CHAIRMAN'S STATEMENT

Lazarus Zim
Chairman

It gives me great pleasure to reflect on Northam's progress in FY2016 and on the considerable opportunities management continues to unlock.

I am pleased to note and report to our shareholders that management's pursuit of growth does not come at the expense of looking after the basics at home. To illustrate, the group's safety performance has been exemplary and efficiencies at our producing operations have continued to improve, moving the group into a much improved position on the SA PGM producer cost curve. This in itself has been a commendable achievement, from which shareholders will derive substantial benefits when the market environment starts to shift.

From a different viewpoint, my colleagues and I believe that the completion of our BEE transaction with Zambezi Platinum has been a major step forward for the group. Not only has Zambezi's major holding in Northam ensured the longer-term sustainability of our BEE status, but its investment also provided a cash inflow that substantially added to our financial muscle and strengthened our statement of financial position. Northam's financial position is now sufficiently robust to facilitate the operational and expansionary developments that are already in progress.

Elsewhere in this report we provide a comprehensive account of the past year's operations and of the expansion projects that will lift our annual production to a targeted 800 000oz. Our operations are diverse, ranging from the profitable mining of high-quality ore from the deep Zondereinde property to the current and planned mining at the comparatively shallow and mechanised Booysendal North and South operations.

This duality, I believe, provides attractive and sustainable profit flexibility throughout the platinum price cycle. And it is worth repeating that we shall continue to invest conservatively throughout the cycle, all the while strengthening our market position. In this regard, we now have the benefit of the processing facilities integrated into our operational structures by the completion of the acquisition of the Everest property adjacent to Booysendal, now known as Booysendal South and the attendant acquisition of Everest's processing plant at a price well below its replacement cost.

Strategic partners are valuable in this business. Northam's relationship with Heraeus, which spans more than 20 years, was further cemented this year with Heraeus agreeing to contribute €20.0 million to expand the group's smelting facilities at Zondereinde, along with an offtake agreement to secure metal supply into the future. We welcome this expression of confidence in our business, and in the prospects for this extraordinary suite of metals.

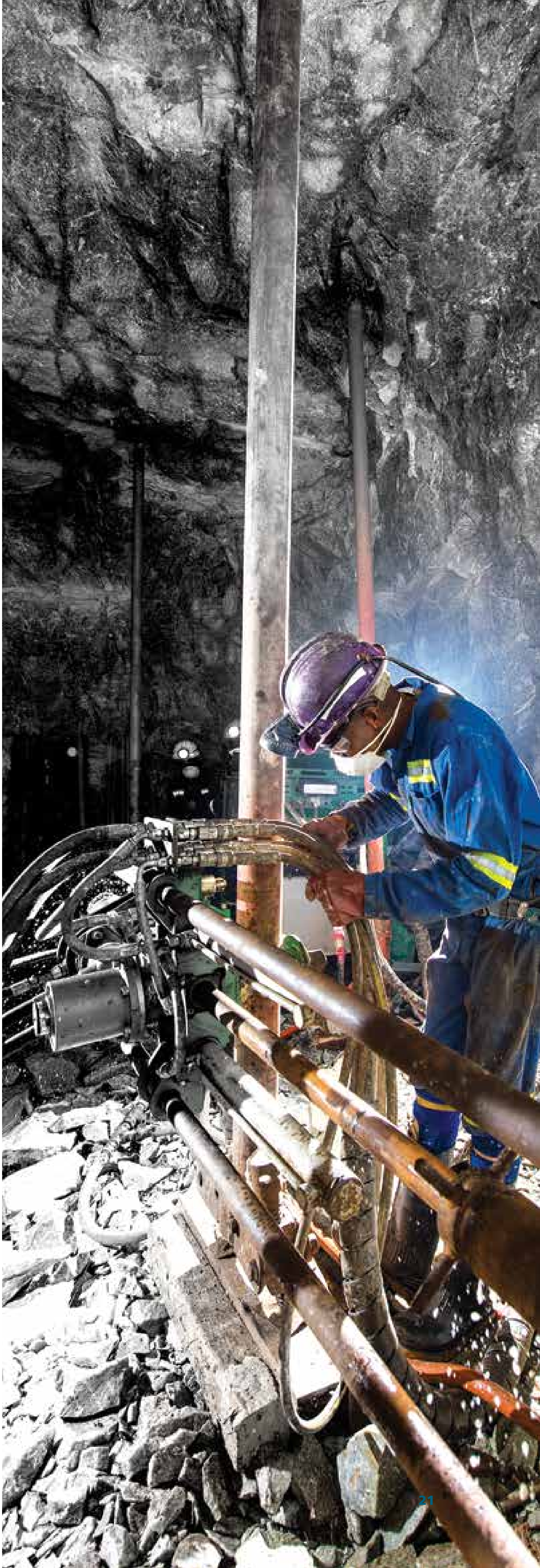
Northam's strategic partnership strengthens our marketing capacity, reduces operational risk and provides secure toll-refining of our metals. Again, this agreement underpins Northam's commitment to growth and expansion, an important consideration at this uncertain phase of the platinum cycle.

Our commitment to our stakeholders remains intact. As chairman of this progressive company, I am encouraged by the strides made in our social initiatives – not only in terms of compliance, but in doing what is the right thing. I am proud to be associated with this company, which, by the end of this year, will be in a position to accommodate each one of its employees individually and with dignity. We have come a long way.

Our plans for the future are comprehensively evaluated elsewhere in this report and I am confident that together we shall progress well. I would be remiss if I were not to express my sincere appreciation for the unstinting contributions to our operations by all of our people. It would be unfair to single out any particular individuals. However, I must thank Paul Dunne whose leadership continues to guide the company's operations and planning.

Again, my thanks to all of the people who have contributed to the development of Northam into the sustainable and sound business that it is.

Lazarus Zim
Chairman
23 September 2016



Efficiencies at our producing operations have continued to improve ▸