

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 2015



COPPER RIGHT

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REPORTING SUITE



Annual integrated report 2015



Notice of AGM and abridged annual report 2015



Reviewed preliminary results for the year ended 30 June 2015



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NOTICE OF THE 2015 ANNUAL GENERAL MEETING

NORTHAM PLATINUM LIMITED

(Registration number 1977/003282/06)

JSE share code: NHM ISIN code: ZAE000030912

Debt issuer code: NHM001 ISIN code: ZAG000099524

("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 at Glen Hove Conferencing, 52 Glenhove Road, Melrose Estate, Johannesburg, South Africa on Wednesday, 11 November 2015 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 2015;
- re-electing directors;
- re-appointing external auditors;
- re-electing audit and risk committee members;
- approving the group remuneration policy; and
- approving the non-executive directors' remuneration paid for the year ended 30 June 2015.

SPECIAL RESOLUTIONS

- approval of non-executive directors' remuneration for the year ending 30 June 2016;
- 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 ("board") 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) as Friday, 18 September 2015; 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, 6 November 2015.

NOTICE OF THE 2015 ANNUAL GENERAL MEETING CONTINUED

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 2015, including the reports of the directors, auditors and the audit and risk committee, be and are hereby adopted."

The summarised audited annual financial statements for 2015 as per Annexure 1 are contained in this document, of which this notice forms part. The complete 2015 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, AND 2.3: RE-ELECTION OF DIRECTORS

"Resolved that Mr KB Mosehla, who retires by rotation in terms of article 33.5.4 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 ME Beckett, who retires by rotation in terms of article 33.5.1 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 Ms TE Kgosi, who retires by rotation in terms of article 33.5.1 of the company's MOI and being eligible and offering herself 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 Mr M 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, subject to his re-election as a director pursuant to ordinary resolution number 2.2."

"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."

"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, subject to her re-election as a director pursuant to ordinary resolution number 2.3."

"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 remuneration report of the SE&HR committee is set out in Annexure 3 of this document, of which this notice forms a part.

ORDINARY RESOLUTION NUMBER 6: APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION PAID FOR THE YEAR ENDED 30 JUNE 2015

"Resolved that the non-executive directors' fees for the year ended 30 June 2015, as set out in Annexure 4 of this document, be and is hereby approved."

NOTICE OF THE 2015 ANNUAL GENERAL MEETING CONTINUED

SPECIAL RESOLUTIONS

SPECIAL RESOLUTION NUMBER 1: APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION FOR THE YEAR ENDING 30 JUNE 2016

"Resolved that the following remuneration for directors be and is hereby approved for the year ending 30 June 2016:

Board

- Board chairman – R135 500 per annum.
- Lead independent director – R100 500 per annum.
- Board members – R63 300 per annum.
- Board meeting attendance fees – R40 900 per meeting.

Audit and risk committee

- Committee chairman – R60 700 per annum.
- Committee members – R30 400 per annum.
- Committee meeting attendance fees – R19 800 per meeting.

Social, ethics and human resources committee

- Committee chairman – R51 700 per annum.
- Committee members – R23 800 per annum.
- Committee meeting attendance fees – R15 900 per meeting.

Other board appointed committees

- Committee chairmen – R48 500 per annum.
- Committee members – R23 800 per annum.
- Committee meeting attendance fees – R15 900 per meeting.
- *Ad hoc* fees – R3 170 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 for the period ending 30 June 2016. 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 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.

NOTICE OF THE 2015 ANNUAL GENERAL MEETING CONTINUED

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;
- 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, the following information is referred:

Major shareholders – Refer to Annexure 6.

Stated 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 6 contained in this notice requires 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.

The special resolutions contained in this notice 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.

TELEPHONIC PARTICIPATION

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

South Africa:	+27 11 535 3600 0800 200 648 (Toll-Free)
UK:	0808 162 4061 (Toll-Free)
Other countries:	+27 11 535 3600

The costs for use of the telephonic participation will be borne by the shareholder or proxy so utilising the telephonic participation.

Please note that whilst it is possible to participate in the AGM through this medium, there is no facility for electronic voting and, accordingly, shareholders and their proxies are advised to follow the instructions below in respect of proxies and voting.

NOTICE OF THE 2015 ANNUAL GENERAL MEETING CONTINUED

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 24 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 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.

PB Beale

Company secretary
25 September 2015

ANNEXURE 1 – SUMMARISED 2015 AUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Group		Company	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
ASSETS				
Non-current assets	13 367 048	12 745 424	12 988 803	8 369 853
Property, plant and equipment	7 065 352	6 287 062	2 419 013	2 295 671
Mining properties and mineral resources	5 636 478	5 653 328	109 362	113 091
Interest in associates and joint ventures	275 847	496 509	116 961	109 938
Investments in subsidiaries	–	–	10 236 000	5 747 619
Unlisted investment	6	6	6	6
Land and township development	10 000	10 204	–	–
Long-term receivables	94 503	94 047	–	–
Investments held by Northam Platinum Restoration Trust Fund	49 092	46 468	38 868	36 791
Environmental Guarantee Investment	52 122	51 024	44 137	42 281
Buttonshope Conservancy Trust	11 037	10 702	–	–
Long-term subsidiary loans	–	–	24 456	24 456
Deferred tax asset	172 611	96 074	–	–
Current assets	5 784 288	1 995 572	6 074 996	6 116 903
Short-term subsidiary loans	–	–	4 201 563	4 588 974
Inventories	1 126 550	1 076 853	1 045 353	700 983
Trade and other receivables	498 854	244 672	281 497	192 186
Cash and cash equivalents	4 138 189	666 174	534 959	634 760
Tax receivable	20 695	7 873	11 624	–
Total assets	19 151 336	14 740 996	19 063 799	14 486 756

	Group		Company	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
EQUITY AND LIABILITIES				
Stated capital	13 778 114	9 178 688	13 778 114	9 178 688
Treasury shares	(6 556 123)	–	–	–
Retained earnings	1 139 808	2 223 135	(6 349 735)	2 302 455
Equity settled share based payment reserve	874 448	–	1 173 756	–
Share of other comprehensive income from associate	(19 822)	(15 340)	–	–
Equity attributable to owners of the parent	9 216 425	11 386 483	8 602 135	11 481 143
Non-controlling interests	–	5 389	–	–
Total equity	9 216 425	11 391 872	8 602 135	11 481 143
Non-current liabilities	7 310 753	2 157 462	8 235 923	2 063 084
Deferred tax liability	521 452	502 097	527 234	506 818
Long-term provisions	187 217	142 709	114 509	96 834
Long-term loans	39 963	43 763	–	–
Long-term share based payment liability	69 466	98 893	58 236	89 432
Domestic medium term notes	–	1 370 000	–	1 370 000
Financial guarantee liability	–	–	7 535 944	–
Preference share liability	6 492 655	–	–	–
Current liabilities	2 624 158	1 191 662	2 225 741	942 529
Current portion of long-term loans	3 801	3 801	–	–
Short term share based payment liability	61 019	69 942	49 974	63 449
Domestic medium term notes	1 370 000	–	1 370 000	–
Bank overdraft	–	118	–	118
Tax payable	102 072	121 481	–	15 390
Trade and other payables	959 996	877 365	685 303	751 577
Short-term provisions	127 270	118 955	120 464	111 995
Total equity and liabilities	19 151 336	14 740 996	19 063 799	14 486 756

ANNEXURE 1 – SUMMARISED 2015 AUDITED FINANCIAL STATEMENTS CONTINUED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2015

	Group		Company	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
Revenue	6 173 618	5 477 558	4 629 208	4 702 912
Sales revenue	6 035 535	5 339 397	4 230 121	4 268 436
Cost of sales	5 439 722	5 277 915	3 980 584	4 152 938
Operating costs	4 342 571	3 536 002	3 114 831	2 690 872
Concentrates purchased	602 395	918 605	963 011	918 605
Refining and other costs	199 470	267 117	83 408	155 789
Depreciation and write-offs	339 949	445 875	165 091	209 430
Change in metal inventories	(44 663)	110 316	(345 757)	178 242
Operating profit	595 813	61 482	249 537	115 498
Share of earnings from associate and joint venture	28 769	3 464	–	69
Investment revenue	72 043	59 963	220 904	261 274
Finance charges	(245 937)	(176 124)	(140 342)	(170 690)
Sundry expenditure	(1 587 264)	(26 724)	(9 244 535)	(89 442)
Sundry income	268 250	123 735	377 490	216 334
(Loss)/profit before tax	(868 326)	45 796	(8 536 946)	333 043
Taxation	(165 619)	(26 199)	(115 244)	(93 870)
(Loss)/profit for the year	(1 033 945)	19 597	(8 652 190)	239 173
Other comprehensive income	(4 482)	(1 327)	–	–
Items that will not be reclassified subsequently to profit and loss	–	418	–	–
Share of associate's remeasurements of post-employment benefit obligations net of tax	–	418	–	–
Items that will be subsequently reclassified to profit and loss	(4 482)	(1 745)	–	–
Share of associate's exchange differences on translating foreign operations	(4 482)	(1 738)	–	–
Share of associate's fair value adjustment on available-for-sale financial assets	–	(7)	–	–
Total comprehensive income for the year	(1 038 427)	18 270	(8 652 190)	239 173

STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

	Group		Company	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
<i>(Loss)/profit attributable to:</i>				
Owners of the parent	(1 035 649)	9 486	(8 652 190)	239 173
Non-controlling interests	1 704	10 111	–	–
<i>(Loss)/profit for the year</i>	(1 033 945)	19 597	(8 652 190)	239 173
<i>Total comprehensive income attributable to:</i>				
Owners of the parent	(1 040 131)	8 159	(8 652 190)	239 173
Non-controlling interests	1 704	10 111	–	–
Total comprehensive income for the year	(1 038 427)	18 270	(8 652 190)	239 173

	Cents	Cents
Earnings per share	(264.3)	2.4
Diluted earnings per share	(264.3)	2.4
Headlines earnings per share	(202.9)	2.2
Diluted headline earnings per share	(202.9)	2.2

ANNEXURE 1 – SUMMARISED 2015 AUDITED FINANCIAL STATEMENTS CONTINUED

STATEMENT OF CHANGE IN EQUITY

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Stated capital	Equity settled share based payment reserve*	Retained earnings	Other comprehensive income from associate	Non- controlling interests	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000
GROUP						
Balance at 1 July 2013	8 599 655	–	2 220 477	(14 013)	9 516	10 815 635
Acquisition of non-controlling interest	–	–	(6 828)	–	(3 172)	(10 000)
Total comprehensive income for the year	–	–	9 486	(1 327)	10 111	18 270
Profit for the year	–	–	9 486	–	10 111	19 597
Other comprehensive income for the year	–	–	–	(1 327)	–	(1 327)
Dividends declared #	–	–	–	–	(11 066)	(11 066)
Issue of new shares	579 033	–	–	–	–	579 033
Balance at 1 July 2014	9 178 688	–	2 223 135	(15 340)	5 389	11 391 872
Acquisition of non-controlling interest	–	–	(46 815)	–	(3 185)	(50 000)
Total comprehensive income for the year	–	–	(1 033 945)	(4 482)	1 704	(1 036 723)
Loss for the year	–	–	(1 033 945)	–	1 704	(1 032 241)
Other comprehensive income for the year	–	–	–	(4 482)	–	(4 482)
Dividends declared #	–	–	(2 567)	–	(3 908)	(6 475)
Issue of new shares	4 599 426	–	–	–	–	4 599 426
Treasury shares	(6 556 123)	–	–	–	–	(6 556 123)
Share based payment reserve	–	874 448	–	–	–	874 448
Balance at 30 June 2015	7 221 991	874 448	1 139 808	(19 822)	–	9 216 425

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

* The issue of preference shares by Zambezi Platinum (RF) Limited (Zambezi Platinum) resulted in a need to account for a share based payment charge and related reserve in terms of IFRS 2. The actual share based payment charge and related reserve were calculated according to market information available as at 30 June 2015.

ANNEXURE 1 – SUMMARISED 2015 AUDITED FINANCIAL STATEMENTS CONTINUED

STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

	Group		Company	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
Cash flows from operating activities	340 950	885 379	(117 395)	670 485
Cash generated from operations	745 187	693 774	283 498	507 329
Interest received	72 043	52 583	220 904	35 516
Change in working capital	(221 248)	270 414	(499 955)	238 050
Taxation paid	(255 032)	(131 392)	(121 842)	(110 410)
Cash flows utilised in investing activities	(1 101 462)	(765 945)	(4 448 845)	(523 201)
Property, plant, equipment and mining properties and mineral reserves				
Additions to maintain operations	(322 980)	(358 200)	(286 245)	(351 466)
Additions to expand operations	(779 068)	(539 645)	–	–
Proceeds from sale of development ounces	–	137 687	–	–
Disposal proceeds	1 551	3 508	1 402	1 297
Land and township development				
Additions	(1 088)	(2 825)	–	–
Disposals proceeds	885	8 174	–	–
Investment in associate – cash distributed	12 918	69	–	69
Additional investment made in associate	(9 623)	–	(9 623)	–
Decrease/(increase) in subsidiary loans	–	–	387 411	(248 911)
Increase in investments held by Northam Platinum Restoration Trust Fund	(2 624)	(5 520)	(2 077)	(2 878)
Increase in investments held by Environmental Guarantee Investment	(1 098)	(8 617)	(1 856)	(6 316)
Increase in investment held in Buttonshope Conservancy Trust	(335)	(576)	–	–
Acquisition of subsidiary net of cash	–	–	(4 650 000)	(10 000)
Dividends received	–	–	112 143	95 004

	Group		Company	
	2015	2014	2015	2014
	R'000	R'000	R'000	R'000
Cash flows generated from financing activities	4 232 645	248 042	4 466 557	278 343
Proceeds from issue of shares	4 600 000	600 000	4 600 000	600 000
Transaction costs	(574)	(20 967)	(574)	(20 967)
Liquidity fees paid	(163 903)	–	–	–
Acquisition of non-controlling interest	(50 000)	(10 000)	–	–
Finance charges	(145 170)	(176 124)	(132 869)	(170 690)
Dividends paid	(3 908)	(11 066)	–	–
Decrease in long-term loans	(3 800)	(3 801)	–	–
Revolving credit facilities repaid	–	(250 000)	–	(250 000)
Domestic medium-term notes issued	–	120 000	–	120 000
Increase in cash and cash equivalents	3 472 133	367 476	(99 683)	425 627
Cash and cash equivalents at beginning of year	666 056	298 580	634 642	209 015
Cash and cash equivalents at end of year	4 138 189	666 056	534 959	634 642

ANNEXURE 1 – SUMMARISED 2015 AUDITED FINANCIAL STATEMENTS CONTINUED

EXTRACTS FROM THE CHIEF EXECUTIVE'S REVIEW



...the first step on this growth path was the R450 million acquisition of the Everest property from AQP SA

It is with somewhat mixed feelings that I am writing my second review of Northam's performance. As we have entered a new financial year, we remain faced with the challenge of a weak platinum market.

On the positive side, we completed our black economic empowerment (BEE) transaction. Historically Disadvantaged South African (HDSA) ownership levels in the company are now recognised at 35.4% with participants locked in for 10 years. The transaction included the successful raising of R4.6 billion that will fund the company's future growth and development. In terms of the deal, Northam issued 112.2 million new shares (equivalent to 22% of Northam) to a special-purpose black empowerment vehicle known as Zambezi Platinum.

Zambezi Platinum itself, has a range of HDSA stakeholders including an employee trust, community trusts, a women's group and a core of strategic partners. Together they hold a 31.4% stake in Northam. A further 4.0% contributed by the Toro Trust takes the company's HDSA equity to 35.4%.

In a separate transaction, the 13.1% stake held by ENRC since 2010, was disposed of in an oversubscribed bookbuild, with 51.7 million shares sold at R48.25 apiece for a sum of approximately R2.5 billion.

With the resolution of the company's empowerment status, and a totally transformed, strong and supportive shareholder base, we now have a solid platform from which to launch our growth strategy.

The first step on this growth path was the R450 million acquisition of the Everest property from Aquarius Platinum (South Africa) Proprietary Limited (AQP SA).

Our operating performance has been encouraging as we have steadily continued with the ramp-up of production at Booyensdal. At Zondereinde, despite a shaft incident that put the No.1 shaft out of commission for six weeks, and a one-week work stoppage in January, mine management recovered well from both these eventualities, and overall production was satisfactory.

The decline in the prices of platinum group metals during financial 2015 and which has continued since the year's end, remains a matter of concern. So, too, does the rise in costs – administered electricity tariffs and the prices of other inputs such as labour. Accordingly, our focus has been and continues to be on containing the unit cost of producing each PGM ounce.

HEALTH AND SAFETY

There were no work-related fatalities at our operations and we collaborate across the organisation to ensure that this remains the case.

At Zondereinde the safety improvement that was noted in the year's first half persisted into the second six months. Overall the operation's lost time injury incidence rate (LTIR) was 1.31 per 200,000 hours worked (2014: 1.70) and the reportable injury incident rate (RIIR) was 0.94 (2014: 0.86).

Shaft steelwork was accidentally damaged during a rope-change exercise at Zondereinde's No.1 shaft on July 28 last year. The accident did, however, put the shaft out of commission for six weeks.

At Booyensdal, safety figures were slightly poorer than in the preceding year. The LTIR rose to 0.54 (2014: 0.27) while the RIIR was 0.41 (2014: 0.21). The mechanised mining method remains a significant safety differentiator.

OPERATING ENVIRONMENT

The operating environment has improved somewhat since the end of the 11-week strike at our own operations in early 2014 and the five-month strike that affected other major operators on the platinum belt in the same year. The one-week work stoppage at Zondereinde at the beginning of the calendar year once again brought these conditions into sharp focus.

It needs to be taken into account that, particularly in the current environment of falling metal prices, with the best will in the world, we cannot afford to meet every demand and expectation of employees, of their dependants and of the communities in which we operate.

The issue of housing and accommodation remains an area where we have acknowledged that we have to do more. I indicated in my message to stakeholders in 2014 that our efforts would be redoubled. We feel we can, in successful partnership with local authorities and financial institutions, make a real difference to our employees' lives, while raising our own profile as a responsible and preferred employer. During the year we made significant progress in this area, having secured buy-in from the unions for our Accommodation Strategy 2020.

FINANCIAL PERFORMANCE

Our results for the year were largely determined by the steadily declining dollar prices of platinum group metals. We were afforded some protection by the rand's weakening against the dollar. Unit mining costs increased at a rate greater than the rise in the overall consumer price index. We shall remain as vigilant over costs as we were in the year under review.

The once-off costs associated with the BEE transaction skewed our numbers this year, but this is something we were prepared for, and for which we had previously cautioned shareholders in the transaction documentation. Nevertheless, we reported an operating profit of R595.8 million for the year.

In the final analysis however, the positive effect of the BEE transaction cannot be discounted: the cash balance of the

group at year end was a healthy R4 138.2 million, most of which was received in May 2015. Given our strategy to diversify the asset base into shallow, mechanisable deposits, growth remains high on our agenda.

PGM MARKETS

In line with most other commodities the prices of platinum group metals fell during the year under review.

Market conditions during the past year have been challenging, underpinned by weak global macro-economic conditions and a widespread flagging in demand for resources, a situation further exacerbated by the on-going strengthening of the US dollar.

Primary production of PGMs from South African mines recovered swiftly from the five-month strike that severely curtailed production during the early months of 2014. In addition, recycling of metal from used vehicle and industrial catalysts, and from jewellery, is now firmly entrenched as a key source of supply.

However, demand for platinum and palladium remains firmly rooted in autocatalyst consumption, driven by rising vehicle production and ever-tightening emissions legislation in both the light and heavy duty vehicle markets. Europe, China and the US will continue to dominate regional demand for metal, buoyed further by the outlook for increasing autocatalyst demand from motor manufacturers in India.

LOOKING AHEAD

It is not to be expected that PGM prices will rise appreciably over the next 12 months, and our planning will be founded on this expectation.

Northam is well positioned in a difficult market. We will continue to invest through the cycle, further strengthening and growing our business.

Paul Dunne

Chief executive

25 September 2015

ANNEXURE 2 – DETAILS OF DIRECTORS

PL Zim (55)

BCom (Hons); MCom

Non-executive chairman

Joined the board in 2007

Mr Zim is the chairman of Zambezi Platinum, and a director of Atisa Platinum (RF) Proprietary Limited, Sanlam Limited and Sanlam Life Insurance Limited. He is also a past president of the Chamber of Mines of South Africa. Previously chairman of Telkom SA SOC Limited, he has also held senior executive positions at Anglo American South Africa Limited, M-Net Supersport and MTN Group Limited. He was voted African Business Leader of the Year in 2005 and is an Honorary Colonel in the South African Army.

Member of the nomination committee.

PA Dunne (52) (British)

BSc (Hons); MBA

Chief executive officer

Joined the board in 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 Implats' Rustenburg and Marula mines. Mr Dunne is also a director of Zambezi Platinum.

AZ Khumalo (50)

BCom; BCompt (Hons); CA (SA)

Chief financial officer

Joined the board in 2010

Mr Khumalo, a chartered accountant by profession, 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. Mr Khumalo is also a director of Zambezi Platinum.

ME Beckett (79) (British)

BSc (Geology); 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 resources committee.

CK Chabedi (47)

BSc (Mining Engineering); MSc (Mining Engineering); MDP

Independent non-executive director

Joined the board in 2009

Mr Chabedi has more than 20 years' mining experience which includes having worked for Anglo American's coal division in both their underground and surface mining operations for over 12 years. He currently lectures in the School of Mining Engineering at the University of the Witwatersrand.

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

R Havenstein (59)

MSc (Chemical Engineering); BCom

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

Mr Havenstein's current non-executive directorships include Heric 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.

Member of the audit and risk committee.

Chairman of the health, safety and environmental committee; the investment committee; and the nomination committee.

Lead independent director.

TE Kgosi (Ms) (61)

BCom (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 (NY).

Member of the audit and risk committee; and the nomination committee.

Chairperson of the social, ethics and human resources committee.

AR Martin (77)

BCom; 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.

Member of the investment committee; and the nomination committee.

KB Mosehla (43)

BCompt; CA (SA)

Non-executive director**Joined the board in 2015**

Mr Mosehla is the chief executive of Mosomo Investment Holdings Proprietary Limited, a director of Zambezi Platinum, Malundi Resources (RF) Proprietary Limited and Coal of Africa Limited.

Member of the investment committee; and the social, ethics and human resources committee.

ANNEXURE 3 – REMUNERATION REPORT OF THE SE&HR COMMITTEE

The SE&HR committee was established in 2012. Prior to the establishment of the nomination committee in February 2015, the committee attended to the board's nomination and succession plans in addition to the statutory social and ethics obligations.

The members of the committee are Ms TE Kgosi (chairperson), Messrs. ME Beckett and R Havenstein, all of whom are independent non-executive directors. Subsequent to year-end Mr Havenstein resigned as a member of the committee and Messrs Chabedi and Mosehla were appointed.

The complete SE&HR committee report can be found in the 2015 annual integrated report available at www.northam.co.za

The SE&HR committee is ultimately responsible for establishing a remuneration policy and for its implementation, to ensure that competent individuals are appointed as senior managers, and to ensure that the group's leadership is adequately rewarded for delivering on the group's strategic targets and for their positive impact on the group's results and performance. In addition the committee is responsible for mandating management on appropriate wage increase thresholds for union negotiations and advises on the scale of fees to be paid to non-executive directors, which are submitted to shareholders for approval.

Employees represented in terms of collective bargaining arrangements

The majority of the group's employees at Zondereinde are contributing members of the National Union of Mineworkers (NUM – primarily in the category 2 to 10 bargaining units). Therefore, their salary levels, annual increases, allowances and benefit packages are negotiated on a collective basis. Northam also engages with other unions representing smaller groups of employees. The group'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. Northam's objective is to engage in good faith in order to reach agreement on matters such as wages, substantive conditions of service and other matters of mutual interest.

At Booyendal a total of 32% of the workforce is covered by collective bargaining agreements through the contractor companies used at the operation.

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

Executive directors, management and non-union staff

Executive directors, corporate and operational management members 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. These serve as the basis for performance management and measurement and performance-linked salary increases and bonuses.

Remuneration takes the form of:

- appropriate salary packages, including those of the executive directors which incorporate basic remuneration pay (BRP) including death, disability, medical aid and pension contribution benefits;
- various allowances;
- various short-term incentive bonus schemes depending on the grade of the employee;
- a long-term incentive scheme launched in 2011 which replaced the share option scheme.

MAIN FEATURES

The group's remuneration policy is designed to support its strategic goals in a way that aligns the interests of employees, managers, executives and directors with those of shareholders. Through fixed and variable remuneration, 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. The policy is underpinned by the following key principles:

- attracting and retaining core skills, such as artisans, engineers and management;
- harmonising working conditions, salaries and wages throughout the group;
- compliance with all statutory and regulatory requirements and a commitment to applying best practice guidelines in all aspects of remuneration and benefits, and
- offering remuneration packages that are competitive, fair, and reasonable in all respects and at all levels.

ANNEXURE 3 – REMUNERATION REPORT OF THE SE&HR COMMITTEE CONTINUED

Features of remuneration practices

As a general principle, employment contracts are concluded on a permanent basis (i.e. for an indefinite period), except where fixed-term or short-term temporary contracts are required for specific projects. The notice period for the termination of employment contracts is typically one month, but for critical positions this can be extended by mutual agreement to a maximum of one year.

Northam's objective is to provide a market-competitive basic salary plus compulsory medical aid and retirement fund membership. Various fixed and variable allowances are paid at certain job/grade levels or to certain job categories. The job grading system follows the Paterson model. Remuneration experts are consulted as circumstances dictate.

Job grades, salary scales and employee benefits are benchmarked against mining industry standards and are 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 between 12.5% and 80% which allow an overlap on scales which have steps of 15% between grade ranges to allow for the appropriate positioning of individuals according to qualifications, experience, performance, growth, development and market imperatives. However, in a competitive market where skills are scarce, market comparisons at the top global the range must be considered and paid.

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.

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 in line with legislation, which is the Basic Conditions of Employment Act, being one week's remuneration per completed year of service with the group.

Group employees are not provided with any special retirement benefits other than the standard benefits in terms of one of the group's recognised retirement funds, with the exception of employees in Category 9 and above 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.

Executive directors' service contracts

The chief executive Mr PA Dunne has a service contract with the company which is subject to a notice period of one year. The chief financial officer, Mr AZ Khumalo has a service contract with the company which is subject to a notice period of three months. Severance pay is governed by employment (labour) legislation and there are no special severance package arrangements in terms of these contracts except that they are governed by legislation. The executive directors' remuneration is determined on an annual basis by the committee.

ELEMENTS OF REMUNERATION FOR EXECUTIVE DIRECTORS AND SENIOR OFFICIALS**Fixed remuneration: cost to company**

Executive directors are paid market-related salary packages on a cost to company basis which represents their guaranteed pay. Increases are generally offered and determined annually by the committee in July. Increases take account of the prevailing inflation rate and include a merit component of no more than 2% in addition to the inflation rate.

VARIABLE REMUNERATION: SHORT-TERM INCENTIVES**Employee bonuses**

The group has a variety of bonus schemes for employees. Bonuses are not guaranteed and are based on agreed formulae. Executive directors and senior management may earn a bonus based on the extent to which they have achieved the targets and objectives set for them by the committee and/or the board of directors. Bonuses are payable half-yearly.

Short term incentive – executive directors, senior officials' bonus scheme

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

Bonuses are paid subject to the achievement/meeting of targets, and an individual performance rating. Variability of the bonus amounts per grade is based on the relative BRPs of executive directors and senior officials.

ANNEXURE 3 – REMUNERATION REPORT OF THE SE&HR COMMITTEE CONTINUED

Typically, the bonus scheme is based on a weighted combination of targets which are largely under the control of management. The committee intends for bonuses to incentivise management in areas/targets that they are able to influence so they are incentivised to manage the group for best performance for the benefit of shareholders. These targets are usually a weighted combination of safety performance, linear metres achieved, square metres achieved, total tonnes milled, recoverable metals produced, cash or total operating costs, personal performance which includes transformation (referring to social employment quotas/criteria that must be met in terms of employment legislation in South Africa).

Short-term incentives – Details of the executive directors' and senior officials' bonus scheme

Committee approved formula	Achievement (excess or shortfall of actual over target), rated in terms of achievement factors (i.e. below 90% achievement = zero achievement factor and above 110% = 125% achievement factor) by (x) weighting of key performance area (scoring) x BRP x weighting of the two mines (on production) – this is calculated half yearly and per annum – all annualised = bonus of executive directors and senior management.
Payment frequency	Bonuses are paid twice annually based on the actual results achieved for each of six months ending December and June. 75% of the calculated bonus is paid for each six-month period with the final 25% being calculated on the results for the full year.
Performance conditions	Set during the financial year by the committee and the board. Corporate office bonuses are paid on a weighted basis based on the two mines' Zondereinde and Booyssendal's performance. Performance criteria and weightings for F2015 and F2016
Minimum and maximum possible bonus opportunity	Minimum can be zero and maximum 125% of BRP.
Proposed changes for 2016	Only on the Booyssendal weighting of targets. The change in certain targets reflects the anticipated steady-state production levels in F2016.
Remuneration committee discretion	In consultation with chief executive, the committee may vary both the formula, targets and or the amounts payable.

Based on the cost to company, being the basic remuneration package plus pension contribution, the average group bonus paid under this scheme was 50.4% of group cost to company remuneration in F2015.

From F2015, executive directors and corporate office staff bonuses have been paid on a weighted basis based on the two mines' Zondereinde and Booyensdal's performance.

Short-term incentives: Retention bonus scheme – including executive directors

The bonus is designed to retain skills within the company. Accordingly, any employee who is discharged or resigns before such bonus becomes payable forfeits the total amount accumulated.

An amount equal to 20% of the annual BRP is accumulated monthly over 24 months and paid after two years' service in terms of this scheme. On retirement or retrenchment all accumulated bonuses are payable to employees. Employees taking early retirement will receive this bonus on a proportional basis in line with the same percentages as the Share Incentive Plan (SIP) rules.

All officials within the D3 Patterson grading and higher, including executive directors, are eligible to participate in the scheme. In F2015 the average group retention bonus paid was 10.5% of the group cost to company remuneration.

LONG-TERM INCENTIVE: SHARE INCENTIVE PLAN AND SHARE OPTION PLAN FOR EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

The group currently operates the Northam SIP. The Northam Share Option Scheme has been discontinued owing to its dilutive nature. The share options issued before its discontinuance will be allowed to run their course until 2017.

Remuneration of executive directors in terms of both basic pay and the Northam SIP shares are disclosed in Annexure 4 which forms part of this document.

The SIP was introduced in 2011 in order to attract, incentivise and retain skilled senior managers. The target group for the SIP includes all senior officials and executives in job grades D1 and above. The committee approves the annual allocation of shares based on an approved formula, as well as any changes to the SIP rules.

ANNEXURE 3 – REMUNERATION REPORT OF THE SE&HR COMMITTEE CONTINUED

Long-term incentive – Details of the Share Incentive Plan

Instruments used	<p>Conditional shares with a three-year vesting period</p> <ul style="list-style-type: none"> • retention shares (without performance conditions) – no more than 20% of the total award; and • conditional shares with performance conditions – at least 80% of the total award <p>Forfeitable shares</p> <p>Participants do not have to pay for any awards received under the SIP.</p>
Eligibility levels	Executive directors and all senior officials in Patterson D grade and above
Performance conditions and performance measurement	A combination of performance conditions, each factor weighted accordingly. From F2015 onwards include a rate of return performance target/factors with a weighting of at least 30%.
Vesting period	Three years for all shares
Company and individual limits	Total company limit of approximately 19.9 million shares and approximately 2.0 million shares per cycle for individuals
Minimum and maximum possible share payout	The minimum share payout is the value of retention shares (as they have no performance conditions attached). The maximum value depends largely on the operational performance of the company. This determines the number of shares eventually allocated.

The first three-year cycle post the launch of the SIP in 2011 was completed in November 2014. The performance conditions were measured with the result determining the allocations of shares that vested and which determined the payout. The retention awards of F2011 however vested in 2013. For Zondereinde mine and corporate office (including executive directors) 70% of the awards were allocated and paid. For Booyensdal this amounted to 78%.

The awarding of shares is determined by means of a share option formula, approved by the committee, which was provided to Northam by external experts after a review of industry share schemes in 2011. The formula takes into account factors such as the share price on award or grant date and the vesting period of the shares to be awarded. Both retention shares (without performance conditions) and performance shares (with performance conditions) are awarded. However retention shares are limited to a maximum of 20% of the total number of awarded shares for all grades of staff including executive directors. Usually the awarded shares are not the shares that eventually vest, but the allocated shares (that is, the awarded shares after measurement against the performance conditions, three years later) that vest.

Consultations with shareholders on long-term incentives

The committee, with the assistance of management, has consulted with shareholders and experts on the changes to the SIP rules. As a result, the following changes were approved by shareholders:

No	Area of change	AGM date	Description of change
1	Choice for employees	Nov 2013	Employees given the choice to receive cash or shares. If shares are chosen, then these are to be bought in the market and not issued, to avoid dilution
2	Maximum number of shares available for award	Nov 2014	Limited to the then 5% of issued share capital, which equals 19.9 million shares
3	Limit of retention shares	Nov 2014	Retention shares (shares without performance conditions) limited to no more than 20% of award.
4	Maximum award for single employee	Nov 2014	Limited to 0.5% of issued shares per cycle, which is approximately 2 million shares
5	No dilution	Nov 2014	Shares to be offered to employees to be bought in the open market not issued
6	Vesting period for retention shares	Nov 2014	Period extended to three years from two years
7	Measurement of performance conditions period	Nov 2014	Measurement to be done for each three-year period, not for each year over three years
8	Change in performance criteria	Nov 2014	Added a rate of return target to the criteria with a weighting of at least 30% for F2015 going forward

ANNEXURE 3 – REMUNERATION REPORT OF THE SE&HR COMMITTEE CONTINUED

F2015 three-year award performance targets/factors set in November 2014 as follows:

- an improvement of 10% over the previous financial year's safety record, with a weighting of 25%;
- estimated recoverable metals meeting production volumes, weighted at 25%;
- unit cash costs – achieving the budgeted unit costs for the current year or less with a weighting of 20%;
- a rate of return measure
 - absolute total shareholder return (group) in excess of 15% (cost of capital +2%)
 - relative total shareholder return (group) – Northam share price performance exceeding the platinum index return on the JSE (each with a weighting of 15%) with the sum of the weightings totalling 100%.

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.

ANNEXURE 4 – DIRECTORS' REMUNERATION

The directors' remuneration for the year ended 30 June 2015 is as follows:

	Fees	Remuneration package	Performance bonus	Benefits	Gain on share based payments	Total 2015	Total 2014
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Executive							
PA Dunne	–	5 700	2 184	763	–	8 647	2 651
AZ Khumalo	–	2 708	1 686	347	4 740 [#]	9 481	4 530
GT Lewis ⁽¹⁾	–	–	–	–	–	–	51 471
Non-executive							
ME Beckett	616	–	–	–	–	616	611
CK Chabedi	413	–	–	–	–	413	447
JAK Cochrane ⁽²⁾	276	–	–	–	–	276	340
R Havenstein	744	–	–	–	–	744	718
NJ Dlamini ⁽³⁾	–	–	–	–	–	–	89
TE Kgosi	579	–	–	–	–	579	643
AR Martin	557	–	–	–	–	557	523
PL Zim	318	–	–	–	–	318	330
	3 503	8 408	3 870	1 110	4 740	21 631	62 353

⁽¹⁾ Mr GT Lewis resigned as director and CEO on 1 March 2014.

⁽²⁾ Mr JAK Cochrane resigned as director on 15 April 2015.

⁽³⁾ Dr NJ Dlamini resigned as director on 30 September 2013.

[#] R1.4 million of this amount should have been paid in F2014 but could not be paid due to closed period. This was eventually paid in F2015.

ANNEXURE 4 – DIRECTORS' REMUNERATION CONTINUED

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

	Board	Audit and risk committee	Health, safety and environ- mental committee	Investment committee	Social, ethics and human resources committee	<i>Ad hoc</i>	Total 2015	Total 2014
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ME Beckett	288	121	81	–	126	–	616	611
CK Chabedi	250	–	81	82	–	–	413	447
JAK Cochrane ⁽¹⁾	200	–	–	76	–	–	276	340
R Havenstein	288	121	105	105	126	–	744	718
NJ Dlamini ⁽²⁾	–	–	–	–	–	–	–	89
TE Kgosi	250	121	–	–	152	57	579	643
AR Martin	323	149	–	81	–	3	557	523
PL Zim	318	–	–	–	–	–	318	330
	1 917	512	267	344	404	59	3 503	3 701

⁽¹⁾ Mr JAK Cochrane resigned as director on 15 April 2015.

⁽²⁾ Dr NJ Dlamini resigned as director on 30 September 2013.

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.

It is proposed to increase the fees of non-executive directors by an average of 7.0% per annum in line with market norms.

At the forthcoming AGM members will be requested to consider a special resolution providing for the increase in fees for the year ending 30 June 2016 as set out below:

Board	Proposed fee 2015 AGM (per annum)	Approved fee 2014 AGM (per annum)
Board chairman	135 500	126 600
Lead independent director	100 500	93 900
Board members	63 300	59 100
Board meeting attendance fees	40 900	38 200
Audit and risk committee		
Committee chairman	60 700	56 700
Committee members	30 400	28 400
Committee meeting attendance fees	19 800	18 500
Social, ethics and human resources committee		
Committee chairman	51 700	48 300
Committee members	23 800	22 200
Committee meeting attendance fees	15 900	14 800
Other board appointed committees		
Committee chairmen	48 500	45 300
Committee members	23 800	22 200
Committee meeting attendance fees	15 900	14 800
<i>Ad hoc</i> fees per hour	3 170	2 960

ANNEXURE 5 – SHARE OPTION SCHEME AND SHARE INCENTIVE PLAN

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 would make 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 until 2017.

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. 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 2015 is as follows:

Earliest and latest exercise date	Price per share R	Total number of options
22 October 2009 and 21 October 2014	48.00	1 210 674
27 November 2010 and 26 November 2015	32.38	166 272
5 November 2011 and 4 November 2016	36.95	537 788
1 July 2012 and 30 June 2017	45.59	129 901
12 October 2012 and 11 October 2017	46.57	2 675 950
Number of options held at 30 June 2014		4 720 585
Number of options forfeited during the year		(1 236 654)
Number of options exercised during the year – refer to the annual integrated report 2015		
Equity settled options		–
Cash settled options		(756 021)
Number of options held at 30 June 2015		2 727 910

At 30 June 2015 the outstanding options were exercisable as follows:

Earliest and latest exercise date	Price per share R	Total number of options	Options vested at 30 June 2015 at price per share	Options vested at 30 June 2015 at claw back offer price
27 November 2010 and 26 November 2015	32.38	72 744	70 000	2 744
5 November 2011 and 4 November 2016	36.95	394 898	380 000	14 898
1 July 2012 and 30 June 2017	45.59	129 901	125 000	4 901
12 October 2012 and 11 October 2017	46.57	2 130 373	2 050 000	80 373
Number of options held at 30 June 2015		2 727 916	2 625 000	102 916

Full details of the options exercised during the year are set out in Annexure 5 of the 2015 annual integrated report, and are summarised as follows:

Cash settled options			
Grant date	Number of options exercised	Exercise price R	Total gain paid to participants R'000
27 November 2008	90 000	32.38	1 612
5 November 2009	137 500	36.95	1 882
12 October 2010	500 000	46.57	2 224
15 November 2013	28 521	40.00	310
Total	756 021		6 028

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

The SIP 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.

ANNEXURE 5 – SHARE OPTION SCHEME AND SHARE INCENTIVE PLAN CONTINUED

- 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 the SIP. 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:

CSP

- 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 three years:
- Performance conditions will be set by the social, ethics and human resources (SE&HR) committee before an award is made, and will be based on appropriate company performance measures at the time.

FSP

- Shares, which have no performance conditions attached, can only be awarded or granted in exceptional circumstances, 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; and
- 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. No company performance conditions will apply.

No forfeitable shares have been awarded since the inception of the SIP.

Further details on changes to the SIP rules are on page 29 in Annexure 3 which forms part of this document.

The SE&HR 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 allocated under the CSP are set out below:

Grant date	Details	Total	Retention shares	Performance shares
Balance at 30 June 2014		4 883 000	1 466 000	3 417 000
04 November 2014	Shares awarded	2 971 000	750 500	2 220 500
	Shares forfeited	(204 400)	(63 900)	(140 500)
	Shares cash-settled	(1 959 600)	(807 400)	(1 152 200)
Balance at 30 June 2015		5 690 000	1 345 200	4 344 800

At 30 June 2015 the following awards were outstanding:

Grant date		Total number of shares	Shares to be settled in 2016	Shares to be settled thereafter
6 November 2012	Performance shares	1 129 000	1 129 000	–
15 November 2013	Retention shares	627 000	627 000	–
15 November 2013	Performance shares	1 091 000	–	1 091 000
04 November 2014	Retention shares	718 200	–	718 200
04 November 2014	Performance shares	2 124 800	–	2 124 800
Balance at 30 June 2015		5 690 000	1 756 000	3 934 000

Full details of the shares granted during the year are set out in Annexure 5 of the 2015 annual integrated report.

ANNEXURE 6 – STATED CAPITAL, SHAREHOLDING AND DIRECTORS' INTEREST

STATED CAPITAL

The authorised share capital of the company increased for the Northam BEE transaction, from 545 000 000 (five hundred and forty five million) shares to 2 000 000 000 (two billion) shares. The increase in share capital was approved by shareholders at the general meeting (GM) held on 19 March 2015, as defined in the transaction circular dated 17 February 2015.

In terms of the Northam BEE transaction, 112 195 122 shares (22% of the issued share capital) were allotted and issued to Zambezi Platinum on 18 May 2015, resulting in the issued share capital at 30 June 2015 increasing to 509 781 212 (2014: 397 586 090) shares.

No shares were allotted and issued to participants of the Northam Share Option Scheme or the Northam Share Incentive Plan during the year.

REPURCHASE OF ISSUED SHARES

At the GM on held 19 March 2015 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 JSE listings requirements and the provisions of the Companies Act. No shares were repurchased in the current or prior year. This general authority is valid until the company's next AGM or for 15 months from the date of the aforementioned resolution (being 19 March 2015) whichever period is the shorter.

Approval to renew this general authority will be sought at the AGM to be held on Wednesday, 11 November 2015. The text of the necessary special resolution, as well as the reasons therefor and the effects thereof, appear 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 2015 were as follows:

	Direct beneficial holding	Indirect beneficial holding	Total 2015	Total 2014
ME Beckett	30 000	–	30 000	30 000
CK Chabedi *	–	204 000	204 000	–
TE Kgosi *	–	635 000	635 000	–
PL Zim *	–	17 547 097	17 547 097	–
Total	30 000	18 386 097	18 416 097	30 000

* Pursuant to the Northam BEE transaction, Mr Chabedi, Ms Kgosi and Mr Zim acquired beneficial interests in the ordinary share capital of Zambezi Platinum on 18 May 2015. This resulted in them and their associates acquiring effective interests in Northam shares. The SENS announcement for the aforementioned directors dealings in securities, is available on the Northam website at www.northam.co.za.

There have been no changes in these holdings from 30 June 2015 to the date of this report.

ANALYSIS OF SHAREHOLDERS AT 30 JUNE 2015

Shareholding range	No of shareholders	Total of shareholding	Percentage holding (%)
1 – 5 000	6 054	5 661 689	1.11
5 001 – 10 000	274	1 971 749	0.40
10 001 – 50 000	391	9 398 214	1.84
50 001 – 100 000	125	8 827 550	1.73
100 001 – 1 000 000	239	68 838 595	13.50
1 000 001 and over	67	415 083 415	81.42
Total	7 150	509 781 212	100.00

Geographical analysis of shareholders	Total shareholding	Percentage holding (%)
Australasia	76 740	0.02
Europe and United Kingdom	16 355 258	3.21
North America	42 930 442	8.42
Far East	61 894	0.01
Rest of Africa	226 982	0.04
South Africa	438 933 679	86.10
Other	11 196 217	2.20
Total	509 781 212	100.00

Major shareholders at 30 June 2015 (based on total issued share capital of 509 781 212)	Number of shares	Percentage holding (%)
Owner		
Zambezi Platinum RF	159 905 453	31.37
Fund manager		
Coronation Asset Management	137 046 146	26.88
Public Investment Corporation (PIC)	40 049 690	7.86
Foord Asset Management	27 570 724	5.41
Clients of Allan Gray	23 137 013	4.54
Sanlam Investment Management	22 775 410	4.47

ANNEXURE 6 – STATED CAPITAL, SHAREHOLDING AND DIRECTORS' INTEREST CONTINUED

Shareholder spread at 30 June 2015	Number of shareholders	Percentage holding
Public	7 146	99.94
Non-public		
– Directors	4	0.06
Total	7 150	100.00

BLACK ECONOMIC EMPOWERMENT (BEE) TRANSACTION

Northam is a fully empowered PGM producer. Historically disadvantaged South African (HDSA) ownership levels in the company are pegged at 35.4% following the conclusion of a R6.6 billion black economic empowerment (BEE) transaction, which included the successful raising of R4.6 billion. The transaction was concluded in October 2014 and approved by shareholders in March 2015. In terms of the deal, Northam issued 112 195 122 new shares (equivalent to 22% of Northam's issued share capital) to a special purpose BEE vehicle known as Zambezi Platinum (RF) Limited (Zambezi or Zambezi Platinum). These shares were supplemented by 47 710 331 shares (equivalent to 9.4% of Northam's issued share capital), sold to Zambezi Platinum by the Public Investment Corporation SOC Limited (PIC), a long-standing Northam shareholder.

Zambezi Platinum comprises a range of HDSA stakeholders including an employee trust, two community trusts, a women's group and a core of strategic partners. Together they hold a 31.4% stake in Northam. This holding, added to a 4% BEE credit recognised through the Toro Trust (a profit share scheme) takes the company's HDSA equity to 35.4%, in excess of the Mining Charter requirements, and with a 10-year lock-in period for the participants.

Zambezi Platinum is financing the acquisition of shares in Northam through a preference share arrangement. Apart from this function Zambezi Platinum will not conduct any operational business. Zambezi Platinum's preference shares were listed on the JSE on 11 May 2015.

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 the 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 facility at 30 June 2015	Balance at 30 June 2015	Additional amount to be advanced in coming year	New loan facility	Total financial assistance to be granted
	R'000	R'000	R'000	R'000	R'000
Booyensdal Platinum Proprietary Limited (formerly Micawber 278 Proprietary Limited) ⁽¹⁾	4 970 000	4 159 333	Nil	4 970 000	4 970 000
Norplats Properties Proprietary Limited – fixed-term loan ⁽²⁾	34 300	24 456	Nil	34 300	34 300
Norplats Properties Proprietary Limited – general loan ⁽²⁾	39 000	26 007	5 000	44 000	44 000
Windfall 38 Properties Proprietary Limited ⁽³⁾	15 800	14 862	Nil	15 800	15 800
Mvelaphanda Resources Proprietary Limited ⁽⁴⁾	Nil	957	Nil	42 000	42 000
Mining Technical Services Proprietary Limited (formerly Dialstat Trading 133 Proprietary Limited) ⁽⁵⁾	260 000	1	Nil	20 000	20 000
Total loan facilities	5 319 100	4 225 616	5 000	5 126 100	5 126 100

⁽¹⁾ At year end Northam has finance facilities available in the form of an undrawn revolving credit facility of R1.0 billion with Nedbank Limited, and finance in the form of a R1.37 billion on domestic medium term notes (DMTN). In view of the fact that interest will be payable on these borrowings, Booyensdal Platinum has entered into an appropriate loan agreement with Northam in terms of which the loan from Northam is interest bearing, on the portion that relates to external funding.

The interest rate payable by Booyensdal Platinum is based on the three-month JIBAR rate plus 375 basis points, so that the total interest payable approximates the interest payable by Northam.

⁽²⁾ The loan facility granted to Norplats Properties comprises an interest bearing portion of R34.3 million which is repayable in 2026. The loan from Northam to Norplats Properties consists of an interest free portion of R29.0 million which has no fixed repayment date. The interest bearing portion of R34.3 million which carries interest at prime less 2.0%.

⁽³⁾ The loan to Windfall 38 Properties, is repayable out of surplus cash funds and bears interest at prime less 2.0%.

⁽⁴⁾ The loan facility to Mvelaphanda Resources (Mvela) is due to the fact that its liabilities exceed its assets by R40.5 million. This facility will only be used if a need arises and this is not likely to be in the current financial year.

⁽⁵⁾ The loan facility to Mining Technical Services is for the company to establish a division to facilitate the execution of the group's growth projects.

ANNEXURE 8 – EVENTS AFTER REPORTING DATE

Shareholders were advised on 30 July 2015 that the management of Zondereinde had signed a three-year wage agreement with the recognised union at the mine.

ADMINISTRATION AND CONTACT INFORMATION

NORTHAM PLATINUM LIMITED

(Registration number 1977/003282/06)

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Debt issuer code: NHM001 ISIN code:

ZAG000099524

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