NORTHAM

PLATINUM LIMITED

INTERIM REPORT AND DIVIDEND DECLARATION

FOR THE SIX MONTHS ENDED
31 DECEMBER 2011

KEY FEATURES

Improved production at Zondereinde

Two-year wage deal signed

Solid progress at Booysendal

Financing facility in place

Earnings up 161% to R198 million

INTERIM REPORT AND DIVIDEND DECLARATION

FOR THE SIX MONTHS ENDED

31 DECEMBER 2011

CONTENTS

Interim consolidated statement of comprehensive income

	Change %	Reviewed Six months ended 31 December 2011 R000	Reviewed Six months ended 31 December 2010 R000	Audited Year ended 30 June 2011 R000
Sales revenue	22.7	**1 979 855**	1 614 063	3 571 048
Cost of sales	13.7	**1 759 343**	1 546 932	3 185 754
operating costs	24.2	**1 314 358**	1 058 466	2 258 548
concentrates purchased	(5.9)	**343 643**	365 148	787 316
refining and other costs	32.3	**41 258**	31 176	68 804
depreciation and impairments	14.1	**88 357**	77 407	147 838
change in metal inventories		**(28 273)**	14 735	(76 752)
Operating profit	228.5	**220 512**	67 131	385 294
Share of earnings and distributions from associate		**3 405**	1 415	7 248
Investment revenue		**33 060**	50 397	85 520
Sundry income		**32 050**	11 891	53 148
Profit before tax		**289 027**	130 834	531 210
Taxation		**90 871**	54 977	182 001
Profit and total comprehensive income for the period attributable to shareholders	161.2	**198 156**	75 857	349 209
Reconciliation of headline earnings and per share information				
Profit and total comprehensive income attributable to shareholders		**198 156**	75 857	349 209
Loss/(profit) on sale of property, plant and equipment		**213**	(84)	2 572
Insurance claim		**–**	–	(36 267)
Tax effect		**(60)**	24	9 435
Headline earnings	161.6	**198 309**	75 797	324 949
Earnings per share – cents	146.7	**51.8**	21.0	96.2
Fully diluted earnings per share – cents	147.8	**51.8**	20.9	96.2
Headlines earnings per share – cents	147.1	**51.9**	21.0	89.5
Fully diluted headline earnings per share – cents	147.8	**51.8**	20.9	89.5
Dividends declared per share – cents		**5.0**	5.0	15.0
Weighted average number of shares in issue		**382 416 190**	360 747 809	363 087 830
Fully diluted number of shares in issue		**382 470 380**	362 498 431	363 150 282
Number of shares in issue		**382 416 190**	361 258 500	382 416 190

	Reviewed Six months ended 31 December 2011	Reviewed Six months ended 31 December 2010#	Audited Year ended 30 June 2011#
	R000	R000	R000

Interim consolidated statement of cash flows

Cash flows from operating activities	**211 735**	176 190	769 422
Profit before taxation	**289 027**	130 834	531 210
Depreciation and impairment	**88 357**	77 407	147 838
Change in working capital	**(107 014)**	(68 391)	182 380
Change in short-term provisions	**5 508**	3 555	6 073
Taxation paid	**(84 674)**	(99 839)	(228 021)
Discontinuation of investment in escrow	**–**	91 458	91 458
Other	**20 531**	41 166	38 484
Cash flows utilised in investing activities	**(899 252)**	(343 722)	(197 171)
Property, plant, equipment, and mining properties and mineral reserves			
additions to maintain operations	**(124 060)**	(125 465)	(268 932)
additions to expand operations	**(785 190)**	(214 544)	(688 394)
disposal proceeds	**2 479**	2 742	6 678
Cash distribution received from associate	**581**	792	792
Township land and development			
additions	**(6 572)**	(2 868)	(234)
disposals proceeds	**15 260**	–	8 121
Increase in investments held by Northam Platinum Restoration Trust Fund	**(923)**	(1 039)	(4 332)
Increase in investments held by Environmental Guarantee Fund	**(827)**	(3 340)	(8 708)
Cash and cash equivalents at acquisition of subsidiary	**–**	–	757 838
Cash flows utilised in financing activities	**(38 242)**	(51 293)	(61 107)
Proceeds from issue of shares	**–**	20 835	29 095
Dividends paid	**(38 242)**	(72 128)	(90 202)
(Decrease)/increase in cash and cash equivalents	**(725 759)**	(218 825)	511 144
Cash and cash equivalents at beginning of period	**1 697 853**	1 186 709	1 186 709
Cash and cash equivalents at end of period	**972 094**	967 884	1 697 853

Restated

Interim consolidated statement of financial position

	Reviewed Six months ended 31 December 2011	Reviewed Six months ended 31 December 2010#	Audited Year ended 30 June 2011#
	R000	R000	R000
Non-current assets			
Property, plant and equipment	**3 632 874**	2 255 554	2 779 519
Mining properties and mineral resources	**4 526 178**	5 665 110	5 719 416
Interest in associate and joint ventures	**506 852**	130 365	505 327
Unlisted investment	**6**	6	6
Township land and development	**47 230**	66 672	55 918
Long term receivables	**50 079**	–	27 292
Investments held by Northam Platinum Restoration Trust Fund	**32 514**	28 298	31 591
Environmental Guarantee Investment	**30 298**	24 103	29 471
	8 826 031	8 170 108	9 148 540
Current assets	**2 045 396**	1 856 146	2 725 916
Inventories	**634 619**	504 657	604 647
Trade and other receivables	**425 834**	365 787	410 621
Cash and cash equivalents	**972 094**	967 884	1 697 853
Receiver of revenue	**12 849**	17 818	12 795
Mineral resources classified as held for sale	**1 180 300**	–	–
Total assets	**12 051 727**	10 026 254	11 874 456
Share capital and share premium	**8 596 082**	7 659 321	8 596 082
Retained earnings	**1 523 108**	1 085 591	1 363 194
Equity compensation reserve	**183 921**	146 116	156 076
Shareholders' equity	**10 303 111**	8 891 028	10 115 352
Non-current liabilities	**635 465**	528 357	584 480
Deferred tax liability	**488 548**	454 054	477 145
Long-term provisions	**146 917**	74 303	107 335
Current liabilities	**1 113 151**	606 869	1 174 624
Trade and other payables	**910 521**	525 381	972 350
Receiver of revenue	**113 116**	–	118 268
Short term provisions	**89 514**	81 488	84 006
Total equity and liabilities	**12 051 727**	10 026 254	11 874 456
Net asset value - cents per share	**2 694**	2 461	2 645

Restated

Interim consolidated statement of changes in equity

	Share capital	Share premium	Equity compensation reserve	Retained earnings	Total
	R000	R000	R000	R000	R000
Balance at 1 July 2010	3 606	7 634 880	112 806	1 081 862	**8 833 154**
Share-based payment expense			33 310		**33 310**
Profit and total comprehensive income for the period attributable to shareholders				75 857	**75 857**
Dividends distributed				(72 128)	**(72 128)**
Issue of new shares	6	20 829			**20 835**
Balance at 31 December 2010	3 612	7 655 709	146 116	1 085 591	**8 891 028**
Share-based payment expense			32 285		**32 285**
Profit and total comprehensive income for the period attributable to shareholders				273 352	**273 352**
Transfer of equity compensation reserve to retained earnings			(22 325)	22 325	
Dividends distributed				(18 074)	**(18 074)**
Issue of new shares	212	936 549			**936 761**
Balance at 30 June 2011	3 824	8 592 258	156 076	1 363 194	**10 115 352**
Share-based payment expense			27 845		**27 845**
Profit and total comprehensive income for the period attributable to shareholders				198 156	**198 156**
Dividends distributed				(38 242)	**(38 242)**
Balance at 31 December 2011	3 824	8 592 258	183 921	1 523 108	**10 303 111**

	Reviewed Six months ended 31 December 2011	Reviewed Six months ended 31 December 2010	Audited Year ended 30 June 2011
	R000	R000	R000
Capital commitments			
Booysendal			
Authorised but not contracted	**1 436 264**	2 911 587	3 111 449
Contracted	**1 323 710**	732 413	762 336
	2 759 974	3 644 000	3 873 785
Zondereinde mine			
Authorised but not contracted	**152 627**	312 843	325 127
Contracted	**107 565**	33 974	59 125
	260 192	346 817	384 252
Other commitments			
Information Technology Outsource Service Provider			
Due within one year	**13 502**	11 186	13 432
Due within two to five years	**24 263**	20 921	31 026
Operating lease rentals - office equipment			
Due within one year	**221**	1 016	1 182
Due within two to five years	**588**	8	575
Operating lease rentals - premises			
Due within one year	**3 749**	459	3 872
Due within two to five years	**11 434**	–	11 504
More than five years	**14 399**	–	14 855
Bank guarantees issued	**72 049**	115 239	49 250

These commitments in respect of Zondereinde mine will be financed out of operating cash flows.
The Booysendal commitments will be funded from a combination of internal retentions and debt.

		Change %	Reviewed Six months ended 31 December 2011	Reviewed Six months ended 31 December 2010	Audited Year ended 30 June 2011
			R000	R000	R000

Operating statistics *

Merensky				
Development metres	18.3	**3 163**	2 673	5 899
Square metres mined	25.7	**85 771**	68 211	140 501
Tonnes milled	21.8	**449 117**	368 660	793 490
Head grade (g/ton – 3PGEs + Au)	3.5	**5.9**	5.7	5.6
Available ore reserves - months		**18**	20	18
UG2				
Development metres	175.2	**1 907**	693	1 720
Square metres mined	68.5	**87 992**	52 220	125 726
Tonnes milled	69.2	**549 481**	324 800	797 355
Head grade (g/ton – 3PGEs + Au)	(2.2)	**4.3**	4.4	4.3
Available ore reserves – months		**24**	24	24
Combined				
Development metres	50.6	**5 070**	3 366	7 619
Square metres mined	44.3	**173 763**	120 431	266 227
Tonnes milled	44.0	**998 598**	693 460	1 590 845
Head grade (g/ton – 3PGEs + Au)	(2.0)	**5.0**	5.1	4.9

Financial statistics *

Precious metals in concentrates produced	kg	26.5	**4 592**	3 629	7 779
Precious metals in concentrates purchased	kg	(6.7)	**1 010**	1 082	2 244
Precious metals sold	kg	13.1	**5 295**	4 682	9 872
Average price realised	R/kg	10.6	**341 725**	308 886	323 899
Operating costs	R/kg	(3.3)	**302 636**	313 026	307 203
Cash costs	R/kg	(2.2)	**273 812**	279 936	279 118
Precious metals in concentrates produced	oz	26.5	**147 636**	116 665	250 110
Precious metals in concentrates purchased	oz	(6.7)	**32 472**	34 797	72 146
Precious metals sold	oz	13.1	**170 238**	150 527	317 392
Average price realised	US$/oz	2.9	**1 388**	1 349	1 439
Operating costs	US$/oz	(10.0)	**1 231**	1 367	1 363
Cash costs	US$/oz	(9.7)	**1 114**	1 233	1 238
Average exchange rate realised	US$1.00 = R	7.6	**7.66**	7.12	7.01
Operating costs per tonne milled	R/tonne	(15.0)	**1 392**	1 638	1 502
Cash costs per tonne milled	R/tonne	(14.0)	**1 259**	1 464	1 365

* *Not audited or reviewed.*

COMMENTARY ON RESULTS

Financial results

The improved financial performance of the group is largely attributable to higher production volumes from the Zondereinde mine in the first half of F2012 compared to the previous comparable period, which was overwhelmingly impacted by the effects of a six-week strike.

Revenues increased by 22.7% to R1 979.9 million owing to a combination of a 13.1% increase in precious metals sold of 5 295kg, compared with 4 682kg in the previous period, and an increase of 10.6% in the average rand basket price realised of R341 725/kg (F2011 H1: R308 886/kg). The higher prices realised reflect the effect of a slightly higher US dollar basket price of US$1 388/oz, 2.9% up on H1 F2011, along with a weakening in the South African currency against the US dollar, with an average exchange rate of R7.66 prevailing, compared to R7.12 for the previous period.

The higher operating costs, which increased by 24.2%, are largely attributable to the increased production volumes as well as increases in mining input costs, notably those of power and labour. Refining costs of R41.3 million, 32.3% higher than H1 F2011, reflect the effect of the increased volumes, as well as the impact of the rand weakening against the euro by 11.6%. A 6.7% drop in the volume of metals in concentrates purchased to 1 010kg accounted for a commensurate decline, of 5.9%, in the cost of concentrates purchased. Depreciation and impairments increased by 14.1% reflecting additional property, plant and equipment assets purchased during the current period.

The net result was a 13.7% increase in the cost of sales to R1 759.3 million. Consequently operating profits increased from R67.1 million in H1 F2011 to R220.5 million in the period under review.

The decline in investment revenue, comprising mainly interest, reflects the effect of the lower cash balances, as a consequence of the development of the Booysendal mine during the year. The higher sundry income reflects a reduction in foreign exchange losses and an increase in treatment charges on purchased concentrates. The net result is that net profit attributable to shareholders increased to R198.2 million compared to R75.9 million in H1 F2011.

With the improved profitability of the group, cash flows from operating activities increased to R211.7 million (H1 F2011: R176.2 million). Cash flows utilised in investing activities rose to R899.3 million (H1 F2011: R343.7 million) reflecting the increased momentum in the construction and development activities at the Booysendal mine. R785.2 million was spent on the development of the Booysendal mine compared to R214.5 million in the previous comparable period. Cash flows utilised in financing activities declined to R38.2 million from R51.3 million, reflecting the reduction in dividends over the previous period.

The net effect of these cash flow activities is a closing cash balance of R972.1 million, marginally higher than the R967.9 million recorded in the previous comparable period. In keeping with its previously stated policy of conserving cash to fund the development of the Booysendal mine, the board has declared a dividend of 5 cents per share (H1 F2011: 5 cents per share).

Zondereinde mine

Safety

The thoughts of the board and management go to the loved ones of Mr Tlou Komape, a 32-year old South African who died, in a mining-related accident on 20 July 2011.

Despite a sustained focus on safety and safety related issues by management and the Department of Mineral Resources (DMR), safety indicators such as lost time and reportable injury rates regressed during the period under review. Whilst the total number of injuries recorded has declined over recent years, the severity of injuries remains a concern.

The achievement of one million fatality free shifts at Zondereinde on 12 December 2011 is a tribute to the combined efforts of management and employees.

Operating performance

Predictably, post the strike in the previous comparable period, the Zondereinde mine recorded an improved performance.

Total tonnes milled increased by 44.0% to 998 598 tonnes (F2011 H1: 693 460 tonnes) with the Merensky reef contributing 449 117 tonnes milled at a head grade of 5.9g/t and the UG2 reef 549 481 tonnes milled at 4.3g/t. The combined head grade however was 2.0% lower at 5.0g/t reflecting the higher ratio of the lower grade UG2 to the total. Metals in concentrate produced increased by 26.5% to 4 592kg (147 636oz). Concentrates purchased declined by 6.7% to 1 010kg (32 472oz). Total operating costs were 24.2% higher, while unit operating costs declined by 3.3% year on year, reflecting the effect of the higher production volumes.

Mining conditions on the Merensky reef continue to be challenging but steady progress is being made in developing 6 and 7 levels to establish connectivity between the upper and lower levels on the western side of the mine in order to improve mining flexibility. The deepening project continues with ore reserve development on 15 level in progress, with volumes anticipated to improve from H1 F2013.

Production lost owing to Section 54 notices during the period amounted to approximately 489kg (15 700oz). Based on the average price realised during the period, this is equivalent to a value of R167.1 million.

Labour relations

The annual wage negotiations with the major employee representative bodies at Zondereinde were concluded in November 2011. In terms of the two-year agreement reached with both the National Union of Mineworkers (NUM) and Solidarity, the average wage increases range from 9 to 9.5% for both years.

Capital expenditure

A total of R124.1 million was spent on capital expenditure during the period of which R68.1 million was on the deepening project and the remainder on routine capital. Capital expenditure is expected to amount to R294.0 million for the 2012 financial year.

Township land and development

Management is pleased to advise that a further 86 housing units were sold to employees during the period under review, bringing the total to 186 since inception of the housing scheme. The housing scheme was established to facilitate home ownership for employees.

Booysendal mine

Steady progress has been made at the Booysendal mine. Development of the on–reef and reverse declines continues with reef exposures confirming expectations of structure and grade.

On surface, the bulk earthworks and civil construction is largely complete with the focus now on mechanical and electrical construction of plant infrastructure and erection of mine buildings.

A total of R785.2 million was spent in the current period for the development of this mine. The estimated capital expenditure for F2012 is expected to be R1.8 billion.

Financing agreement

Shareholders were advised on 14 November 2011 that Northam had entered into an agreement with Nedbank Limited, acting through its Nedbank Corporate and Nedbank Capital divisions, regarding a R1.0 billion five-year revolving credit facility. The raising of the facility is in line with the group's previously stated funding strategy to support its key strategic initiatives, specifically the development of the Booysendal mine.

Together with Northam's existing cash resources of approximately R1.0 billion (as at 31 December 2011) and R1.2 billion from the proposed sale of the southern portion of Booysendal, the facility provides Northam additional financial flexibility in the medium term.

Other assets

As part of the acquisition of Mvelaphanda Resources Limited in June 2011, Northam acquired a 50% interest in the Dwaalkop platinum project, a 20.3% interest in the issued share capital of Trans Hex Group Limited, a diamond producing and marketing company listed on the JSE Limited and a 51.0% initial participatory interest in the Kokerboom joint venture, a greenfields iron oxide/gold/copper and massive sulphide exploration project. The company continues to investigate the best way to realise value from these assets.

Following the agreement with Aquarius Platinum Limited and Aquarius Platinum (South Africa) (Proprietary) Limited in the 2011 financial year to dispose of the mineral rights attached to the southern portion of Booysendal for an amount of R1.2 billion, the mineral resources have been classified as held for sale. The agreement remains subject to a number of conditions precedent.

Auditor's review

The financial results of the group have been reviewed by Mr C Maongera CA (SA) of Ernst & Young Inc., the group's auditors. A copy of their unmodified review report is available for inspection at the company's registered office.

Accounting policies – basis of preparation

The interim financial statement has been prepared on the historical cost basis, except for financial instruments that are stated at fair value. The group financial statements for the half year ended 31 December 2011 have been prepared in accordance with IAS 34 – Interim Financial Reporting as well as AC500 Standards, as issued by the Accounting Practices Board or its successor and incorporate the accounting policies which are consistent with those adopted in the financial year ended 30 June 2011, with the exception of the adoption of the following amendments, standards or interpretations with effect from 1 July 2011:

Standard	Subject
IFRS 1	First time adoption of International Financial Reporting Standards – Accounting policy changes in the year of adoption (Annual improvements project 2010)
IFRS 1	First time adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First time Adopters (amendment)
IFRS 1	First time adoption of International Financial Reporting Standards – Revaluation basis as deemed cost (Annual improvements project 2010)
IFRS 1	First time adoption of International Financial Reporting Standards – Replacement of fixed dates for certain exceptions with the date of transition to IFRS's (amendment)
IFRS 1	First time adoption of International Financial Reporting Standards – Use of deemed cost for operations subject to rate regulation (Annual improvements project 2010)
IFRS 7	Financial Instruments: Disclosures – Clarification of disclosures (Annual improvements project 2010)
IFRS 7	Financial Instruments: Disclosures – Transfers of financial assets (amendment)
IAS 1	Presentation of Financial Statements – Clarification of statement of changes in equity (Annual improvements project 2010)
IAS 24	Related Party Disclosure (revised)
IAS 34	Interim Financial Reporting – Significant events and transactions (Annual improvements project 2010)
IFRIC 13	Customer Loyalty Programmes – Fair value of award credit (Annual improvements project 2010)
IFRIC 14	IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interactions – Prepayment of a minimum funding requirement (Amendment)

Through the annual improvements project, changes have been made to various standards, without the standards being issued as "Revised". The adoption of these amendments, standards and interpretations resulted in changes only in the way in which the interim financial results statements are presented as well as additional disclosures in the annual financial statements. They did not impact any amounts disclosed in the interim consolidated statement of comprehensive income or interim consolidated statement of financial position.

Restatement of comparatives

The group has reclassified its comparatives with regard to the Toro Employee Empowerment Trust. The underlying plan assets and plan liabilities which were previously shown on a gross basis which were equal and opposite, are now recognised on a net basis. This reclassification had no impact on net assets, net cash flows or performance of the group.

Related parties

The group, in the ordinary course of business, enters into various sale, purchase and lease transactions with a large number of entities, some of whom are related parties. All transactions covered in this set of results are concluded on an arm's length basis.

Segmental report

The group has two distinct segments, Zondereinde mine and Booysendal mine. In the current six month period, R785.2 million was incurred for the development of Booysendal mine (H1 F2011: R214.5 million). All the profit in the period was earned by Zondereinde mine.

Total assets in respect of the Booysendal mine amount to R7 448.6 million (H1 F2011: R5 999.6 million). These have been allocated to property, plant and equipment, mining properties and mineral reserves of Booysendal. All the other assets relate to Zondereinde mine.

Going concern

The nature of all mining operations is finite, and their operations are dependent on, *inter alia,* geological and technical factors, as well as other economic factors such as commodity prices and exchanges rates. There has been a recovery in metal prices since the 2008 financial crisis and the outlook for commodity prices and exchange rates, as well as the latest forecast of the geology of the group's mineral reserves are still favourable. The directors therefore believe that the group is a going concern, and accordingly the group's consolidated results have been prepared on this basis.

Subsequent events

There have been no significant events subsequent to 31 December 2011 which require adjustment or additional disclosure to the interim results.

Prospects

The pace of the recovery at Zondereinde will be largely determined by geological and mining conditions. Production in the second half of the year is likely to be slightly lower than that of H1 owing to more public holidays in the period. Costs are anticipated to be reasonably contained. In the absence of any untoward disruptions to production, and if the rand basket price were to remain at current levels (R335 000/kg) (F2011: R323 899/kg) earnings for the year are anticipated to increase.

The information contained in this paragraph has not been reviewed or reported on by the group's auditors.

Directors

Mr JAK Cochrane was appointed a non-executive director of Northam with effect from 10 November 2011.

Company secretary

Shareholders were advised of the resignation of Mr DL Swanepoel as company secretary with effect from 24 October 2011 and the immediate appointment of Ms PB Beale, effective on the same date.

Dividend

Dividend number 26 of 5 cents per share has been declared in South African currency, in respect of the half year ended 31 December 2011. In compliance with the requirements of Strate the following dates are applicable

Last day to trade "cum div"	Thursday	15 March 2012
Trading will commence "ex div"	Friday	16 March 2012
Record date	Friday	23 March 2012
Payment date	Monday	26 March 2012

No share certificates may be de-materialised or re-materialised between Friday, 16 March 2012 and Friday, 23 March 2012, both dates inclusive.

On behalf of the board

PL Zim
Chairman

GT Lewis
Chief executive officer

Johannesburg
22 February 2012

Notes

Directors

PL Zim (non-executive chairman), (alternate: AK Gupta), GT Lewis (chief executive officer) (British), AZ Khumalo (financial director), ME Beckett (British), CK Chabedi, JAK Cochrane (British), Ms NJ Dlamini (Dr), R Havenstein, Ms ET Kgosi, AR Martin, BR van Rooyen (executive director-business development), MSMM Xayiya (alternate: MJ Willcox)

Registered office

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Company secretary

Ms PB Beale

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

(Incorporated in the Republic of South Africa) (Registration number 1977/003282/06)
Share code: NHM ISIN: ZAE000030912 ("Northam Platinum" or "the company" or "the group")

Russell and Associates 5637/12

NORTHAM

PLATINUM LIMITED

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