# FOCUS ON STRATEGY

*The Northam strategy continues to serve as a blueprint for our business activities.*

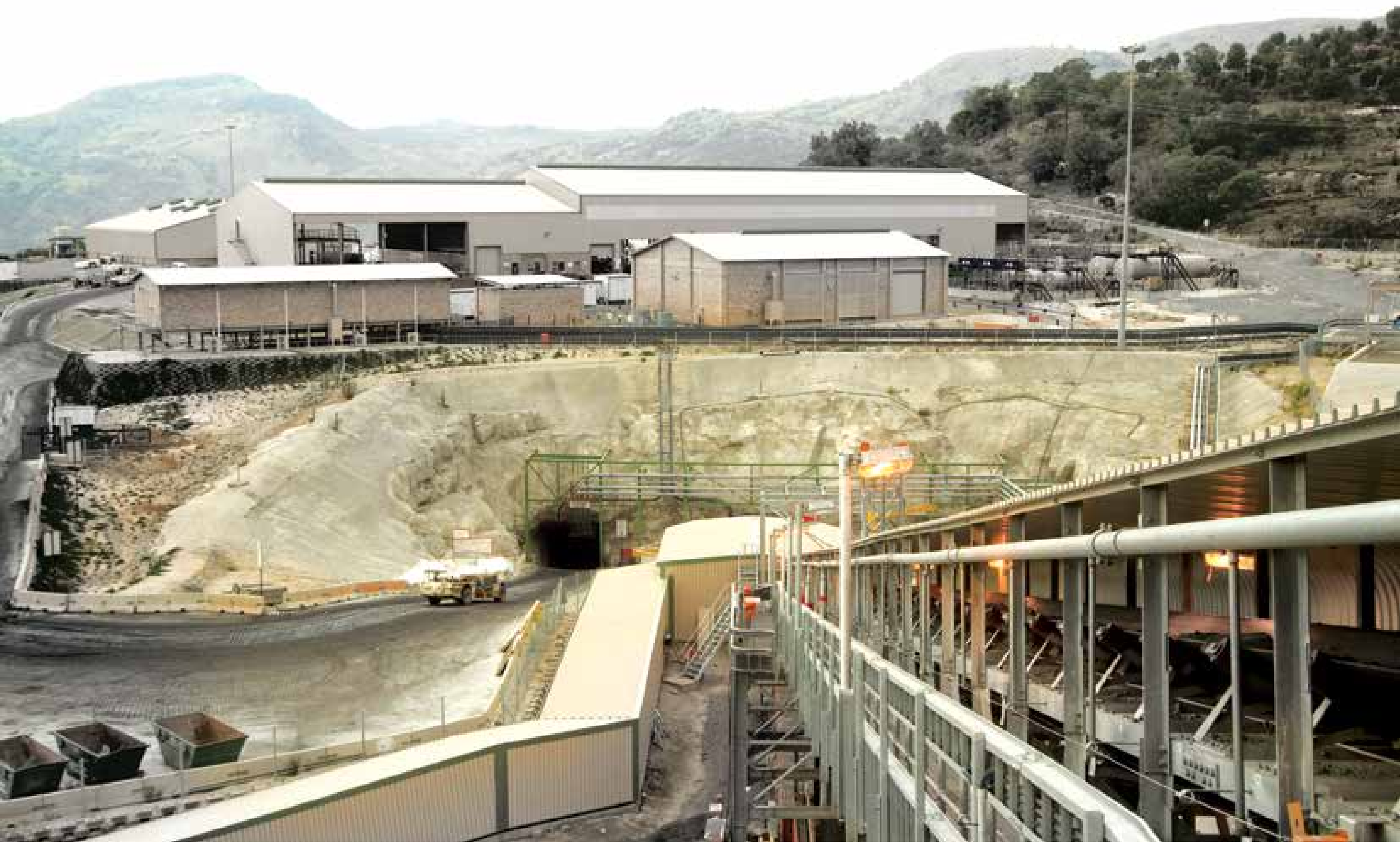
The strategy is both inward and outward focused, where the internal strategic initiatives are being embedded to create a stable platform for considered and measured external expansion at the right price and at the appropriate time. The essence of our strategic growth path is based on sound, cost-effective operational performance from shallow mechanisable operations.

The singlemost important building block in unlocking our strategy has been the resolution of our empowerment status, which has significantly transformed the group's prospects. This development has been underpinned by a thorough review of our safety, health and people management strategies, aligning them with our broader overhauled business strategy.

The Zondereinde mine has been producing PGMs since the 1990s, focusing in the early years on the geologically complex, but high-grade Merensky reef. In order to further extend this operation's life, the husbanding of the Merensky ore, and shifting the ore mix to a UG2:MR ratio of 60:40, has more recently been a core strategic focus at this operation. The success of this shift in the mining operations has been mirrored in the metallurgical plants where capital expenditure has been approved to increase UG2 throughput. Already these initiatives have improved Zondereinde's position on the cost curve.

On budget and on schedule, the Booysendal North UG2 mine reached steady-state production levels in the first half of this financial year. The massive Booysendal orebody lends itself to organic, scaleable growth within the lease area and work is well advanced in deepening the current UG2 mine, building a small-scale Merensky mine, and in the planning and development of the Booysendal South operations.

The smelter expansion at Zondereinde is in progress and due for completion by December 2017. An offtake arrangement with Heraeus has secured an investment contribution of €20.0 million in this R750.0 million expansion programme.



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