material	Learners/Community
Thabazimbi Primary School	R 571 400	English medium support	Learners/Community and the mine in terms of attraction and retention strategy
Amandelbult FET College	R 71 500	Donated computers for adult learning	Adult learners/ Community
Makopa Combined Farm Schools (five schools)	R 52 300	Purchased school desks and chairs	Learners/Community
Mashilo Matsho Primary School	R 20 900	Purchased school desks and chairs	Learners/Community
Chrome Mine Primary School	R 12 500	Purchased school desks and chairs	Learners/Community
Krause Primary School	R 6 200	Purchased school desks and chairs	Learners/Community
Northam Comprehensive School	R 3 200	General support	Learners and Teachers



Environmental performance

Environmental issues are managed as an integral part of the 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 Safety, Health and Environment Committee of the board.

Compliance

Northam is committed to operating in compliance with relevant legislation and regulation. An Environmental Management Plan (EMP) that has been submitted to and approved by the DME in conjunction with the Department of Water Affairs (DWAF) is underpinned by an environmental management system (EMS). This EMS has been developed in line with the ISO14001 standard and good progress has been made during the year towards the full implementation of this EMS. The international ISO14001 standard addresses three key components of environmental management: prevention of harm to the environment; compliance with regulations and permits; and the implementation of a process of continual improvement in environmental management. The company will seek external verification of its compliance with ISO14001 and formal accreditation in the coming financial year.

An annual external compliance audit undertaken by external consultants, Golder Associates, in late 2007 indicated that the mine was largely compliant with its EMP. Areas of concern that were highlighted and are being addressed by the mine include:

- Less than satisfactory oil management by the contractor on-site and at the concentrate pad needs to be addressed.
- Monitoring and maintenance of invasive species on mine property needs to be improved.
- A number of boreholes that were inaccessible during the year and were not sampled need to be rehabilitated.

- A permit application for the salvage plant should be developed.
- Vegetation of the tailings dams is insufficient and, although this is being addressed, this should be a priority.
- Waste material management at the smelter and BMR complex needs to be improved.
- A groundwater management plan needs to be developed.

Progress on these aspects will be reported in FY2009.

All the requisite environmental permits for the operation of the mine are in place, except for the water use licence. No additional permits were applied for during the year. Northam'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. This appears to be owing to a lack of capacity within the DWAF regional office as a number of mining companies are in similar position. Northam has been advised by DWAF to continue to act in compliance with the previous permit until such time as the new permit has been issued.

Environmental incidents are reported as part of the overall incident reporting system. No significant environmental incidents were reported in FY2008 and no fines or penalties were imposed.

Primary impacts

Northam's primary environmental impacts relate to resource utilisation, mainly water

and energy materials and, of course, the actual amount of rock mined and ore processed; emissions and discharges to water and air; and land management, rehabilitation and biodiversity. Key features of the year under review are discussed below:

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. Performance statistics are reported in the table and graphs on the opposite page.

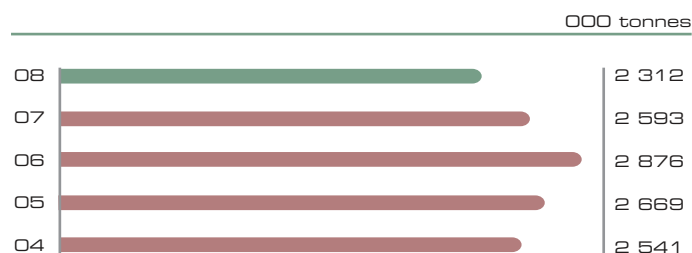
Efforts have been made to improve the recycling of materials during the year, with the following amount of materials having been recycled: plastics 1 686kg; steel 2 497kg; timber 5 839m³ and scrap 2 174m³.

Water

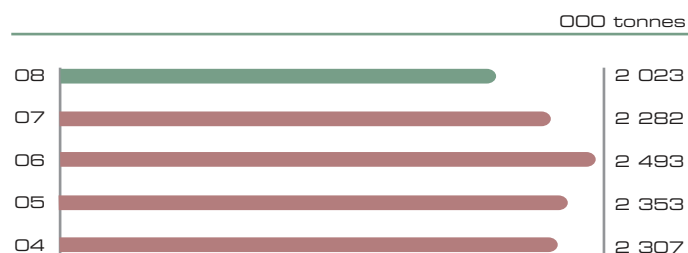
In South Africa, water is a scarce resource which may, in the future, be exacerbated by climate change. In FY2008, Northam used 16.7 million cubic metres of water, a decrease on the prior year of 7.4% (FY2007: 18.07 million cubic metres). In terms of water usage, this equates to about 7.2 tonnes of water per tonne of rock mined. Northam's water is sourced from the bulk utility, Magalies Water, and from fissure water that occurs naturally within the geological features on-site.

A great deal of emphasis is placed on water recycling at Northam as the mine is registered as a non-discharge entity. In FY2008, the percentage of water that was recycled decreased to 86%, down from 87% in FY2007 owing to heavy rainfall.

Rock mined



Rock milled



Energy usage and, in particular, energy efficiency are matters that have received significant attention at Northam, and this emphasis has increased as a result of the energy crisis that faced South African producers in late 2007 and early 2008. A more detailed discussion on this, and Northam's response to the current imposition of a decrease in the contractual allocation for the foreseeable future are included in the economic performance section on page 10.

Energy

Total energy consumption from electricity purchased during the year decreased by 7% to 593 640MWh. (FY2007: 638 324MWh hours). About 80% of this energy was used in mining operations and 20% in the plant.

Greenhouse gas emissions

For the first time, in FY2008, Northam undertook an exercise to determine its greenhouse gas emissions (GHGs) and the results were provided as part of the company's response to the Carbon Disclosure Project. Northam's submission may be found at www.cdproject.net.

Details in metric tonnes CO₂e of GHG emissions in the following categories is as follows:

Employee business travel:

135 CO₂e metric tonnes

Company supply chain:

12 065 CO₂e metric tonnes

The following is reported for FY2008:

Total global scope 1 activity in metric

tonnes CO₂e emitted: 14 755 CO₂e metric tonnes

Total global scope 2 activity in metric tonnes CO₂e emitted:

65 718 CO₂e metric tonnes

See Northam's response to the Carbon Disclosure Project at www.cdproject.net.

Emissions

Other emissions of concern to Northam are sulphur dioxide (SO₂) and particulates (dust). Both of these parameters are continuously monitored. In total, 3 309.9 tonnes of SO₂ were released into the atmosphere in FY2008 (FY2007: 3 372). Emissions were within the limits imposed by legislation throughout the year.

Current permit allows for an average discharge of 32 tonnes per day.

MATERIALS USED

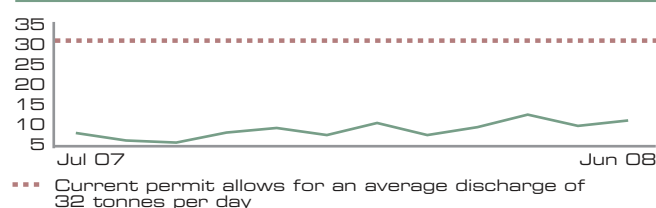
	Unit	FY2005	FY2006	FY2007	FY2008
Rock mined	000t	2 669	2 876	2 593	2 312
Ore milled	000t	2 353	2 493	2 282	2 023
Coal	t	4 978	5 194	5 524	4 217
Grease	t	46	46	52	41
Fuels	l	812 654	814 392	815 794	638 372
Lubricating and hydraulics oils	l	269 564	274 741	279 321	103 803

WATER USAGE

	Unit	FY2005	FY2006	FY2007	FY2008
Water used for primary industrial activities	000m ³	11 667	14 701	15 725	14 442
Potable water from external sources	000m ³	1 759	1 983	2 348	2 288
Surface water used	000m ³	0	0	0	0
Groundwater used	000m ³	8 566	11 296	12 160	10 502
Total water used	000m ³	13 426	16 684	18 073	16 731
Water recycled in processes	000m ³	11 667	14 701	15 725	14 442
% water recycled	%	87%	88%	87%	86%

Environmental performance cont

Daily SO₂ emissions (tonnes)



The progressive vegetation of the surface tailings dam has resulted in a decrease in dust levels.

Discharges

Northam discharges water into the Bierspruit in line with approved permits. Water was discharged into the Bierspruit from the treated sewerage effluent dam and evaporation dam during the year owing to high levels of rainfall. Water quality is regularly monitored and data on any overflows are recorded in line with permit requirements.

Land management and biodiversity

Northam's current mining property covers an area of some 5 000 hectares. Of the

land under management, around 40% has been disturbed by mining operations, dwellings and infrastructure.

The tailings dam, waste rock dump and slag retreatment plant and dump occupy about 162 hectares (around 3% of the land). The tailings facilities are rehabilitated as deposition is concluded to reduce dust levels and for aesthetic reasons.

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. 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.

Environmental liabilities and provisions

Northam's total environmental liability is estimated at R68 million as at the end of FY2008 (FY2007: R68 million). As prescribed by law, the company has a rehabilitation trust fund in place currently valued at R22 million (FY2007: R17 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.

ENERGY CONSUMPTION

	Unit	FY2005	FY2006	FY2007	FY2008
Energy from electricity purchased by shafts	MW/hour	415 700	418 900	473 100	473 700
Energy from electricity purchased by plant	MW/hour	126 800	127 800	165 200	119 900
Total energy purchased	MW/hour	542 500	546 700	638 300	593 600



Reporting in line with GRI

The company recognises the value of the Global Reporting Initiative (GRI) in assisting the process of improving disclosure by identifying better sustainability indicators, and in enhancing the comparability and consistency of reporting. The GRI requires that the company self-declares an application level ranging from C, B to A. The requirements to these levels are indicated below. The + symbol indicates external assurance. Northam has declared a C+ level of reporting, which requires reporting on a minimum of ten performance indicators including social, economic and environmental performance, this has been verified by a third-party assurance provider.

Standard Disclosure	G3 profile disclosures OUTPUT	Report no: 1.1 2.1 to 2.10 3.1 to 3.8 3.10 to 3.12 4.1 to 4.4 4.14 to 4.15	Inside front cover (IFC) IFC, pages 2 to 6 IFC, IFC, pages 2 to 6 Page 8, Annual Report Page 8
	G3 management approach disclosures OUTPUT	Not required	
	G3 performance indicators and sector supplement performance indicators OUTPUT	Report on a minimum of 10 performance indicators, including at least one from each of: social, economic, and environment.	Economic performance indicators (EC) pages 10 to 14 Environmental performance indicator (EN) pages 26 to 29 Labour practices and decent work performance indicators (LA) pages 16 to 23 Human rights performance indicators (HR) pages 20 to 21

REPORT OF THE INDEPENDENT ASSURERS

To the Board of Directors and Management of Northam Platinum Limited

Introduction

We have been engaged by Northam Platinum Limited (Northam) to conduct an assurance engagement on selected subject matter reported in Northam's Sustainable Development Report 2008, for the purposes of expressing a statement of independent assurance, for the year ended 30 June 2008. This assurance report is made solely to Northam in accordance with the terms of our engagement.

The following subject matter reported in the Sustainable Development Report was selected for an expression of limited assurance:

Economic performance:

- Value added statement
- HDSA procurement levels
- BEE equity ownership levels

Environmental:

- Water consumption
- Water discharges
- Material, fuel and resource consumption
- SO₂ emissions

Social:

- Number of employees
- ABET – number of employees receiving training and pass numbers
- Employment equity statistics
- Labour turnover
- Corporate social investment and areas of allocation
- Fatal, lost time and reportable injuries
- OLD, including TB statistics, and NIHL figures

Directors' responsibility

Northam's directors are responsible for the preparation and presentation of identified selected subject matter in

accordance with internal corporate policies and procedures, and the Global Reporting Initiative's (GRI) new generation (G3) guidelines.

Responsibility of the independent assurers

Our responsibility is to express to the Directors an opinion on the selected subject matter contained in the Sustainable Development Report based on our reasonable assurance procedures.

Work performed

We conducted our engagement in accordance with the International Standards for Assurance Engagements 3000, "Assurance Engagements other than audits or reviews of historical financial information" (ISAE 3000) issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on the selected subject matter as per our terms of engagement.

Our work consisted of:

- obtaining an understanding of the systems used to generate, aggregate and report data;
- conducting interviews with management at the sampled operations and at group level;
- applying the assurance criteria in evaluating the data generation and reporting processes;
- performing key controls testing; and

- testing the accuracy of data reported on a sample basis.

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. 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 agreed subject matter.

Conclusion – Limited Assurance

On the basis of our limited assurance procedures, the subject matter selected for assurance for the year ended 30 June 2008, is adequately supported by underlying evidence and nothing has come to our attention or caused us to believe that the subject matter selected for assurance is inaccurate in any material respect.

PricewaterhouseCoopers Inc.
Director: Carmen Le Grange
Registered Auditor
Johannesburg
8 October 2008

Glossary of terms and acronyms

ABET	Adult Basic Education and Training
AIDS	Acquired Immune Deficiency Syndrome
ART	Anti-retroviral Treatment
BEE	Black economic empowerment
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.
CSI	Corporate Social Investment
DME	Department of Minerals and Energy, South Africa
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
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
HDSA	Historically disadvantaged South African
HIRA	Hazard Identification and Risk Assessment
HIV	Human immuno-deficiency virus
IDP	Integrated Development Plan
ILO	International Labour Organisation
IPA	International Platinum Association
ISO	International Organisation for Standardisation
LED	Local Economic Development
LTIIR	Lost Time Injury Incidence Rate measured per 200 000 man hours worked
Mining Charter	Broad-based Socio-economic Empowerment Charter
MHSA	Mine Health and Safety Act
MPRDA	Mineral and Petroleum Resources Development Act, 28 of 2002, which came into effect in South Africa on 11 May 2004.
NGOs	Non-governmental organisations
NIHL	Noise-induced hearing loss
NUM	National Union of Mineworkers, South Africa
OLD	Occupational Lung Disease
PGMs	Platinum group metals
RIIR	Reportable injury incidence rate: injuries resulting in 14 or more days absence from work per 200 000 man hours worked
SLP	Social and Labour Plan
TB	Pulmonary tuberculosis
UASA	United Association of South Africa
VCT	Voluntary Counselling and Testing
VRT	Virgin Rock Temperature

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