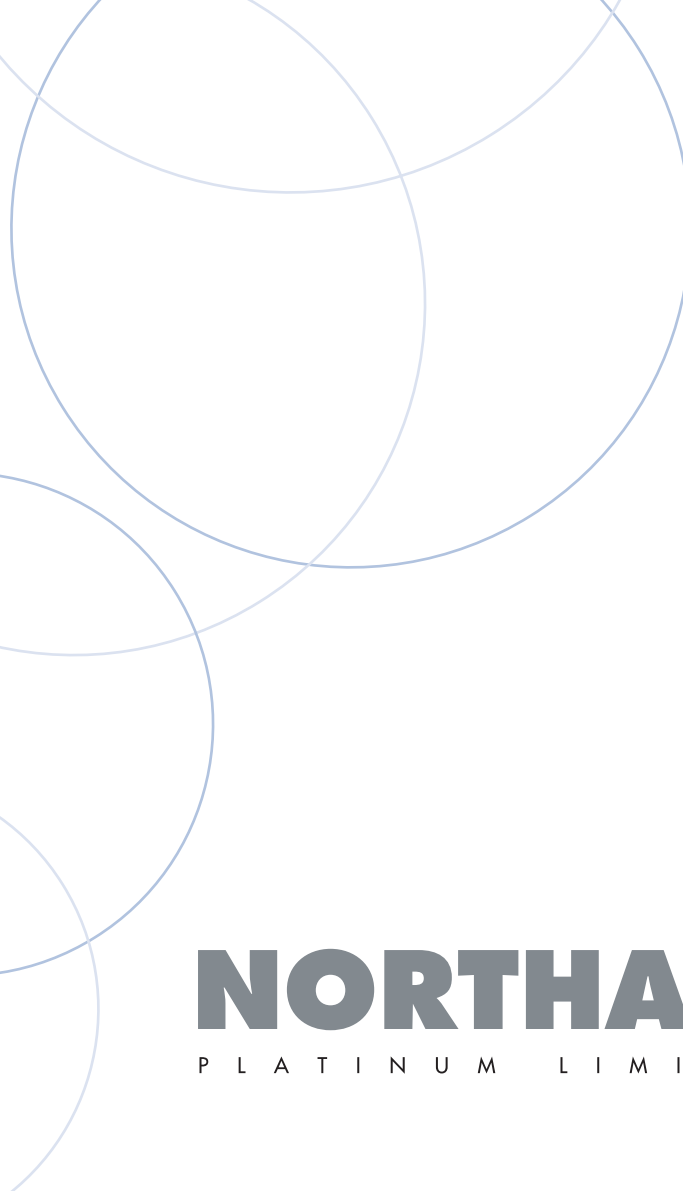




NORTHAM

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

**Sustainable
development
report**



2010

Scope of the report

For the first time in F2010 Northam Platinum Limited has taken steps to present the company's financial reporting performance in conjunction with broader performance relating to the environmental, social and governance (ESG) issues in its annual report. In addition, Northam Platinum has also produced this separate sustainable development report to supplement the annual report, and to address the company's ESG performance in greater detail and in alignment with the requirements of the Global Reporting Initiative's (GRI) G3 guidelines. Both reports may be found on the company's website at www.northam.co.za.

The reporting period for this report is the 2010 financial year (F2010), which runs from 1 July 2009 to 30 June 2010, although both historical and forward-looking data are provided for comparative information purposes.

The material ESG issues identified by Northam in F2009 have been reviewed and reported on and, in F2010, the company again reviewed its material issues.

While this report focuses on Northam's current operations at the Zondereinde mine and metallurgical

complex in the Limpopo province, reference is also made to the progress and challenges that form part of the Booyseendal project, which is currently under development. Northam will incrementally report on this operation and undertakes to fully incorporate this operation into its sustainability reporting by F2012 once the mine comes into production, and when reporting will become more meaningful.

Certain key performance indicators (KPIs) have been assured by external assessor, Ernst & Young (E&Y). E&Y's statement of assurance may be found on page 49.

Northam has declared a B+ level of reporting for F2010 (F2009: C+). This has been confirmed by E&Y. In addition, this report was submitted for an assessment of the reporting level by GRI.

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

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Key performance indicators

R641.0
million
profit

Economic performance

- 321 475oz of PGMs produced
- Sales revenue of R3.9 billion
- Profit of R641.0 million
- Taxes paid of R333.6 million
- R881 million HDSA/BEE procurement

9 042
employees

Social performance

- 9 042 people employed***
- Employee turnover of 8%
- 7% women in mining
- 33% HDSAs in management
- R50 million spent on training and development
- One fatality in F2010
- LTIIR* – 0.83 per 200 000 hours
- 434 employees on ART**
- R12.1 million spent on corporate social environment

86%
water
recycled

Environmental performance

- Energy used – 690 198MWh
- Fresh water used – 3.98 million m³
- 86% of water recycled

* Lost time injury incidence rate ** Anti-retroviral treatment

*** As at 30 June 2010

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Product responsibility 34

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Corporate profile

Northam Platinum Limited is the only fully independent, black-owned and controlled integrated platinum group metals (PGMs) producer listed on the JSE Limited (JSE). The company is domiciled in South Africa, and has its corporate office in Johannesburg.

Northam owns and operates Zondereinde platinum mine and metallurgical complex on the western limb of the Bushveld Complex near the town of Thabazimbi, in Limpopo province, South Africa. In F2010, Zondereinde produced 321 475 ounces (9 999kg) of PGMs (3PGE + Au).*

The company is currently developing the Booyensdal project, located on the eastern limb of the Bushveld Complex, near the town of Mashishing, in Mpumalanga. The development of Booyensdal could add some 162 000 ounces of PGMs per annum at steady-state in F2014.

Northam also holds a small (7.5%) interest in the Pandora joint venture, a PGM mining operation on the lower end of the western limb of the Bushveld Complex in partnership with Anglo Platinum Limited (Anglo Platinum), Lonmin plc (Lonmin) and the Bapo Ba Mogale community.

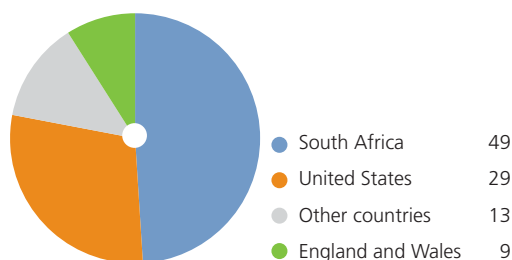
The company has a combined resource base of 130 million ounces, with more than 50 years life-of-mine.

At the end of June 2010, Northam employed 9 042 people (76% employees and 24% contractors) at Zondereinde, and 159 people (4% employees and 96% contractors) at Booyensdal. It is estimated that the Booyensdal project will employ approximately 1 150 people at steady-state.

Northam is a publicly listed company, with its primary listing on the JSE. The company has been admitted to the JSE's Socially Responsible Investment Index (SRI) for the third consecutive year.

During the 2009 calendar year, the company was also ranked number 14 on the JSE's Carbon Disclosure Leadership Index (CDLI). The integrity of the CDLI methodology and scoring was assessed by the independent assessor, KPMG.

Geographical analysis of shareholders (free float) June 2010



* Northam reports on its production in terms of three PGEs, namely platinum, palladium and rhodium, as well as gold. This is commonly designated as 3PGE + Au.

Developing a leading BEE company

Northam Platinum was originally established by the mining group Gold Fields of South Africa (GFS), as that group's platinum vehicle. Development at the Zondereinde mine began in January 1986 and production commenced seven years later, in January 1993. Northam was listed on the Johannesburg Stock Exchange (today the JSE) in 1987 and took up a secondary listing on the London Stock Exchange (LSE) in 1990.

Established to exploit a relatively deep resource in the platinum sector, Northam's operations languished for many years, limited by a high cost base and complex geology. The company was also constrained by its single finite resource base. Increasingly, other PGM producers are now also operating at depth, with the attendant cost and infrastructure burden that this necessitates. Time, technical ingenuity, and the opportunities created by the new minerals regime in South Africa have since given Northam a new lease on life, significantly increasing its potential as the platinum investment of choice.

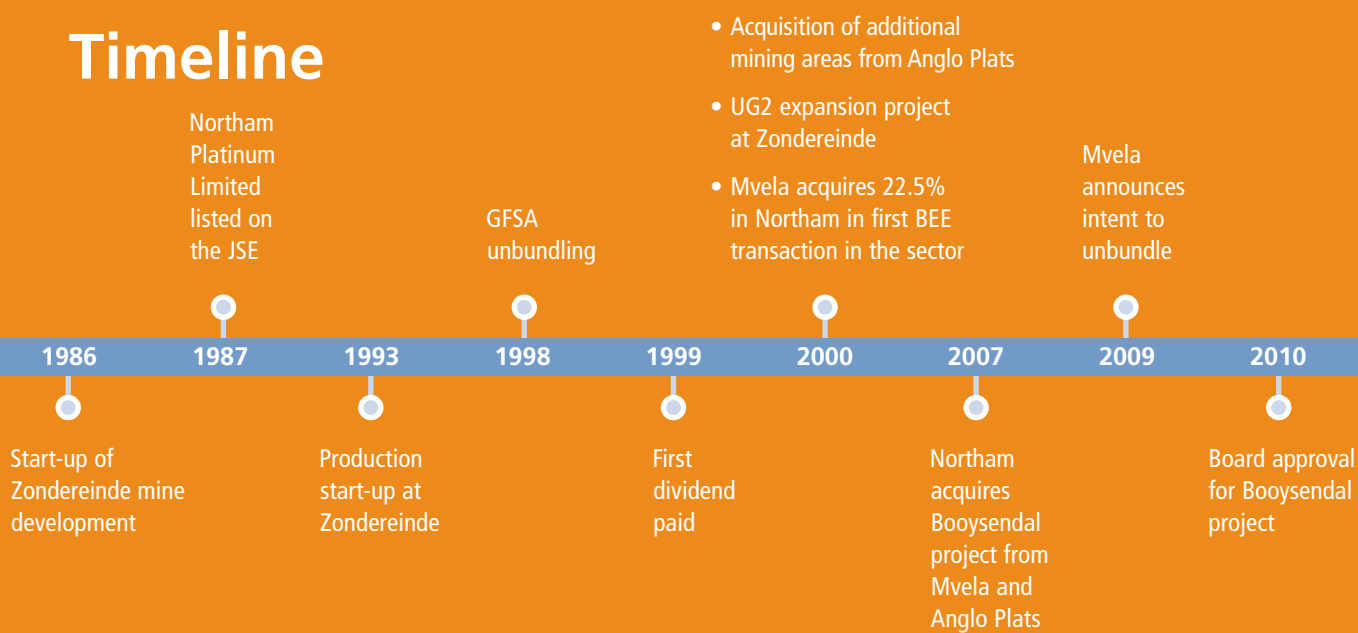
Following the unbundling of GFS, and the acquisition by Mvelaphanda Holdings Limited (a leading black economic empowerment (BEE) group led by Tokyo Sexwale) of an equity stake in Northam, Anglo Platinum and Mvelaphanda Resources Limited (Mvela Resources) became significant stakeholders, each with an interest of 22.5% in Northam. Subsequent transactions between Mvela Resources and Afrimex Limited, a new BEE entrant led by another leading business figure, Lazarus Zim, has seen the BEE ownership of Northam broaden. At the end of June 2009, Mvela Resources, which was 50.1% HDSA controlled, had a 63% interest in Northam. (HDSA refers to historically disadvantaged South Africans.)

By virtue of its credentials the company has become a BEE partner of choice and, in September 2007, Mvela Resources, Northam and Anglo Platinum entered into a transaction that saw the acquisition by Northam of the Booyensdal project. Booyensdal is set to become one of the largest, long-life new generation PGM mines in South Africa.

After Mvela Resources' disposal of a 12.2% stake in Northam in April 2010, and the imminent unbundling of its interests to its shareholders (in order to comply with the JSE's requirements with regard to pyramid holding structures), Northam's direct BEE shareholding is likely to be lower than the 2014 26% BEE equity requirement of the Mineral and Petroleum Resources Development Act (MPRDA). The company is examining various ways of restoring this target.



Timeline



Our sustainability footprint



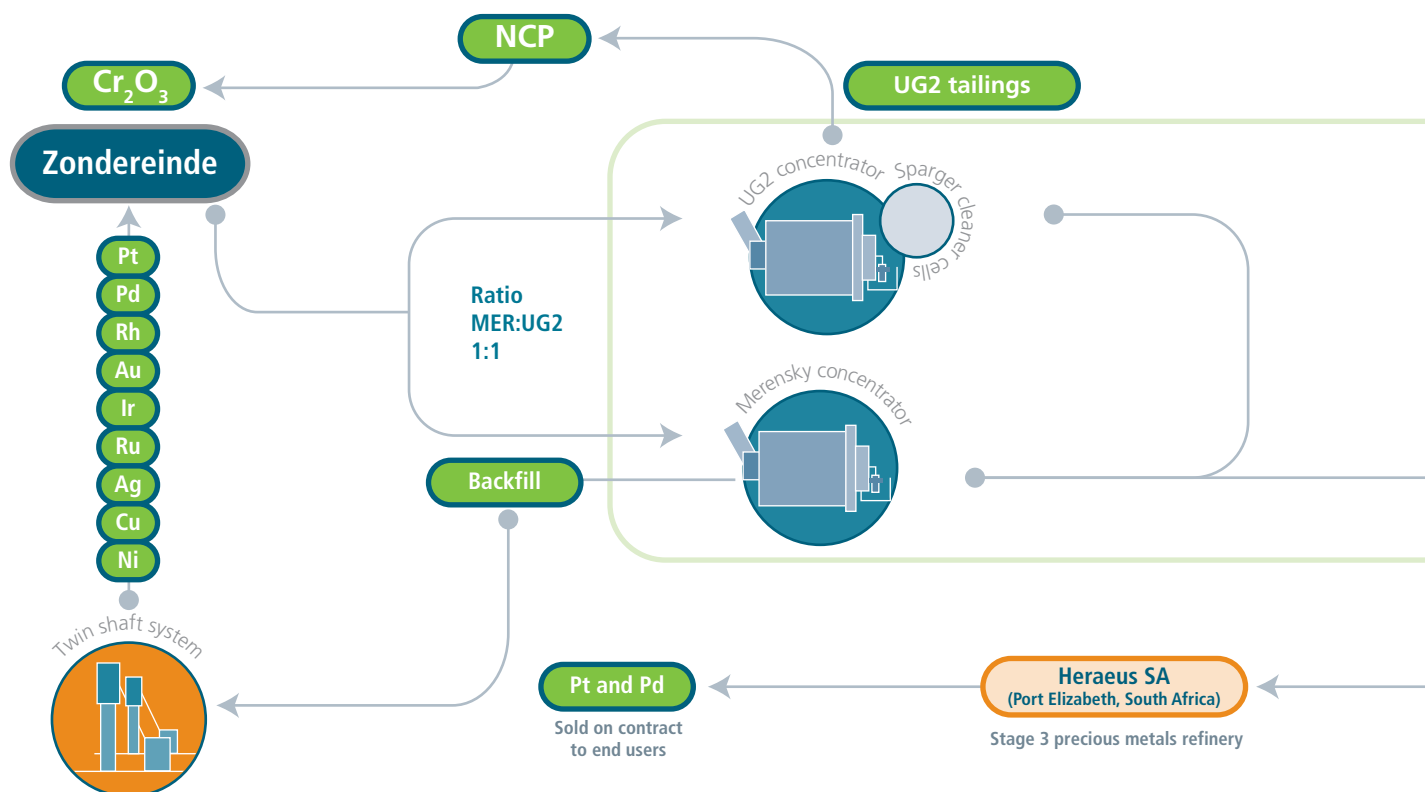
Mining and processing scarce and valuable PGMs is a highly complex process that requires a significant amount of effort and ingenuity.

The Zondereinde mine life cycle extends from the development and construction of mining operations, to mining and processing, and finally to rehabilitation and closure. The various stages in this life cycle for the Zondereinde complex are illustrated below.

In F2010 Zondereinde produced 321 475 ounces of platinum (Pt), palladium (Pd), rhodium (Rh) and gold (Au) (3PGE+Au), along with iridium (Ir), ruthenium (Ru) and silver (Ag), and base metal by-products copper (Cu) and

nickel (Ni). To produce these PGMs and by-products Northam mined 2 280 501 tonnes of material (ore and waste) and milled 2 038 225 tonnes of reef. So, for every ounce of PGMs produced, some 7 tonnes of rock was mined at Zondereinde. Given that platinum constitutes around 60% of the total amount of PGMs produced, 12 tonnes of rock was mined to produce one ounce of platinum. (This will vary from mine to mine as grades and recoveries of platinum vary from operation to operation).

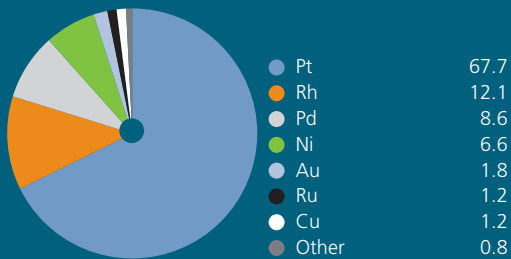
Of the value of the metals sold in F2010, platinum is the primary product produced by contribution to revenue (67.6%), followed by rhodium (12.1%) and palladium (8.6%) and nickel (6.6%).



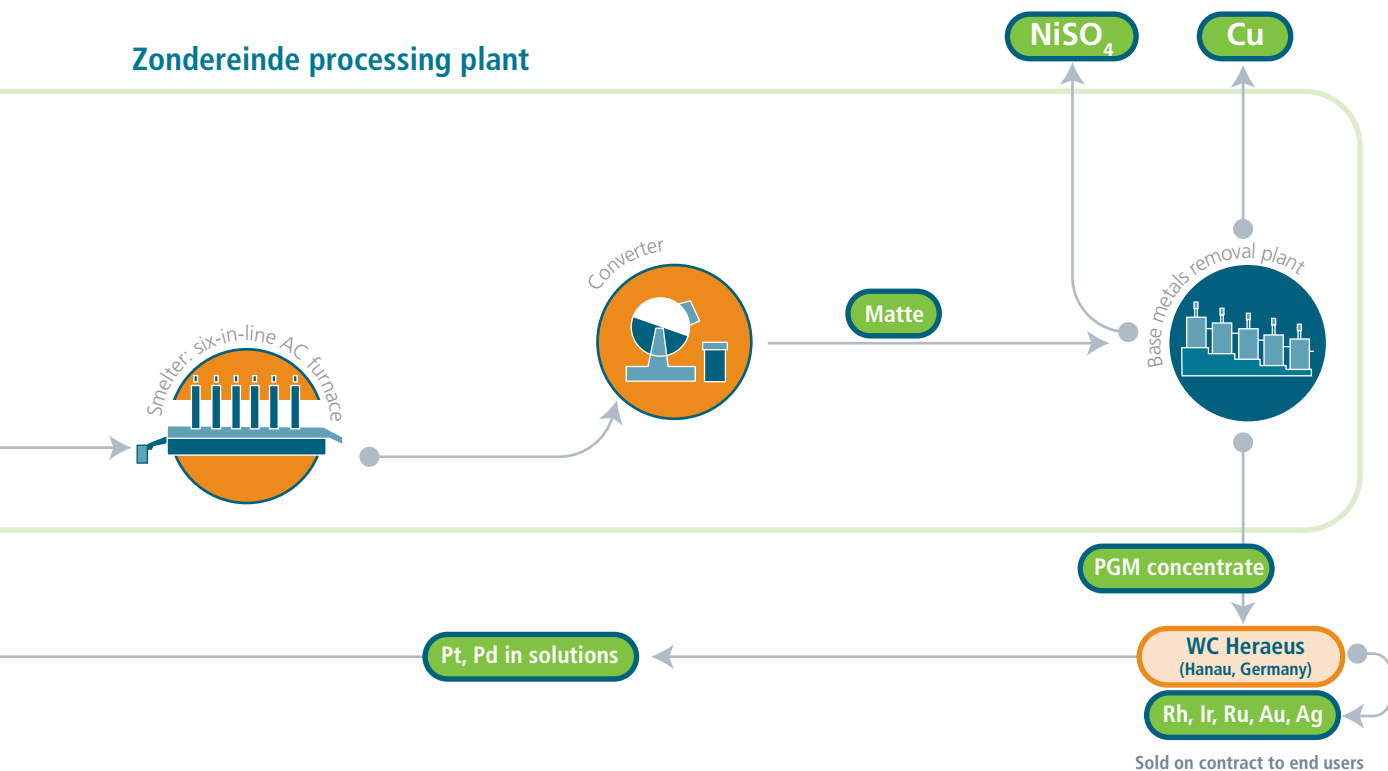
12
tonnes

12 tonnes of rock mined
to produce one ounce
of platinum

Metals – contributions to revenue F2010 (%)



Zondereinde processing plant



Our sustainability footprint (continued)

Useful metals – from mine to market

Platinum group metals (PGMs), including platinum, palladium, rhodium, ruthenium and iridium, have a wide range of industrial and technical applications. We include gold in the basket of metals we produce. Nickel is also a significant by-product by value. While PGM resources are relatively scarce, concentrated in southern Africa, gold and nickel are found more extensively across the globe.

Platinum

Given its many industrial applications and its desirability for investment purposes, platinum is one of the most sought after precious metals.

- The best known use of platinum is in catalytic converters which form part of the exhaust system in motor vehicles. Instead of releasing deadly carbon monoxide, hydrocarbons and nitric oxide into the atmosphere, autocatalysts convert these harmful emissions into carbon dioxide and water.
- The rarity, hypoallergenic and tarnish-resistant properties of platinum make it the ideal choice for creating the finest jewellery, which is particularly sought after in the bridal section.
- Platinum is used in fuel cells which generate electrical power using hydrogen and oxygen as fuel. As they have no moving parts, fuel cells generate power silently, emitting only pure water as a by-product and do not contribute to air or noise pollution in any way. Fuel cells are not yet commercially available, but there is a significant potential market for platinum.



Rhodium

Rhodium is one of the rarest precious metals on earth. Among its many uses,

rhodium is used as a catalyst in a number of industrial processes, primarily in three-way catalytic converters.

Palladium

Over half of the world-wide supply of palladium is used in catalytic converters. Palladium is also found in many electronics including computers, mobile phones, and multi-layer ceramic capacitors, and is used in dentistry, medicine, photography, and hydrogen purification.

Nickel

Nickel is primarily an alloy metal and its chief use is in stainless steel and cast iron, of which there are many varieties.

Ruthenium, iridium

Ruthenium is used in electronics to increase magnetic data-recording memory in hard disks and to improve the plasma display panels of flat screen televisions. Along with iridium, it is also used in chemical and electronic applications.

Gold

Gold has for centuries been a store of value and a form of monetary exchange. Other uses of gold include coinage, ornaments, jewellery and gilding. Gold is also used within the textile industry and for dental applications.

Our sphere of influence

As a mining and processing company, Northam's sphere of influence extends beyond the boundaries of its mines. Northam's existing and potential impacts may be on:



employees and
contractors



families
they sustain



shareholders



the natural
environment

NORTHAM
PLATINUM LIMITED



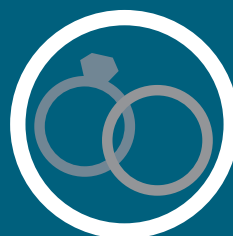
the communities in
which our operations
are located



through the suppliers
from whom we purchase
goods and services



through the
taxes we pay



our customers through
the metals we sell, and
their use

See our discussion on engaging with stakeholders on page 14 of this report.

From the chairman and chief executive



P Lazarus Zim



Glyn Lewis

Dear stakeholders

In F2010, we took a number of significant steps towards the integration of sustainability management and reporting into the core operation of our business. An important part of this has been a consideration of what sustainability means to the business, and how we reflect this in our reporting.

Sustainability for Northam implies the sustainability of the business as a whole, with environmental, social and governance (ESG) issues forming an integral part of the way we conduct our business. For us this means:

- the *responsible* and *profitable* operation of the Zondereinde mine;
- the *responsible* and *economic* development and growth in our assets, primarily through the delivery into production of the Booyssendal project; and
- *compliance* with listing and other requirements so that the company is able to *maintain its licence to operate* and to *attract and retain capital*.

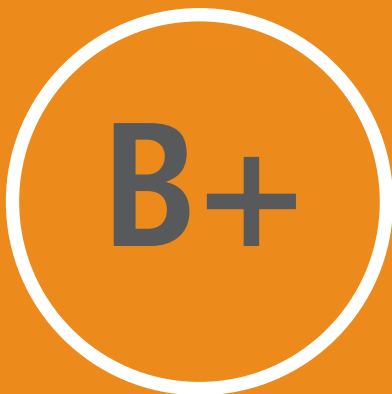
In line with this increased air of attention and focus we felt the need to develop an over-arching sustainable development policy, pulling together our vision for the company and the various underlying policies relating to safety and health, environment and community development in place at an operational level. This policy is published here for the first time on page 15 and was approved by the board in August 2010.

Our vision is that the ESG elements of sustainability are a part of the way we conduct our business, and must be managed as such, with policies, targets and measurement systems in place to support the

achievement of our objectives. To this end, we can report a number of achievements during the year including:

- publication of our third sustainable development report to a B+ level of reporting and the assurance of certain key performance indicators (KPIs) by an external assessor;
- submission of the Carbon Disclosure Project (CDP) questionnaire and recognition by CDP as a leading reporter;
- admission to the JSE SRI index for the third consecutive year;
- a corporate and then on-mine workshop on sustainability reporting and what it means for Northam. Identification of material issues and KPIs, the latter with on-mine line management participation;
- engagement of external consultants to review reporting criteria, definitions, processes and responsibilities for KPIs in respect of ESG issues. We also set up a data management system; and
- engagement of internal and external assessors to verify our identified KPIs.

As a minimum, we will comply with legislation and regulations that govern our operations and our listing. Further, we also seek to comply – as far as our business objectives allow – with recommendations of good practice and governance. We would like to be considered as a responsible and ethical corporate citizen by our employees, our business partners, our customers, our investors and our communities.



Publication of our third sustainable development report to a B+ level of reporting



One report

In F2010, we have for the first time attempted to produce an integrated annual report – that is, one that addresses both financial and relevant ESG issues. This has not simply been a process of combining the financial and sustainable development reports, but has involved a fundamental consideration of those ESG issues that are important to all stakeholders and incorporating these into our annual report.

This has also not meant that we have dispensed with this, our separate sustainability report, that deals with specific ESG issues in sufficient detail to satisfy the needs of a broader group of shareholders.

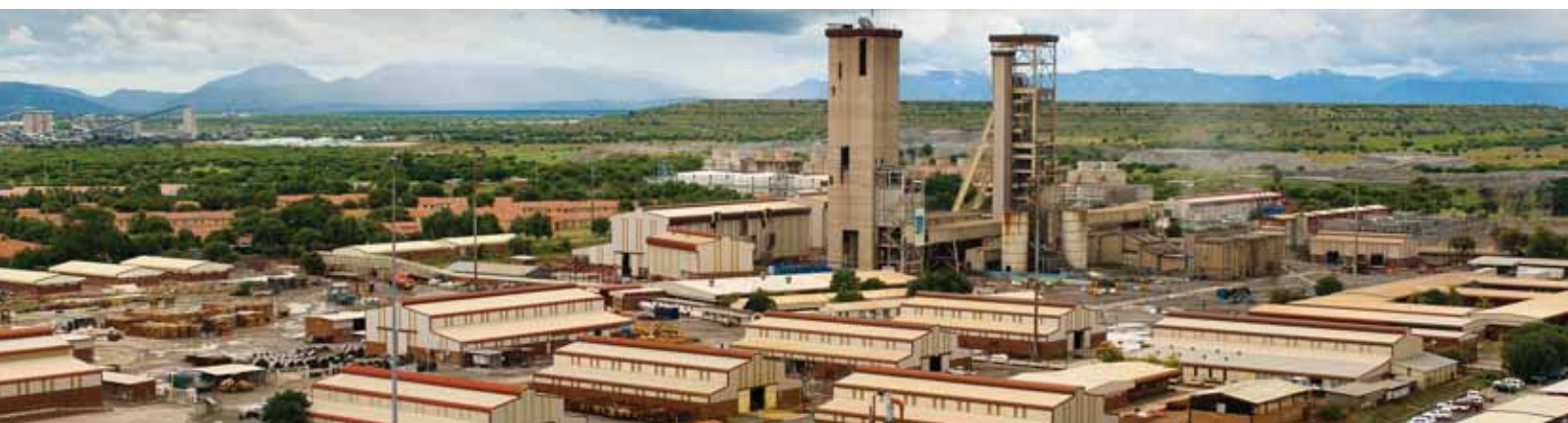
The material issues we face

Last year we identified six key issues for F2009 and F2010. Those issues identified remain important to us, and we have identified three additional issues. Our material issues are outlined below and dealt with in greater detail within the pages of this report as well as in our annual report.

1. Operating the Zondereinde mine, its concentrating and smelting operations efficiently and cost-effectively, and to maximise its life of mine (currently estimated at 18 years) to the fullest extent possible. (See the annual report and pages 18 to 23)

During the period under review, production of metals in concentrate at Zondereinde increased by 6.3% to 321 475 ounces (F2009: 302 474 ounces) with the combination of production units and purchased metals increasing by 10% to 389 284 ounces (F2009: 318 131 ounces). This is reflective of the company's strategy to build up capacity for enhanced downstream beneficiation.

As a result of higher input costs, in particular labour, power, steel and chemicals and the 6.3% increase in production, operating costs increased by 17.0% to R2.2 million (F2009: R1.9 million). In addition, Northam paid some R21.4 million in royalties in terms of the Mineral Resources and Petroleum Royalty Act which came into effect in March 2010. This amount has been included in operating costs.



From the chairman and chief executive (continued)

Sales revenue increased by 23.8% to R3.9 billion as a result of an 18.8% increase in volumes sold.

Operating profit decreased by 4% to R785.0 million (F2009: R817.9 million) as a result of increased production costs, the higher cost and volumes of concentrates purchased.

2. Ensuring the safety of employees and contractors. (See pages 24 to 29)

Our safety performance in F2010 was pleasing with further improvements in safety indicators such as the lost time injury incidence rate (LTIR) of 0.83 per 200 000 hours worked (F2009: 1.02) and a reportable injury incidence rate (RIIR) of 0.52 per 200 000 hours worked (F2009: 0.63).

This performance was sadly marred by a fatal accident at the Zondereinde mine during the year. The board and management extend their sincere condolences to the family and colleagues of Mr Sebenzile Ketile, who died on 13 May 2010 as a result of a drilling-related accident.

It is with deep regret that, subsequent to the end of F2010, Northam had to report the death of Messrs Avelino Cossa and Samussone Chithango after a fall of ground accident on 20 July 2010.

We will continue to make safety an area of focus in F2011 and to this end the board will continue to be supportive of the combined efforts of management, organised labour and the Department of Mineral Resources (DMR) in prioritising and promoting a work ethic that seeks to eliminate mining related injuries.

3. Maintaining our credentials as a leading BEE company and meeting the requirements of the MPRDA and Mining Charter. (See pages 30 to 33)

We have continued to make progress on our broad-based BEE procurement – at 48% of total expenditure in F2010, on the employment and development of historically disadvantaged South Africans (HDSAs) – achieving 33% HDSAs in management in F2010 and 7% women in mining, in workplace training and development initiatives, and on identifying and implementing local economic development projects in our communities.

During the year, Northam embarked on a process of auditing and reviewing the quality and accuracy of data produced and the associated charter compliance enablers at Zondereinde to determine the level of compliance with the Mining Charter, and to assist in developing processes and practices to ensure the achievement of our Social and Labour Plan (SLP) targets.

4. To deliver the Booyssendal project at an acceptable capital cost and turn to account its extensive resources to a broad range of stakeholders. (See the annual report)

During the year, Northam completed an optimisation exercise on the Booyssendal feasibility study, the purpose of which was to determine whether further value could be extracted from the first phase of the Booyssendal project. The results indicated that the start-up of production could be accelerated, that the mining layout could support a higher rate of production which should result in lower operating costs per unit.

On surface, the concentrator plant layout has been optimised to take account of the higher run of mine (ROM) production, resulting in a more efficient process flow and a smaller environmental footprint.

The revised mine design and higher rate of production at full capacity will result in electricity consumption exceeding the Eskom approved 20MVA during peak demand periods. These requirements will be fulfilled by self-generation of power on site (up to 5MVA) during peak times. This will continue until Eskom is able to supply additional power – currently estimated to be by 2014. The revised design also makes provision for an energy management system and the introduction of energy recovery strategies.

5. To implement the ISO14001 environmental management system and to achieve certification against this standard. (See pages 36 to 43)

A great deal of progress towards the implementation of ISO14001 was made during the year with the scope of Zondereinde's environmental impacts being identified and evaluated. The first phase of auditing was completed during F2010 with the second phase

completed during September 2010. It is expected that Zondereinde will receive ISO14001 certification during the 2010 calendar year.

Zondereinde is in the process of implementing an Environmental Management Programme (EMP) and a training module has been developed which will be rolled out to employees during the following financial year.

6. To optimise water usage both at Zondereinde and at Booyssendal – to use less water, increase recycling, maintain water quality (particularly important at Zondereinde where extensive use is made of water for hydro-power and cooling). (See pages 36 to 43)

Increasingly, water is a scarce and costly resource. Northam voluntarily participated in the newly-established CDP Water Project and will seek to incrementally improve its water management and reporting strategies in the future.

7. To optimise energy consumption and to investigate potential and cost-effective alternative sources of energy. (See pages 36 to 43)

Electricity supply remains under pressure in South Africa with significant implications for current operations and new projects, such as Booyssendal. While the national utility Eskom has undertaken to meet current commitments, it is clear that it will be under great pressure to do so and that this will entail cost increases. Further electricity tariff increases in F2010 have meant that electricity now makes up 9.2% of our cost base, and this is set to rise further. We have placed a great deal of emphasis on co-operating fully with Eskom in Demand Side Management (DSM) both to reduce costs but also in support of Eskom's own objectives.

8. To debate, monitor and manage our climate change strategy and, as part of that, to reduce our CO₂ emissions. (See pages 36 to 43)

We have continued to benchmark our CO₂ emissions and have put in place more robust data gathering systems.

9. To attract and retain investors in the company and to be able to raise capital cost-effectively to fund long-term sustainable growth for all our stakeholders. (See the Annual Report)

We believe the best way to do this is to:

- continue to achieve operational excellence by means of maximising cost-efficient production in a safe and healthy working environment;
- ensuring adequate mine life and ore resources to sustain future production growth;
- retaining integrated, independent operations with full control of metals from mine to market;
- attracting, developing and retaining the best available skills, technical expertise and management competence; and
- being a responsible corporate citizen.

Reporting and assurance

We have continued to adopt the Global Reporting Initiative's (GRI) G3 guidelines for our reporting. Certain significant KPIs have been assured by our external auditors, E&Y and their assurance report is presented on page 49. As is required by GRI we have declared an application level of B+ for the first time this year. This is in line with our stated intention of improving the level of disclosure in our reports only. In addition, this report was submitted for an assessment of the reporting level by GRI.

In conclusion

In conclusion, we wish to thank our employees, our shareholders, our communities and our partners for their continued support and contribution during the year.

P Lazarus Zim and Glyn Lewis
21 September 2010

Issues identified in F2010 – Nos 1, 8 and 9

Governance

Northam is committed to upholding and implementing principles of good corporate governance at all levels of the company. The directors endorse the Code of Corporate Practices and Conduct set out in the King Report on Corporate Governance 2002 and 2010 (King II and King III). A detailed account of corporate governance matters may be found in the Annual Report on page 34

Compliance

The key principles underlying the King II recommendations are reflected in the group's corporate governance structures. Northam 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 is that the chairman, as well as the majority of directors, are not deemed to be independent. It is envisaged that once the unbundling of the company from the major controlling shareholder, Mvela Resources, is completed, the situation will be resolved.

In F2010, the company commissioned an independent review of its compliance with King III. Specifically, this review examined current practices, and an analysis of the gaps that exist between current practice and King III. Remedial or other actions have been suggested and these are being considered by Northam, prior to implementation. Northam is committed to the implementation of King III within the next financial year.

Significant legal issues or fines

Northam did not incur any fines during the year under review in respect of non-compliance with law or regulations, and was not involved in any legal action relating to anti-competitive behaviour, anti-trust or monopoly practices. Similarly the company is not engaged in any significant legal actions.

Leadership and oversight by the board

Northam's board has a unitary structure, and comprises 11 members (and two alternates). Board members

assume overall responsibility for the company and its activities, including risk management and governance. The board is responsible to shareholders for setting the direction of the group through the establishment of strategic objectives and key policies.

The board is guided by the board charter, and is supported in its role by a number of board committees, namely:

- the audit committee;
- the health, safety and environment committee; and
- the remuneration, nomination and employment equity committee.

The board comprises two executive and nine non-executive directors, four of whom are regarded as being independent since they are not representative of a share owner who has the ability to control or significantly influence management; have not been employed by the company, or the group of which it currently forms part in any executive capacity for the preceding three financial years; are not members of the immediate family of any individual who is, or has been in any of the past three financial years, employed by the company or group in an executive capacity; are not professional advisors to the company or the group, other than in a director capacity; are not a significant supplier to, or customer of the company or group; have no significant contractual relationship with the company or group, and are free from any business or other relationship that could be seen to materially interfere with their capacity to act in an independent manner.

In terms of the company's articles of association no fewer than 50% of the directors are required to be



No fewer than 50% of the directors are required to be historically disadvantaged persons

historically disadvantaged persons (HDPs) as defined in the MPRDA. To this end, the board has appointed additional non-executive directors who qualify as HDPs, thus bringing the total number of such directors to six of the directors.

The board charter regulates how business is to be conducted by the board in accordance with the principles of good corporate governance. The charter sets out the specific responsibilities of the board members collectively, and the individual roles expected of them. More specifically, the charter confirms the board's responsibility for the adoption of strategic plans, monitoring of operational performance and management, determination of policies and processes to ensure the integrity of the group's risk management and internal controls, as well as director selection, orientation and evaluation.

The board recognises that improved performance and effectiveness may be achieved through regular and timely appraisals both of the board as a collective and of its individual members. The board ensures that the remuneration of both board members and senior executives reflect the overall performance of the company as a whole, including financial and non-financial performance indicators. At an operational level, this includes performance relating to transformation, environmental management and safety and health. Safety performance forms a fundamental part of the calculation of remuneration for operational management and employees.

Sustainability leadership

Policies, practices and performance relating to sustainable development form an integral part of the management of the company. While overall

responsibility for sustainability lies with the board, specific oversight has been delegated to the health, safety and environmental committee and the remuneration, nomination and employment equity committee.

These committees function in accordance with established terms of reference approved by the board and material matters (always including safety) are escalated to board level for consideration. Transformation and compliance with the MPRDA and the Mining Charter are considered by the board as a whole and are a standard agenda item.

The health, safety and environmental committee comprises four non-executive directors, under the chairmanship of Bernard van Rooyen, and met on four occasions in F2010. The remuneration, nomination and employee equity committee, under the chairmanship of Emily Kgosi, is also made up of four non-executive directors and met four times during the year.

Code of ethics

Northam is committed to the highest ethical standards. Northam's code of ethics governs relationships between the group and its stakeholders. Contravention of the code may result in disciplinary action and, depending on the nature of the contravention, may also result in civil or criminal action. The code of ethics has been aligned with corporate governance trends and practices.

Political donations

It is a policy of the Northam board not to make political donations of any kind. No donations were made in F2010.

Governance (continued)

Risk management

Risk management is an integral part of the company's strategic and business processes. Northam is confident that the precautionary approach – as envisaged in environmental legislation – has been adopted.

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

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

The framework identifies all the activities carried out in the various processes, the assessment of the impact of the inherent risks within those activities, and/or processes and measures taken or to be taken to mitigate such risks. A risk matrix is subject to annual review by management in conjunction with the group's internal auditors. The major risks are aligned with the material issues identified on page 43 of the annual report.

Northam engages with underwriters and assurers on an ongoing basis and a significant portion of the company's operational risk is underwritten.

Engagement with stakeholders

Northam has identified the following broad groups of stakeholders, namely shareholders, employees, unions, communities, government and regulators, non-governmental organisations (NGOs), suppliers, contractors, customers, and the public at large.

While there is no formal overall stakeholder engagement process in place, extensive and ongoing interaction with stakeholders is undertaken by the various disciplines, for example:

- investors, analysts and media, by the investor relations discipline;

- communities, government and NGOs, by the community relations teams;
- regulators, government, and local farmers, by the environmental discipline;
- customers and partners, by the marketing discipline;
- employees, unions and communities, by the human resources discipline; and
- the regulators, employees, unions and peer companies, by the safety and health discipline.

Any issues raised by these various stakeholders are dealt with directly and, where appropriate, escalated to the attention of the board. This indirect input was considered during the identification process of the company's material issues outlined on page 9 of this report. All discipline heads were involved in this process.

Northam ensures that the principles of openness, integrity and accountability are adopted, and will provide timely, relevant and meaningful reporting to all stakeholders.

The depth and frequency of formal communications exceeds the statutory requirements and include press releases, briefings and a website. Briefings, newsletters, posters and other appropriate media are used to communicate specifically with employees. The group encourages proactive two-way engagement with stakeholders by way of hosting visits, open days, conducting surveys and through other communication channels.

Shareholders are encouraged to participate in the annual general meeting of the company and directly raise issues of concern or interest. Employees are encouraged to raise issues of concern and interest via the formal and informal structures in place, including through the human resources discipline, line management or union structures.

Commitment to external initiatives

Northam continues to contribute towards subscription fees for the Platinum Guild International (PGI) (www.platinumguild.com) which promote the use of platinum internationally.

Northam subscribes to the Global Reporting Initiative (GRI) and has adopted GRI's guidelines as the basis of its reporting.



SUSTAINABLE DEVELOPMENT POLICY

Northam Platinum is a fully independent, black-owned and controlled integrated platinum group metals (PGM) producer. Northam wholly owns and operates the Zondereinde platinum mine and metallurgical complex on the western limb of the South African Bushveld Complex, and is developing the Booyssendal platinum project.

Northam Platinum recognises that, as a company, it has a wide range of stakeholders with interests vested in the company, including employees, shareholders, business partners, suppliers, customers, and community members. We recognise that we have a duty to act with care and responsibility towards these stakeholders, and to engage with them in a meaningful, consistent and respectful manner.

Northam is particularly mindful that, as a mining company, we exploit a finite national asset, and do so within a resource-constrained natural, social and economic environment. It is incumbent therefore, on us, the management and the employees of Northam, to act responsibly and ethically, and to embed sustainability into our strategy and operations, and into all the business decisions that we take.

We undertake to uphold the following principles:

- To implement and maintain sound systems of corporate governance, taking cognisance of recognised governance guidelines.
- To integrate ethical business practices into decision-making at all levels of the company and to ensure that the appropriate confidential whistle-blowing processes are in place.
- To take joint responsibility for health and safety, and to strive for continual improvement in our safety and health performance.
- To recognise and uphold the rights of employees and community members, and to recognise and celebrate diversity amongst our people.
- To safeguard our natural resources, to minimise resource usage and waste, to protect our biodiversity and optimise the usage of the land of which we are custodians, and to seek continual improvement in our environmental performance.
- To contribute to the social and economic upliftment of local communities through positive engagement and contributions in support of sustainable projects and programmes.

August 2010

Economic performance

Northam in context

Northam Platinum is currently the fifth largest platinum producer in the world. By resource base (that is the potential for production in the future) the company is the fourth largest

By its production, Northam is considered to be a mid-tier PGM company but, unlike the other mid-tier producers and indeed any of the smaller producers, Northam is unique in that it has ownership of its production stream, from mining production to processing and marketing. Northam's smelter at the Zondereinde complex produces final precious metal concentrate which is processed in terms of a long-term toll-refining contract with Heraeus GmbH (Heraeus). The precious metals emanating from the Heraeus refinery are shipped to Northam's customers in Europe, Japan and North America. The by-product base metals, copper and nickel sulphate, are extracted at the on-site base metals removal plant and are sold in the domestic market.

South African producers dominate global platinum production. In 2009, South African producers accounted for 4.53 million ounces of platinum and 2.76 million ounces of palladium, accounting for 76% and 33% respectively of global supply.

Metal prices were relatively robust in Northam's 2010 financial year, recovering from the lows experienced in late 2008, and early 2009. Demand was sustained for both platinum and palladium, largely as a result of government incentive schemes in a number of countries which were widely successful in stimulating and maintaining sales of new vehicles. Tightening emissions legislation continued to drive autocatalyst demand, while there was also some recovery in the jewellery market especially in China, where retailers and consumers sought to take advantage of the lower prices. Exchange traded funds (ETFs) underpinned by physical platinum and palladium, are relative new demand drivers, and have had a positive impact on the market.

Northam's sphere of influence

Northam Platinum's Zondereinde mine and metallurgical complex is located in South Africa's Limpopo province, at the upper reaches of the western limb of the Bushveld Complex. The large proportion of current large-scale platinum operations are located around the city of Rustenburg, some 80 kilometres from the town of Northam and the Zondereinde mine. This region is not densely populated and few formal, large-scale economic activities exist. The mining sector is an important employer in this area, with agriculture and tourism also providing jobs.

Northam's Booyssendal project is located near the town of Mashishing in Mpumalanga province. The eastern limb of the Bushveld Complex represents a significant growth area for Northam with its shallower, more accessible resource. While the region is still relatively unpopulated, there is a far greater presence of traditional land owners and dwellers, and traditional leadership structures, who represent important stakeholders to the company.

At Zondereinde, Northam provides jobs to 9 042 people (6 862 employees and 2 180 contractors). Northam also employs 13 people at the company's corporate office in Johannesburg, which includes the Booyssendal project team. At steady-state, the Booyssendal project will employ in the region of 1 150 people. Through the jobs that it has created and its economic activity around its operations and in labour-sending areas, Northam's sphere of influence is estimated to reached close to 100 000 people. (This is based on a measure of 10 individuals per single job created).

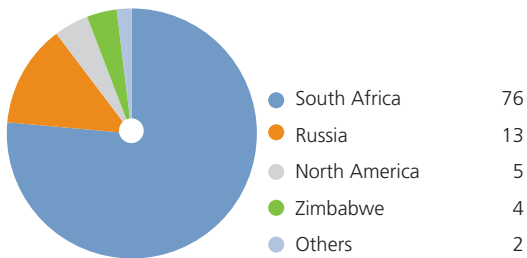
18%

Increase in the average
US dollar price received for
Northam's basket of metals



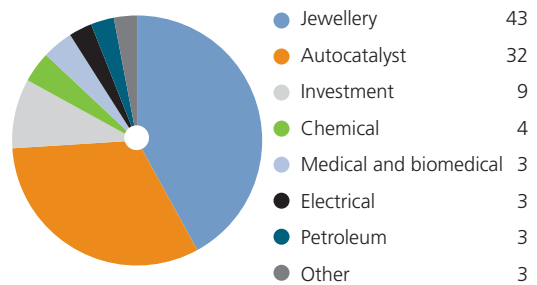
Global platinum producers 2009 (%)

Source: Johnson Matthey



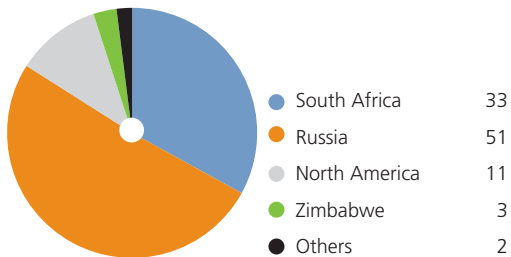
Sources of platinum demand 2009 (%)

Source: Johnson Matthey



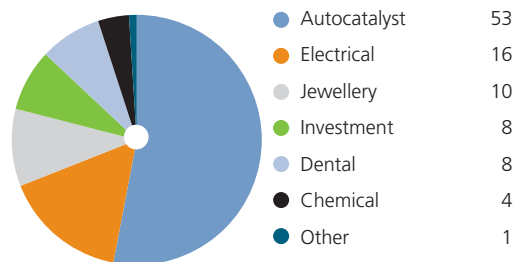
Global palladium producers 2009 (%)

Source: Johnson Matthey



Sources of palladium demand 2009 (%)

Source: Johnson Matthey



Economic performance (continued)

Financial performance

Northam's Annual Report for F2010 (www.northam.co.za) provides extensive discussion on the operational and financial performance of the company and the material ESG issues that underpin the company's business performance.

Key features for the year include:

- The average US dollar price received for Northam's basket of metals increased by 18% to US\$1 185/oz but was largely negated by a decrease of 13.2% in the average rand exchange rate to R7.57 to the US dollar, resulting in an average rand price of R288 255/kg which is 2.7% higher than the previous year's average rand price of R280 609/kg.
- Production units and purchased metal increased by 10% to 389 184 ounces (F2009: 318 131 ounces) with a 6.3% increase in production of metals in concentrate and a 332% increase in concentrate purchased to 2 106 kilograms (F2009: 487 kilograms). This is a reflection of the company's strategy to build up capacity for enhanced downstream beneficiation.
- Total operating costs increased by 17% to R2 230 million from R1 906 million during F2009, driven by a 6.3% increase in volumes of production and higher mining input costs which include labour, power, chemicals and steel.
- Sales revenue increased by 23.8% year on year mainly as a result of an 18.8% increase in volumes sold.
- Operating profit was 4.0% lower at R785.0 million compared to R817.9 million the previous year.
- Group profit attributable to shareholders marginally increased by 1.7% to R641.0 million

(F2009: R630 million), with headline earnings per share increasing slightly from 172.2 cents per share to 177.8 cents per share.

- The new royalty payable by mining companies from March 2010 in terms of the Mineral Resources and Petroleum Royalty Act amounting to R21 million, has been included in operating costs.

Owing to the location, the labour intensive nature of its operations and the high value of its product, Northam's economic impact is significant in the region of its operations and not insignificant in terms of the broader economy.

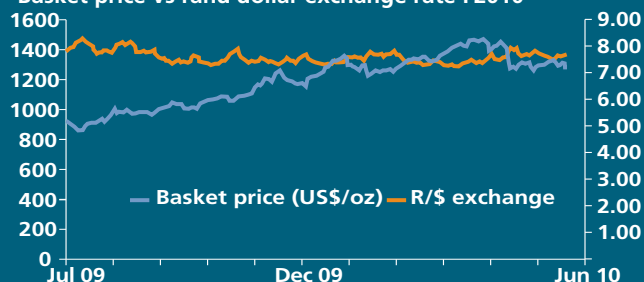
Direct and indirect economic impacts include:

- The creation of 9 042 jobs, directly and indirectly, both around its operations and in areas from which Northam draws its employees.
- In F2010, some R873 million was paid to employees (including salaries and wages, contributions to retirement fund benefits, and contributions to health care funds) which is 40% of the total value distributed during the year (F2009: R733 million (36%)).
- Contributions of R26 million towards the Employee Empowerment Trust.
- Taxes paid to government at a local and national level amounted to R463 million.

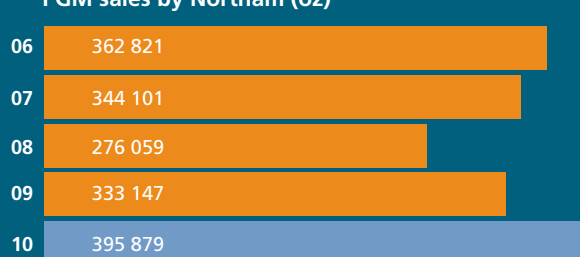
No significant financial contributions were received from government.

- Shareholders received R216 million by way of dividends (F2009: R802 million).
- Corporate social investment amounted to R12.1 million (F2009: R10 million).

Basket price vs rand dollar exchange rate F2010



PGM sales by Northam (oz)



Value added statement

for the year ended 30 June 2010

		2010		2009	
		%	R 000	%	R 000
Sales revenue	22		3 945 083		3 186 042
Less: Purchase of goods and services in order to operate mine and produce refined metal	23		(1 966 865)		(1 366 981)
Value added by operations		91.3	1 978 218	90.2	1 819 061
Add: Share of earnings from associate	25	0.6	12 440	3.6	72 606
Investment income	26	7.7	167 655	6.5	130 417
Sundry income/(expenditure)	27	0.4	9 557	(0.3)	(6 430)
Total value added		100.0	2 167 870	100.0	2 015 654
Value distributed					
Employees	34	40.3	873 419	36.4	733 430
Salaries and wages		39.8	861 411	36.0	725 819
Contributions to retirement benefit funds		3.1	68 211	3.0	61 042
Contributions to health-care funds		2.1	45 079	1.9	37 417
Pay-as-you-earn deducted		(4.7)	(101 282)	(4.5)	(90 848)
Government		21.3	462 829	24.0	484 088
Mining and non-mining tax	28	12.1	261 901	11.8	238 021
Deferred tax	28	0.8	18 391	2.0	40 766
State's share of profits	28	1.4	30 660	0.4	7 580
Tax on share of earnings from associate	28	0.0	867	0.9	17 445
Secondary tax on companies	28	1.0	21 616	4.0	80 212
Capital gains tax	28	0.0	166	—	—
Royalties		1.3	27 946	0.4	9 216
Pay-as-you-earn deducted from employees		4.7	101 282	4.5	90 848
Providers of capital					
Dividends		10.0	216 158	39.8	802 122
Broader community					
Corporate social investment		0.6	12 140	0.5	9 583
Total value distributed		72.2	1 564 546	100.7	2 029 223
Retained by company		27.8	603 324	(0.7)	(13 569)
Depreciation	24	7.7	167 346	8.0	160 907
Decommissioning provision to meet statutory obligations	23	0.5	11 110	(0.1)	(2 836)
Retained income		19.6	424 868	(8.6)	(171 640)
		100.0	2 167 870	100.0	2 015 654

Cash operating costs (R/kg)

06	109 441
07	134 081
08	175 197
09	199 680
10	215 900

Precious metals in concentrate produced by Northam (oz)

06	361 599
07	324 296
08	292 989
09	302 474
10	321 475

Economic performance (continued)



Black economic empowerment

Northam today is a product of the enabling legislation of the MPRDA. The company has, through a series of BEE transactions achieved compliance in respect of the BEE equity ownership of resources companies in terms of the MPRDA. Northam's major shareholder, Mvelaphanda Resources has indicated its intention to unbundle, a process that is expected to be concluded in F2011. As a result of this corporate activity, Northam will be left with a direct BEE shareholding of 21.4%. Although this is slightly below the 26% target required by legislation, there is still a window of four years for Northam to achieve this.

In addition to this BEE shareholding at a company level, Northam in F2008 established a direct participation by the employees of the company

in its economic opportunity. The Northam Employee Empowerment Trust, the Toro Trust, represents the interests of some 98% employees of the company. During F2010, Northam contributed R26 million (F2009: R15 million) to the trust in respect of the share in Northam's profits. An initial start-up of R30 million was also paid in F2009. In F2010, the net income of the trust was R1.7 million (F2009: R1.6 million). The net interest of the beneficiaries has thus risen to R69.3 million (R46.6 million) with the first pay-outs to employees planned for 2013.

Economic transformation

Northam is mindful of the role it can and has to play in transforming its procurement base to include emerging entrepreneurs and to provide preferential

Creating local opportunity

Since F2006, Northam has been engaged in an association with Northam Chrome Products (NCP), which is a 51% black-owned and managed company. This is part of Northam's commitment to beneficiation and enterprise development.

Northam provides technical and operational support, raw material at below market rates and an operational space. Since inception, this initiative has created 26 direct permanent jobs and 20 indirect jobs.

During F2010, Northam sold chrome to the value of R5.8 million which resulted in a turnover of R122.5 million for NCP.



access to vendors who are HDSAs. Systems to identify HDSA suppliers and to monitor and nurture expenditure with these suppliers, particularly at the operational level, are in place.

In F2010, Northam's total procurement amounted to R1.9 billion (F2009: R1.4 billion), of which the total HDSA/BEE procurement component (with BEE equity or BEE ownership of greater than 5%) amounted to R881 million or 48% of the total (F2009: 32%).

During the year, Northam completed the process of implementing a supply chain management policy so that local BEE companies which comply with the necessary criteria are placed on the vendor list and receive preferred status in winning contracts, should they be commercially competitive. Once a year, Northam hosts an open day for suppliers so that interested parties may learn about Northam's requirements, policies and opportunities.

In line with the requirements of the Mining Charter, Northam reports BEE/HDSA expenditure at 4.3% for capital goods, 33.7% for consumables and 10.3% for services (F2009: 5.4%, 15.2% and 14.2% respectively).

Beneficiation

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

As part of this process, a percentage of Northam's metal is made available for local downstream beneficiation initiatives. Both Northam and Heraeus have articulated a commitment to building local intellectual capital and to this end discussions have been initiated with a number of scientific, research and educational institutions.

Safety, health and employee well-being

Social performance



Safety

- One fatal accident in F2010
- LTIIR – 0.83 per 200 000 hours
- RIIR – 0.52 per 200 000 hours
- FIIR – 0.01 per 200 000 hours
- 1 881 shifts lost due to occupational injury or illness

Ensuring the safety of employees and contractors is a primary area of focus for the company and takes precedence over any production objectives. A critical objective has been to develop and instill a shared duty of care between employees at all levels within the company.

Management approach

Safety

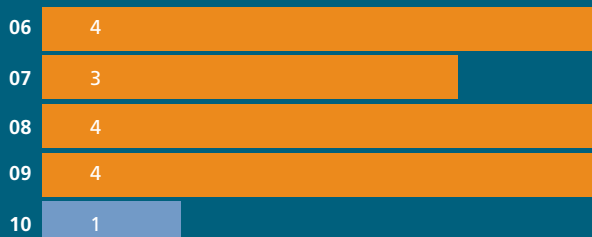
Extensive legislation and regulation guides safety and health practices and processes in the workplace, the most significant being the Mine Health and Safety Act. Northam has a safety and health policy in place, and various recognition agreements with organised labour that provide the context for its implementation. As is required by the Act, emphasis is placed on the joint direction of safety and health.

The general manager holds ultimate responsibility for safety and health at Zondereinde. Day-to-day management of safety is delegated to operational management, who are in turn supported by a mine-based safety and health department.

A joint management/union health and safety committee meets on a monthly basis, or more frequently as required. The committee is charged with identifying critical issues that hamper safety and health performance, the provision of personal protective equipment, participating in inspections, audits and accident investigations; and identifying areas for training and education. A particular role of the committee is the empowerment to take responsibility for safety and health, to identify potentially hazardous situations and to encourage employees to exercise their right to refuse to work when conditions are not safe.

Around 84% of the company's workforce is affiliated to a representative union and, through the union structures, participates in planning for and management of safety and health issues through their elected health and safety committees. Further, employees and management are encouraged to participate in safety and health matters at all levels. Elections are held on a bi-annual basis by union members for employee safety representatives. At 30 June 2010, there were three full-time safety representatives and 1 407 trained workplace representatives at Zondereinde.

Fatalities



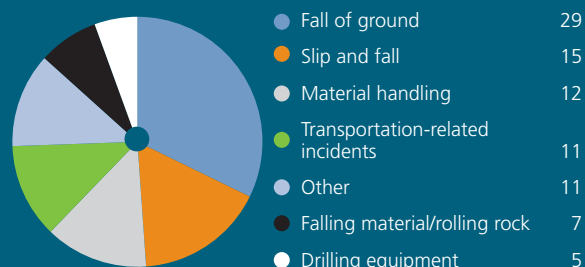
FIIR (per 200 000 hours worked)



Health

- Medical surveillance – 10 765 examinations in F2010
- NIHL – nine new cases
- TB – 127 new cases
- 1 840 VCT encounters – 374% increase
- 434 employees on ART

Causes of lost time injuries (%)



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

In July 2010, the Minister of Mineral Resources called a meeting of platinum companies leadership to collaboratively engage on safety issues. Northam chief executive, Glyn Lewis, participated in this meeting and will continue to participate in quarterly meetings by the Minister to report and review progress.

Health

Northam offers an integrated and comprehensive occupational health care service to all employees through the medical service provider, Platinum Health, which operates facilities on site at the mine and in the nearby employee village. All services are offered free of charge to all employees who contribute to the Platinum Health Scheme. In addition to the medical services offered, Northam has in place a comprehensive TB and HIV/AIDS management programme, which is also administered by Platinum Health. In addition, a mine-based employee is responsible for the information and awareness aspects of the TB and HIV/AIDS programme.

Performance in F2010

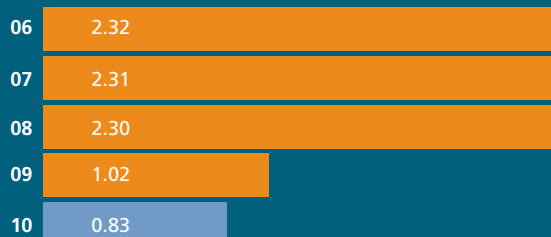
Safety

It is with deep regret that Northam reported one fatal accident at the Zondereinde mine in F2010. The board and management extend their sincere condolences to the families and colleagues of Mr Sebenzile Ketile, who died on 13 May 2010 in a drilling-related accident. Mr Ketile was from the Eastern Cape and had been in the employ of the company for five years.

The performance statistics reported below are for the Zondereinde mine. The mine's fatal injury incidence rate (FIIR) was 0.01 per 200 000 hours worked (F2009: 0.05). The lost time injury incidence rate (LTIIR) for F2010 was 0.83 per 200 000 hours (F2009: 1.02), which is a 19% improvement on the prior financial year, and the reportable injury incidence rate (RIIR) was 0.52 per 200 000 man hours (F2009: 0.63), reflecting a 17% improvement on F2009.

The primary causes of lost time injuries were falls of ground (29%) slips and falls (15%), materials handling incidents (12%) and transportation-related incidents (11%). A total of 1 881 shifts were lost due to

LTIIR (per 200 000 hours worked)



RIIR (per 200 000 hours worked)



Safety, health and employee well-being (continued)

Social performance

occupational injury or illness in F2010 (F2009: 1 037*). Although overall safety performance has improved at Zondereinde, the significant increase in shifts lost due to occupational injury is as a result of an increased severity of injuries. Following the fatal accident on 13 May 2010, the mining inspectorate issued a section 54 instruction to close the mine until the accident had been investigated and a presentation on a way forward was presented to the DMR. Section 54 instructions relating to safety infringements were imposed on five other occasions. In total, 17 shifts were lost across the mine as a result of DMR-imposed safety stoppages. Importantly, there has been an increase in mine-instigated stoppages indicating the success of the safety training campaign.

** Please note the restatement of the F2009 occupational injury lost shifts from 919, as previously reported, to 1 037.*

Health

Occupational health surveillance is undertaken on an ongoing basis. In F2010, 10 765 (1 946 entry, 1 031 exit and 7 788 annual) employee and contractor examinations were undertaken (F2009: 1 728 entry, 1 081 exit and 7 874 annual).

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

The use of hydropower underground, particularly for powering rockdrills, reduces the level to which Northam employees are exposed to noise and also aids in tempering dust generation. There is no threat of silicosis at Zondereinde as the rock mass does not contain quartz.

All noisy equipment that did exist on site has been reduced to noise levels below 110dBA, and personal protective equipment is provided to all employees to

ensure that they are not exposed to noise levels of above 85dBA over an extended period of time. Nine new cases of NIHL were identified during F2010, with two cases being compensated (F2009: 8).

TB is classified as an occupational illness in some instances in South Africa. Northam is conscious of the health care burden presented by the disease and active programmes are in place to address this epidemic. Of particular concern is the symbiotic relationship between TB and HIV. In total, 127 new cases of TB were detected at Northam in F2010 (F2009: 128).

Heat tolerance testing forms an important pre-emptive means of addressing the heat burden at the Zondereinde mine and in preventing heat stress. Owing to the high virgin rock temperature (VRT) at Zondereinde (ranging between 51.4°C and 69.8°C), all employees are required to undergo heat tolerance testing on an annual basis. Employees may be precluded from working underground as a result of these tests. During F2010 7 394 heat tolerance tests were undertaken and no cases of heat stress were reported. There were no cases of heat stroke reported.

Safety strategy

During F2010, various initiatives to encourage zero injuries were implemented at Zondereinde.

A programme to enhance the quality of supervision and to achieve and maintain the objectives of the quality safety management system has been implemented at Zondereinde. Further, hazard identification and risk assessment (HIRA) processes with the aim of further reducing at-risk behaviour, have also been undertaken.

One of the most successful safety initiatives has been the 'Stop and Fix' programme, in which regular inspections of working areas are carried out by team leaders and management. If any

New cases of NIHL identified



New cases of TB identified



irregularities are encountered during these inspections, employees are required to *stop* mining activities and *fix* the problem before work in the identified area can continue. Employees are then expected to investigate the cause of the issue and present procedures to rectify the situation to the safety committee. Employees are actively encouraged to exercise their right to refuse to work if conditions are not safe.

Other initiatives include a safety ladder campaign to encourage employees to work safely and without injury against a set target of consecutive days. Once an injury-free cycle has been completed, employees from respective stations qualify to receive a token of recognition from management. The value of the token of recognition increases as the injury-free cycle continues. On a daily basis, employees are exposed to a safety quiz which encourages them to improve their safety knowledge. Participants who answer safety related questions correctly, qualify to stand a chance to win a prize as part of a 'Wheel of spin'.

The aim of this campaign is to promote visible and interactive participation in safety amongst employees and to reward employees for actively taking part in safety initiatives and to test their knowledge of safety.

Safety and health will continue to receive rigorous attention during F2011. An area of attention will be to improve physical conditions in the workplace and, in particular, to enhance the facilities provided to female employees who work underground.

Driving employee well-being

Northam recognises that the well-being of employees extends beyond occupational health care and, consequently, the focus of health care at Northam has been increasingly extended to include other health issues which have an impact on the well-being of

employees. Health screening, the active management of pulmonary TB and programmes to combat the incidence and impact of HIV/AIDS have been included in the overall health programme at Northam.

Around 1.4% of the total workforce (130 people) currently participate in the company's wellness programme.

Tuberculosis (TB)

Northam runs a highly-effective Directly Observed Treatment (DOT) regime for the treatment of TB, which is aligned to the World Health Organization guidelines. In F2010 the incidence rate of TB was 12.4 per 1 000 employees, with 127 new cases diagnosed (F2009: 128), and 107 employees and 20 contractors participated in the DOTS programme.

HIV/AIDS

The HIV/AIDS pandemic continues to present a challenge to communities, business and government in South Africa. Northam's HIV/AIDS policy, adopted by the company in F2005, provides for the care of employees, education programmes, confidentiality of information and non-discrimination.

All employees have access to voluntary counselling and testing (VCT) programmes, the provision of anti-retroviral therapy (ART), as well as professional counselling and support and is focused on the following priorities:

- *persuading employees* who are HIV negative not to participate in high risk behaviour, through education and awareness programmes, mass distribution of condoms, the treatment of sexually transmitted infections (STIs) and a peer education programme. In total, some (73 850) male condoms and (192) female condoms were distributed during the year.

VCT encounters



Employees on ART



Safety, health and employee well-being (continued)

Social performance

- *early detection and identification of HIV* to limit high-risk behaviour amongst those infected and to start them on a treatment regimen that can prolong their healthy lives. The VCT programme underpins this objective and provides the necessary counselling.
- *persuading infected employees to participate in the wellness programme*, that includes the provision of ART. Comprehensive counselling is in place to ensure that employees understand and accept the long-term implications of moving onto the ART programme.

Participation in Northam's VCT programme during F2010 was very encouraging with 1 840 employees (20% of the entire workforce, including contractors) having undertaken tests during the year compared with only 388 employees known to have been tested in F2009. During F2010, Northam launched a new and

highly visible VCT campaign to encourage employees and community members to know their status. This contributed towards increased participation.

Effective 30 June 2010, a total number of 434 people received ART, with 130 patients participating in the wellness programme and 30 people leaving the wellness programme and 45 people no longer receiving ART for various reasons.

Malaria

Although Northam's operations are not located in areas in which malaria is endemic, many of the company's employees have their primary homes in countries where this is the case. 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.



Knowledge is something you can live with

As part of Northam's commitment to increase participation in the company's voluntary counselling and testing (VCT) programme, Northam initiated the *Knowledge is something you can live with* campaign to encourage employees to know their status.

The campaign was the brain child of the company's peer educator group. This group – comprising 15 employees – supports the company's wellness programme which offers access to VCT, provides anti-retroviral therapy (ART) as well as professional counselling and support to employees. The programme has been designed to be aligned with the South African Government's HIV/AIDS and Sexually Transmitted Infections National Strategic Plan and also extends to members of the surrounding communities, including the Setaria village (the mine village), the town of Thabazimbi and the Smash Block informal settlement.

Founded on the company's commitment to the three Cs which are: Consent, Counselling and Confidentiality, the campaign is aimed at educating employees and community members 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.

Since the launch of the campaign on 1 September 2009, the results have been very encouraging with 1 840 employees participating in VCT during F2010 compared with only 388 employees known to have been tested in F2009, which is a 374% increase in VCT participation amongst mine employees.

"At the outset of this campaign, we decided that we would not only focus on the disease, but that we would rather take a holistic approach to the well-being of the individual," says human resources projects manager, Kenny Mothae.

The campaign originated by way of various brainstorming sessions amongst the group of highly motivated and dedicated peer educators.

"We thought about aspects which impact on the well-being of an individual and we decided that in order to help people understand the risks and consequences of

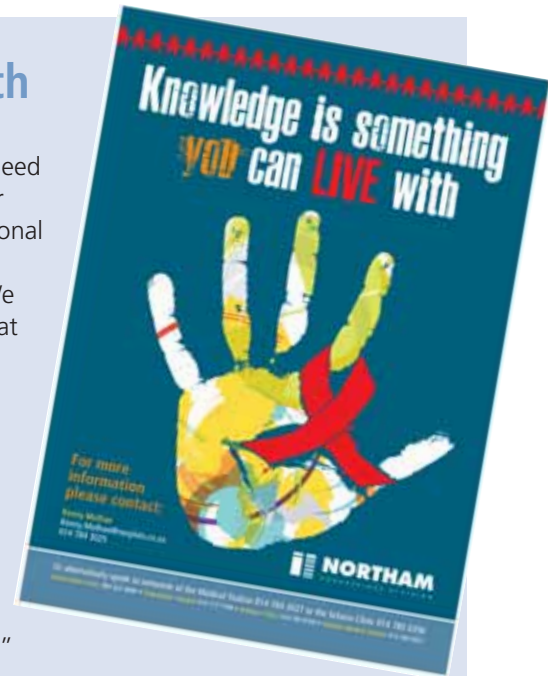
HIV/AIDS, we need to address their physical, emotional and mental welfare first. We also realised that HIV/AIDS isn't only an issue that affects Northam employees on the job, but also the communities where our employees live," says Kenny.

The campaign is composed of various elements which include:

- *Know your body* – this section deals with issues relating to the physical health of an individual and covers nutrition and physical exercise.
- *Know your mind* – this section helps the individual to understand that his or her choices have an impact on his or her own life and the lives of others.
- *Know your friends and family* – this section covers support systems with the family and community units.

Furthermore, the campaign addresses issues relating to the transmission of HIV/AIDS, preventative measures, support systems in place at the mine and in the community and also deals with stigmatisation and discrimination.

"We are extremely proud of our group of peer educators and we are very pleased with the progress we have made in such a short time. However, we know our work is not done yet and we cannot rest until each and every employee knows their mind, body, family and friends and most importantly, their status," concludes Kenny.



Employment and human rights

Social performance



- 9 042 people employed*
- 8% turnover rate*
- 7% women in mining*
- 33% HDSAs in management*

Northam strives to be a fair employer, providing decent work, in an environment that allows employees the opportunity to develop their skills and grow.

Management approach

The management of the people of Northam is the responsibility of the general manager of the Zondereinde mine and the chief executive of the company. A small Booyssendal project team has been appointed, and is headed up by the Booyssendal general manager.

While the management of people is a line management function, extensive support is provided by the mine-based human resources department. In addition to core administrative functions, this department is also responsible for:

- training and development at all levels;
- recruitment and retention of employees;
- employment equity programmes;
- labour relations, including collective bargaining;
- compliance with the Mining Charter in respect of human resources development; and
- planning for change and provision of training for career endings.

Overall oversight is provided by the remuneration, nomination and employee equity committee of the board. This committee, in consultation where

necessary, with management, ensures that the group's employees are fairly rewarded for their contribution to the group's performance.

The group's remuneration philosophy is to ensure that salaries and related benefits are competitive relative to other mining companies. Specifically, the committee, on behalf of the board, approves the employment contracts and remuneration packages of senior management, ratifies the appointment of senior management other than directors, and approves any short-term incentive schemes and bonuses, including the offer of options in terms of the rules of the Northam Share Option Scheme.

The committee approves the mandate with regard to negotiations with trade unions and oversees implementation of and compliance with the requirements of the Employment Equity Act and the administration of the group's share incentive scheme.

Performance in F2010

Employment

At the end of June F2010, Northam employed 9 042 people (6 862 employees and 2 180 contractors). The average employment number for comparable reporting purposes amounted to 8 724 during F2010. This equates to a 3% increase in the average number

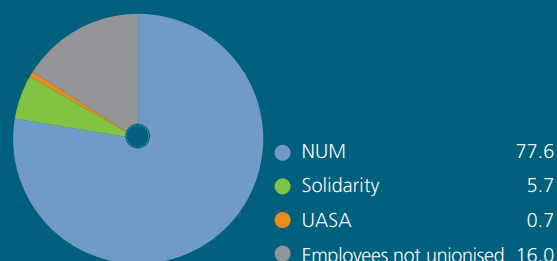
Average permanent workforce profile

Occupational Levels	Non-foreign nationals		Foreign nationals		Total
	Male	Female	Male	Female	
Top management	1	0	0	0	1
Senior management	12	0	0	0	12
Professionally qualified & experienced specialists and mid management	76	5	0	0	81
Skilled technical & academically qualified workers, junior management, supervisors, foremen and superintendents	562	47	35	0	644
Semi-skilled and discretionary decision making	1 783	108	1907	1	3799
Unskilled and defined decision making	1 516	284	564	2	2366
Total permanent	3 950	444	2 506	3	6903

- 84% of employees represented in collective bargaining forums*
- R50 million spent on training and development

* As at 30 June 2010

Union representation at Zondereinde (%)



of employees from 8 462 in F2009. Once production at Booysendal reaches steady-state, it is expected that the group's employment base will increase by a further 1 150 people.

At the end of June 2010, 18% of permanent employees at Zondereinde were drawn from the Limpopo province, while a further 45% were from other provinces in South Africa, and an additional 37% (F2009: 47.3%) from neighbouring countries. The 10% decrease in migrant labour is an indication of the progress made in respect of increasing local labour representation although the company does not in any way discriminate against foreign labour.

As at 30 June 2010, the total turnover level at Zondereinde in F2010 was 8% (F2009:11%), with a total of 539 people, leaving the employ of the company during the period. These departures were mainly as a result of dismissal (3%), resignation (4%), retirement (0.1%) and death (1%). No employees were discharged as a result of restructuring activities.

Human rights and collective bargaining

Northam upholds the basic labour rights enshrined in the Fundamental Rights Conventions of the International Labour Organization (ILO) relating to collective bargaining and ensures the implementation of fair employment practices by prohibiting forced, compulsory

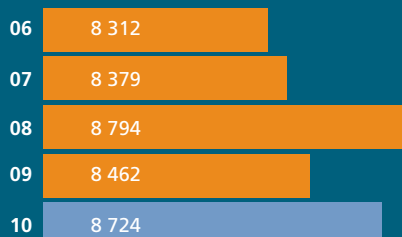
and child labour, and any form of discrimination based on race, religion, age, disability or political affiliation.

Northam supports employees' rights to freedom of association and acts in accordance with the South African constitution, prescribed legislation, industry compacts and recognition agreements with unions. None of these rights are believed to be at risk within the company, and no incidents of human rights abuse were reported during the year. While discrimination was alleged on a number of occasions during the year, due process was followed in terms of the company's disciplinary and dispute resolution mechanisms, and no cases were upheld.

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

The greater part of the workforce (84%), is represented by a recognised union or through a collective bargaining agreement. The National Union of Mineworkers (NUM) continues to represent the bulk of employees (77.6%), while the remainder of unionised employees are represented by Solidarity (5.7%) and UASA (0.7%).

Average number of employees



Turnover rate – Zondereinde (%)



Employment and human rights (continued)

Social performance

Conditions of service, including wages, are negotiated on an annual basis. Recognition agreements with unions also regulate aspects relating to participation in safety and health structures and disciplinary grievance procedures.

Northam insists that all contractor employees are treated in compliance with legislation and the company's own policies. This is particularly so in respect of human rights issues such as collective bargaining, discrimination and access to fair employment practices and safe working conditions.

Employment practices

Northam is committed to fair and progressive employment practices, providing long-term employment opportunities with the scope for employees to develop to their own potential. Competitive remuneration practices take into account the nature of the operation, the innovative mining practices as well as the remote locations of its operations. Northam's remuneration practices are well above the country's legislative minimum wage requirements. Benefits provided to full-time employees include membership of pension and provident funds, death benefits, access to medical care, housing and living-out allowances, study assistance, maternity and paternity leave. Around 98% of employees participate in the fortunes of the company through the Toro Trust Fund which seeks to empower employees by providing a meaningful interest in the company's future. (See page 20).

Remuneration and conditions of service for most employees (84%) are governed by collective bargaining structures that are negotiated bi-annually. For employees outside of these bargaining units, performance reviews are undertaken on an annual basis. Further, through the skills development programme, all employees' skills development plans are reviewed on an ongoing basis.

Employment equity

Northam has an employment equity programme in place that is guided by the requirements of the Mining Charter and the Employment Equity Act. A joint management/labour employment equity forum plays a major role in monitoring and implementing employment equity practices that promote the recruitment, development and retention of HDSAs, particularly in supervisory and management roles and core mining disciplines. A mentorship programme is in place to achieve the requisite levels of HDSAs and women in mining targets required by the Mining Charter with the progress of each employee reviewed on a quarterly basis.

At the end of F2010, 33% of management positions were filled by HDSAs (F2009: 34%) and 5% by women. Women made up 7% of the workforce compared with 4% during F2009.

The company continues to report progress towards achieving the 10% level of representation of women in mining required by the Mining Charter, although a

number of challenges remain. Focus groups are held on a quarterly basis to identify the major barriers to women in mining with issues relating to sexual harassment, housing and living conditions, and pregnancy having been identified as the major challenges.

A particular difficulty is experienced with retention of highly sought-after skilled women and HDSA employees. Programmes are in place to mitigate these challenges and to increase female representation at the workforce.

Training and development

Northam continues to expand its employee skills base by means of an extensive skills development programme which includes Adult Basic Education and Training (ABET) to learnerships, on-the job training through a mentorship programme, the provision of bursaries and study assistance to potential and current employees and to the development of alternative skills to assist employees in the transition to retirement or separation from the company.

In F2010, each employee received around 45 hours of training (F2009: 72 hours on average) with training expenditure amounting to R50 million (F2009: R44 million) during the year.

In F2010, employees were invited to participate in a voluntary test to establish their level of literacy. Of those employees who participated, 67% were found to be functionally literate. ABET is available to all employees on a part-time, voluntary basis. At present, 500 employees can be accommodated per semester at the current ABET facility which comprises three computer rooms equipped with 100 computers and two facilitation rooms. A total number of 1 053 learners were registered to attend ABET during the year with 160 completing the curriculum and participating in examinations – 200 in the first half of the financial year, and 260 in the second half. The pass rate has improved dramatically as increased resources and attention have been allocated to ABET, from 21% in the first examination session to 51% in the second.

A performance management audit was conducted at the ABET facility during F2010, which resulted in the establishment of measures such as weekly progress and attendance monitoring to stem the drop-out rate of ABET learners. Two additional classrooms and a library will be constructed during the following financial year.

Bursaries and study assistance (assistance to employees who are employed by the company, including in-service bursars) provided support to 22 people, at a cost of some R334 704, in the fields of mining engineering, electrical engineering, mechanical engineering, chemical engineering, metallurgical engineering, rock mechanics engineering, environmental management, human resources management, financial management and security management.

A skills development plan to develop employees for specific career paths is in place, in alignment with the requirements of the Mining Charter.

Housing and living conditions

Northam's accommodation and housing strategy is aimed at providing all employees with access to accommodation that meets certain minimum standards and, at the same time, to promote affordable housing and home ownership. The company wishes to reduce dependence on company-provided accommodation and discourages the growth of informal settlements. However, it also recognises that there are a certain number of employees who do not wish to relocate to the mine and wish to maintain their traditional homes in the areas from which they are drawn.

In F2010, 4 164 full-time employees (64%) were accommodated in hostels provided by the company, while some 1 534 employees received living-out allowances.

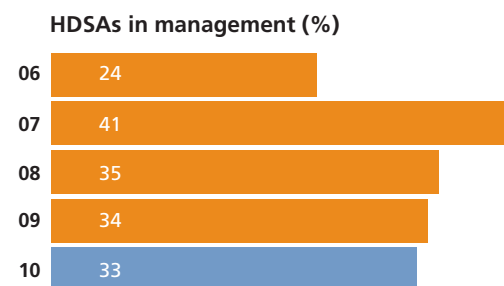
Many employees have their homes and families in other countries, other provinces or other regions of the Limpopo province. To deal with the continued

need for accommodation and to comply with its commitment set out in the SLP, Northam has entered into consultation with all relevant parties regarding the improvement of standards of housing, including the upgrading and conversion of hostels into family units and promoting home-ownership options.

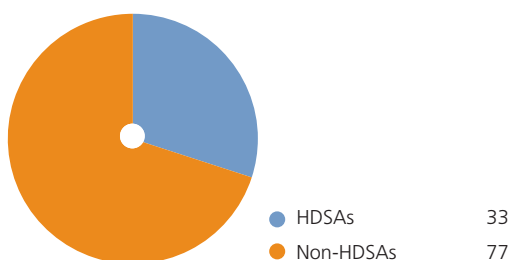
Supervisory and management employees are largely accommodated in company-provided housing, which is a significant draw-card for employment in a country and region where there continue to be housing shortages.

Significant resources have been put into developing a housing strategy for the period 2010 – 2014, making hostels, flats and family units available to all employees, the development of a continuous maintenance plan and building seven additional hostel blocks which will accommodate fewer employees per room to allow for lower density accommodation.

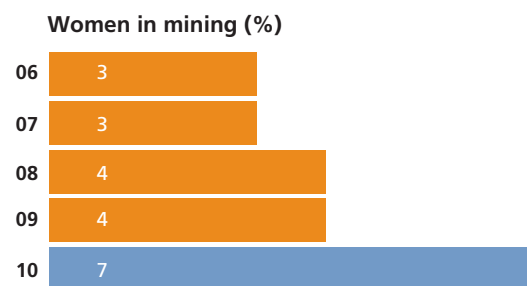
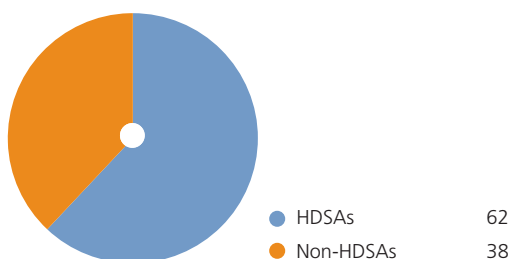
Meals served at company-provided accommodation are prepared according to a meal plan drawn up by a dietician with the energy, macro and micro nutrient content being rigorously monitored by the same contracted service provider. On average meals are served to around 3 216 people per day.



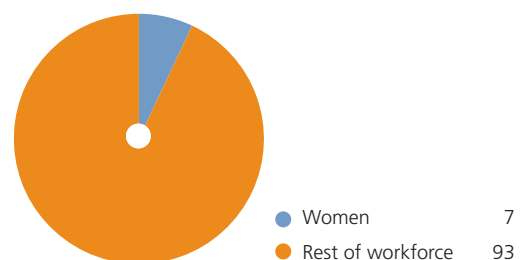
HDSAs in management (%)



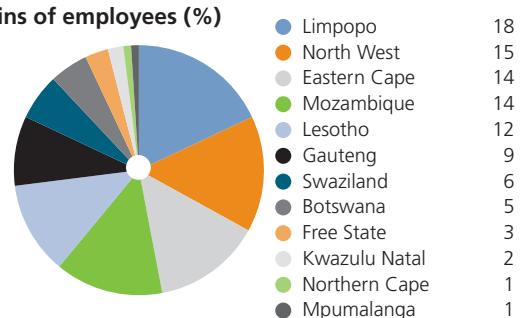
HDSAs at board level (%)



Women in mining (%)



Origins of employees (%)



Northam in the community

Social performance



- R12.1 million spent on corporate social investment and local economic development activities

Northam's community development programme has as its focus the contribution to the social upliftment of communities directly surrounding its operations and communities within major labour sending areas. The primary objectives of Northam's programme are the sustainable upliftment and development and the economic empowerment of stakeholders.

Management approach

In line with the requirements of the Mining Charter, Northam has identified a number of local economic development projects and commitments to these have been made in the company's SLPs. Northam ensures that its policies and practices are aligned with those of the local municipalities' Integrated Development Plans (IDPs) so as to avoid duplication of effort and to address real, identified community needs.

While the SLP for the Zondereinde mine were first submitted to the DMR for consideration in 2006, some changes have had to be incorporated during the review process to meet DMR and community expectations, and as the feasibility of various projects has been tested. The SLP for the Booyssendal project has been developed and local economic development projects have been identified. Local economic development issues and compliance with these aspects of the Mining Charter is the responsibility of senior management. Compliance with the Mining Charter is considered to be a priority by the company and compliance is reviewed by the board.

In addition to local economic development, Northam supports a number of projects that do not necessarily fall within the SLP parameters but are considered by the company to be worthy causes.

Performance in 2010

Zondereinde mine is located in a region that is relatively sparsely populated, and in a province with low levels of economic activity. Agriculture, mining and tourism are the primary economic activities in the province and region. Disbursement priorities have been guided by the corporate social investment (CSI) committee, tasked with identifying development priorities in the area and, of course, the SLPs.

The committee, comprising three members of management together with one representative from each of the organised employee representative bodies, convenes on a monthly basis to identify, prioritise and allocate resources towards sustainable projects. These priorities for F2010 were:

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

During F2010, R12.1 million was spent on corporate social investment.



Major local economic development projects supported by Northam

Name of project	Description	Benefits received by beneficiaries
Infrastructure development in Majuteng township	Contribution towards tarred road and water drainage system. R8.5 million has been allocated towards this project.	Residents of the Majuteng township and the local authorities will benefit.
OR Tambo municipality enterprise development	Contribution towards local economic development of the Eastern Cape – a major labour sending area. R615 000 has been allocated to this project.	100 unemployed ex-employees (and their families) of Northam will benefit in the establishment of SMME.
English medium support	Payment for the employment of English medium educators for Thabazimbi primary school and Koedoeskop primary school. R600 000 was allocated to this project.	Educators Grade R-7 learners in a mixed school.
Deo Gloria primary school	Building of three extra classrooms to alleviate overcrowding in classes. R554 000 has been allocated to this project.	Regorogile township residents in Thabazimbi will benefit by ensuring that the primary school going pupils will be accommodated.
The Northam life community centre	Sustainable upliftment and poverty alleviation through job creation and training for agricultural activities. R564 000 was allocated to this project in F2010.	25 agricultural jobs were maintained during F2010.
Naletsana combined school	Supplied 10 computer desktops to accommodate 40 computers.	Naletsane pupils will benefit by being computer literate.
Maths and science intervention	Educator maths and science intervention.	Grade 1-7 and Grade 12 pupils will benefit.
Thabang children place of safety – feeding scheme for 20 kids	Supplying groceries and vegetables on a monthly basis.	20 local orphans are fed on a monthly basis.
Thabang children place – building of cold room storage	Cold room storage for perishables.	20 local orphans now have a place to store their food.

Product responsibility



Social performance

PGMs are used in a wide range of applications which contribute to human health and well-being along with environmental health benefits.

Some of the most well-known applications include the use of PGMs in autocatalysts, which are fitted in the exhaust systems of motor vehicles to reduce the amount of deadly carbon monoxide, hydrocarbons and nitrous fumes in their emissions. PGMs are also used in various medical and dental applications. The use of these products to enhance and improve quality of life is a widespread practice worldwide. Nonetheless some potential exists, largely in the production process, for some of the processes and intermediate materials, to have an adverse effect on people and/or the environment. Northam and its partners have measures in place to mitigate any harmful consequences arising from the processing, refining, marketing, transport and sale of its products.

Zondereinde metallurgical operations

At Zondereinde mine, Merensky and UG2 ores are processed separately in two concentrator plants (which are designed to treat sulphide ores), with the concentrate from both blended in slurry form in the feed tank prior to filtration and drying at the smelter from which granulated converter matte is fed to the base metals removal (BMR) plant. In the BMR, nickel and copper metals are removed as crystalline nickel sulphate and copper cathode which are transported directly to local consumers for further beneficiation. Nickel sulphate is labelled as a hazardous material and containers are accompanied by the appropriate safety data sheets for the information of transporters, handlers and customers.

The remaining PGM solutions are filtered and dried to produce a final concentrate, which is weighed and drummed and prepared for shipment to the Heraeus refinery in Hanau, Germany. The final concentrate shipped to Hanau, is not required to be labelled as a hazardous material. At Hanau, the platinum and palladium are refined and transported back to Heraeus SA. The product produced in South Africa is guaranteed to be of London-Zurich Good Delivery Status at a minimum purity level of 99.95%. Northam then sells its high purity refined metal including platinum, palladium, rhodium, ruthenium, iridium, gold and silver to contractual customers in the major economic centres of the world, Europe, North America and Japan.

Precious metals refining logistics

Since 1992, in terms of a long-standing partnership, all Zondereinde's PGM concentrate has been toll-refined under contract with Heraeus of Germany. The concentrate is delivered on a weekly basis to the Heraeus refinery in Hanau.

More recently, in conjunction with Northam and in order to facilitate downstream beneficiation opportunities (please see page 21 of this report), Heraeus and Northam jointly initiated a three-phase refinery construction and expansion programme in Port Elizabeth, South Africa. The first phase of the Heraeus Refinery South Africa (HRSA), commissioned in February 2007, treats all of Zondereinde's platinum and palladium production.

In terms of Northam's precious metals refining arrangements, final PGM concentrate is transported from the Zondereinde metallurgical complex to Johannesburg, from where it is flown on commercial airlines to Hanau, Germany, to the Heraeus refinery.

Although this material is not considered to be harmful in any way, strict guidelines set out by the international aviation authorities regulate the conditions and terms of their transportation. At the same time, the Hanau refinery is subject to strict European Union guidelines.

Platinum and palladium are partially refined in Hanau and then air freighted as intermediate products to the fine metal refinery (FMR) in Port Elizabeth for final refining. Northam then sells the product to its global customers.

Rhodium, gold, silver, ruthenium and iridium are toll-refined at Hanau, and returned to Northam's account for international sale and distribution.

The final refined products, which are transported to customers around the world, may take the form of refined metal sponge, ingots and powders. These are packaged and transported in accordance with international standards and each numbered lot of metal to consumers is accompanied by a unique Certificate of Assay as issued by the Heraeus refinery, with material safety data sheets made available to customers and transporters when appropriate.

Health and safety impacts

All health and safety impacts of the final product in the various stages of the life cycle have been assessed and efforts are made on a continual basis to address health and safety issues which relate to final product.

In terms of customer health and safety, there are no material health and safety complications related to the final products produced and marketed by Northam, apart from nickel sulphate which is labelled as a hazardous material and is accompanied by relevant safety and health documentation.

There were no incidents of non-compliance with voluntary codes concerning the health and safety impacts of products and services in F2010.

Product and service information and labelling

There are currently no safety, health or environmental labelling requirements for pure PGM metals. Labelling requirements do exist for the base metal by-products which enter Northam's marketing and sales stream. In particular, strict requirements exist for the transportation and distribution of nickel sulphate (NiSO_4). This substance is transported as a hazardous material and is accompanied by the appropriate coding and

labelling along with relevant safety data sheets for the information of transporters, handlers and customers.

Northam is a regulated agent, compliant with the South African Civil Aviation Authority's civil aviation regulations which dictate the terms on which the company's products are exported. All containers which hold the company's product during the exportation process from mine to market, are accompanied by the documentation which validates the content of each shipment vessel.

No incidents were reported in respect of non-compliance with regulations and voluntary codes concerning product and service information and labelling.

Our customers

Northam has long-standing relationships with its customer base. The well-staffed marketing department maintains regular weekly contact with its domestic and international customers, with bi-annual customer meetings and visits to customer facilities. Customer representatives make reciprocal visits to Northam's mining and metallurgical operations. Any issues relating to customer satisfaction are directly taken up with the marketing department. To date, Northam has received positive feedback from its customers relating to customer satisfaction.

Due to the nature of Northam's relationships and frequent face-to-face interaction with its client base, the company does not conduct annual surveys relating to customer satisfaction.

Because the sale of Northam's products is largely conducted on a business to business basis, no definitive codes are followed for the purposes of marketing communications, promotions and sponsorships. As a result, no incidents of non-compliance with regulations or voluntary codes concerning marketing communications, advertising, promotion or sponsorship were reported during F2010.

Customer privacy and confidentiality

Northam respects the privacy of its customers and to this end, confidentiality agreements and non-disclosure undertakings are standard in its customer contracts. No complaints, substantiated or otherwise, regarding breaches of customer privacy and losses of customer data occurred during the year under review.

During F2010, no fines were received in respect of non-compliances in the process of the provision and use of Northam's product.

Environmental performance



- Energy usage – 690 198MWh
- Fresh water usage – 3 985 211m³
- Water recycled – 86%
- SO₂ emissions – 6 853 tonnes
- CO₂^e emissions – 677 116 tonnes

As a platinum mining and beneficiation company, Northam recognises that its activities have an impact on the land, water, air and natural resources including fauna and flora, in the areas which surround its operations. The existing Zondereinde mine and metallurgical complex has a sustained track record of sound environmental performance. At the Booysendal project, which is located in an environmentally sensitive area, the process of baseline assessments and planning to minimise the operation's impacts on the natural environment began as part of the environmental permitting process.

Management approach

Management and oversight

Environmental issues are managed as an integral part of the production processes at Zondereinde. Owing to the technical nature of so many of the environmental issues and challenges, this portfolio falls under the engineering department and, specifically, the engineering manager, who is supported by an environmental officer. Ultimately, however, responsibility for environmental compliance and performance is the responsibility of the general manager of Zondereinde and the chief executive of Northam.

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

Legislation and compliance

Rigorous environmental and mining legislation governs environmental impacts and permitting in South Africa.

This includes the MPRDA, the National Water Act, the National Environmental Management Act, and the Air Quality Control Act. The latter came into full effect on 1 April 2010 and has ramifications for emissions, particularly for the reporting of industrial GHG emissions data and mitigation plans. Government is developing additional legislation on the actual reduction of GHG emissions, by 2020, by 34% below the business as usual baseline and by 42% by 2025.

Northam operates in compliance with environmental legislation and the company has not received any fines or legal sanctions during the year under review.

It is noted, however, that Zondereinde has not yet been granted a Water Use Licence by the Department of Water Environmental Affairs (DWEA). Zondereinde's water use permit expired in December 2005 and, although the company submitted a Water Use Licence application in June 2005, this licence has not yet been obtained. Northam understands that a significant number of mining companies are in a similar position and that the delays relate to a processing backlog. Northam has been advised by the department that it should continue to act in line with its previous permit requirements until such time as a new permit has been issued. In recent dealings, Northam has been advised that the issue of this licence is imminent.

ISO14001

Northam has adopted the ISO14001 environmental management standard as the basis for its environmental management systems and, in F2010, completed a three-year project to implement this standard at the Zondereinde mine and metallurgical complex.

Rock mined (000t)

06	2 644
07	2 593
08	2 336
09	2 337
10	2 281

Ore milled (000t)

06	2 303
07	2 269
08	2 023
09	2 105
10	2 038

A great deal of progress towards the implementation of ISO14001 was made during the year with the scope of Zondereinde's environmental impacts being identified and rated in respect of key parameters. A first phase of compliance auditing was completed during F2010 with the second phase undertaken in August 2010 after the financial year-end. The first phase of the ISO14001 certification audit, which focuses on mining, will take place during September 2010. Once mining certification is obtained, Zondereinde will apply for metallurgical certification.

Zondereinde is in the process of implementing a revised Environmental Management Programme (EMP) for the mine and a training module has been developed which will be rolled out to employees during the following financial year.

The ISO14001 standard will be adopted by Booyssendal. Northam has committed to its full implementation at this operation within the first year of steady-state operation.

Performance in 2010

The information below is presented for the Zondereinde mine as this is the company's only currently operating subsidiary. Information pertaining to the Booyssendal project is presented where this is appropriate and indicated as such.

Although the Zondereinde mine and metallurgical complex holds title to an extensive area of land, only a small part of this is under active management, and an even smaller component has been affected by mining and processing activities. As a deep-level underground operation, the mine's surface footprint is small.

Two significant chemical spillage incidents occurred whilst chemicals were delivered to the chemicals storage facility at the refrigeration plant by a service provider at Zondereinde. The affected area was cleaned and more stringent control measures were implemented.

Northam's environmental impacts are reported under four headings, namely:

- use of resources, including the rock mined, water and energy and other material consumption;
- emissions and discharges to water, land and air;
- management of land, including rehabilitation, biodiversity management; and
- plans for and funding of eventual rehabilitation and closure.

Use of resources

The primary resources used by Northam are water, energy and bulk materials such as rock (mined and processed) liquid fuels, coal, grease, steel, timber and lubricating and hydraulic oils. Zondereinde actively optimises its resource usage and recycling programmes are in place for plastics, steel, timber and scrap. Bulk material usage and recycling performance are presented in the tables and graphs below.

Water

Water is of critical importance to operations at the Zondereinde mine as the mine largely operates on hydro-power. Water management and water quality are therefore an integral part of the management of Northam's operations.

Environmental performance (continued)

Materials used	Unit	F2010
Rock mined	000t	2 281
Ore milled	000t	2 105
Timber	m ³	3 528
Cartridge explosives	t	2 650
Oxygen	t	3 131
Sulphuric acid	t	1 064
Sulphur dioxide	t	122
Grease	t	61
Lubricating and hydraulics oils	l	125 034

Materials recycled	Unit	F2010
Plastic	t	14
Steel	t	1 508
Timber	m ³	6 402
Scrap metal	m ³	2 557
Rubber	t	168
Lubricating and hydraulics oils	l	125 034

The total water usage at Zondereinde for F2010 was 27 426 000m³ (Water usage in F2009 was under-reported as it excluded water used in Setaria village).

Two primary water sources contribute to the total water used at Zondereinde:

- Industrial water is used for all mining and processing operations and constitutes around 90% of total water usage on an annual basis. This water is maintained within a closed circuit and recycled on an ongoing basis.

Given the geography and climate of the region, where surface temperatures may reach as high as 40°C in summer, evaporation rates are high. The water is exposed to evaporation while it is contained within the processing facilities, on the tailings dams and in storage facilities, and needs to be supplemented by about 10% on an annual basis.

Water usage (000m ³)	F2010	F2009
Potable water from external sources	2 601	1 858
Fissure water used	1 385	1 445
Total water used	27 426	18 382
Water recycled in process	23 440	15 079
% water recycled	86%	89%

* The F2009 potable water from external sources figure was under reported as water use in Setaria village was not accounted for.

* The F2009 water recycled in process figure was under reported as water recycled from bulk air conditioners was not accounted for.

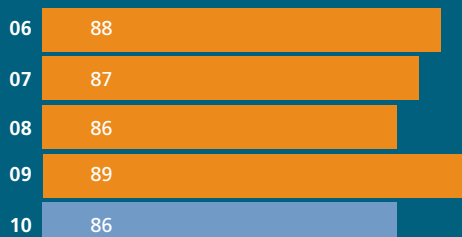
During F2010, around 5% of total industrial water was sourced from fissure water which seeps into the deep level underground workings. During the 20 years since mining started at Zondereinde, there has not been a significant change in the rate of fissure water flow as a result of mining operations. The fissure water flow is not seasonal which is a clear indication that this water is distinct from rechargeable groundwater.

Zondereinde does not source water from riverine systems, surface sources or from perched aquifers (that is, groundwater). The balance of surface water make-up comes from rainfall onto the property which is captured in the dams, and which by definition then becomes grey water.

- Around 10% of the total daily water usage at Zondereinde is potable water purchased from the Magalies Water Board on an annual basis.

As the company's operations are located in an area where water is considered a scarce resource, Northam recognises that water availability may in future be constrained as a result of increasing industrial pressure on water supply and as a result of climate change, and therefore needs to be conserved. While Zondereinde does not consume water from local sources or has an impact on them,

Water recycled (%)



it remains an active participant in matters relating to water management in the area by way of, amongst other approaches, discussing water issues with local community members and farmers whose properties surround the company's operations. Zondereinde is a participant within the Crocodile River and Groot Marico Catchment Management Authorities.

When overflow is inevitable due to heavy and sudden rainfall, discharge conditions are monitored and discharge is carried out from the treated sewerage effluent dam and evaporation dam into the Bierspruit. This occurred on one occasion in April, 2010 as a result of heavy rainfall and was done in strict compliance with permit conditions.

Sampling of underground and surface water at Booysendal continued during the year. The data qualified during F2010 provides base line information on the actual water quality in the area before any mining-associated impacts occur.

Energy

Given Northam's existing relatively low base of energy consumption at its mining operations and the likelihood of increased energy consumption at Zondereinde as a result of extending the mine to greater depths to maintain production and the ramping up of production at Booysendal, Northam will not be able to reduce energy consumption going forward. However, the company is committed to optimising its usage to maintain or reduce usage per PGM ounce produced.

Energy consumption, in particular energy efficiency, are issues which receive significant attention at Zondereinde. Not only does the purchase of electricity amount to a considerable contributor to costs at R205 million (9.2% of on-mine costs in F2010), but electricity is also a scarce resource which

needs to be conserved. Zondereinde in particular, is highly reliant on hydropower and Northam continues to investigate potential and cost-effective alternative sources of energy.

Furthermore, the National Energy Regulator of South Africa (Nersa) approved a power tariff increase of 24.8% which came into full effect on 1 April 2010. This has had a major impact on the overall operating costs of all producers, and this is likely to continue in future. Again, owing to the extensive use of hydropower at Zondereinde, Northam continues to be presented with an economic advantage due to the fact that the company uses less electricity than its peers. In addition, Northam's experience of using an alternative source of energy has resulted in the establishment of a culture and infrastructure which forms a platform from which further renewable energy innovations may be developed in the short to medium term.

Electricity consumption (MWh)	F2010	F2009
Energy from electricity purchased by shafts	483 541	473 181
Energy from electricity purchased by plant	156 199	127 831
Total electricity purchased	639 740	601 012

Total energy consumption from electricity purchased increased by 6% to 639 740MWh in F2010 (F2009: 601 012MWh) with around 23% of electricity used by processing and smelting activities and 77% by mining operations. In an effort to reduce energy consumption, Northam has embarked on a renewable energy and energy conservation scheme together with Eskom. As part of this scheme, seven energy saving projects have been implemented and it is estimated that this has resulted in a 225 609MWh (26%) saving on the total energy consumption from electricity purchased during F2010.



Environmental performance (continued)

These energy saving projects include:

- the roll-out of compact fluorescent lighting and geyser blankets to mining staff and Setaria village residents;
- the modification of electrical geysers to solar power;
- the use of hydro-powered equipment for drilling, cooling and cleaning operations;
- the use of backfill to support mined areas which also reduces heat ingress and has resulted in a 65% decrease in the size of the area which needs to be cooled;
- the use of Power Factor Correction equipment which reduces the electrical load and minimises wasted energy and thus improving efficiency while reducing the electricity bill; and
- the conversion of mast and street lighting to energy saving lights.

The outcome of the optimisation studies undertaken at Booyssendal has meant a revised mine design and higher rate of production at full capacity, which will result in electricity consumption exceeding the Eskom approved 20MVA during peak demand periods. These requirements will be fulfilled by self-generation of power on site (5MVA) during peak times. This will continue until Eskom is able to supply additional power – currently estimated to be by 2015.

The revised design also makes provision for an energy management system and the introduction of energy recovery strategies. Orepass capacity is being improved which will minimise the requirement for decline conveyors to run during peak shift times. In addition, cycle efficiencies and optimised equipment selection will maximise output in each section, and at the same time reduce the number of sections required to operate, and so reduce energy requirements.

Emissions and discharges

The most significant emissions or potential discharges from Zondereinde are SO₂ emissions (directly from the smelting operations), CO₂ emissions (direct and indirect), potential discharges to water courses and dust generation from tailings dams.

SO₂ emissions

In total, 6 853 tonnes of SO₂ was released into the atmosphere in F2010 from the Zondereinde smelting facility (F2009:3 650 tonnes). This translates into an average of 18.8 tonnes per day (F2009: 10.3 tonnes per day). Northam's current permit allows for an average of 32 tonnes per day.

CO₂ emissions

Northam is in the process of developing its climate change mitigation strategy and has implemented a variety of energy saving and efficiency projects to reduce electricity consumption and therefore the amount of greenhouse gases (GHGs) admitted into the atmosphere as a result of its activities. During F2010, Northam placed a great deal of emphasis on accurately calculating the carbon emissions of its Zondereinde operation with GHG information reported on a monthly basis, under the oversight of the engineering manager. A carbon footprint calculation tool has been developed for Northam and is used to determine the carbon footprint of Northam's activities.

Greenhouse gas emissions

(Scope 1, Scope 2 and Scope 3) CO₂e (tonnes) F2010

Total global Scope 1 emissions (direct emissions)	16 796
Total global Scope 2 emissions (indirect emissions)	658 932
Total global Scope 3 emissions (indirect emissions)	1 388
Total emissions	677 116

Total electricity purchased (MW/hour)

06	546 700
07	638 300
08	593 600
09	601 012
10	639 740

Monthly SO₂ emissions (tonnes)



For more detailed information on GHGs and Northam's assessment of the risks and opportunities presented to the company as a result of climate change, view Northam's submission to the Carbon Disclosure Project's 2010 annual survey which may be found at www.cdproject.net and on Northam's website.

Northam has considered the risks and opportunities relating to climate change and has detailed these in its CDP submission. Briefly, physical and regulatory risks have been identified and the company intends to manage them through its energy conservation initiatives (as the bulk of Zondereinde's CO₂ emissions are largely attributable to indirect emissions from electricity purchased from Eskom).

Climate change presents an opportunity for Northam too. PGMs are used in technologies that bring about reduction in noxious gases and the global trend of tightening emissions legislation continues to stimulate PGMs usage in autocatalysis. Further, platinum is used as the basis of fuel cells, which hold vast potential as an alternative energy source.

Water discharges

Zondereinde endeavours to run a zero discharge operation and closely monitors any potential impact of its operations on surface and groundwater sources. Extensive monitoring is undertaken and a comprehensive groundwater model, developed and maintained by a third party consultant, has been in place for five years. This consultant also monitors and advises on surface and groundwater quality control.

Similar controls are planned to be implemented at Booyssendal. A number of boreholes were drilled across the property in 2008 to determine the baseline quantity and quality of water.

Dust management

During the year, Zondereinde engaged the services of an external service provider to develop a ground level

air pollution concentration model. It is expected that this model will be completed during F2011.

At Booyssendal, monthly dust deposition monitoring was conducted during the year to provide baseline information on the dust levels in the area before mining activities commence. Northam will continue to monitor dust deposition in the areas adjacent to the Booyssendal project to determine the level of impact of mining activities on the area and to develop dust mitigation procedures to reduce its impact on the area.

Land management and biodiversity

Zondereinde's landholding is far greater than the actual complex's surface footprint, with the lease area covering some 5 183 hectares.

Of the land under management, only 576 hectares (11%), has been disturbed by mining, processing, deposition and related activities, including the mine village. The tailings dam and waste rock dump account for around 281 hectares – or 5% of the Zondereinde landholding. Land leased to farmers covers 273 hectares (5%) of the total area, while Northam maintains 800 hectares (15%) of the landholding for conservation and biodiversity purposes. The balance of the land (68%) remains in its natural state.

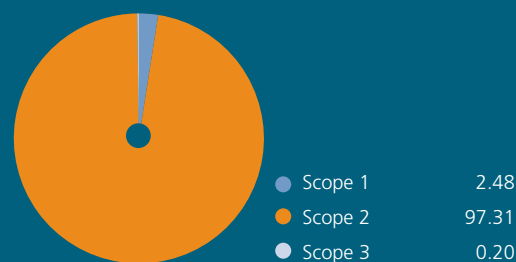
Land use (hectares)	
Land disturbed by mining and related activities	576
Land leased for farming purposes	273
Land protected for conservation	800
Total land under management (freehold)	5 183

None of the company's activities are situated in areas protected by the World Conservation Union, heritage

Emissions (CO₂e tonnes)



Emissions as CO₂e tonnes (%)



Environmental performance (continued)



sites or biosphere reserves and no Red Data species have been identified on or adjacent to the mine property.

Northam conducted an extensive environmental study to improve the level of monitoring and maintenance of invasive plant species on the Zondereinde property. As part of this study, the lease area was re-assessed by way of aerial and terrain surveys. The data generated by the surveys was used to re-evaluate alien plant species and to update the current status of biodiversity in the area. Based on the re-evaluation, practical guidelines for the control and eradication of invasive alien vegetation were developed and included in an environmental control programme which also outlines the locality, population density and eradication methods of invasive plant species.

The TSFs will be rehabilitated as deposition concludes to reduce dust levels and for aesthetic reason with final rehabilitation only occurring after closure.

The Booyssendal project is situated in an ecologically unspoilt area – the Der Brochen valley – where Northam's land stewardship covers an area of some 3 800 hectares.

Extensive work has been undertaken on the planning of the layout for Booyssendal. The positioning of the concentrator plant has been optimised to take account of the higher run of mine (ROM) production, resulting in a more efficient process flow and a smaller environmental footprint.

During the year under review, an extensive investigation into the abundance of the endemic cicada, *Pycna sylvia* was completed. This investigation provided vital information about where to assemble infrastructure on the property so as to reduce the impact of mining activity on the natural habitat of the cicada. Three major areas which occur in close proximity to mining infrastructure were identified on the Booyssendal property. These areas have been cordoned off and fenced to avoid further impacts on the natural habitat of the cicada.

Planning for closure

Zondereinde is currently revising its EMP and planning for closure will be taken into consideration in this submission.

At the end of June 2010, Northam's total environmental liability was estimated at R65 million (F2009: R54 million). As prescribed by law, the company has a rehabilitation trust fund in place currently valued at R27 million.

Planning for closure was completed at Booyssendal and a three-phased rehabilitation plan was submitted to the DMR during F2010. In addition, Northam has lodged a guarantee with the DMR to the value of R66 million to provide funding for the rehabilitation covering the first five years of the project.



Northam gives the cold shoulder to its unwelcome guests

During F2010, Northam continued to identify, monitor and eradicate invasive plant species found on the company's Zondereinde lease area as part of the company's overall environmental management plan for the area. The plan was developed following a detailed examination of intrusive plant species during F2009 based on a previous study completed in 2004. As part of the reassessment of the area, an aerial survey was carried out to identify exotic plant species and plot them on a map.

Invasive plant species were prioritised according to the various stages of invasion and the degree of ecological threat. The four major invasive plants on the property were identified as *Arundo donax*, *Tamarix ramosissima*, *Texoma stans* and *Melia azedarac*. Although some of these plants are not classified as transformers, they pose a definite threat to the indigenous vegetation and habitat in the area by significantly degrading the ecosystem.

Melia azedarac, or the syringa tree, is classified as a transformer plant and has the ability to alter the indigenous vegetation structure in the area. A dense stand of these trees occurs along the Crocodile River. Although the eradication of this species is a priority, some raptor and other bigger nesting sites have been identified in the area. Individual trees where

these nesting sites occur were not removed immediately but continuous monitoring of the area is undertaken on a regular basis to determine when they are not used for breeding so they can be ring-barked or cut down.

"In view of the large number of indigenous plant and animal species located in the area, we had to consider the impact our programme would have on the entire ecosystem, not only plants. It is basically like getting rid of an unwelcome guest at a dinner party without disturbing the other guests," says environmental officer, Orelia Bezuidenhout.

Based on the findings of the study, practical procedures for the eradication and control of invasive plants on the Zondereinde lease area, which covers 5 183 hectares, were developed based on guidelines set out by the Conservation of Agriculture Resources Act.

Basic control teams, consisting of ten people have been trained to apply initial control methods including hand cutting, ring-barking and manual application of plant-specific herbicides.

"Not only are we preserving the natural habitat in the area, but participants are also receiving valuable on-the-job training," concludes Orelia.

Reporting in line with GRI

G3 Indicator	Description	Page
Profile		
1. Strategy and analysis		
1.1	Statement from senior decision maker	8 – 11
1.2	Description of key impacts, risks, and opportunities	8 – 11
2. Organisational profile		
2.1	Organisation's name	2
2.2	Major products	2
2.3	Operational structure and major divisions	2
2.4	Location of headquarters	2
2.5	Countries of operation	2
2.6	Nature of ownership	2
2.7	Markets served including geographic breakdown/sectors served/customers	2, 16 – 21
2.8	Scale of organisation including number of employees, net sales/revenues, total capitalisation	16 – 21
2.9	Significant changes during reporting period	18
2.10	Awards	2
3. Report parameters		
3.1	Reporting period	Inside front cover
3.2	Date of previous report	Inside front cover
3.3	Reporting cycle	Inside front cover
3.4	Contact point	Inside front cover
Report scope and boundary		
3.5	Process for defining report content	8 – 11
3.6	Boundary of the report	Inside front cover
3.7	Limitations on the scope or boundary of the report	Inside front cover
3.8	Basis for reporting on joint ventures, etc.*	Inside front cover
3.9	Data measurement techniques and bases of calculations including assumptions	Throughout this report
3.10	Restatements of information	Inside front cover, 38
3.11	Significant changes from previous reporting periods	8 – 11
GRI content index		
3.12	Table identifying the location of the disclosures in the report	44 – 47
Assurance		
3.13	Policy and practice for seeking independent assurance for report	11
4. Governance, commitments and engagement		
4.1	Governance structure including committees	12 – 14
4.2	Indicate whether chair of highest governance body is also an executive officer	12 – 14
4.3	Percent of independent directors	12 – 14
4.4	Mechanisms for shareholders and employees to provide recommendations/direction to highest governance body	14
4.5	Linkage between compensation and organisation's performance for members of highest governance body/senior executives	13
4.6	Process for the Board to ensure conflicts of interest are avoided	37 of the Annual Report
4.7	Processes for determining qualifications and expertise for guiding strategy	13 and 41 of the Annual Report
4.8	Mission and values statements, codes of conduct, principles relevant to economic, environmental and social performance, and status of implementation	8, 15
4.9	Procedures of highest governance body for overseeing economic, environmental and social performance including compliance and codes of conduct	12 – 14 and 34 – 43 of the Annual Report
4.10	Processes for evaluating performance of governance body with respect to economic, environmental and social performance	15
Commitments to external initiatives		
4.11	Explanation of how precautionary approach/principle is addressed by organisation	14
4.12	Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives	14
4.13	Significant memberships in associations and/or advocacy organisations	14

* This report focuses on Northam's current operations at the Zondereinde mine and metallurgical complex

G3 Indicator	Description	Page
Stakeholder engagement		
4.14	List of stakeholder groups	7, 14
4.15	Basis for identification and selection of stakeholders with whom to engage	14
4.16	Approaches to stakeholder engagement, including frequency and type	14
4.17	Key issues raised through stakeholder engagement and how organisation has responded	14
Economic performance indicators		
Management approach		16
Economic performance indicators		
EC1	Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	19
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	41
EC3	Coverage of the organisation's defined benefit plan obligations	18–19, 28, 30
EC4	Significant financial assistance received from government.	18
Market presence		
EC5	Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation	29
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation	20 – 21
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	28 – 29, 31
Indirect economic impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement.	32 – 33
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	18
Environmental performance indicators		
Management approach		36
Materials		
EN1	Materials used by weight or volume	37 – 39
EN2	Percentage of materials used that are recycled input materials	38
Energy		
EN3	Direct energy consumption by primary energy source	39 – 40
EN4	Indirect energy consumption by primary source	39 – 40
EN5	Energy saved due to conservation and efficiency improvements	39 – 40
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	39 – 40
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	39 – 40
Water		
EN8	Total water withdrawal by source	37 – 39
EN9	Water sources significantly affected by withdrawal of water	38 – 39
EN10	Percentage and total volume of water recycled and reused	39
Biodiversity		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	41 – 42
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	41 – 42
EN13	Habitats protected or restored	41 – 42
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	41 – 42
EN15	Number of Red List species with habitats in areas affected by operations	42
Emissions, effluents and waste		
EN16	Total direct and indirect greenhouse gas emissions by weight	40 – 41
EN17	Other relevant indirect greenhouse gas emissions by weight	40 – 41
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	40 – 41
EN20	NOx, SOx and other significant air emissions by type and weight	40 – 41
EN21	Total water discharge by quality and destination	41
EN23	Total number and volume of significant spills	37
Products and services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	40 – 41
Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	36

Reporting in line with GRI (continued)

G3 Indicator	Description	Page
Transport		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	40 – 41
Overall		
EN30	Total environmental protection expenditures and investments by type	41 – 42
Social performance: Labour practices and decent work performance indicators		
Management approach		28
Employment		
LA1	Total workforce by employment type, employment contract and origins of employees	28
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	29 – 30
Labour/management relations		
LA4	Percentage of employees covered by collective bargaining agreements	29
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	29
Occupational health and safety		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	22, 27
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	22 – 23
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases	25 – 27
LA9	Health and safety topics covered in formal agreements with trade unions	23
Training and education		
LA10	Average hours of training per year per employee by employee category	30
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	30
LA12	Percentage of employees receiving regular performance and career development reviews	30
Diversity and opportunity		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity*	29 – 31
LA14	Ratio of basic salary of men to women by employee category	28 – 29
Human Rights performance indicators		
Management approach		28
Investment and procurement practices		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	29
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	29
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	29
Non-discrimination		
HR4	Total number of incidents of discrimination and actions taken	29
Freedom of association and collective bargaining		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	29
Child labour		
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	29
Forced and compulsory labour		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	29
Security practices		
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	n/a

G3 Indicator	Description	Page
Indigenous rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	29
Society performance indicators		
Management approach		32
Community		
SO1	Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting	32 – 33
Public policy		
SO5	Public policy positions and participation in public policy development and lobbying	23
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	13
Anti-competitive behaviour		
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices, and their outcomes	12
Compliance		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	13
Product responsibility performance indicators		
Management approach		34
Customer health and safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	34 – 35
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	34 – 35
Products and services		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	34 – 35
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	34 – 35
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	34 – 35
Marketing communication		
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	34 – 35
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes	34 – 35
Customer privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	34 – 35
Compliance		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	34 – 35

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

Northam has engaged external auditors Ernst & Young to assure certain key parameters and the group's compliance with its stated application level.

Northam has self-declared a B+ level of reporting.



Report application level		C	C+	B	B+	A	A+
Standard disclosures	G3 profile disclosures	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report externally assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report externally assured	Same as requirement for Level B	Report externally assured
	G3 management approach disclosures	Not required		Management approach disclosures for each indicator category		Management approach disclosed for each indicator category	
	G3 performance indicators and sector supplement performance indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report on a minimum of 20 performance indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.		Respond on each core G3 and sector supplement* indicator with due regard to the materiality principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

Mining Charter compliance

Description	Compliance	Page no
1. Human resource development		
Has the company offered every employee the opportunity to be functionally literate and numerate by the year 2009 and are employees being trained?	Yes	28 – 31
Has the company implemented career paths for HDSA employees including skills development plans?	Yes	10, 28 – 31
Has the company developed a system through which empowerment groups can be mentored?	Yes	10, 28 – 31
2. Employment equity		
Has the company published its employment equity plan and reported on its annual progress in meeting that plan?	Yes	10, 28 – 31
Has the company established a plan to achieve a target for HDSA participation in management of 40% within five years and is it implementing the plan?	Yes	10, 28 – 31
Has the company identified a talent pool and is this being fast tracked?	Yes	10, 28 – 31
Has the company established a plan to achieve the target for the participation of women in mining of 10% within five years and is it implementing the plan?	Yes	10, 28 – 31
3. Migrant labour		
Has the company subscribed to government and industry agreements to ensure non-discrimination against foreign migrant labour?	Yes	28
4. Mine community and rural development		
Has the company co-operated in the formulation of integrated development plans and is the company co-operating with government in the implementation of these plans for communities where mining takes place?	Yes	32 – 33
5. Housing and living conditions		
For company-provided housing, has the mine, in consultation with stakeholders, established measures for improving the standard of housing, including the upgrading the hostels, conversion of hostels to family units and promoted ownership options for mine employees?	Yes	31
For company-provided nutrition, has the mine established measures for improving the nutrition of mine employees?	Yes	31
6. Procurement		
Has the mining company given HDSA preferred supplier status?	Yes	10, 20 – 21
Has the mining company identified current levels of procurement from HDSA companies in terms of capital goods, consumables and service?	Yes	10, 20 – 21
Has the mining company indicated a commitment to progress of procurement from HDSA companies over a three-year to five-year time frame in terms of capital goods, consumables and service and to what extent has the commitment been implemented?	Yes	10, 20 – 21
7. Ownership and joint ventures		
Has the mining company achieved HDSA participation in terms of ownership for equity or attributable units of production of 15% HDSA hands within five years and 26% in 10 years?	Yes	2, 20 – 21
8. Beneficiation		
Has the mining company identified its current level of beneficiation?	Yes	21
Has the mining company established its baseline level of beneficiation and indicated the extent that this will have grown in order to qualify for an offset?	Yes	21
9. Reporting		
Has the company reported on annual basis its progress towards achieving its commitments in its annual report	Yes	This report

Report

of the independent assessor

Scope of our engagement

We have completed our independent assurance engagement to enable us to express our limited assurance conclusion on whether the Northam Platinum Limited Sustainability Report ("the Report") for the period ending 30 June 2010, has been prepared, in all material respects, in accordance with the self-declared G3 Guidelines B+ application level and whether the following key performance indicators ("specified KPIs") contained in the Report have been prepared, in all material respects, in accordance with the basis of preparation as described in the scope of the report and on pages 8 – 11 ("management's sustainability criteria"):

- Total workforce (including contractors) (page 1, 16, 28);
- Turnover (total number of employee turnover) (page 1, 28);
- Collective bargaining (percentage of employees covered by collective bargaining agreements) (page 22, 29);
- Training and education budget (actual spend on training and education) (page 1, 29, 30);
- Historically disadvantaged South Africans (HDSAs) in management (page 1, 10, 28, 30, 31);
- Women in mining (page 1, 28, 30, 31);
- Voluntary counselling and testing (VCT) (total number of VCT encounters) (page 23, 25, 26, 27);
- Antiretroviral treatment (ART) (total number of people receiving ART) (page 1, 23, 25, 26);
- Historically disadvantaged South Africans (HDSA) procurement (consumables, capital, services) (page 1, 21);
- Fatality injury incidence rate (page 22, 23);
- Lost time injury incidence rate (page 1, 10, 22, 23);
- Reportable injury incident rate (page 10, 22, 23);
- Stoppages (54's – number of stoppages directed by the Department of Minerals and Energy) (page 24);
- NIHL (noise induced hearing loss) (incidence of noise induced hearing loss detected on the mine and referred for compensation) (page 23, 24);
- Number of annual medical surveillance examinations performed (page 24);
- Number of entry medical surveillance examinations performed (page 24);
- Number of exit medical surveillance examinations performed (page 24);
- CSI/LED (corporate social investment/local economic development) expenditure (page 1, 19, 32);
- Materials used (including diesel, petrol, coal, timber, explosives, chemicals, grease and lubricating and hydraulic oils) (page 38);
- GHG (greenhouse gas) emissions (scope 1, 2) (including coal, petrol, diesel, paraffin, grease, lubricating and hydraulic oils, explosives, jet fuel,

methane emissions from waste water treatment and electricity usage) (page 36, 40, 41);

- Water source, usage and recycling (page 1, 36, 38);
- SO2 emissions (page 36, 40);
- Closure plans, trust funds and closure liability (page 42);
- Land under management (page 41);
- Land disturbed by mining (page 41);
- Rehabilitated land (page 42); and
- Adult basic education and training (ABET) participation and pass rates (page 30).

Our responsibility in performing our independent limited assurance engagement is to Northam Platinum Limited only and in accordance with the terms of reference for this engagement as agreed with them. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Northam Platinum Limited, for our work, for this report, or for the conclusion we have reached.

Northam Platinum Limited has elected to prepare the Report in accordance with the principles of the GRI G3 Guidelines which was published by the Global Reporting Initiative, of which a full copy can be obtained from the Global Reporting Initiative's website.

Northam Platinum Limited has elected to prepare the specified KPIs in accordance with the principles of management's sustainability criteria, as described in the scope of the report and on pages 8 – 11 of the Report.

Directors' responsibility

The directors are responsible for implementing a stakeholder engagement process to identify all relevant stakeholders, to identify key issues, to respond appropriately to key issues identified, to determine those key performance indicators which may be relevant and material to the identified stakeholders, and to design and apply appropriate sustainability reporting policies. The directors are also responsible for the preparation and presentation of the Report and the specified KPIs and the information and assessments pertaining to the Report and the specified KPIs in accordance with the relevant criteria. This responsibility includes: designing, implementing and maintaining appropriate performance management and systems to record, monitor and improve the accuracy, completeness and reliability of the sustainability data and to ensure that the information and data reported to meet the requirements of the relevant criteria, and contains all relevant disclosures that could materially affect any of the conclusions drawn.

Report

of the independent assurator (continued)

Assurance provider's responsibility

Our responsibility is to express our limited assurance conclusion on the Report and the specified KPIs based on our independent limited assurance engagement. Our independent limited assurance engagement was performed in accordance with the International Federation of Accountants' (IFACs) International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. This standard requires us to comply with ethical requirements and to plan and perform our engagement to obtain limited assurance regarding the Report and the specified KPIs contained in the Report, as expressed in this report.

Basis of work and limitations

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the subject matter and the purpose of our engagement. In making these assessments, we have considered internal control relevant to the entity's preparation and presentation of the Report and the information contained therein, in order to design procedures appropriate for gathering sufficient appropriate evidence to determine that the Report and the specified KPIs are not materially misstated or misleading as set out in the summary of work performed below. Our assessment of relevant internal control is not for the purpose of expressing a conclusion on the effectiveness of the entity's internal controls.

We planned and performed our work to obtain all the information and explanations that we considered necessary to provide a basis for our limited assurance conclusion pertaining to the Report and the specified KPIs, expressed below. We have no responsibility to update this report for events and circumstances occurring after the date of the report, nor will we perform any work in this regard.

Where a limited assurance conclusion is expressed, our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Our report does not extend to providing assurance on historical data, except if assured in our prior year assurance engagement.

We provide no assurance over the web content relating to the Report and the specified KPIs. Assurance is provided only on the Report and the specified KPIs as included in the Report.

Summary of work performed

Set out below is a summary of the procedures performed pertaining to the Report and the specified KPIs which were included in the scope of our limited

assurance engagement. In this regard it should be noted that only the following location was included in the scope of our limited assurance engagement: Zondereinde mine.

- We obtained an understanding of:
 - The entity and its environment;
 - The stakeholder dialogue process;
 - The selection and application of sustainability reporting policies;
 - How management has applied the principle of materiality in preparing the Report and the specified KPIs;
 - The significant reporting processes including how information is initiated, recorded, processed, reported and incorrect information is corrected, as well as the policies and procedures within the reporting processes.
- We made such enquiries of management, employees and those responsible for the preparation of the Report and the specified KPIs, as we considered necessary.
- We inspected relevant supporting documentation and obtained such external confirmations and management representations as we considered necessary for the purposes of our engagement.
- We performed analytical procedures and limited tests of detail responsive to our risk assessment and the level of assurance required, including comparison of judgementally selected information to the underlying source documentation from which the information has been derived.
- We considered whether Northam Platinum Limited has applied the GRI G3 Guidelines to a level described in the scope of the report and on page 9, 11 and 47.

We believe that the evidence obtained as part of our limited assurance engagement, is sufficient and appropriate to provide a basis for our findings and our limited assurance conclusion expressed below.

Conclusions

Based on the work performed and subject to the limitations described above, nothing has come to our attention that causes us to believe that the Report has not been prepared, in all material aspects, in accordance with the self-declared G3 Guidelines B+ application level.

Based on the work performed and subject to the limitations described above, nothing has come to our attention that causes us to believe that the specified KPIs have not been prepared, in all material respects, in accordance with management's sustainability criteria as described in the scope of the report and on pages 8 – 11 for the period ending 30 June 2010.

Ernst & Young Inc.

23 September 2010

ERNST & YOUNG
Quality In Everything We Do

Glossary

of terms and acronyms

ABET	Adult Basic Education and Training, aimed at improving literacy levels and providing learners with nationally recognised qualifications	EETF	Employee Empowerment Trust Fund
AIDS	Acquired Immune Deficiency Syndrome, a disease of the immune system caused by HIV infection. HIV & AIDS pose serious challenges for the government and the industry, as South Africa is one of the countries worst affected by the Pandemic	EMP	Environmental Management Plan
ART	Anti-retroviral therapy, treatment of retroviruses especially HIV, usually involving a cocktail of drugs	EMS	Environmental Management System
BEE	Black Economic Empowerment, a socio-economic process that contributes to the economic transformation of the country and increases the number of HDSAs (historically disadvantaged South Africans) participating in the economy	ESG	Environmental, social and governance
CDM	The Clean Development Mechanism is an arrangement under the Kyoto Protocol allowing industrialised countries with a GHG reduction commitment to invest in projects that reduce emissions in developing countries as an alternative to more expensive emission reductions in their own countries	ETFs	Exchange traded funds
CDP	Carbon Disclosure Project is an independent not-for-profit organisation which acts as an intermediary between shareholders and corporations on all climate change related issues, providing primary climate change data from the world's largest corporations, to the global market place	FIIR	A total injury incidence rate per 200 000 man hours worked
CSI	Corporate social investment	GHG	Greenhouse gas
DMR	Department of Mineral Resources	GRI	Global Reporting Initiative is a multi-stakeholder governed institution collaborating to provide the global standards in sustainability reporting. These standards set out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance
DoL	Department of Labour, South Africa	HDP	Historically disadvantaged persons
DOT	Directly observed treatment	HDSAs	Historically disadvantaged South Africans, all persons and groups who have been previously discriminated against on the basis of race, gender and disability. Defined by the MPRDA
DSM	Demand side management	HIRA	Hazard Identification and Risk Assessment
DTI	Department of Trade and Industry	HIV	Human Immunodeficiency Virus which causes AIDS by infecting the helper T cells of the immune system. The HIV virus is transmitted through blood or bodily secretions
DWEA	Department of Water Environmental Affairs, South Africa	IDP	Integrated development plans provided for by the Local Government Municipal Systems Act. (NO. 32 of 2000)
		ILO	International Labour Organisation
		IPA	International Platinum Association
		ISO	Published in 1996 by the International Organisation for 14001 Environmental Standardisation, it specifies the actual requirements for an environmental management system (EMS)
		JSE	JSE Limited, formerly known as the JSE Securities Exchange South Africa

Glossary

of terms and acronyms (continued)

King III	King III is the abbreviated name for the King Report on Corporate Governance for South Africa published in 2010 in South Africa	PGI	Platinum Guild International
KPI	Key performance indicator	PGM	Platinum group metals, including copper, nickel, palladium, rhodium and gold
LED	Local economic development	PPE	Personal protective equipment
LRA	Labour Relations Act 66 of 1995, South Africa	OLD	Occupational lung disease
LSE	London Stock Exchange	RIIR	Reportable Injury Incidence Rate: injuries resulting in 14 or more days absence from work per 200 000 man hours worked
LTIIR	Lost Time Injury Incidence Rate measured per 200 000 man hours worked	ROM	Run of mine
Mining Charter	The Broad-Based Social-Economic Empowerment Charter for the South African Mining Industry. The goal of the charter is to bring about an industry that reflects the promise of a non racial South Africa	SETA	Mining Sector Education Training Authority, South Africa
MHSA	Mine Health and Safety Act 29 of 1996	SLPs	Social and labour plans aimed at promoting employment and advancement of the social and economic welfare of all South Africans whilst ensuring economic growth and socio-economic development. Stipulated in the MPRDA
MPRDA	Minerals and Petroleum Resources Development Act 28 Of 2002	SRI	Socially responsible investment index of the JSE
MQA	Mining Qualifications Authority, a Sector Education Training Authority for the Mining and Minerals Sector. Its mission is to facilitate and promote human resources development in the sector	STIs	Sexually transmitted infections
NGOs	Non-governmental organisations	TB	Pulmonary tuberculosis
NIHL	Noise induced hearing loss	TSF	Tailings storage facility
NUM	National Union of Mineworkers, the largest collective bargaining agent representing workers in the mining, energy and construction industries in South Africa	VCT	Voluntary counselling and testing, a programme aimed at encouraging voluntary HIV testing in order for individuals to know their status
		VRT	Virgin rock temperature

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