

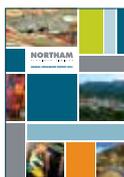
NORTHAM

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

**NOTICE OF ANNUAL GENERAL MEETING
AND ABRIDGED ANNUAL REPORT 2014**

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REPORTING SUITE



Annual integrated report 2014



Notice of AGM and
abridged annual report 2014



Reviewed preliminary results for
the year ended 30 June 2014



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NOTICE OF THE 2014 ANNUAL GENERAL MEETING

NORTHAM PLATINUM LIMITED

(Registration number 1977/003282/06)

Share code: NHM

Debt issuer code: NHMI

ISIN: ZAE000030912

("Northam" or the "group" or the "company")

Notice is hereby given in terms of section 62(1) of the Companies Act, No. 71 of 2008 (as amended), (the "Companies Act") that the annual general meeting ("AGM") of shareholders of Northam ("notice") will be held in Room HB1, Hackle Brooke, 110 Conrad Drive, corner of Jan Smuts Avenue and Conrad Drive, Craighall, Johannesburg on Wednesday, 5 November 2014 at 10h00 for the following purposes:

Considering and, if deemed fit, adopting, with or without modification, the ordinary and special resolutions set out below:

ORDINARY RESOLUTIONS

- receiving, considering and adopting the audited group annual financial statements of Northam for the year ended 30 June 2014;
- re-electing directors;
- re-appointing the auditors;
- re-electing the audit and risk committee members;
- approving the group remuneration policy;
- approving the non-executive directors' remuneration paid for the year ended 30 June 2014;
- approving the issue of authorised but unissued ordinary shares; and
- approving changes to the Northam share incentive plan rules.

SPECIAL RESOLUTIONS

- approval of non-executive directors' remuneration for the year ending 30 June 2015;
- financial assistance; and
- general authority to repurchase issued shares.

Transacting any other business as may be conducted at an AGM.

RECORD DATES

In terms of section 59(1)(a) and (b) of the Companies Act, the board of directors of the company has set the record date for the purpose of determining which shareholders are entitled to:

- receive notice of the AGM (being the date on which a shareholder must be registered in the company's securities register in order to receive notice of the AGM) as Friday, 19 September 2014; and
- participate in and vote at the AGM (being the date on which a shareholder must be registered in the company's securities register in order to participate in and vote at the AGM) as Friday, 31 October 2014.

ORDINARY RESOLUTIONS

ORDINARY RESOLUTION NUMBER 1: ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS

"Resolved that the audited annual financial statements for the year ended 30 June 2014, including the reports of the directors, auditors and the audit and risk committee, be and are hereby adopted."

NOTICE OF THE 2014 ANNUAL GENERAL MEETING CONTINUED

The summarised audited annual financial statements for 2014 as per Annexure 1 are contained in this document, of which this notice forms part. The complete 2014 annual integrated report, containing the audited annual financial statements and the relevant reports for the year are available at www.northam.co.za or can be obtained from the company's registered office on request.

ORDINARY RESOLUTION NUMBERS 2.1, 2.2, 2.3 AND 2.4: RE-ELECTION OF DIRECTORS

"Resolved that Mr PA Dunne, who retires by rotation in terms of article 34.5.4 of the company's memorandum of incorporation ("MOI") and being eligible and offering himself for re-election, be and is hereby re-elected as a director."

"Resolved that Mr JAK Cochrane, who retires by rotation in terms of article 34.5.1 of the company's MOI and being eligible and offering himself for re-election, be and is hereby re-elected as a director."

"Resolved that Mr R Havenstein, who retires by rotation in terms of article 34.5.1 of the company's MOI and being eligible and offering himself for re-election, be and is hereby re-elected as a director."

"Resolved that Mr PL Zim, who retires by rotation in terms of article 34.5.1 of the company's MOI and being eligible and offering himself for re-election, be and is hereby re-elected as a director."

Brief summaries of their curricula vitae are set out in Annexure 2 contained in this document, of which this notice forms part.

ORDINARY RESOLUTION NUMBER 3: RE-APPOINTMENT OF EXTERNAL AUDITORS

"Resolved that Ernst & Young Inc. (with the designated registered auditor being Mike Herbst) be and is hereby re-appointed as the independent external auditor of the company."

The audit and risk committee has evaluated the performance of Ernst & Young Inc. and recommends their re-appointment as independent auditors of the company.

ORDINARY RESOLUTION NUMBERS 4.1, 4.2, 4.3 AND 4.4: RE-ELECTION OF THE MEMBERS OF THE AUDIT AND RISK COMMITTEE

"Resolved that Mr ME Beckett, being eligible and offering himself for re-election, be and is hereby re-elected a member of the audit and risk committee."

"Resolved that Mr R Havenstein, being eligible and offering himself for re-election, be and is hereby re-elected a member of the audit and risk committee, subject to his re-election as a director pursuant to ordinary resolution number 2.3."

"Resolved that Ms TE Kgosi, being eligible and offering herself for re-election, be and is hereby re-elected a member of the audit and risk committee."

"Resolved that Mr AR Martin, being eligible and offering himself for re-election, be and is hereby re-elected a member of the audit and risk committee."

Brief summaries of their curricula vitae are set out in Annexure 2 contained in this document, of which this notice forms part.

ORDINARY RESOLUTION NUMBER 5: APPROVAL OF GROUP REMUNERATION POLICY

“Resolved, as a non-binding resolution, that the group remuneration policy be and is hereby approved by way of a non-binding advisory vote, as recommended in the third King report on Corporate Governance for South Africa 2009, commonly referred to as King III.”

The group remuneration policy as well as detail of the social, ethics and human resources committee is set out in Annexure 3 of this document, of which this notice forms part.

**ORDINARY RESOLUTION NUMBER 6: APPROVAL OF NON-EXECUTIVE DIRECTORS’
REMUNERATION PAID FOR THE YEAR ENDED 30 JUNE 2014**

“Resolved that the non-executive directors’ fees paid for the year ended 30 June 2014, as set out in Annexure 4 of this document, be and is hereby approved.”

**ORDINARY RESOLUTION NUMBER 7: APPROVAL FOR THE ISSUE OF AUTHORISED BUT
UNISSUED ORDINARY SHARES**

“Resolved that, as required by the company’s MOI and subject to the provisions of section 41 of the Companies Act and the listings requirements of the JSE Limited (“JSE”) (“listings requirements”) on which the shares in the capital of the company may from time to time be listed, the authorised but unissued shares in the capital of the company be and are hereby placed under the control and authority of the directors of the company and that the directors of the company be and are hereby authorised, as they in their discretion think fit, to allot, issue and otherwise dispose of, or grant options over, shares representing not more than 5% (five percent) of the number of ordinary shares in the issued share capital of the company as at 30 June 2014 (for which purposes any shares approved to be allotted and issued by the company in terms of the share option scheme or share incentive plan for the benefit of employees shall be excluded), such authority to endure until the next AGM of the company (whereupon this authority shall lapse, unless it is renewed at the aforementioned AGM).”

**ORDINARY RESOLUTION NUMBER 8: APPROVAL OF CHANGES TO THE NORTHAM SHARE
INCENTIVE PLAN RULES**

“Resolved that the Northam Platinum Limited Share Incentive Plan (plan) be amended, such that the overall company limit in the plan be changed from 38 000 000 shares to 19 879 000 shares (which represents approximately 5% of the total shares in issue of Northam as at 30 June 2014) and that the individual limit in the plan be changed from 4 000 000 shares to 2 000 000 shares (which represents approximately 0.5% of the total shares in issue of Northam as at 30 June 2014).”

The reason for and the effect of this ordinary resolution is that having regard to recent circumstances, wherein institutional investors have requested the rules be amended to reduce the limits of shares in the plan, as per the proposed resolution.

The board will be effecting certain other minor amendments to the plan that do not require Northam shareholder approval and are as such within its powers of amendment, in terms of the plan rules.

The amended plan rules will lie for inspection at the company’s registered office from the date of posting this notice to the date of the AGM.

NOTICE OF THE 2014 ANNUAL GENERAL MEETING CONTINUED

SPECIAL RESOLUTIONS

SPECIAL RESOLUTION NUMBER 1: APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION FOR THE YEAR ENDING 30 JUNE 2015

"Resolved that the following remuneration for directors be and is hereby approved for the year ending 30 June 2015:

Board fees

- Board chairman – R126 600 per annum.
- Lead independent director – R93 900 per annum.
- Board members – R59 100 per annum.
- Board meeting attendance fees – R38 200 per meeting.

Audit and risk committee fees

- Committee chairman – R56 700 per annum.
- Committee members – R28 400 per annum.
- Committee meeting attendance fees – R18 500 per meeting.

Social, ethics and human resources committee fees

- Committee chairman – R48 300 per annum.
- Committee members – R22 200 per annum.
- Committee meeting attendance fees – R14 800 per meeting.

Other board appointed committees fees

- Committee chairman – R45 300 per annum.
- Committee members – R22 200 per annum.
- Committee meeting attendance fees – R14 800 per meeting.
- *Ad hoc* fees – R2 960 per hour."

REASON AND EFFECT

The reason for and the effect of this special resolution is to approve the basis for calculating the remuneration payable by the company to its non-executive directors for their services as directors of the company for the period ending 30 June 2015. Further details are included in Annexure 4 which forms part of this document.

SPECIAL RESOLUTION NUMBER 2: FINANCIAL ASSISTANCE IN TERMS OF SECTION 45 OF THE COMPANIES ACT

"Resolved that the board of directors of the company (the "board") be and is hereby authorised in terms of and subject to the provisions of section 45 of the Companies Act, to cause the company to provide any financial assistance in any form or amount to any company or corporation which is related or inter-related to the company (as defined in the Companies Act), on the terms and conditions that the board may determine from time to time."

REASON AND EFFECT

The reason for and the effect of this special resolution, which is required in terms of section 45 of the Companies Act, is to grant the directors of the company the authority to cause the company to provide financial assistance by way of loans, guarantees, the provision of security or otherwise, to any company which is related or inter-related

to Northam i.e. its subsidiaries. The special resolution does not authorise the provision of financial assistance to a director or prescribed officer of the company.

The provision of financial assistance to subsidiaries of Northam is necessary for the sustainability of the business of the group, taking into account that the financial performance of the operations is dependent on numerous external factors, which include the prices of platinum group metals, and the Rand/US Dollar exchange rate.

The board is satisfied that immediately after granting the abovementioned financial assistance, the company will satisfy the solvency and liquidity test set out in the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company as referred to in Annexure 7 which forms part of this document.

SPECIAL RESOLUTION NUMBER 3: GENERAL AUTHORITY TO REPURCHASE ISSUED SHARES

“Resolved, as a special resolution, that a mandate be and is hereby given to the company (or any one of its wholly-owned subsidiaries) providing authorisation, by way of a general authority, to acquire the company’s own issued shares, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the MOI of the company, the Companies Act and the listings requirements, and subject further to the following terms and conditions:

- a. Any repurchase of shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter-party.
- b. At any one time, the company may only appoint one agent to effect any repurchase.
- c. This general authority shall be valid until the company’s next AGM, provided that it shall not extend beyond 15 months from date of passing of this special resolution.
- d. An announcement shall be published as soon as the company has cumulatively repurchased 3% of the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter, containing full details of such acquisitions.
- e. Repurchases by the company and/or its subsidiaries in aggregate in any one financial year may not exceed 20% of the company’s issued share capital as at the date of passing of this special resolution or 10% of the company’s issued share capital in the case of an acquisition of shares in the company by a subsidiary of the company.
- f. Repurchases may not be made at a price greater than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date on which the transaction was effected.
- g. The company or its subsidiaries may not repurchase securities during a prohibited period as defined in the listings requirements unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been submitted to the JSE, in writing, prior to the prohibited period.”

In respect of the general authorities to be granted in terms of this special resolution, the directors will not undertake either of these activities until such time as they have applied the solvency and liquidity test required in terms of section 4 of the Companies Act:

- the assets of the company and group, fairly valued, equal or exceed the liabilities of the company and group, fairly valued, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;

NOTICE OF THE 2014 ANNUAL GENERAL MEETING CONTINUED

- there is reason to believe that the company will be able to pay its debts as and when they become due in the ordinary course of business; and
- for the purpose of determining the fair value of the company's and group's assets and liabilities, due cognisance has been taken of any contingent assets and liabilities that may arise as a consequence of the distribution.

REASON AND EFFECT

The reason for this special resolution is, and the effect thereof will be to grant, in terms of the provisions of the Companies Act, the listings requirements and subject to the terms and conditions embodied in the said special resolution, a general authority to the directors to approve the acquisition by the company of its own shares, or by a subsidiary of the company of the company's shares, which authority shall be used by the directors at their discretion during the course of the period so authorised.

ADDITIONAL DISCLOSURE REQUIREMENTS IN TERMS OF THE LISTINGS REQUIREMENTS:

In terms of the listings requirements of the JSE as amended or replaced from time to time (the "listings requirements"), the following information refers:

Major shareholders – Refer to Annexure 6.

Share capital of the company – Refer to Annexure 6.

Directors' responsibility statement - The directors, whose names are given in Annexure 2, collectively and individually accept full responsibility for the accuracy of the information pertaining to the resolutions set out above and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement in these resolutions false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the notice contains all information required by law and the listings requirements.

Material change - Other than the facts and developments reported on in this summarised annual report, there have been no material changes in the affairs, financial or trading position of the company and its subsidiaries since the end of the financial period. The company's products are priced in US dollars and therefore volatility in the rand/US dollar exchange rate could affect the company's revenues negatively.

TO TRANSACT ANY OTHER BUSINESS AS MAY BE CONDUCTED AT AN AGM

APPROVALS REQUIRED FOR RESOLUTIONS

The ordinary resolutions 1 to 7 contained in this notice of AGM require the approval of more than fifty percent (50%) of the total votes cast on the resolutions by shareholders present or represented by proxy at the AGM.

Ordinary resolution 8 and the special resolutions contained in this notice of AGM require the approval of at least seventy-five percent (75%) of the total votes cast on the resolutions by shareholders present or represented by proxy at the AGM.

IMPORTANT NOTICE REGARDING ATTENDANCE AT AGM

A person attending the AGM must present reasonably satisfactory identification. The chairman of the AGM must be reasonably satisfied that the right of a person to participate and vote at the AGM either as a shareholder, or as a proxy for a shareholder, has been reasonably verified.

TELEPHONIC PARTICIPATION

For the benefit of shareholders who are unable to attend the AGM but wish to participate therein, a simultaneous audiolink will be available at the following numbers:

| | |
|-------------------------|---------------------------------|
| South Africa: | +27 11 535 3600 0800 200 648 |
| UK: | 0808 162 4061 |
| Other countries: | +27 11 535 3600 |

PROXY

All shareholders who are entitled to attend, speak and vote at the AGM may appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a member of the company.

Should shareholders, both certificated and dematerialised, be unable to attend the AGM and wish to be represented thereat, they should appoint one or more proxies to attend, speak and vote in their stead. However, those shareholders who hold their certificated shares in the name of a nominee or shareholders who have already dematerialised their shares and have not selected own name registration and wish to attend the AGM, should timeously arrange with their nominee or their Central Securities Depository Participant ("CSDP") or their broker to furnish them with the necessary authorisation to attend and vote at the AGM. Should these shareholders not wish to attend they may, pursuant to the terms of the agreement entered into with their nominee, CSDP or broker, instruct such nominee, CSDP or broker how they wish their votes to be cast in respect of any matter to be considered at the AGM. Shareholders who are unsure of their status or the action they should take, are advised to consult their CSDP, broker or financial adviser.

A proxy form is attached for use by registered certificated shareholders and dematerialised shareholders with own name registration. To be effective, a proxy form must be executed in terms of the company's MOI and in accordance with the relevant instructions set out on the form, and must be lodged with the transfer secretaries not less than 48 hours before the time set down for the AGM. If required, additional proxy forms may be obtained from the transfer secretaries.

VOTING

On a show of hands, every shareholder of the company present in person or represented by proxy shall have only one (1) vote. On a poll, every shareholder of the company shall have one vote for every share held in the company by such shareholder.

Treasury shares, as defined by the listings requirements, will not have their votes at the AGM taken into account for purposes of resolutions proposed in terms of the listings requirements.

PROOF OF IDENTIFICATION REQUIRED

Any shareholder or proxy who intends to attend or participate at the AGM must be able to present reasonably satisfactory identification at the AGM for such shareholder or proxy to attend and participate in the AGM. A green bar-coded identification document issued by the South African Department of Home Affairs, a driver's licence or a valid passport will be accepted as sufficient identification.

By order of the board.

PB Beale

Company secretary
25 September 2014

ANNEXURE 1 –

SUMMARISED 2014 AUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2014

| | Group | | Company | |
|---|-------------------|------------|-------------------|------------|
| | 2014 | 2013 | 2014 | 2013 |
| | R000 | R000 | R000 | R000 |
| ASSETS | | | | |
| Non-current assets | 12 745 424 | 12 622 989 | 8 369 853 | 8 287 148 |
| Property, plant and equipment | 6 287 062 | 6 222 226 | 2 295 671 | 2 147 090 |
| Mining properties and mineral resources | 5 653 328 | 5 708 825 | 113 091 | 121 762 |
| Interest in associates and joint venture | 496 509 | 495 498 | 109 938 | 122 442 |
| Investments in subsidiaries | | | 5 747 619 | 5 801 514 |
| Unlisted investment | 6 | 6 | 6 | 6 |
| Land and township development | 10 204 | 15 553 | – | – |
| Long-term receivables | 94 047 | 87 400 | – | – |
| Investments held by Northam Platinum Restoration Trust Fund | 46 468 | 40 948 | 36 791 | 33 913 |
| Environmental Guarantee Investment | 51 024 | 42 407 | 42 281 | 35 965 |
| Buttonshope Conservancy Trust | 10 702 | 10 126 | – | – |
| Long-term subsidiary loans | | | 24 456 | 24 456 |
| Deferred tax asset | 96 074 | – | – | – |
| Current assets | 1 995 572 | 1 734 675 | 6 116 903 | 5 534 946 |
| Short-term subsidiary loans | | | 4 588 974 | 4 119 639 |
| Inventories | 1 076 853 | 878 530 | 700 983 | 872 333 |
| Trade and other receivables | 244 672 | 547 920 | 192 186 | 333 959 |
| Cash and cash equivalents | 666 174 | 298 580 | 634 760 | 209 015 |
| Tax receivable | 7 873 | 9 645 | – | – |
| Total assets | 14 740 996 | 14 357 644 | 14 486 756 | 13 822 094 |

| | Group | | Company | |
|--|-------------------|------------|-------------------|------------|
| | 2014 | 2013 | 2014 | 2013 |
| | R000 | R000 | R000 | R000 |
| EQUITY AND LIABILITIES | | | | |
| Stated capital/share capital and share premium | 9 178 688 | 8 599 655 | 9 178 688 | 8 599 655 |
| Retained earnings | 2 223 135 | 2 220 477 | 2 302 455 | 2 063 282 |
| Share of other comprehensive income from associate | (15 340) | (14 013) | – | – |
| Equity attributable to owners of the parent | 11 386 483 | 10 806 119 | 11 481 143 | 10 662 937 |
| Non-controlling interests | 5 389 | 9 516 | – | – |
| Total equity | 11 391 872 | 10 815 635 | 11 481 143 | 10 662 937 |
| Non-current liabilities | 2 157 462 | 1 997 826 | 2 063 084 | 1 909 754 |
| Deferred tax liability | 502 097 | 476 053 | 506 818 | 484 447 |
| Long-term provisions | 142 709 | 133 267 | 96 834 | 90 299 |
| Long-term loans | 43 763 | 47 564 | – | – |
| Long-term share-based payment liability | 98 893 | 90 942 | 89 432 | 85 008 |
| Domestic medium term notes | 1 370 000 | 1 250 000 | 1 370 000 | 1 250 000 |
| Current liabilities | 1 191 662 | 1 544 203 | 942 529 | 1 249 403 |
| Current portion of long-term loans | 3 801 | 3 801 | – | – |
| Short-term share-based payment liability | 69 942 | 16 665 | 63 449 | 14 518 |
| Revolving credit facilities | – | 250 000 | – | 250 000 |
| Bank overdraft | 118 | – | 118 | – |
| Tax payable | 121 481 | 156 963 | 15 390 | 52 848 |
| Trade and other payables | 877 365 | 1 012 104 | 751 577 | 826 650 |
| Short-term provisions | 118 955 | 104 670 | 111 995 | 104 670 |
| Short-term subsidiary loans | – | – | – | 717 |
| Total equity and liabilities | 14 740 996 | 14 357 664 | 14 486 756 | 13 822 094 |

ANNEXURE 1 –

SUMMARISED 2014 AUDITED FINANCIAL STATEMENTS CONTINUED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2014

| | Group | | Company | |
|--|------------------|-----------|------------------|-----------|
| | 2014 | 2013 | 2014 | 2013 |
| | R000 | R000 | R000 | R000 |
| Revenue | 5 477 558 | 4 510 475 | 4 702 912 | 4 579 424 |
| Sales revenue | 5 339 397 | 4 420 977 | 4 268 436 | 4 243 420 |
| Cost of Sales | 5 277 915 | 3 813 301 | 4 152 938 | 3 745 036 |
| Operating costs | 3 536 002 | 2 826 094 | 2 690 872 | 2 759 433 |
| Concentrates purchased | 918 605 | 657 540 | 918 605 | 657 540 |
| Refining and other costs | 267 117 | 161 591 | 155 789 | 161 591 |
| Depreciation and write-offs | 445 875 | 234 690 | 209 430 | 232 930 |
| Change in metal inventories | 110 316 | (66 614) | 178 242 | (66 458) |
| Operating profit | 61 482 | 607 676 | 115 498 | 498 384 |
| Share of earnings from associate and joint venture/dividends received | 3 464 | 13 783 | 69 | 16 740 |
| Investment revenue | 59 963 | 33 434 | 261 274 | 174 311 |
| Finance charges | (176 124) | (17 946) | (170 690) | (119 669) |
| Sundry expenditure | (26 724) | (28 254) | (89 442) | (70 666) |
| Sundry income | 123 735 | 88 362 | 216 334 | 193 067 |
| Profit before tax | 45 796 | 697 055 | 333 043 | 692 167 |
| Taxation | 26 199 | 169 054 | 93 870 | 149 149 |
| Profit for the year | 19 597 | 528 001 | 239 173 | 543 018 |
| Other comprehensive income | (1 327) | (4 145) | – | – |
| <i>Items that will not be subsequently reclassified to profit or loss</i> | 418 | – | – | – |
| Share of associate's remeasurements of post-employment benefit obligations net of tax | 418 | – | – | – |
| <i>Items that will be reclassified subsequently to profit or loss</i> | (1 745) | (4 145) | – | – |
| Share of associate's exchange differences on translating foreign operations net of tax | (1 738) | (4 105) | – | – |
| Share of associate's fair value adjustment on available-for-sale financial assets net of tax | (7) | (40) | – | – |
| Total comprehensive income for the year | 18 270 | 523 856 | 239 173 | 543 018 |

| | Group | | Company | |
|--|---------------|----------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | R000 | R000 | R000 | R000 |
| <i>Profit attributable to:</i> | | | | |
| Owners of the parent | 9 486 | 504 907 | 239 173 | 543 018 |
| Non-controlling interests | 10 111 | 23 094 | – | – |
| Profit for the year | 19 597 | 528 001 | 239 173 | 543 018 |
| <i>Total comprehensive income attributable to:</i> | | | | |
| Owners of the parent | 8 159 | 500 762 | 239 173 | 543 018 |
| Non-controlling interests | 10 111 | 23 094 | – | – |
| Total comprehensive income for the year | 18 270 | 523 856 | 239 173 | 543 018 |

| | Cents | Cents |
|-------------------------------------|-------|-------|
| Earnings per share | 2.4 | 132.0 |
| Diluted earnings per share | 2.4 | 132.0 |
| Headlines earnings per share | 2.2 | 136.5 |
| Diluted headline earnings per share | 2.2 | 136.5 |

ANNEXURE 1 –

SUMMARISED 2014 AUDITED FINANCIAL STATEMENTS CONTINUED

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

| | Share capital* | Share premium* |
|--|-------------------|-------------------|
| | R000 | R000 |
| GROUP | | |
| Balance at 1 July 2012 | 3 825 | 8 593 823 |
| Share based payments expense | – | – |
| Transfer of equity compensation reserve to share-based payment liability | – | – |
| Transfer of equity compensation reserve to retained earnings | – | – |
| Non-controlling interest arising on a business combination | – | – |
| Total comprehensive income for the year | – | – |
| Profit for the year | – | – |
| Other comprehensive income for the year | – | – |
| Dividends declared# | – | – |
| Issue of new shares | 1 | 2 006 |
| Transfer of share capital and share premium to stated capital | (3 826) | (8 595 829) |
| Balance at 1 July 2013 | – | – |
| Acquisition of non-controlling interest | – | – |
| Total comprehensive income for the year | – | – |
| Profit for the year | – | – |
| Other comprehensive income for the year | – | – |
| Dividends declared# | – | – |
| Issue of new shares | – | – |
| Balance at 30 June 2014 | – | – |

Non-controlling interest's portion of dividends declared by entities within the Northam group.

* Share capital and share premium were converted to no par value shares and are now referred to as stated capital.

Equity compensation reserve

The equity compensation reserve represents the value of equity-settled share-based payments provided to employees as part of their remuneration. Refer to note 18 in the 2014 annual integrated report at www.northam.co.za for further details.

Other comprehensive income from associate

The value of other comprehensive income from associate relates to the group's share of the associate's: remeasurements of post-employment benefit obligations, translation differences on foreign subsidiaries held by the associate, as well as the fair value adjustment on available-for-sale financial assets.

| Stated capital* | Equity compensation reserve | Retained earnings | Other comprehensive income from associate | Non-controlling interest | Total |
|------------------|-----------------------------|-------------------|---|--------------------------|-------------------|
| R000 | R000 | R000 | R000 | R000 | R000 |
| – | 202 634 | 1 622 833 | (9 868) | – | 10 413 247 |
| – | 13 807 | – | – | – | 13 807 |
| – | (123 704) | – | – | – | (123 704) |
| – | (92 737) | 92 737 | – | – | – |
| – | – | – | – | 8 169 | 8 169 |
| – | – | 504 907 | (4 145) | 23 094 | 523 856 |
| – | – | 504 907 | – | 23 094 | 528 001 |
| – | – | – | (4 145) | – | (4 145) |
| – | – | – | – | (21 747) | (21 747) |
| – | – | – | – | – | 2 007 |
| 8 599 655 | – | – | – | – | – |
| 8 599 655 | – | 2 220 477 | (14 013) | 9 516 | 10 815 635 |
| – | – | (6 828) | – | (3 172) | (10 000) |
| – | – | 9 486 | (1 327) | 10 111 | 18 270 |
| – | – | 9 486 | – | 10 111 | 19 597 |
| – | – | – | (1 327) | – | (1 327) |
| – | – | – | – | (11 066) | (11 066) |
| 579 033 | – | – | – | – | 579 033 |
| 9 178 688 | – | 2 223 135 | (15 340) | 5 389 | 11 391 872 |

ANNEXURE 1 –

SUMMARISED 2014 AUDITED FINANCIAL STATEMENTS CONTINUED

STATEMENT OF CASH FLOWS

for the year ended 30 June 2014

| | Group | | Company | |
|---|------------------|-------------|-----------|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| | R000 | R000 | R000 | R000 |
| Cash flows from operating activities | 885 490 | 524 200 | 670 485 | 428 377 |
| Cash generated from operations | 693 737 | 915 317 | 507 329 | 829 423 |
| Interest received | 52 583 | 29 290 | 35 516 | 17 468 |
| Change in working capital | 270 562 | (281 104) | 238 050 | (308 050) |
| Taxation paid | (131 392) | (139 303) | (110 410) | (110 464) |
| Cash flows utilised in investing activities | (766 056) | (1 703 238) | (523 201) | (1 640 058) |
| Property, plant, equipment and mining properties and mineral reserves | | | | |
| – additions to maintain operations | (358 200) | (363 914) | (351 466) | (347 871) |
| – additions to expand operations | (539 645) | (1 383 200) | – | – |
| – proceeds from sale of development ounces | 137 687 | – | – | – |
| – disposals proceeds | 3 398 | 4 497 | 1 297 | 3 689 |
| Land and township development | | | | |
| – additions | (2 825) | (17 683) | – | – |
| – disposals proceeds | 8 174 | 45 979 | – | – |
| Investment in associate | | | | |
| – cash distributed | 69 | 16 740 | 69 | 16 740 |
| Increase in subsidiary loans | | | (248 911) | (1 401 345) |
| Increase in investments held by Northam Platinum Restoration Trust Fund | (5 521) | (5 259) | (2 878) | (2 682) |
| Increase in Environmental Guarantee Investment | (8 617) | (6 687) | (6 316) | (4 442) |
| Increase in Buttonshope Conservancy Trust | (576) | (351) | – | – |
| Acquisition of subsidiary net of cash acquired | – | 6 416 | (10 000) | (10 000) |
| Dividends received | – | 224 | 95 004 | 105 853 |

| | Group | | Company | |
|---|------------------|-----------|------------------|-----------|
| | 2014 | 2013 | 2014 | 2013 |
| | R000 | R000 | R000 | R000 |
| Cash flows generated from financing activities | 248 042 | 1 372 638 | 278 343 | 1 382 338 |
| Proceeds from issue of shares | 579 033 | 2 007 | 579 033 | 2 007 |
| Acquisition of non-controlling interest | (10 000) | – | – | – |
| Finance charges | (176 124) | (123 703) | (170 690) | (119 669) |
| Dividends paid | (11 066) | (21 747) | – | – |
| (Decrease)/increase in long-term loans | (3 801) | 16 081 | – | – |
| Revolving credit facilities (repaid)/utilised | (250 000) | 250 000 | (250 000) | 250 000 |
| Domestic medium-term notes issued | 120 000 | 1 250 000 | 120 000 | 1 250 000 |
| Increase in cash and cash equivalents | 367 476 | 193 600 | 425 627 | 170 657 |
| Cash and cash equivalents at beginning of year | 298 580 | 104 980 | 209 015 | 38 358 |
| Cash and cash equivalents at end of year | 666 056 | 298 580 | 634 642 | 209 015 |

ANNEXURE 1 –

SUMMARISED 2014 AUDITED FINANCIAL STATEMENTS CONTINUED

EXTRACTS FROM THE CHIEF EXECUTIVE'S REVIEW

My first review to shareholders and stakeholders comes after having had a fair period to establish that this company, its people and its assets, are in good shape. On behalf of the board, I must extend sincere thanks to my predecessor; Glyn Lewis's contribution to this company has been immense: the construction and successful commissioning of Booyensdal, the company's second PGM mine on the eastern limb now in full ramp-up stage, has transformed Northam, adding to its production profile on the one hand, reducing the company's operational risk on the other and enhancing its optionality.

F2014 AND THE OPERATING ENVIRONMENT

The issues of constructive employee and community consultation along with meaningful and sustainable benefits for our stakeholders was brought into sharp focus in the past year: the 11-week National Union of Mineworkers' (NUM) strike at our Zondereinde operation was watched closely at the time; at that stage it was the longest strike in the SA labour environment, before being eclipsed by the five-month platinum strike called by the Association of Mineworkers and Construction Workers Union (AMCU) immediately after the Zondereinde strike was resolved. This was a trying period for management and employees alike.

The NUM has traditionally been the strongest union at Zondereinde with membership in excess of 80%. Given the shift in union affiliation throughout the western limb of the Bushveld Complex, we have kept a close watch on developments on the labour front.

I have, to date, been encouraged by management's approach to the labour situation – which is to increase and intensify the engagement process with the unions and to deal decisively with any issues which could be amplified, taken out of context, and used as a rationale for industrial action. I am also confident that the unions will respect the two-year wage agreement we reached earlier this calendar year. Any further industrial action in the near to medium term will have a severely damaging impact on the company, on the PGM sector as a whole, and will further harm South Africa's rankings as an investment destination.

We welcome President Zuma's spotlight on the mining sector in his state of the nation address earlier in the year and look forward to a constructive intervention in conserving an industry which still remains so critical to South Africa's economic well-being.

Our adherence to Mining Charter requirements are being scrutinised both internally and externally – and we have flagged areas which need an accelerated and intensified approach. Our housing and accommodation strategy has resulted in 359 new home owners at Mojuteng near Zondereinde, while we have also created single units converted from the current hostel accommodation. In spite of these successes, and expenditure of R31 million in F2014 alone, we are conscious that the Mining Charter targets are beyond our reach for this year. The accommodation and home ownership strategy is one that is currently being reviewed and accelerated.

Performance 2014

Further details on the group's financial performance may be found in the annual integrated report 2014, at www.northam.co.za, and in the preliminary annual results announcement, available at: www.northam.co.za/investors-and-media/publications/financials respectively.

Investors in Northam are clearly concerned about the group's intention to distribute cash and pay dividends. This is something we are grappling with, at board level, balancing the need to reward our shareholders on the one hand, while leveraging our positioning in the sector, and ensuring we have a pipeline of growth projects to sustain the group into the future, on the other hand. These factors will inform our dividend policy in the future.

Both mining divisions of the group fared well in the past year. Although there was some slippage in the ramp-up at Booyensdal, this is not serious, and, with clear management focus, Booyensdal should reach steady state by the end of the 2015 calendar year. With Booyensdal's contribution to metal sales for the first time, the effect of the Zondereinde strike was partially tempered, illustrating the progressive derisking that a second operating asset provides.

I am pleased to report that Booyensdal achieved one million fatality-free shifts during the year. Safety performance at Booyensdal has been world class, with mechanisation clearly being the differentiator. Zondereinde too has had a commendable safety performance, culminating in the achievement of one million fatality-free shifts.

BLACK ECONOMIC EMPOWERMENT

We are deeply conscious of Northam's empowerment equity shortfall. The South African investment community, and indeed the mining sector itself, is divided with regard to companies' empowerment equity requirements post 2014. Even though I have only been in the chief executive's seat for a few months, I have taken on board the concerns of shareholders and their fears around dilution, on the one hand, and the imperative for creating value and the principle of being appropriately empowered, on the other. We will keep shareholders informed at the appropriate time and expect to conclude this issue shortly.

STRATEGIC REGENERATION FOR FUTURE SUSTAINABILITY

One of the major features of the current economic environment, and of the PGM markets in particular, is the failure of the markets to react to the supply shortfalls occasioned by the strike in South Africa, giving rise to the postulation that above-ground stocks have comfortably satisfied demand since the 2008 financial crisis, particularly where platinum is concerned. For us at Northam, now the challenge is to position the company favourably in order to draw substantial benefit from a turn in market conditions, which we anticipate by 2016 and beyond. Refer to our annual integrated report 2014 for more on our strategic review at www.northam.co.za.

IN CONCLUSION

I have mentioned the departure of Glyn Lewis earlier in my review, although I am pleased to advise that Glyn is continuing to provide consultancy services to the group.

On behalf of the board I must thank Judy Dlamini for her nine years' service as a director.

At the same time, it is appropriate to express my thanks to Bernard van Rooyen, who retired from his consultancy position in June this year. Bernard has been involved with Northam since its inception in the mid 1980s.

From me, a newcomer in the company, I must extend my thanks to the board for their welcome and support over the past few months and their valuable insights into the company. I am happy to report that the institutional knowledge and expertise amongst a very lean management structure at Northam provides a very solid base from which to grow.

Paul Dunne

Chief executive
25 September 2014

Mr Dunne's chief executive's review appears in the annual integrated report 2014 at www.northam.co.za.

ANNEXURE 2 – DETAILS OF DIRECTORS

DIRECTORS

PL Zim (54)

BComm (Hons) MComm

Non-executive chairman

Joined the board in 2007

Mr Zim is a director of Atisa Group Proprietary Limited, Zim Capital Proprietary Limited, Sanlam Limited and Sanlam Life Insurance Limited. He is also a previous past president of the Chamber of Mines of South Africa. Previously chairman of Telkom Limited, he has also held senior executive positions at Anglo American South Africa Limited, M-Net Supersport and MTN Group Limited.

PA Dunne (51) (British)

BSc (Electronic Electrical Engineering), MBA

Chief executive officer

Appointed to the board in March 2014

Prior to joining Northam, Mr Dunne was employed by Impala Platinum Holdings Limited (Implats) as executive director responsible for all mining, concentrating and smelting operations at the Implats Rustenburg and Marula mines.

AZ Khumalo (49)

CA (SA)

Chief financial officer

Joined the board in 2010

Mr Khumalo, a chartered accountant by profession, holds a BCompt (Hons) and BComm degrees from the University of South Africa and has extensive mining and corporate finance experience. From September 2008 he was the group finance executive of Coal of Africa Limited. Prior to that, from 2004 to 2008, he was director: finance of Aquarius Platinum South Africa Proprietary Limited.

ME Beckett (78) (British)

BSc, FIMM

Independent non-executive director

Joined the board in 1999

Mr Beckett is non-executive chairman of Endeavour Mining Corporation, and a director of International Hotels Investment Limited and Petroamerica Oil Corporation. A geologist by training, Mr Beckett was formerly managing director of Consolidated Gold Fields plc.

Member of the audit and risk committee, the health, safety and environmental committee, and the social, ethics and human resource committee.

CK Chabedi (46)

BSc (Mining Engineering), MDP

Independent non-executive director

Joined the board in 2009

Mr Chabedi has many years' experience in the mining industry, having worked in various management positions for Anglo Coal. He currently consults to the mining industry while lecturing on mining methods in opencast and underground mining at the University of the Witwatersrand. He teaches an international post-graduate course and is an adviser to the South African coal mining industry.

Member of the health, safety and environmental committee, and the investment committee.

JAK Cochrane (50) (British)

BEng (Hons) MBA

Independent non-executive director**Joined the board in 2011**

Mr Cochrane is non-executive chairman of Sable Mining Africa Limited. His previous appointments include executive director of Eurasian Natural Resources Corporation plc (ENRC), responsible for marketing and logistical operations, head of M&A and business development at ENRC, independent director at Jindal Steel Limited, marketing director of Samancor Chrome Limited and operations manager at Implats.

Member of the investment committee.

R Havenstein (58)

MSc (Chemical Engineering), BComm

Independent non-executive director**Joined the board in 2003**

Mr Havenstein's current non-executive directorships include Atlatsa Resources Corporation, Herculite Ferrochrome Proprietary Limited, Murray and Roberts Holdings Limited, Omnia Holdings Limited and Reatile Proprietary Limited. He was previously chief executive officer of Anglo American Platinum Limited, prior to which he was an executive director of Sasol Limited, responsible for Sasol Chemical Industries Limited.

Member of the audit and risk committee and the social, ethics and human resources committee; chairman of the health, safety and environmental committee and the investment committee.

TE Kgosi (60)

BComm (Hons)

Independent non-executive director**Joined the board in 2004**

Ms Kgosi is the cluster manager in Supply Chain Operations, Eskom Group Commercial. She has extensive experience in the banking sector, mainly in a treasury operations environment, having held positions at a number of South Africa's main banking groups as well as Credit Suisse First Boston (New York).

Member of the audit and risk committee; chairperson of the social, ethics and human resources committee.

AR Martin (76)

BComm, CA (SA)

Independent non-executive director**Joined the board in 2009**

Mr Martin is a director of Datacentrix Holdings Limited and Trans Hex Group Limited.

Chairman of the audit and risk committee and lead independent director; member of the investment committee.

ANNEXURE 3 – REMUNERATION POLICY

The Companies Act No 71 of 2008 (Companies Act) requires that certain companies, of which Northam is one, constitute a social and ethics committee with statutory duties, which must report to shareholders at an annual general meeting (AGM). The company's social, ethics and human resources (SE&HR) committee is responsible for these statutory duties, together with the responsibility for the group's remuneration policy, nomination, and transformation functions in terms of its mandate from the board.

The members of the committee are Ms TE Kgosi (chairperson), Mr ME Beckett and Mr R Havenstein, all of whom are independent non-executive directors. Dr NJ Dlamini resigned as a member on 30 September 2013.

The complete SE&HR committee report can be found in the 2014 annual integrated report available at www.northam.co.za.

The aims and objectives of the committee regarding remuneration are to establish and implement a remuneration policy and to ensure that competent individuals are nominated and appointed as directors and senior managers.

In order to do this, the committee oversees and monitors the group's remuneration criteria and methods. Remuneration takes the form of:

1. appropriate remuneration packages, including those of the executive directors which incorporate basic pay and pension contribution benefits;
2. various bonus schemes; and
3. a share incentive plan launched in 2011 which replaced a share option scheme.

The committee is also responsible for mandating management on appropriate wage increase thresholds for union negotiations and advises on the following matters:

- the appropriate composition and size of the board; and
- the scale of fees to be paid to non-executive directors, which are submitted to shareholders for approval.

The group's remuneration policy is designed to support its strategic goal in a way that aligns the interests of employees, managers, executives and directors with those of shareholders. The group aims to attract, retain, incentivise and reward top quality staff at all levels, particular where scarce or critical skills are involved.

The remuneration policy is not intended to be a 'one size fits all' statement of rules and procedures, but rather to serve as the basis for a flexible approach to the variable and changing needs of the dynamic and competitive mining employment environment.

There are, however, a number of key principles that are the basis of the remuneration policy:

- the attraction and retention of core skills, such as artisans, engineers and management, for which the group must compete within the broader mining industry;
- the harmonisation of working conditions and salaries and wages throughout the group which has two wholly-owned and managed mining operations, namely Booyensdal and Zondereinde. Subsequent to the end of the reporting period Northam acquired the remaining 20% shareholding in Northam Chrome Producers Proprietary Limited (NCP). NCP operates a chrome recovery plant, recovering chrome from Zondereinde's UG2 tailings;

- compliance with all statutory and regulatory requirements and a commitment to applying best practice guidelines in all aspects of remuneration and benefits, and
- the offering of remuneration packages that, at all employment levels, are competitive, fair, reasonable in all respects.

MAIN FEATURES OF THE REMUNERATION POLICY

Contracts of employment are prepared in compliance with employment legislation in South Africa. As a general principle, employment contracts are concluded on a permanent basis (i.e. for an indefinite period), except where business needs and prevailing circumstances dictate the use of either fixed-term or short-term temporary contracts. The notice period for the termination of employment contracts is typically one (1) month, but for critical positions this can be extended by mutual agreement to a maximum of one year.

The group regularly seeks and consults remuneration survey services and uses the Patterson job grading system.

Job grades, salary scales and employee benefit costs are benchmarked against mining industry standards and reviewed annually. The midpoints of the group's salary scales are compared with industry percentiles and adjusted annually, in line with the changing size, structure, financial performance and general circumstances of the group over time.

The group's salary scales have a range of approximately 40% (20% on either side of the midpoint) to allow for the appropriate positioning of individuals according to factors such as qualifications, experience, performance, growth, development and market imperatives. However, in a very competitive market where skills are scarce such as is the case of the mining industry, often market comparisons at the top of the range are considered and paid, in order to attract and keep critical staff.

The committee approves salary increases for all categories of staff in advance each year. Any material changes to allowances, benefits, bonus schemes, or any other aspect of remuneration policy are approved by the committee prior to implementation.

The group provides a market-competitive basic salary plus compulsory medical aid and retirement fund membership at all job levels. Various fixed and variable allowances are paid at certain job levels or to certain job categories.

Severance payments upon termination of service are governed by legislation, agreements with unions, individual contract and/or group policy and practice. In the case of retrenchment, the group's most common policy at all job levels is to pay the contractual notice period (if not worked) and severance pay equal to two weeks for the first 10 years of service with the group and one week's remuneration per year of service with the group thereafter.

The group does not provide any special retirement benefits other than the standard benefits available to employees as members of one of the group's recognised retirement funds, with the exception of those employees who were in service with the group on 31 December 1998. In respect of these employees, a contribution is made to a post-retirement healthcare fund. These contributions cease when the employee leaves the service of the group for any reason.

ANNEXURE 3 – REMUNERATION POLICY CONTINUED

All components of the group's remuneration system are subject to regular internal and external audits, as well as routine monitoring by the South African Revenue Services. The committee is satisfied that the group is compliant with all pertinent regulations.

EMPLOYEES COVERED BY COLLECTIVE BARGAINING

The majority of the group's permanent employees at Zondereinde are contributing members of the National Union of Mineworkers (NUM - primarily in the category 2 to 10 bargaining units). The NUM has been granted organisational rights at Booyssendal. Therefore, their salary levels, annual increases, allowances and benefit packages are negotiated on a collective basis. The company's labour relations policies provide for organisational rights to any union which can meet a 15% representation threshold within a bargaining unit. When a registered union reaches a representative threshold of 33.3% within a bargaining unit, it acquires the right to bargain for that particular unit. A small proportion of permanent employees (approximately 23%) are contributing members of the NUM at Booyssendal mine. The group aims to engage in good faith to reach agreement on matters such as wages, substantive conditions of service and other matters of mutual interest. See the annual integrated report 2014 for further information at www.northam.co.za

In addition to their wages these employees also earn various forms of bonuses to incentivise performance.

NON-UNION STAFF AND MANAGEMENT

Members of management at both the group's corporate office and the mining operations are treated individually in accordance with their contracts of employment and the remuneration and benefit schemes and practices applicable to their job grades. Salaries are reviewed annually, effective 1 July. Salary increases are determined individually, according to individual performance, retention and market-matching criteria.

All non-union staff, managers and executives have detailed job profiles which stipulate the key performance areas of their positions and serve as the basis for performance and management of assessments and the determination of performance-linked salary increases and bonuses.

Details of the remuneration paid to the directors are disclosed in Annexure 4 of this report.

EMPLOYEE BONUSES

The group has a variety of bonus schemes for employees graded in the C band and higher, whereby the achievement of production and other targets is rewarded.

EXECUTIVE AND MANAGEMENT BONUSES

Executives and senior officials' bonus scheme

Executives and senior officials are not paid a guaranteed bonus. The bonus scheme is subject to the achievement of certain safety, production and other criteria or targets as well as individual performance.

In terms of the rules of the bonus scheme, executives may earn a bonus based on the extent to which they have achieved the targets and objectives set for them during the financial year by the chief executive, the SE&HR committee and the board of directors. Bonuses are payable half-yearly.

Typically, the bonus scheme will be based on a combination of targets such as:

- safety
- linear metres achieved
- square metres achieved
- total tonnes milled
- recoverable metals produced
- cash operating costs per unit
- transformation (referring to social employment quotas/criteria that must be met in terms of employment legislation in South Africa), and
- personal performance.

Such key performance areas are weighted to total 100% and the bonus is payable on the basis of the extent of achievement of each of these targets, starting at 90% of achievement, up to 110%. Depending on the extent of achievement, bonuses payable range from 5% of basic remuneration package (BRP) for a 90% achievement of target to 125% BRP for 110% achievement of target for each key performance indicator multiplied by its relative weighting.

Further details are set out in the report of the SE&HR committee in the annual integrated report 2014.

Payment and frequency of senior officials' bonus scheme

Bonuses are paid twice annually based on the actual results achieved for the six months ending December and June.

75% of the calculated bonus is paid for each six month period with the balance of 25% being based on the results for the full year.

Based on the cost to company (CTC), being the basic remuneration package plus pension contribution, the average bonus paid under this scheme was 32.9% of CTC in F2014.

ANNEXURE 3 – REMUNERATION POLICY CONTINUED

RETENTION BONUS SCHEME

In terms of this scheme, which is designed to retain employees in the highly competitive South African mining environment characterised by a dearth of skills, an amount equal to 20% of the annual BRP is paid after two years' service in which it was accumulated. Any employee who is discharged or resigns before such bonus becomes payable forfeits all amount accumulated. On retirement or retrenchment all accumulated bonuses are payable to employees. Employees taking early retirement will receive bonuses based on the same percentages as the Share Incentive Plan rules.

All officials within the D3 Patterson grading and higher are eligible to participate in the scheme. Bonus payments are not pensionable.

The board of directors, through the committee, determines the performance targets and objectives of the chief executive and the chief financial officer, conduct their performance assessments and decide the quantum of their performance bonuses. The chief executive also has input into the evaluation of the chief financial officer.

The chief executive and the committee determine the performance targets and objectives of the chief financial officer and senior managers, conduct their performance assessments and propose the quantum of performance bonuses for approval by the board of directors.

LONG-TERM EXECUTIVE RETENTION SCHEME AND PLAN

The group operates the Northam Share Incentive Plan (the Plan) as well as the previous Northam Share Option Scheme (the Scheme). The Scheme has been discontinued owing to its dilutionary nature, although share options issued before its discontinuance will be allowed to run their course. Details of the Scheme are more fully disclosed in Annexure 5 of the annual integrated report 2014. The Plan was introduced in 2011, in line with current market trends of attracting, incentivising and retaining skilled senior managers. The target group for the Plan includes all senior officials and executives in job grades D1 and above. The committee approves the annual allocation of shares as well as any changes to the Plan rules.

In March 2013 the JSE approved a change to the rules of the Scheme and the Plan. Option holders may elect to receive either the shares over which an option has been granted or a cash payment equivalent to the difference between the volume weighted average price at which Northam shares traded on the day preceding the exercise date and the exercise price. Participants in the Plan may elect to receive either the shares that have vested or an amount equal to the volume weighted average price on the day preceding the settlement date.

At the forthcoming annual general meeting shareholders will be asked to approve certain changes to the rules of the Plan, the principal ones being to change the maximum number of shares that may be awarded under the Plan is limited to 5% (previously 10%) of the issued share capital, equating to approximately 19.9 million shares, the maximum number that may be awarded to any single employee in any cycle is limited to 0.5%, equal to approximately 2.0 million shares.

In addition

- in order to avoid any future dilution, all shares will either be cash-settled or equity settled through purchases in the open market;
- retention shares will vest after three years (increased from two years);
- retention shares will be limited to no more than 25% (decreased from 33.3%) of total awards or grants going forward;
- measurement of performance conditions on share awards for F2015 and thereafter will be made over a three year period rather than split in three-year lots measured on an annual basis; and
- performance conditions or criteria for the F2015 awards and thereafter will include one or two rate-of-return related target/measures (Total Shareholder Return and or Return On Investment or related target) with a weighting of no less than 30%.

In terms of the plan, which incorporates a combination of the conditional share plan (CSP) and the forfeitable share plan (FSP) senior officials are awarded shares annually. Under the more often used CSP, a combination of retention and conditional shares are awarded. The smaller portion (no more than 25% total award) of the shares are awarded or granted, known as "retention" shares and are awarded with no performance conditions attached. These are received by the employee, who does not have to pay for them, and may be exercised after a three-year period. The larger portion of the shares awarded, known as "conditional" shares (at least 75% of the total award), have performance conditions attached to them, and these conditions must be met, fully or in part, before they can be allocated. These conditional shares are also free to the employee. The conditional shares also vest after a three-year period. The key features common to both the CSP and FSP are outlined in Annexure 5 which forms part of this document.

As mentioned above, the final number of conditional performance shares allocated to senior officials and management are subject to certain performance criteria which must be met fully or in part. The performance criteria are based on factors such as:

- safety
- estimated recoverable platinum group metals (3PGM+Au) produced; and or
- unit cash costs
- rate of return measures/targets (for the F2015 and thereafter awards).

Each of these factors is weighted with targets set for a three-year period. For staff to earn their allocation, each factor's target must be measured over the three year period. For each three-year period's award, the committee may set different factors, targets and weightings as appropriate:

- a typical target for safety might be an improvement of 10% over the previous financial year's safety record, with a weighting of say 25%
- for unit cash costs, the target may be achieving the budgeted unit costs for the current year with a weighting of 20%
- estimated recoverable metals production may then, in this example, be weighted at 25%

ANNEXURE 3 – REMUNERATION POLICY CONTINUED

- from F2015, a rate of return measure (such as Total Shareholder Return and or Return On Investment or related target), with a weighting of at least 30%; and
- with the sum of the weightings totalling 100%.

On measurement of the achievement of these targets, each factor's "achievement" rank depends on the extent of achievement for each factor over the three year period, ranging from:

- a ranking of 1 (which represents a 90 to 100% achievement of target). This could mean, for example, a 100% award of conditional shares; and
- this rises up to a ranking of 4, which, for example might be an achievement of over 105%, which may equate to a share award of up to 135%.

An achievement of less than 90% of target results in no shares being allocated at all. Every year the committee, with the assistance of management, assesses the allocation of both retention and conditional performance shares per employee.

The first three-year cycle post the launch of the Plan in 2011 will only be completed in November 2014 at which time the performance conditions may then be finalised, with the result determining the allocations of shares that can then vest. The retention awards of F2011 have however vested.

The group operates an employee profit share scheme for eligible employees at the Zondereinde mine in terms of which 4% of Zondereinde mine's after-tax profits are contributed to a registered trust fund (The Toro Employee Empowerment Fund). Eligible employees who form part of categories 2-10 receive payment at the end of each five year cycle, with the first payments having been made in F2013.

Consideration is being given to extending the scheme to the Booyensdal mine employees.

ANNEXURE 4 – DIRECTORS' REMUNERATION

The non-executive director fees paid for the year ended 30 June 2014 are as follows:

| 2014 | Fees | Remune- ration package | Performance bonus | Benefits | Gain on share based payments | Total |
|----------------------|-------|------------------------------|----------------------|----------|---------------------------------------|--------|
| | R000 | R000 | R000 | R000 | R000 | R000 |
| Executive | | | | | | |
| PA Dunne (Note 1) | – | 1 900 | 500 | 251 | – | 2 651 |
| AZ Khumalo | – | 2 392 | 1 629 | 509 | – | 4 530 |
| GT Lewis (Note 2) | – | 3 894 | 27 040 | 534 | 20 003 | 51 471 |
| Non-executive | | | | | | |
| ME Beckett | 611 | – | – | – | – | 611 |
| CK Chabedi | 447 | – | – | – | – | 447 |
| JA K Cochrane | 340 | – | – | – | – | 340 |
| NJ Dlamini (Note 3) | 89 | – | – | – | – | 89 |
| R Havenstein | 718 | – | – | – | – | 718 |
| TE Kgosi | 643 | – | – | – | – | 643 |
| AR Martin | 523 | – | – | – | – | 523 |
| PL Zim | 330 | – | – | – | – | 330 |
| | 3 701 | 8 186 | 29 169 | 1 294 | 20 003 | 62 353 |

1. Mr PA Dunne was appointed a director and CEO on 1 March 2014 in place of Mr GT Lewis who resigned as a director and CEO on the same day.

2. The performance bonus paid to GT Lewis is in respect of the achievement of certain specific mining milestones.

3. Dr NJ Dlamini resigned on 30 September 2013.

An analysis of the board and board committee fees is set out on pages 28 and 29.

ANNEXURE 4 – DIRECTORS' REMUNERATION CONTINUED

| 2013 | Fees | Remune- ration package | Performance bonus | Benefits | Gain on share based payments | Total |
|----------------------|-------|------------------------------|----------------------|----------|---------------------------------------|--------|
| | R000 | R000 | R000 | R000 | R000 | R000 |
| Executive | | | | | | |
| AZ Khumalo | – | 2 392 | 955 | 391 | – | 3 738 |
| GT Lewis | – | 5 841 | 2 291 | 809 | – | 8 941 |
| Non-executive | | | | | | |
| ME Beckett | 475 | – | – | – | – | 475 |
| CK Chabedi | 389 | – | – | – | – | 389 |
| JAK Cochrane | 282 | – | – | – | – | 282 |
| NJ Dlamini (Note 1) | 512 | – | – | – | – | 512 |
| R Havenstein | 892 | – | – | – | – | 892 |
| TE Kgosi | 510 | – | – | – | – | 510 |
| AR Martin | 517 | – | – | – | – | 517 |
| MSMM Xayiya (Note 2) | 112 | – | – | – | – | 112 |
| PL Zim | 280 | – | – | – | – | 280 |
| | 3 969 | 8 233 | 3 246 | 1 200 | | 16 648 |

1. Ms NJ Dlamini resigned on 30 September 2013.

2. Mr MSMM Xayiya resigned on 7 December 2012.

An analysis of the non-executive directors paid in respect of the board and board committee services is as follows:

| 2014 | Board | Audit and Risk Committee | Health, Safety and Environmental Committee | Investment Committee | Social, Ethics and Human Resources Committee | Ad hoc fees | Total |
|--------------|-------|--------------------------------|---|-------------------------|--|----------------|-------|
| | R000 | R000 | R000 | R000 | R000 | R000 | R000 |
| ME Beckett | 305 | 113 | 55 | – | 105 | 33 | 611 |
| CK Chabedi | 305 | – | 76 | 48 | – | 18 | 447 |
| JAK Cochrane | 305 | – | – | 35 | – | – | 340 |
| NJ Dlamini | 47 | – | 18 | 5 | 19 | – | 89 |
| R Havenstein | 305 | 113 | 96 | 69 | 105 | 30 | 718 |
| TE Kgosi | 305 | 113 | – | – | 127 | 98 | 643 |
| AR Martin | 336 | 139 | – | 48 | – | – | 523 |
| PL Zim | 330 | – | – | – | – | – | 330 |
| | 2 238 | 478 | 245 | 205 | 356 | 179 | 3 701 |

| 2013 | Board | Audit and Risk Committee | Health, Safety and Environmental Committee | Investment Committee | Social, Ethics and Human Resources Committee | Ad hoc fees | Total |
|--------------|-------|--------------------------|--|----------------------|--|-------------|-------|
| | R000 | R000 | R000 | R000 | R000 | R000 | R000 |
| ME Beckett | 257 | 108 | – | – | 100 | 10 | 475 |
| CK Chabedi | 257 | – | 86 | 46 | – | – | 389 |
| JAK Cochrane | 223 | – | – | 59 | – | – | 282 |
| NJ Dlamini | 257 | – | 73 | 86 | 86 | 10 | 512 |
| R Havenstein | 257 | 108 | 92 | 118 | 100 | 217 | 892 |
| TE Kgosi | 257 | 108 | – | – | 121 | 24 | 510 |
| AR Martin | 286 | 132 | – | 99 | – | – | 517 |
| MSMM Xayiya | 90 | – | – | 22 | – | – | 112 |
| P L Zim | 280 | – | – | – | – | – | 280 |
| | 2 164 | 456 | 251 | 430 | 407 | 261 | 3 969 |

SERVICE CONTRACTS

Mr PA Dunne, the chief executive, has a service contract with the company which is subject to a notice period of one year. Mr AZ Khumalo, the chief financial officer, has a service contract with the company which is subject to a notice period of three months.

DIRECTORS' FEES

In terms of the MOI, the fees for services as directors are determined by the company in general meeting. The current level of fees paid to non-executive directors for their services is as follows:

Board fees

- Board chairman – R116 100 per annum.
- Lead independent director – R86 100 per annum
- Board members – R55 200 per annum.
- Board meeting attendance fees – R35 700 per meeting.

Audit and risk committee fees

- Committee chairman – R51 900 per annum.
- Committee members – R26 400 per annum.
- Committee meeting attendance fees – R17 300 per meeting.

Social, ethics and human resources committee fees

- Committee chairman – R44 400 per annum.
- Committee members – R21 900 per annum.
- Committee meeting attendance fees – R13 800 per meeting.

ANNEXURE 4 – DIRECTORS' REMUNERATION CONTINUED

Other board appointed committees fees

- Committee chairmen – R41 400 per annum.
- Committee members – R20 700 per annum.
- Committee meeting attendance fees – R13 800 per meeting.
- *Ad hoc* fees – R2 760 per hour.

The above fees were set in 2013, and in order to recognise the ever increasing regulatory environment as well as the effects of inflation, it is proposed that they be increased by an average of 7.3% per annum in total to bring them more into line with market norms. The proposed fee for *ad hoc* work is calculated on the basis of 1/5 (one fifth) of the board appointed committee meeting attendance fee, on the basis that the average meeting preparation and attendance time is approximately five hours.

Subject to approval by members, the revised level of fees will be as follows:

Board fees

- Board chairman – **R126 600** per annum.
- Lead independent director – **R93 900** per annum.
- Board members – **R59 100** per annum.
- Board meeting attendance fees – **R38 200** per meeting.

Audit and risk committee fees

- Committee chairman – **R56 700** per annum.
- Committee members – **R28 400** per annum.
- Committee meeting attendance fees – **R18 500** per meeting.

Social, ethics and human resources committee fees

- Committee chairman – **R48 300** per annum.
- Committee members – **R22 200** per annum.
- Committee meeting attendance fees – **R14 800** per meeting.

Other board appointed committees fees

- Committee chairman – **R45 300** per annum.
- Committee members – **R22 200** per annum.
- Committee meeting attendance fees – **R14 800** per meeting.
- *Ad hoc* fees – **R2 960** per hour.

At the forthcoming AGM members will accordingly be requested to consider a special resolution providing for the increase in the fees for the year ending 30 June 2015 as set out above.

ANNEXURE 5 – SHARE OPTION SCHEME AND SHARE INCENTIVE PLAN

The complete details of the share option scheme and share incentive plan may be found in the SE&HR committee report in the annual integrated report 2014.

NORTHAM SHARE OPTION SCHEME (THE SCHEME)

The Scheme was established on 4 January 1995 with the objective of attracting and retaining employees with appropriate levels of ability and expertise who made a significant contribution to the operations of the company.

The Scheme was discontinued in 2011 owing to its dilutionary nature, although share options issued before its discontinuance will be allowed to run their course.

Options were offered at the volume weighted average price at which Northam shares traded on the JSE on the trading day immediately preceding the offer date. In terms of the rules of the Scheme, option holders may exercise 50% of their options two years after the offer date and 100% of their options three years after the offer date. Options not exercised within seven years of the offer date shall lapse.

In March 2013 the JSE approved a change to the rules of the Scheme in terms of which option holders may elect, at the time of exercising their option, to receive either the shares over which an option has been granted or a cash payment equivalent to the difference between the volume weighted average price at which Northam shares traded on the day preceding the exercise date and the exercise price.

A summary of the options held at 30 June 2014 is as follows:

| Earliest and latest exercise date | Price per share R | Total number of options |
|--|--------------------------|--------------------------------|
| 23 October 2008 and 21 October 2013 | 38.45 | 1 058 000 |
| 22 October 2009 and 21 October 2014 | 48.00 | 1 397 500 |
| 27 November 2010 and 26 November 2015 | 32.38 | 1 237 000 |
| 5 November 2011 and 4 November 2016 | 36.95 | 2 050 000 |
| 1 July 2012 and 30 June 2017 | 45.59 | 125 000 |
| 12 October 2012 and 11 October 2017 | 46.57 | 2 907 500 |
| Number of options held at 30 June 2013 | | 8 775 000 |
| Number of options granted pursuant to the claw-back offer | 40.00 | 302 551 |
| Number of options forfeited during the year | | (534 535) |
| Number of options exercised during the year – refer to the annual integrated report 2014 | | |
| Equity settled options | | – |
| Cash settled options | | (3 822 431) |
| Number of options held at 30 June 2014 | | 4 720 585 |

ANNEXURE 5 – SHARE OPTION SCHEME AND SHARE INCENTIVE PLAN

At 30 June 2014 the outstanding options were exercisable as follows:

| Earliest and latest exercise date | Price per share | Total number of options | Options vested at 30 June 2014 at price per share | Options vested at 30 June 2014 at claw back offer price |
|---|-----------------|-------------------------|---|---|
| | R | | | R40.00 per share |
| 22 October 2009 and 21 October 2014 | 48.00 | 1 210 674 | 1 165 000 | 45 674 |
| 27 November 2010 and 26 November 2015 | 32.38 | 166 272 | 160 000 | 6 272 |
| 5 November 2011 and 4 November 2016 | 36.95 | 537 788 | 517 500 | 20 288 |
| 1 July 2012 and 30 June 2017 | 45.59 | 129 901 | 125 000 | 4 901 |
| 12 October 2012 and 11 October 2017 | 46.57 | 2 675 950 | 2 575 000 | 100 950 |
| Number of options held at 30 June 2014 | | 4 720 585 | 4 542 500 | 178 085 |

Full details of the options exercised during the year are set out in Annexure 5 of the annual integrated report 2014, and are summarised as follows:

| Grant date | Cash settled options | | |
|------------------|-----------------------------|----------------|---------------------------------|
| | Number of options exercised | Exercise price | Total gain paid to participants |
| | | R | R000 |
| 23 October 2006 | 1 058 000 | 38.45 | 3 307 |
| 27 November 2008 | 1 114 500 | 32.38 | 11 205 |
| 5 November 2009 | 1 582 500 | 36.95 | 11 263 |
| 15 November 2013 | 67 431 | 40.00 | 316 |
| Total | 3 822 431 | | 26 091 |

NORTHAM SHARE INCENTIVE PLAN (THE PLAN)

The Plan was approved in 2011 when shareholders approved a proposal that the Scheme be discontinued and replaced by the Plan, as the Scheme no longer served the primary purpose of attracting and retaining employees.

The Plan is a full share-type plan which incorporates a combination of a conditional share plan (CSP) and a forfeitable share plan (FSP). The key features that are common to both the CSP and the FSP are as follows:

- All senior officials and executives, including executive directors, in job grade D1 and above are eligible.
- Non-executive directors are not eligible to participate.
- Employees will not be required to pay for shares granted to them.
- In the event of a change of control of the company, all awards will vest.

- In the event of a variation in share capital such as a capitalisation issue, subdivision of shares, consolidation of shares, liquidation etc, employees will continue to participate in Plan. The committee may make such adjustment to awards or take such other action to place employees in no worse a position than they were prior to the happening of the relevant event, and to ensure that the fair value of awards immediately after the event is materially the same as the fair value thereof immediately before the event.
- The issue of shares as consideration for an acquisition or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to awards.
- Where necessary, the auditors of the company will confirm to the company and JSE that the adjustments are calculated on a non-prejudicial basis.
- Any adjustments made will be reported in the company's annual financial statements in the year during which the adjustment is made.
- In order to avoid any future dilution, all shares will either be cash-settled or equity settled through purchases in the open market.

Key features of the CSP and FSP are as follows:

Conditional share plan

- Shares will be awarded or granted to employees once a year;
- The number of conditional shares awarded, and the extent to which they will be subject to performance conditions, will primarily be based on the employee's annual salary, grade, performance, retention requirements and market benchmarks or some combination thereof;
- Both the retention shares and the performance shares will vest after 3 years; and
- Performance conditions will be set by the SE&HR committee before an award is made, and will be based on appropriate company performance measures at the time.

Forfeitable share plan

- No forfeitable shares have been awarded since the inception of the Plan in 2011.
- Shares which have no performance conditions attached, can only be awarded or granted in exceptional circumstances and have a minimum vesting period of three years, as approved by the SE&HR committee for purposes of attracting key new employees;
- The number of forfeitable shares to be made to an employee will primarily be based on the employee's annual salary, grade, performance and retention or attraction requirements;
- The forfeitable shares will be delivered to the employees, free of charge, subsequent to the award date, with them enjoying all shareholder rights from inception;
- Awards will, however, be subject to restrictions that will prevent the forfeitable shares from being disposed of, ceded, transferred or otherwise encumbered before vesting;
- Vesting of the forfeitable shares will only be subject to the particular employee remaining in the employ of a group company for a pre-determined vesting period.

ANNEXURE 5 –

SHARE OPTION SCHEME AND SHARE INCENTIVE PLAN

In March 2013 the JSE approved a change to the rules of the Plan in terms of which, upon the vesting of any awards, participants may elect to receive either the shares that have vested or an amount equal to the volume weighted average price on the day preceding the settlement date.

At the forthcoming annual general meeting shareholders will be asked to consider and approve the following changes to the rules of the Plan:

1. In terms of the rules of the Plan the maximum number of shares that may be awarded under the Plan is currently limited to 38 000 000 shares, equivalent to approximately 9.6% of the current issued share capital. It is proposed to reduce this limit to 19 879 000, equal to approximately 5% of the current issued share capital.
2. In terms of the rules of the Plan the maximum number that may be awarded to any single employee in any cycle is currently limited to 4 000 000, equivalent to 1% of the current issued share capital. It is proposed to reduce this limit to 2 000 000 shares equal to approximately 0.5% of the current issued share capital.

The committee, which is charged with overseeing the group's remuneration policy, reviews the performance criteria annually and revises them as economic and operational circumstances dictate.

No shares were allocated under the FSP during the year under review, whilst the details of the shares cash settled under the CSP are set out below.

| Grant date | Details | Total | Retention shares | Performance shares |
|--------------------------------|---------------------|------------------|------------------|--------------------|
| Balance at 30 June 2013 | | 4 198 000 | 1 512 000 | 2 686 000 |
| 15 November 2013 | Shares awarded | 2 164 000 | 789 000 | 1 375 000 |
| | Shares forfeited | (233 729) | (81 400) | (152 329) |
| | Shares cash-settled | (1 245 271) | (753 600) | (491 671) |
| Balance at 30 June 2014 | | 4 883 000 | 1 466 000 | 3 417 000 |

At 30 June 2014 the following awards were outstanding:

| Grant date | Details | Total number of shares | Shares to be settled in 2015 | Shares to be settled thereafter |
|--------------------------------|--------------------|------------------------|------------------------------|---------------------------------|
| 22 November 2011 | Retention shares | 58 000 | 58 000 | – |
| 22 November 2011 | Performance shares | 968 000 | 968 000 | – |
| 6 November 2012 | Retention shares | 711 000 | 711 000 | – |
| 6 November 2012 | Performance shares | 1 237 000 | – | 1 237 000 |
| 15 November 2013 | Retention shares | 697 000 | – | 697 000 |
| 15 November 2013 | Performance shares | 1 212 000 | – | 1 212 000 |
| Balance at 30 June 2014 | | 4 883 000 | 1 737 000 | 3 146 000 |

Full details of the shares granted during the year are set out in the annual integrated report 2014, at www.northam.co.za.

Copies of the rules of the Scheme and the Plan are available for inspection at the company's registered office during normal business hours.

ANNEXURE 6 –

SHARE CAPITAL, SHAREHOLDING AND DIRECTORS' INTEREST

SHARE CAPITAL

The authorised share capital of the company remains R5 450 000 divided into 545 000 000 shares.

No shares were allotted and issued to participants of the Northam Share Option Scheme or to participants of the Northam Share Incentive Plan during the year whilst 15 000 000 shares were allotted and issued in terms of a claw back rights offer which closed on 29 November 2013, resulting in the issued share capital at 30 June 2014 increasing to 397 586 090 (2013: 382 586 090) shares.

At the forthcoming annual general meeting (AGM) shareholders will be asked to place the authorised but unissued ordinary shares in the capital of the company under the control of the directors.

REPURCHASE OF THE COMPANY'S OWN SHARES

At the AGM on 6 November 2013, shareholders approved a special resolution granting a general authority for the repurchase of ordinary shares by the company (or any one of its wholly-owned subsidiaries), subject to the listings requirements and the provisions of the Companies Act. No shares were repurchased in the current or prior year in terms of this general authority. This general authority is valid until the company's next AGM or for 15 months from the date of the aforementioned resolution (being 6 November 2013) whichever period is the shorter.

Approval to renew this general authority will be sought at the forthcoming AGM to be held on Wednesday, 5 November 2014. The text of the necessary special resolution, as well as the reasons therefor and the effects thereof, appears in the notice of AGM, which forms part of this report.

DIRECTORS' INTERESTS

According to information available to the company after reasonable enquiry, the interests of the directors and their families in the shares of the company at 30 June 2014 were as follows:

| | 30 June 2014 | | Total |
|------------|---------------------------|-----------------------------|--------|
| | Direct beneficial holding | Indirect beneficial holding | |
| ME Beckett | 30 000 | – | 30 000 |
| | 30 000 | – | 30 000 |

| | 30 June 2013 | | Total |
|------------|---------------------------|-----------------------------|--------|
| | Direct beneficial holding | Indirect beneficial holding | |
| ME Beckett | 30 000 | – | 30 000 |
| NJ Dlamini | – | 326 | 326 |
| | 30 000 | 326 | 30 326 |

ANNEXURE 6 –

SHARE CAPITAL, SHAREHOLDING AND DIRECTORS' INTEREST

ANALYSIS OF SHAREHOLDERS AT 30 JUNE 2014

| Shareholding range | Number of holders | Total shareholding | Percentage holding |
|---------------------|-------------------|--------------------|--------------------|
| 1 – 5 000 | 6 761 | 6 442 617 | 1.6 |
| 5 001 – 10 000 | 306 | 2 203 455 | 0.6 |
| 10 001 – 50 000 | 342 | 7 810 975 | 2.0 |
| 50 001 – 100 000 | 100 | 7 236 208 | 1.8 |
| 100 001 – 1 000 000 | 190 | 55 419 984 | 13.9 |
| 1 000 001 and over | 55 | 318 472 851 | 80.1 |
| Total | 7 754 | 397 586 090 | 100.0 |

| Category of shareholder | Number of holders | Total shareholding | Percentage holding |
|--------------------------------|-------------------|--------------------|--------------------|
| Individuals | 7 232 | 15 688 788 | 4.0 |
| Companies | 1 | 51 732 782 | 13.0 |
| Managed funds and other bodies | 521 | 330 164 520 | 83.0 |
| Total | 7 754 | 397 586 090 | 100.0 |

| Geographic analysis of shareholders | Total shareholding | Percentage holding |
|-------------------------------------|--------------------|--------------------|
| Australasia | 1 072 317 | 0.3 |
| Europe and United Kingdom | 28 194 541 | 7.1 |
| North America | 61 830 394 | 15.5 |
| Far East | 9 073 824 | 2.3 |
| Africa | 310 485 | 0.1 |
| South Africa | 297 104 529 | 74.7 |
| Total | 397 586 090 | 100.0 |

MAJOR SHAREHOLDERS AT 30 JUNE 2014

| Owner | Number of shares | Percentage holding |
|---------|------------------|--------------------|
| ENRC NV | 51 732 782 | 13.0 |

| Fund manager | Number of shares | Percentage holding |
|------------------------------|------------------|--------------------|
| Coronation Asset Management | 84 767 238 | 21.3 |
| Public Investment Commission | 73 184 166 | 18.4 |
| Foord Asset Management | 19 052 970 | 4.8 |
| Sanlam Investment Managers | 15 312 305 | 3.9 |
| Old Mutual Asset Managers | 14 070 240 | 3.5 |

SHAREHOLDER SPREAD AT 30 JUNE 2014

The company's shareholder spread is set out below.

| | Number of shares | Percentage holding |
|---|------------------|--------------------|
| Public | 7 753 | 100.0 |
| Non-public | | |
| – Directors | 1 | *** |
| – Other (any who fall outside the scope of the above) | – | – |
| Total | 7 754 | 100.0 |

*** Shareholding below 0.1%.

BEE STATUS

The board is mindful of the fact that Northam's empowerment status has been a matter of concern for a considerable period. To this end discussions with a view to redress the situation have continued, balancing the needs of the group's current shareholders with the requirements of the Department of Mineral Resources. These discussions are nearing finality, and the board is hopeful that an announcement can be made within the next two months.

ANNEXURE 7 – FINANCIAL ASSISTANCE

At the forthcoming AGM shareholders will be asked to approve a special resolution to authorise the granting of the necessary financial assistance as set out below. The text of this special resolution is contained in the notice of AGM which forms part of this report.

Section 45 of the Companies Act requires that shareholders approve the granting of financial assistance by a company to, *inter alia*, any of its subsidiaries. At the date of this report Northam had granted the following financial assistance to its subsidiaries in accordance with the Companies Act:

| Name of subsidiary | Approved loan facility at 30 June 2014 | Balance at 30 June 2014 | Additional amount to be advanced in coming year | New loan facility | Other facilities | Total financial assistance to be granted |
|--|---|--------------------------------|--|--------------------------|-------------------------|---|
| | R000 | R000 | R000 | R000 | R000 | R000 |
| Dialstat Trading 133 Proprietary Limited (Note 1) | 260 000 | 1 | nil | nil | nil | 260 000 |
| Micawber 278 Proprietary Limited (Note 2) | 4 970 000 | 4 556 577 | 219 358 | 4 970 000 | 22 815 | 4 992 815 |
| Norplats Properties Proprietary Limited (Note 3) | 73 300 | 40 740 | 10 000 | 73 300 | nil | 73 300 |
| Windfall 38 Properties Proprietary Limited (Note 4) | 15 800 | 15 167 | nil | 15 800 | nil | 15 800 |

Notes

- ¹⁾ The funds to be advanced to Dialstat will be used for any share repurchase programme. Such shares will be used exclusively for the settlement of shares to be transferred to employees who exercise options in terms of the rules of the Northam Share Option Scheme, or for the settlement of shares to be transferred to employees in terms of the rules of the Northam Share Incentive Plan.
- ²⁾ The loan to Micawber comprises an interest bearing portion of R3 704.8 million which is repayable out of surplus cash funds and an interest free portion of R851.8 million which has no fixed repayment date. The interest bearing portion carries interest at prime less 2.0%.
- ³⁾ The loan facility granted to Norplats comprises an interest bearing portion of R34.3 million which is repayable in 2026 and an interest free portion of R29.0 million which has no fixed repayment date. The interest bearing portion carries interest at prime less 2.0%.
- ⁴⁾ The loan to Windfall, which is repayable out of surplus cash funds, bears interest at prime less 2.0%.

A letter of guarantee has been issued by Northam Platinum in favour of Mvelaphanda Resources Proprietary Limited.

ANNEXURE 8 – EVENTS AFTER THE REPORTING DATE

Subsequent to the end of the reporting period Northam acquired the remaining 20% shareholding in Northam Chrome Producers Proprietary Limited (NCP). NCP operates a chrome recovery plant, recovering chrome from Zondereinde's UG2 tailings.

ADMINISTRATION AND CONTACT INFORMATION

NORTHAM PLATINUM LIMITED

(Registration number 1977/003282/06)

Share code: NHM

ISIN: ZAE000030912

Debt issuer code: NHMI

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AUDITORS

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