

## Operational update and trading estimate 17 November 2008

### 1. Introduction

In view of the deteriorating global economic climate and its consequent effect on commodity prices, the company considers it prudent to provide shareholders with an update on its operational and financial performance for the first four months of the 2009 financial year ("the period"). Numbers for the corresponding first four months of the previous financial year are provided for purposes of comparison.

### 2. Salient features for the period

- Production of metals in concentrate up 14.3% to 3 543 kg (113 910 oz)
- Sales volumes up by 639 kg (20 544 oz)
- Healthy sales revenues at R1.3bn
- Average 3PGE+Au basket price of R359 844/kg (US\$1 391per oz) realized, 24.3% higher year on year
- Operating margin of 45.8%

### 3. Key operational statistics

	4 months ended 31 October 2008	4 months ended 31 October 2007
Development metres	4 370	4 199
Square metres mined	138 551	127 246
Tonnes milled	792 994	707 018
Head grade (g/tonne – 3 PGE + Au)	5.2	5.0
Precious metals produced (3PGE+Au) (Kg)	3 543	3 099
Precious metals sold (3PGE+Au) (Kg)	3 271	2 632
Average price realised – R/kg	359 844	303 383
Operating costs – R/kg	206 708	188 831
Cash operating costs – R/kg	182 876	169 973
Sales revenue (R'000)	1 288 820	947 692
Cost of sales (R'000)	698 936	440 723
Operating profit (R'000)	589 884	506 969
Profit after tax (R'000)	364 803	290 451
Operating cash flow (R'000)	242 456	108 750
Capital expenditure (R'000)	122 137	56 887
Earnings per share (cents) (Note 1)	117.5	122.4
Headline earnings per share (cents) (Note 1)	117.5	122.4
Weighted average number of shares in issue (Note 1)	310 500 508	237 279 195

4. Note 1 – On 20 August 2008 the number of shares in issue increased by 121.0 million as a consequence of the implementation of the Booysendal Transaction.

## **5. Capital expenditure**

As indicated at the end of the 2008 financial year, capital expenditure for the year to 30 June 2009 is estimated at R352 million, of which R122 million has been spent to date. The major capital items included in this estimate are a provision of R75 million for the rebuild of the smelter at the Northam mine and R106 million allocated to the deepening project, specifically the decline to 18 level and related development.

The smelter rebuild is proceeding well, in line with the planned schedule and within budget, and remains due for recommissioning at the end of December 2008.

The decline to 16 level is expected to be complete by the end of the financial year after which related development and infrastructure for mining on 15 level will commence.

## **6. Booysendal**

The company is proceeding with the Booysendal feasibility study. This is scheduled for completion in the third quarter of calendar 2009. The estimated cost for the current financial year is R50 million of which R24 million has been spent to date. Initial indications that the Booysendal project will follow a modular production ramp-up approach remain unchanged.

## **7. Cash and cash equivalents**

As at 31 October 2008, the company had cash and cash equivalents of R917 million, (equivalent to R2.55 per share) after the payment of tax and dividends in excess of R1.1 billion.

## **8. Outlook**

During the smelter rebuild Northam's precious metal concentrate is being refined in terms of a toll

refining agreement with a third party. The longer metal pipeline in terms of this agreement will affect unit sales during the first half of the financial year with a consequential effect on earnings per share and headline earnings per share.

At the current spot metal prices and R/\$ exchange rate, Northam's average basket price for the financial year is estimated at R274 161 per kilogram of 3PGE+Au.

Although the rate of exchange of the South African Rand against the US dollar has been characterized by increasing levels of volatility since the end of the 2008 financial year, the Rand has traded weaker by 34% against the US dollar in the first four months of this financial year. Provided there is no significant increase in the value of the Rand against the US dollar from these levels, and spot metal prices do not decline further, the company is confident that it will continue to cover its cash costs and capital expenditure.

## **9. General**

The information contained in this announcement has been prepared in accordance with International Financial Reporting Standards (IFRS) and incorporate the accounting policies that are consistent with those adopted in the financial year ended 30 June 2008.

Shareholders are advised that the information included in this announcement is the responsibility of the Northam's directors and has not been reviewed or reported on by the company's auditors.

Johannesburg  
17 November 2008 Sponsor

Barnard Jacobs Mellet Corporate Finance (Proprietary) Limited