

# NORTHAM

P L A T I N U M   L I M I T E D



## INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

**13 February 2008**

[www.northam.co.za](http://www.northam.co.za)

# Agenda

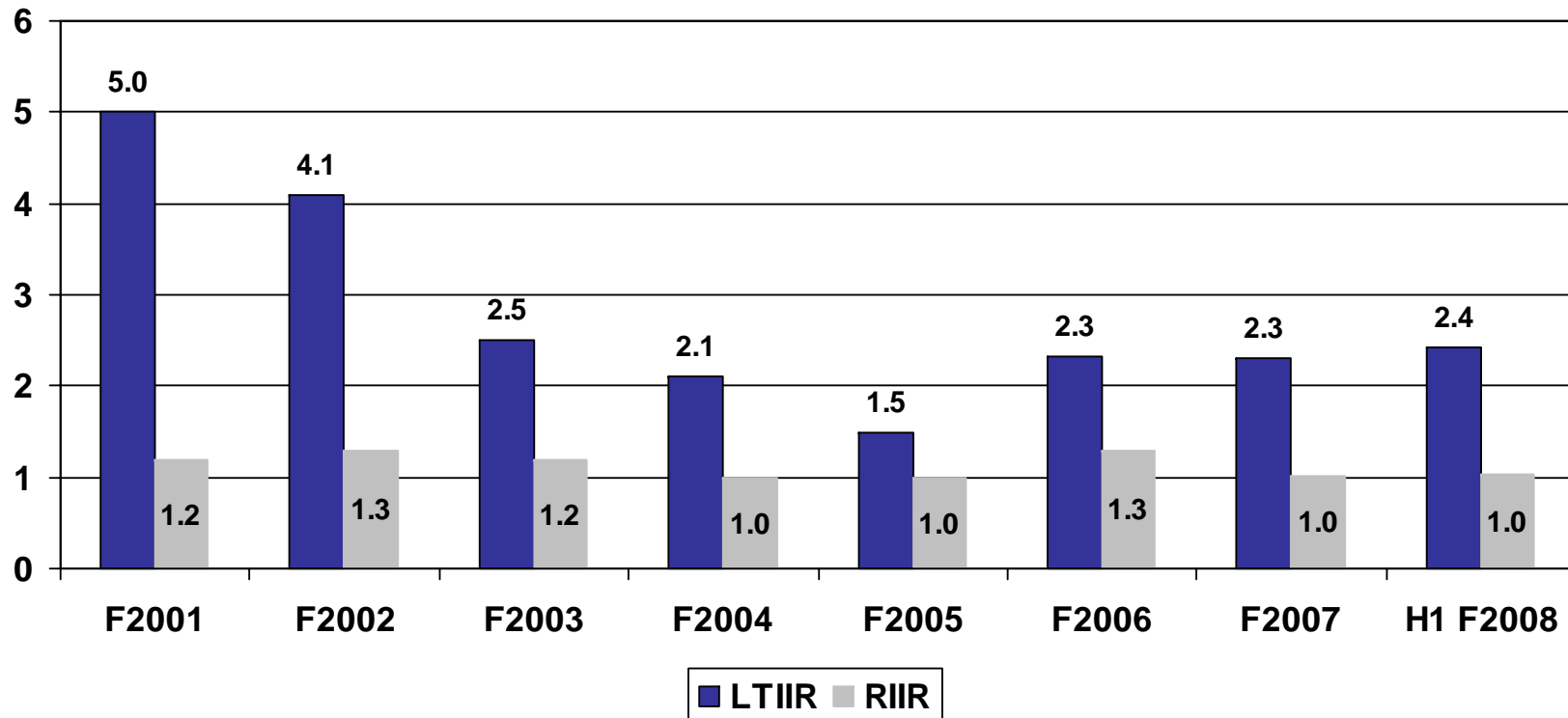
- Safety
- Operating and financial performance
- Geology
- Market review
- Outlook

# Overview

- 23 production days lost following safety stoppages
- Production of PGMs down 16.5%
- Record PGM prices continue
- Significant cost pressures
- Operating margin remains above 50%

# Safety: a key focus area

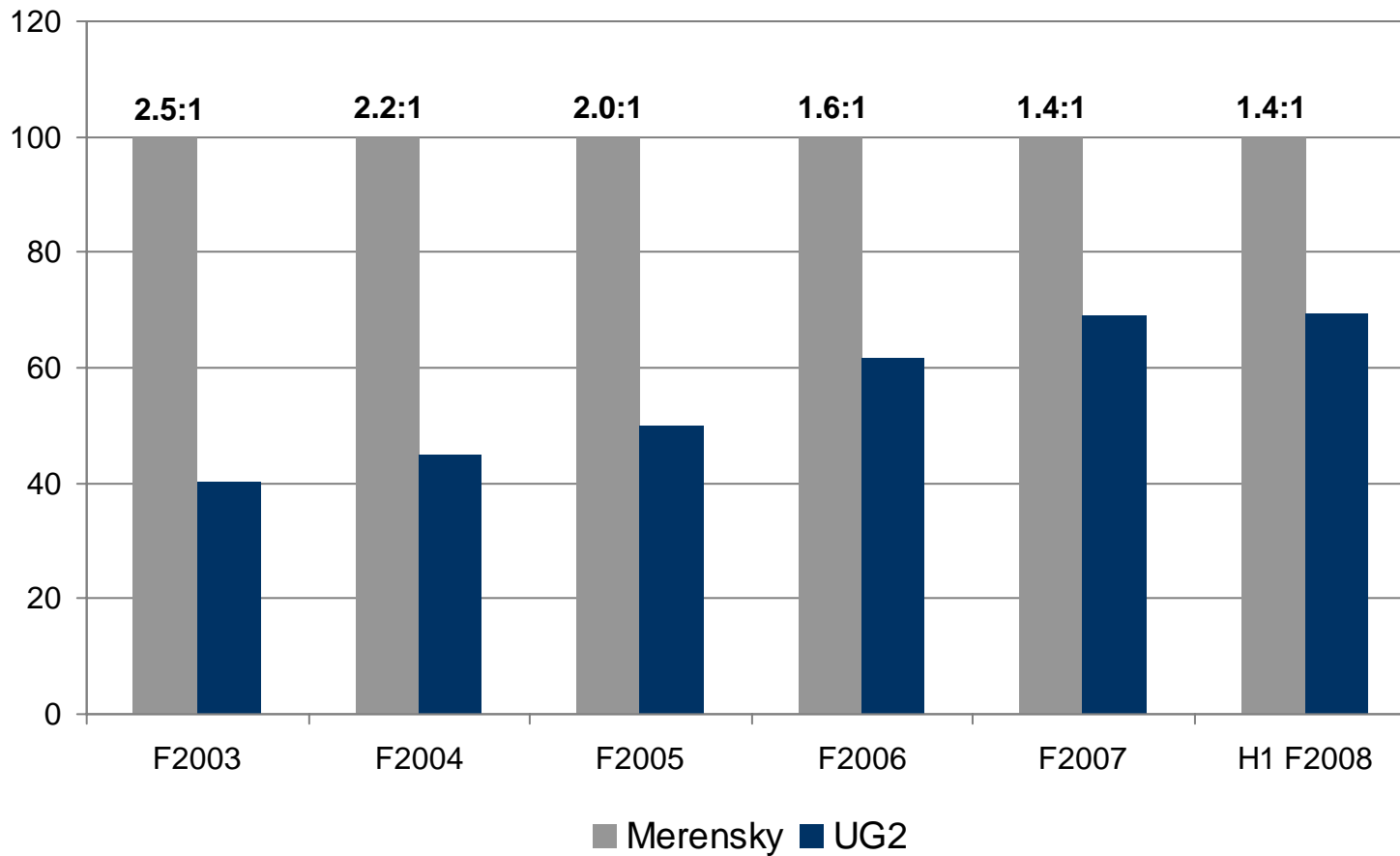
Injury incidence rates per 200 000 man hours



# Operating performance

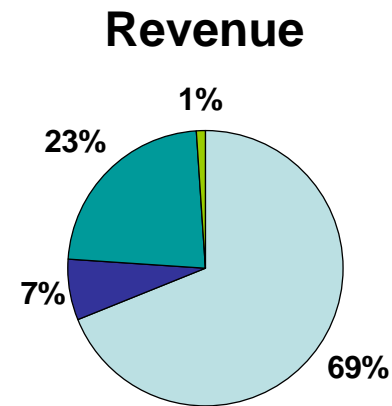
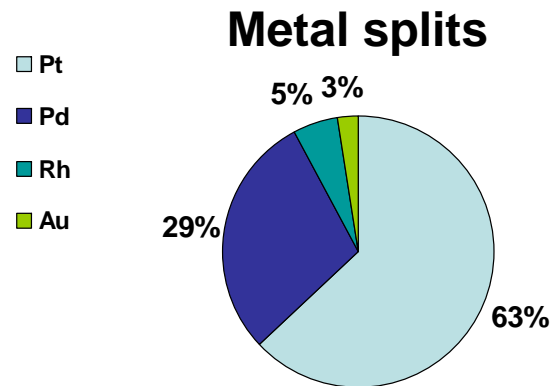
	H1 F2008	H1 F2007	Change
Total development metres	6 426	8 204	-21.7%
Merensky square metres	103 920	137 368	-24.4%
Merensky head grade (g/t)	5.6	5.6	0%
UG2 square metres	74 644	78 152	-4.5%
UG2 head grade (g/t)	4.4	4.3	1.4%
Total square metres mined	178 564	215 520	-17.2%
Total tonnes milled	1 024 242	1 251 612	-18.2%
Average combined head grade (g/t)	5.0	5.1	-2.2%
PGMs in conc. produced (kg)	4 689	5 618	-16.5%

# It's a UG2 story...



# ... with help from the rhodium price

## MERENSKY



**R 377 000/kg**

**Metal prices used**

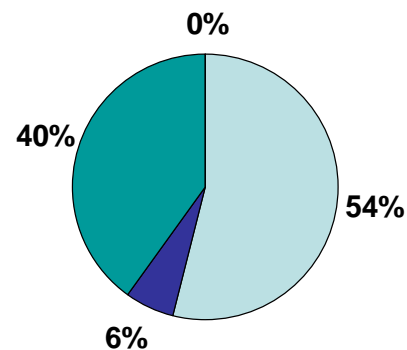
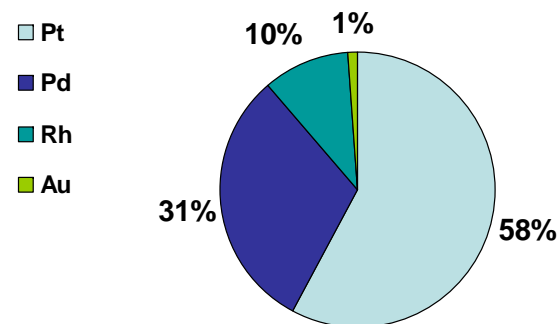
Pt – \$1 700 /oz

Pd – 370 /oz

Rh – 7 000 /oz

Au - \$820 /oz

## UG2



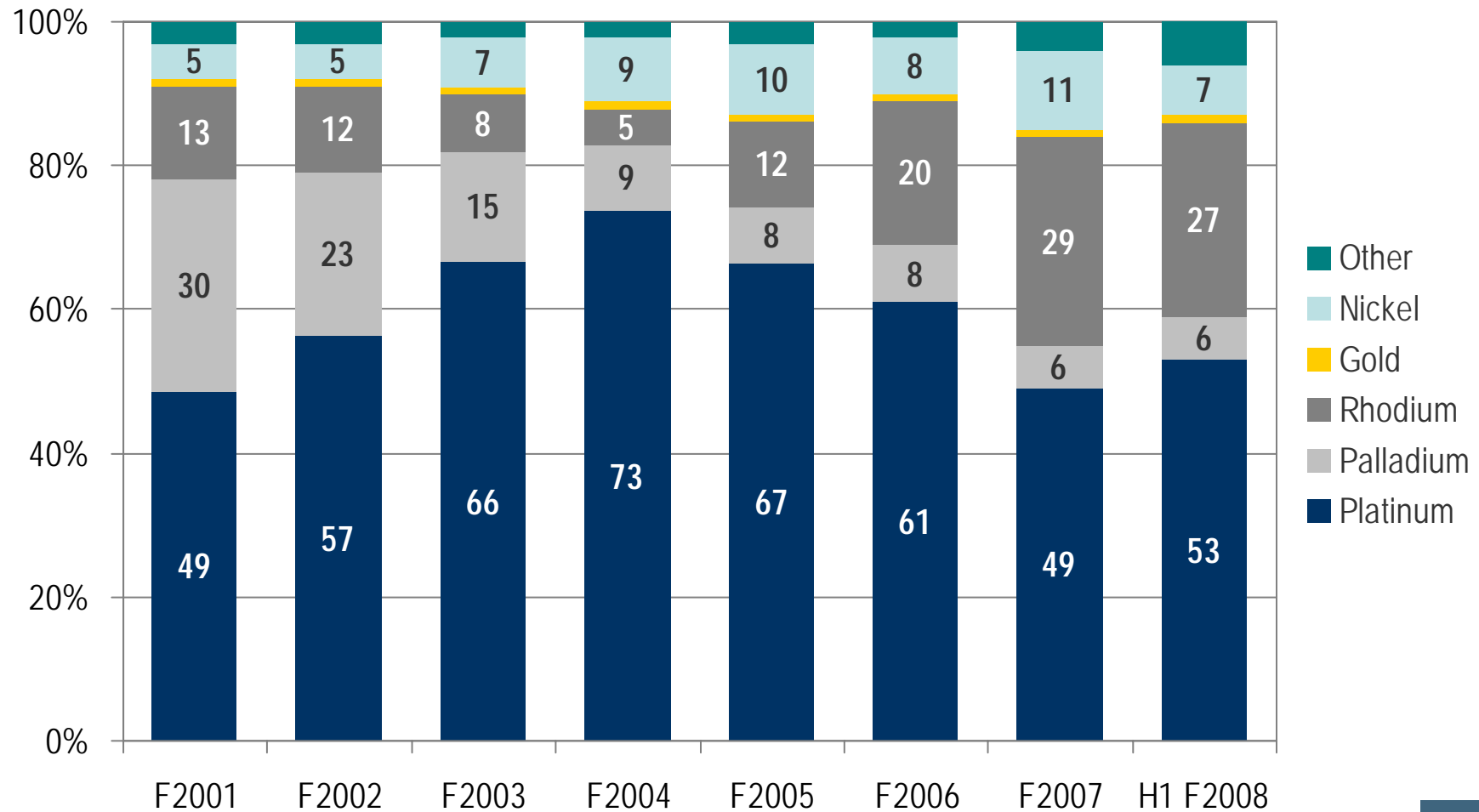
**R 439 000/kg**

# Sales volumes

	H1 F2008 (kg)	H1 F2007 (kg)	Change
Platinum	2 607	3 393	-23.2%
Palladium	1 214	1 511	-19.7%
Rhodium	285	457	-37.6%
Gold	67	95	-29.5%
<b>Total (3PGE+Au)</b>	<b>4 173</b>	<b>5 455</b>	<b>-23.5%</b>
Ruthenium	647	663	-2.4%
Iridium	106	139	-23.7%
Copper (tonnes)	275	328	-16.2%
Nickel (tonnes)	563	682	-17.4%



# Revenue contributions



# Cost of sales

	H1 2008 (R000)	H1 2007 (R000)	Change
Cost of sales	<b>708 090</b>	820 745	(13.7%)
Operating costs	<b>797 819</b>	695 054	14.8%
Concentrates purchased	-	66 364	
Refining and realisation	<b>35 085</b>	41 650	(15.8%)
Depreciation	<b>71 999</b>	63 684	13.1%
Change in metal stocks	<b>(196 813)</b>	(46 007)	(327.8%)

# Unit cash costs

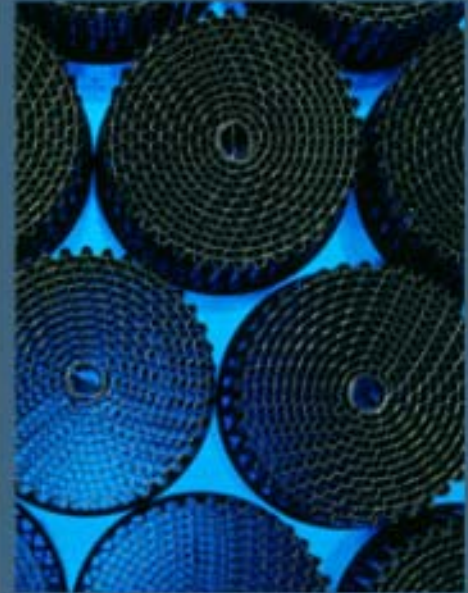
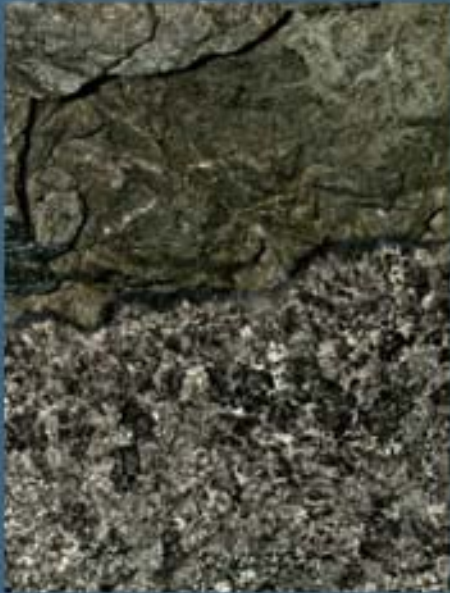
	<b>H1 F2008</b>	H1 F2007	Change
Rand / tonne mined	<b>674.10</b>	484.04	39.3%
Rand / tonne milled	<b>768.29</b>	550.86	39.4%
Rand /kilogram (3PGE Au) produced	<b>167 828</b>	122 722	36.8%

# Income statement

	<b>H1 F2008 (R000)</b>	<b>H1 F2007 (R000)</b>	<b>Change</b>
Sales revenue	<b>1 497 084</b>	1 806 674	-17.1%
Cost of sales	<b>708 090</b>	820 745	-13.7%
Operating profit	<b>788 994</b>	985 929	-20.0%
Investment income	<b>40 868</b>	35 545	15.0%
Net sundry income	<b>(6 839)</b>	3 142	-317.7%
Profit before tax	<b>823 023</b>	1 024 616	-19.7%
Tax	<b>350 432</b>	362 612	-3.4%
Net profit attributable to shareholders	<b>472 591</b>	662 004	-28.6%
Headline earnings – cents	<b>199.0</b>	280.1	-29.0%
Operating margin	<b>52.7%</b>	54.6%	-3.5%

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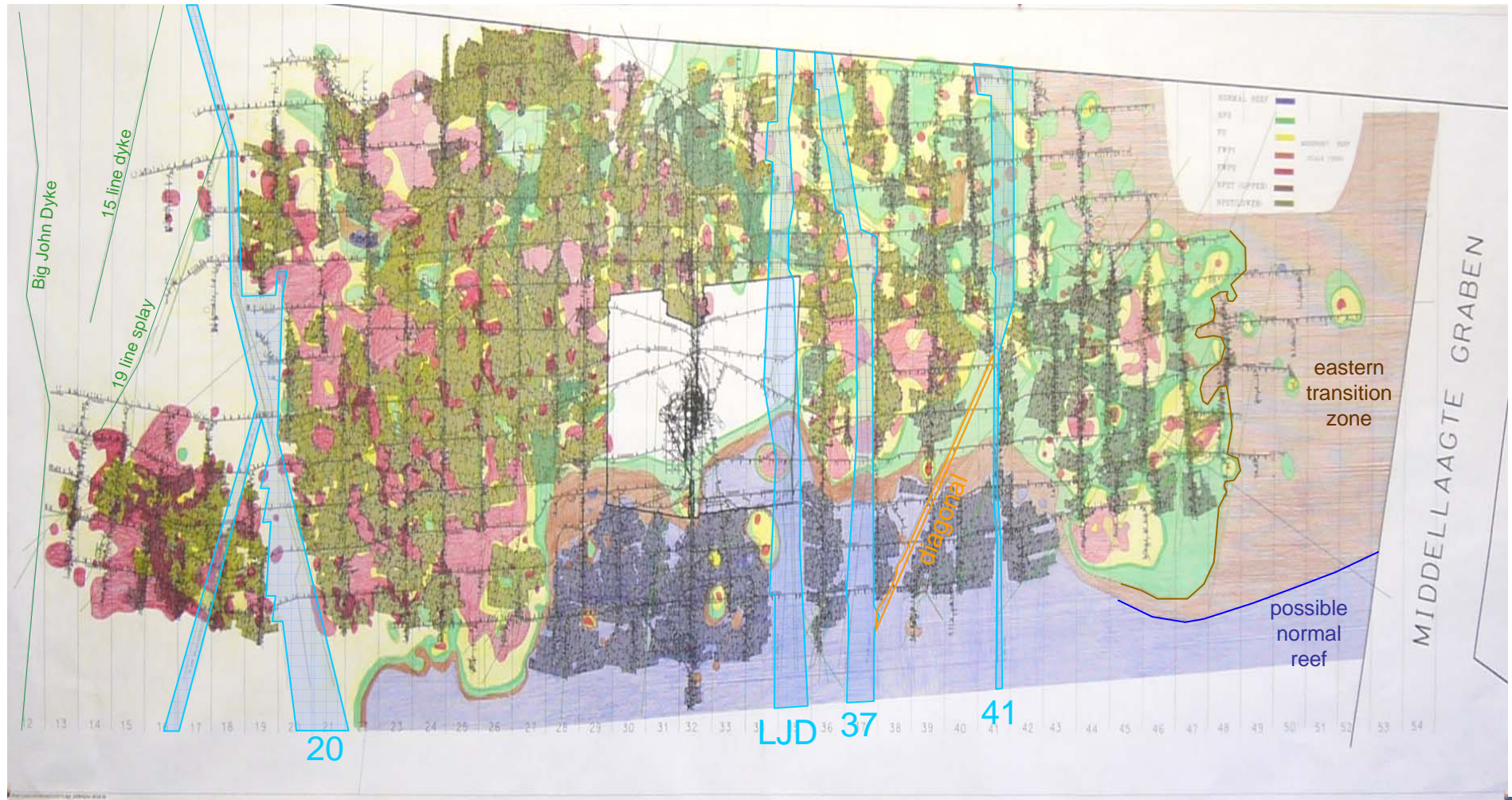


## Geology

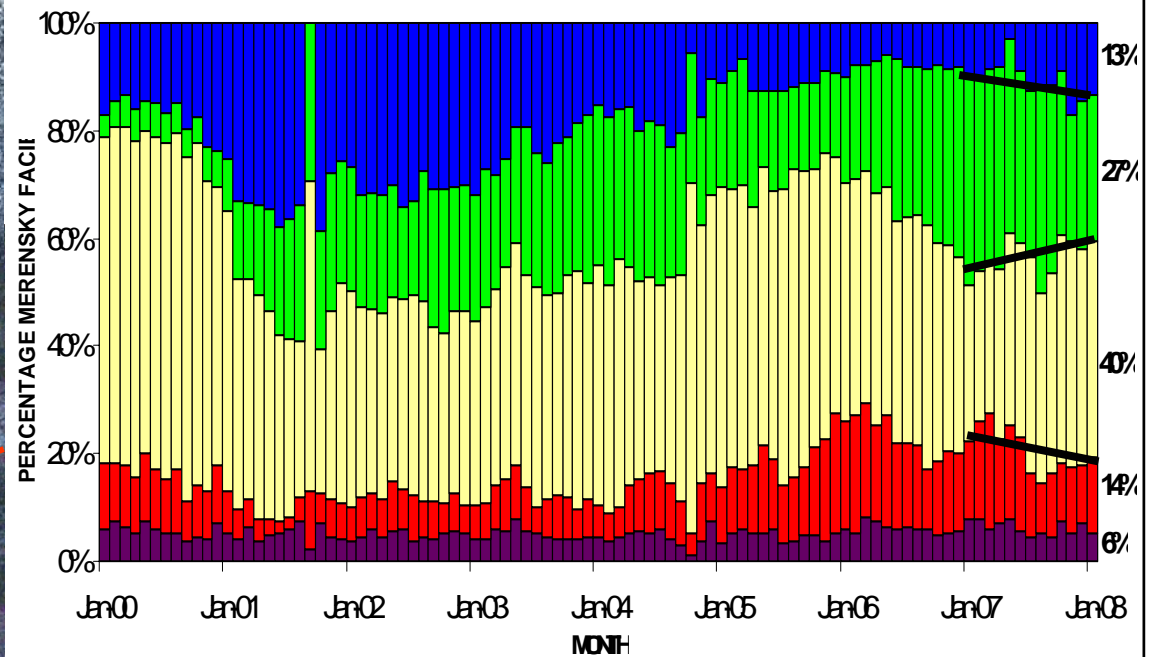
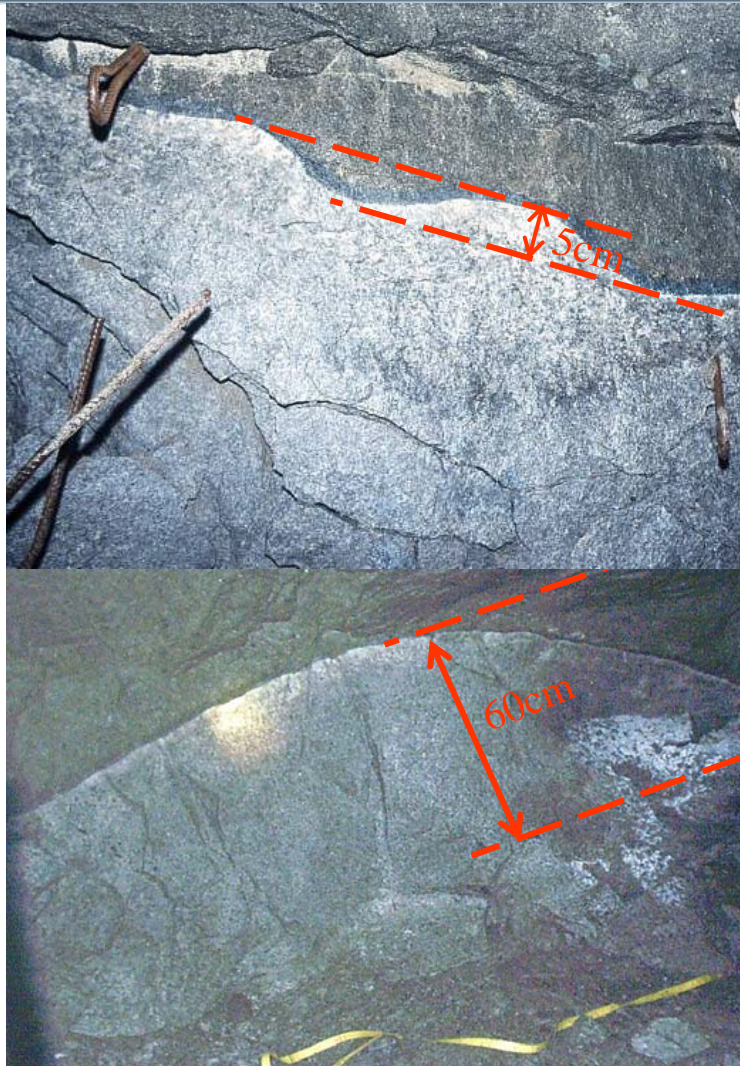
# Geology - key points

- Eastern transition zone – *Merensky life-of-mine (LOM) loss*
- Deepening project progress – *LOM gain*
- 20 line progress – *continuing development but slow reserve build-up*
- *Facies mix – implications for grade*

# Mine plan



# NP2 and grade





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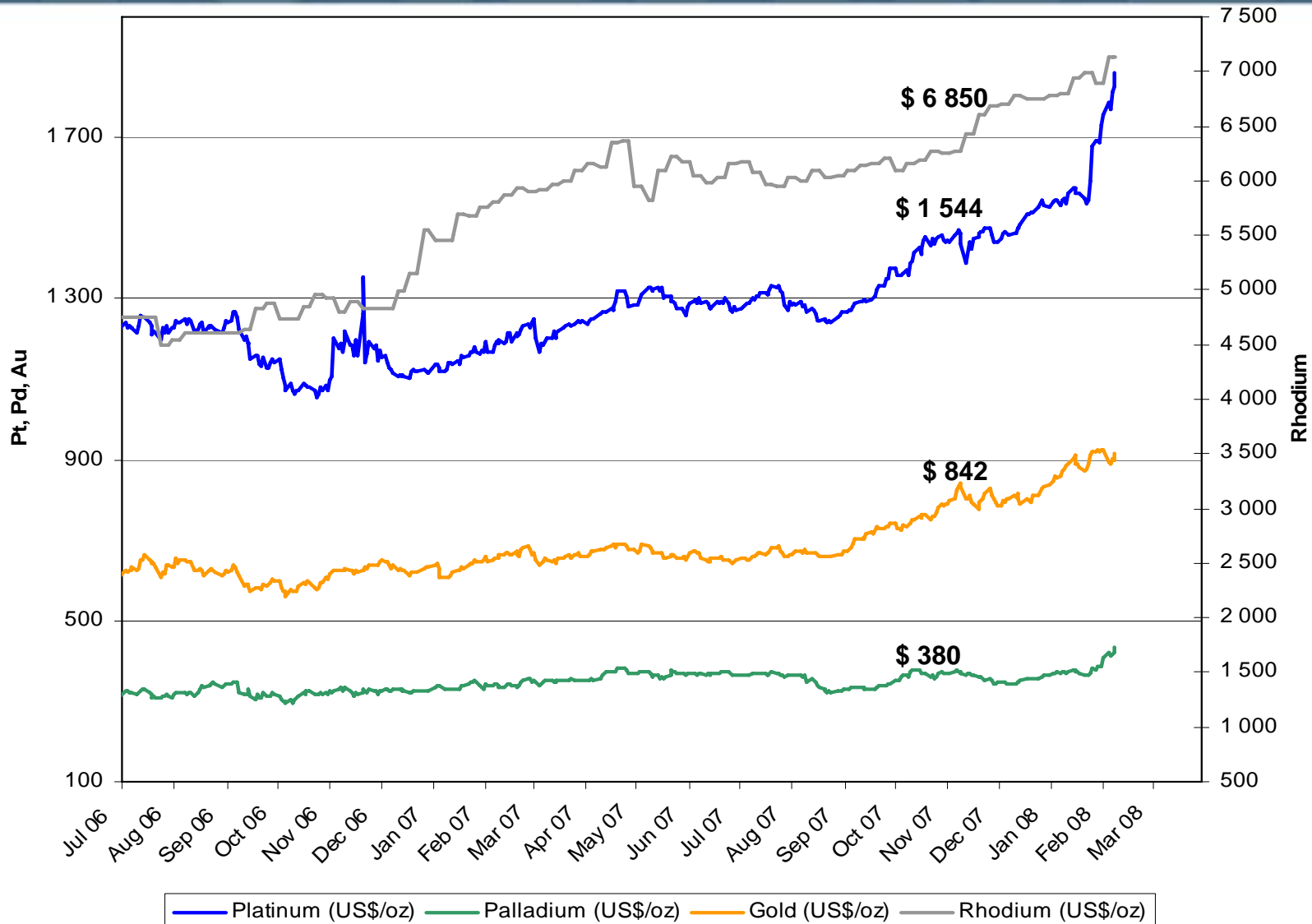


## Markets

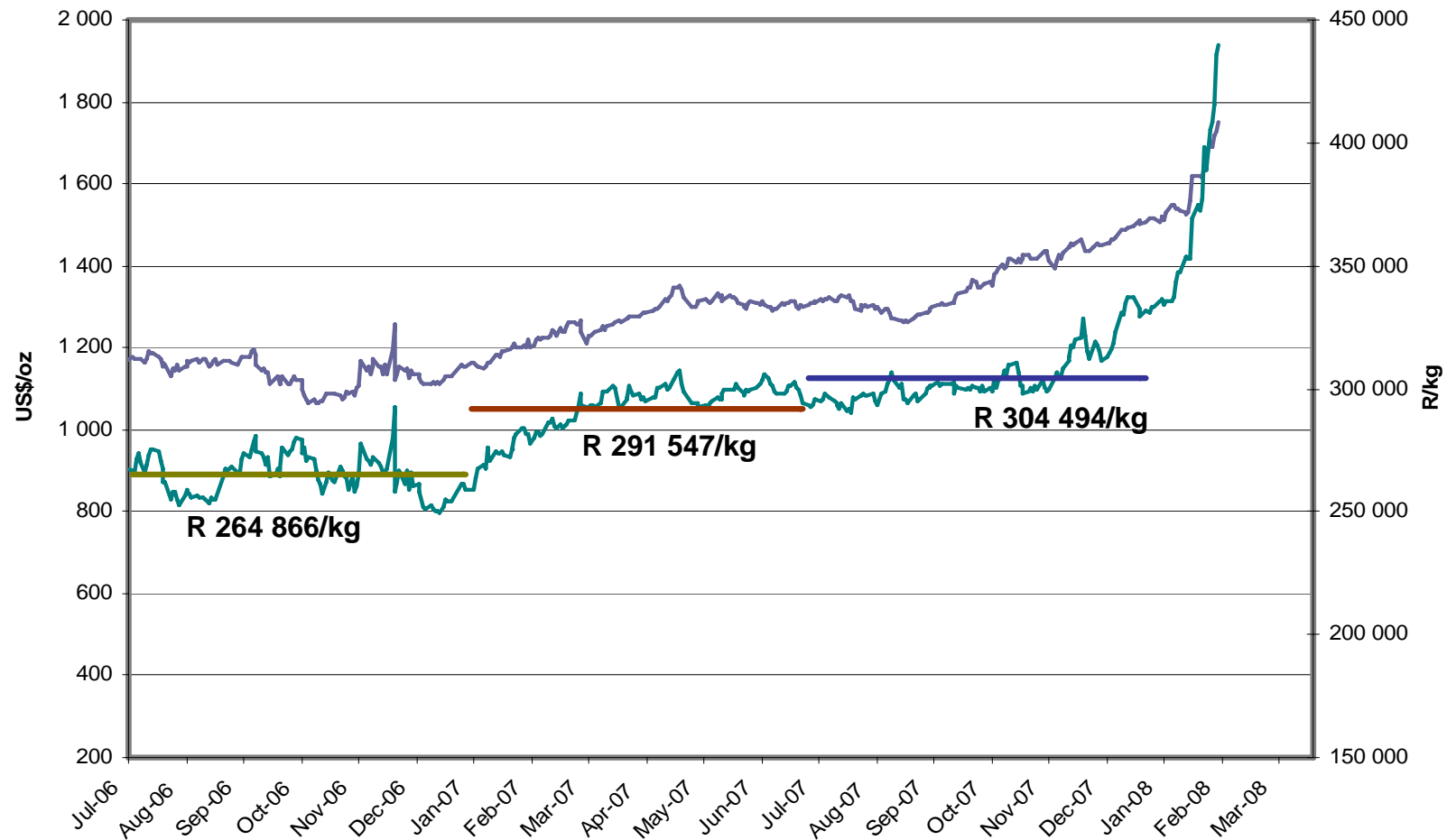
# Market review

- Robust demand for Northam's basket of metals has persisted; prices have remained buoyant throughout the reporting period.
- Pt - (53% of revenue) - continued growth in autocat demand (diesel vehicles, particulate filters, after treatment applications). Jewellery sales resilient. Growing support for ETFs.
- Pd (6% of revenue) – increasing autocat demand (new vehicles & substitution for Pt). Decline in jewellery demand.
- Rh (27% of revenue) - consumption remains firm in autocat and chemical sectors – market has remained in deficit.
- Ni (7% of revenue) – stainless steel production cutbacks, LME stocks rise to 7 year highs – prices eased to \$25 600/mt by end 2007.

# Metal prices



# Basket prices

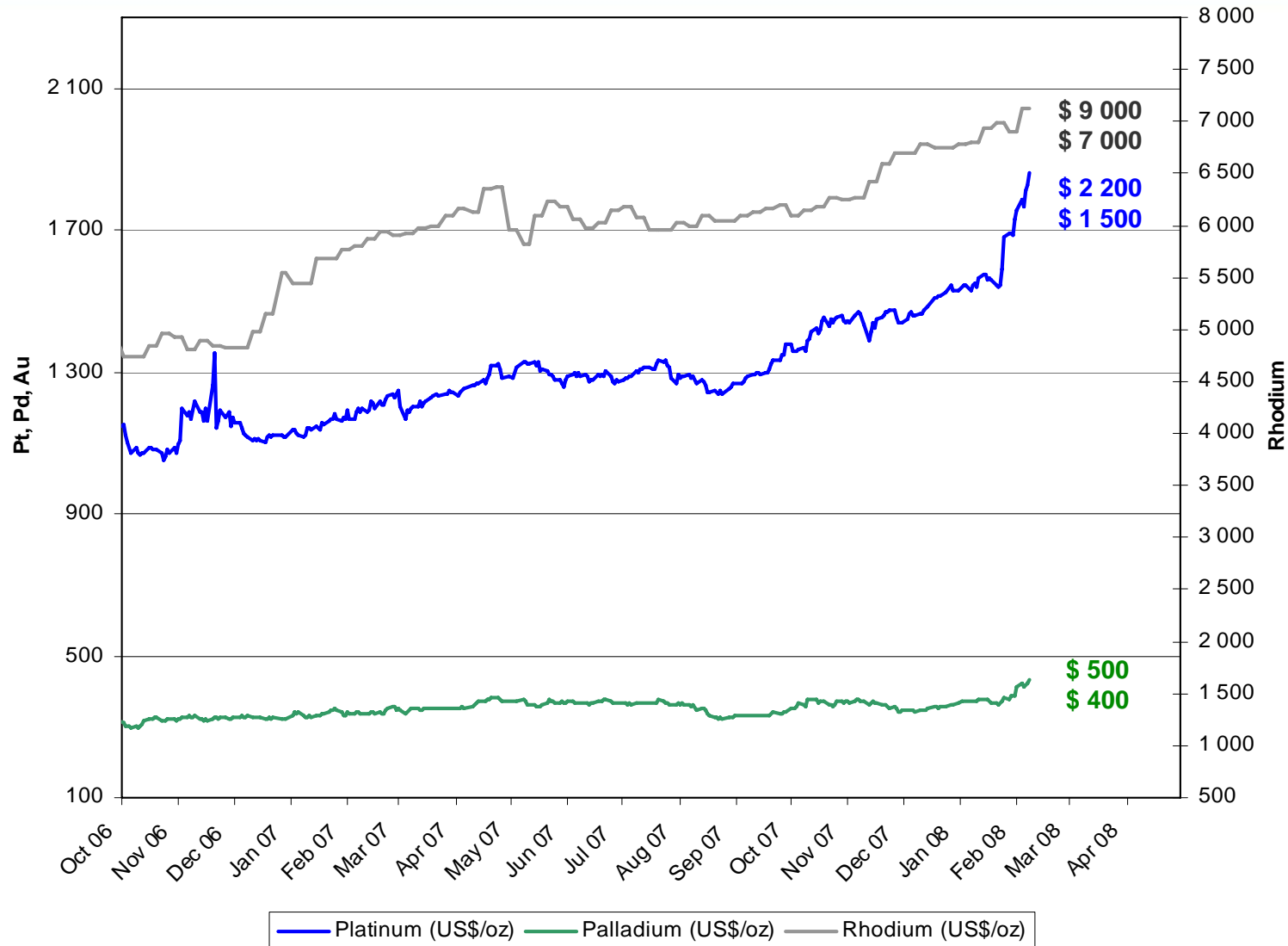


— Basket Price (US\$/oz) 
 — Basket Price (R/kg) 
 — Ave Basket H107 
 — Ave Basket H207 
 — Ave Basket H108

# Market outlook

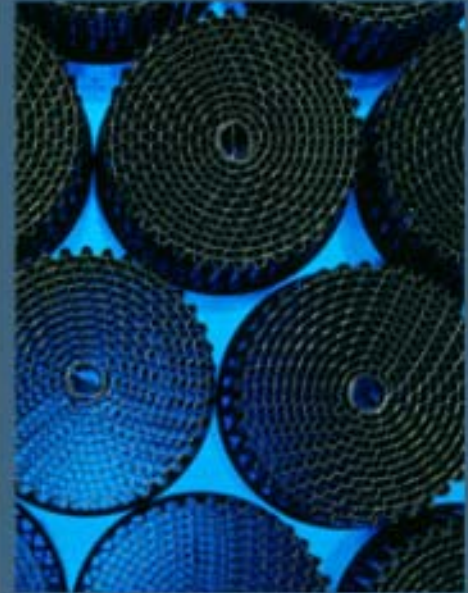
- Demand outlook for all metals to remain strong.
- Pt & Rh markets currently driven by physical shortages & supply side risks; the market deficit for these metals to continue.
- Pd – market surplus to persist; however continued substitution for Pt in autocats, supported by demand from electronics, ETFs and fund activity.
- Ni – robust global demand for stainless steel to continue; mills likely to replenish depleted stockpiles & expand production.

# Metal prices outlook



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## Conclusion

# Key issues going forward

## **Operating issues**

- Safety
- Skills retention
- Costs
- Power disruptions
- Merensky mining conditions

## **Growth**

- Conclude Booyssendal transaction

## **Markets**

- Strong fundamental demand continues

## **Outlook**

- Production in H2 is expected to correspond to H1 and earnings will be determined by the Rand basket price received



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## INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2007