FOCUS ON THE NORTHAM GROUP

NORTHAM OPERATIONS ON THE BUSHVELD COMPLEX

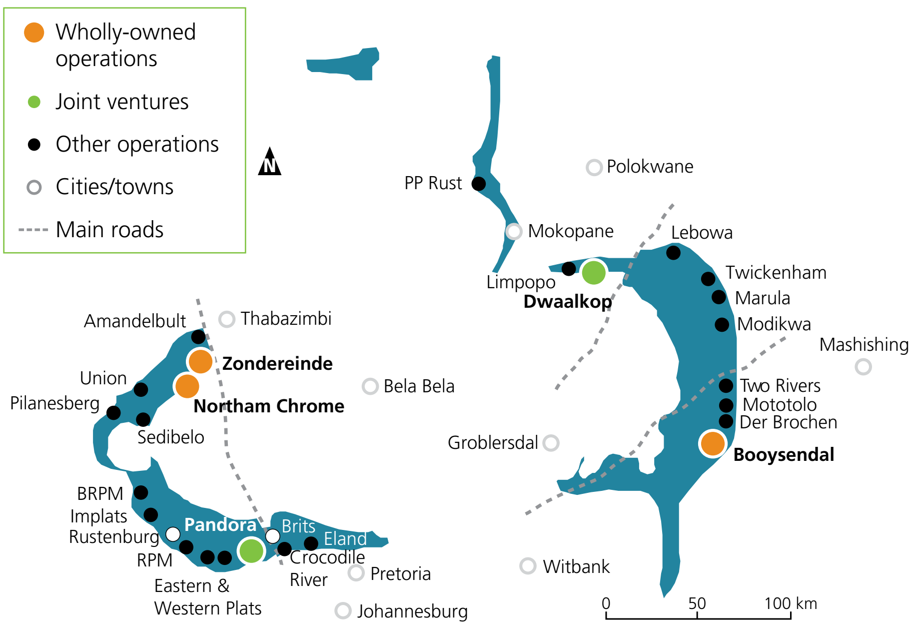
Location of the Bushveld Complex, South Africa

The **Zondereinde** mine is an established, long-life operation which produces approximately 280 000oz of refined PGMs annually.

280 000oz

OF REFINED PGMs

Operations on the Bushveld Complex



Booysendal UG2 North mine came into production in July 2013 and has now ramped up to full production of some 160 000oz per annum.

PRODUCTION OF

160 000oz

PER ANNUM

CORE ACTIVITIES

Northam is an independent, fully empowered, mid-tier, integrated PGM producer with two primary operating assets, **Zondereinde** and **Booysendal** platinum group metal (PGM) mines in the South African Bushveld Complex. The Zondereinde lease area is also the location for Northam's **metallurgical operations**, which include a smelter and base metals recovery plant. **Northam Chrome Proprietary Limited** (Northam Chrome) is a wholly-owned subsidiary of Northam Platinum.

ASSETS AND RESOURCES

The **Zondereinde** mine is an established, long-life operation which produces approximately 280 000oz of refined PGMs annually. The mine is located on the northern end of the western limb of the Bushveld Complex near the town of Thabazimbi. Zondereinde has a life of mine (LoM) in excess of 20 years.

The shallower mechanised **Booysendal UG2 North** mine is located near the town of Mashishing (formerly Lydenburg) on the eastern limb of the Bushveld Complex. The mine came into production on 1 July 2013 and has now ramped up to full production of some 160 000oz per annum. The 105Moz orebody at Booysendal lends itself to brownfields expansion opportunities, which are currently being established on the property. These include a deepening project at the existing UG2 North mine and the development of the **Booysendal Merensky North** mine on the property.

In June 2015, Northam acquired the Everest platinum mine (now incorporated into **Booysendal South**) from Aquarius Platinum (South Africa) Proprietary Limited (AQPSA), contiguous to the Booysendal lease area. The integration process with the existing Booysendal operation has begun, which will allow the group to begin extracting value and developing the new Booysendal South mine.

Northam Chrome is a wholly-owned subsidiary of Northam. Northam Chrome produces chrome from Zondereinde mine's UG2 tailings.

During the year under review, Northam acquired a 20% interest in **SSG Holdings** Proprietary Limited, a company providing security services to both the operating mines. A further 10% interest was acquired subsequent to year end.

The company holds a 7.5% interest in another PGM mining operation in the Bushveld Complex, the **Pandora joint venture** (JV), in partnership with Anglo American Platinum Limited and Lonmin plc.

Northam also owns a 50% interest in the **Dwaalkop JV** and a 51% initial participatory interest in the **Kokerboom JV exploration project** in the Northern Cape.

The group milled a total of 4.2Mt (Zondereinde: 2.0Mt, Booysendal North: 2.2Mt) in the year under review to produce 13 591kg of metal, which has been processed to realise sales revenue of R6.1 billion (FY2015: R6.0 billion) – an increase of 1.0% year on year. The higher production volumes are largely due to Booysendal ramping up to steady-state production.

At 30 June 2016, Northam held a combined resource base of 200.3 million ounces (Moz) – 24.5Moz in the reserve category – with a mining life of more than 50 years.

At a glance:

ZONDEREINDE

- Northern end of the western limb of the Bushveld Complex
- Deep-level conventional mining
- Includes metallurgical operations - a base metals recovery plant and smelter
- UG2 and Merensky ore, shifting to higher ratio of UG2
- Mature operation
- Produces approximately 280 000oz of PGMs annually
- LoM greater than 20 years
- Resource estimated at 84.1Moz
- Deepening project underway

BOOYSENDAL

- Eastern limb of the Bushveld Complex
- Booysendal UG2 North:
  - Shallow mechanised mining
  - Room and pillar operation
  - Came into production on 1 July 2013
  - Produces approximately 160 000oz of PGMs annually
  - LoM of 25 years
  - Resource estimated at 7.8Moz
  - Deepening project begun
- Booysendal Merensky North being established
- Booysendal South integration process underway

FOCUS ON THE NORTHAM GROUP CONTINUED

PROCESSING

Northam's activities are integrated; from the underground mining function, through to the concentrating, smelting and base metal recovery processes.

Concentrating: Merensky and UG2 plants

- In the crushing/screening circuit the ore is crushed to reduce its size before it reports into the mill.
- Merensky ore feeds into a fully autogenous (FAG) mill. In the UG2 plant, the ore feeds into a high pressure grinding roll crusher and then into a primary ball mill.
- The flotation circuit includes rougher cells, scavenger cells and cleaner columns. External sparger column cells act as a cleaner and this helps to produce a final UG2 concentrate with significantly lower chrome content while maintaining PGM recoveries.

Smelting

The existing smelter at the Zondereinde metallurgical complex has a 15MW capacity. Key processes include drying and smelting the concentrate and converting the furnace matte. Concentrate brought in is blended and dried concentrate is pulverised and then stored in silos. Concentrate and flue dust is mixed with lime and then fed through to the day bin and into the furnace where electrodes provide heat via resistance to the current through the material in the bath. The lighter oxides float to the top as slag and the more dense sulphides, which contain the PGMs, sink to the hearth as furnace matte.

The board approved capital expenditure for the installation of a new 20MW furnace as part of the smelter expansion and de-risking programme. In October 2015 an agreement was reached with Heraeus Deutschland GmbH & Co KG and Heraeus South Africa Proprietory Limited (Heraeus) – Northam's refining partner of some 25 years – in terms of which they will contribute €20.0 million towards the new furnace construction. Construction began in February 2016 and commissioning is expected by the end of the 2017 calendar year. The additional capacity will add significant mining flexibility allowing for higher volumes of UG2 to be mined and treated. The total cost of the expansion project is estimated at R750.0 million. (For more information on the expansion project, please go to page 30.)

Base metal recovery

By-product metals, copper and nickel sulphate, are extracted at the on-site base metals recovery plant and sold in the domestic market.

Refining

Final precious metal concentrate is transported from the Zondereinde metallurgical complex for refining to the Heraeus facilities in Hanau, Germany and Port Elizabeth.

Heraeus is a registered member of the London Platinum and Palladium Market (LPPM) and has London-Zurich 'Good Delivery' status for metal production. The refinery in Hanau is subject to strict European Union and materials handling protocols. Product transportation is also strictly defined by international aviation regulations.

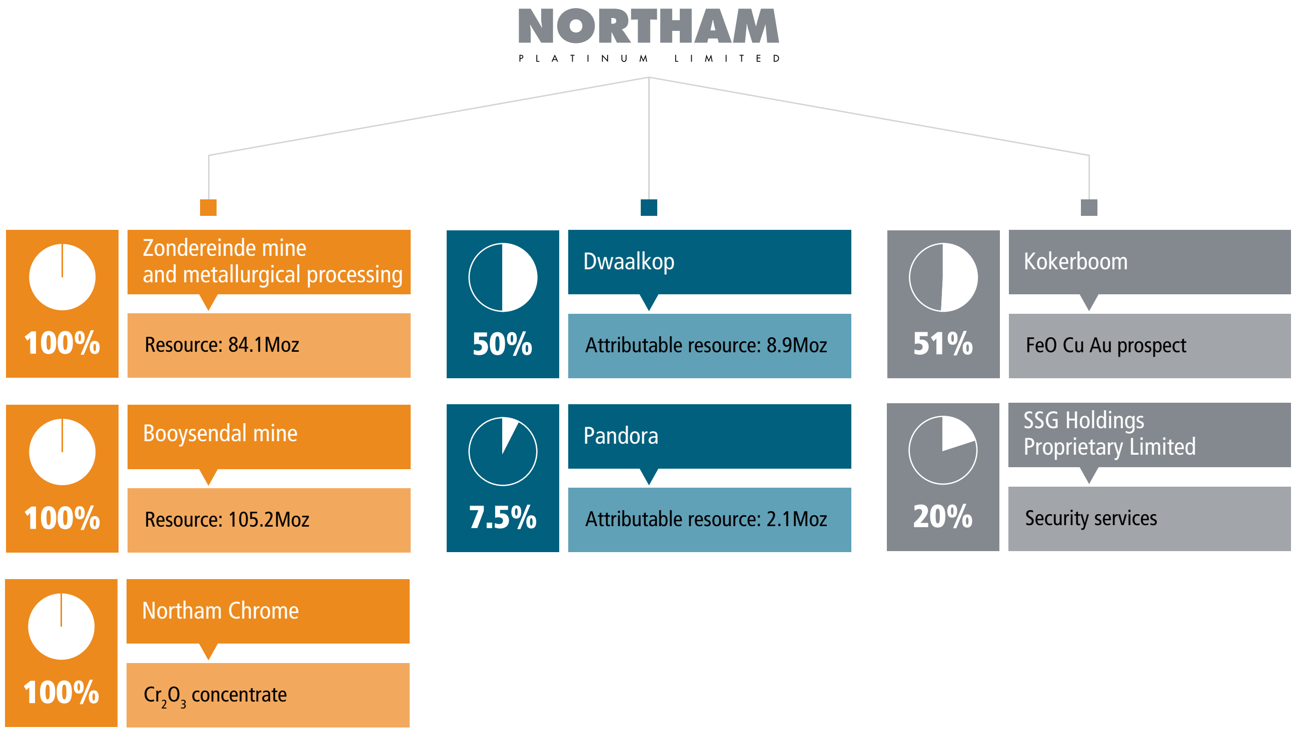
PRODUCTS AND END USES

Northam's primary products are the three main PGMs: platinum, palladium and rhodium. The primary consumers of platinum, palladium and rhodium are the motor-manufacturing and jewellery industries. Other industrial uses range from chemical and electrical applications to glass manufacture. In the automotive sector, PGMs are used in exhaust systems, specifically autocatalysts, helping to reduce noxious and greenhouse gases released into the atmosphere. Platinum jewellery is popular in Asia.

PGMs are traded on international markets where the metal prices are determined by global supply and demand, and are US dollar-denominated. This means that South African PGMs realise prices in US dollars, which are then converted and reported in South African rands. Northam has no influence on the sales price of its metal and is essentially a price taker. The metal is sold in sponge or ingot form to customers in the US, Europe and the Far East.

Northam's in-house marketing department is responsible for marketing and sales of products domestically and to major global markets in Asia, Europe and North America.

Group structure as at 30 June 2016



LISTING

Northam's shares are listed on the JSE. Its share code is NHM and its debt instruments are listed under the symbol NHMI. The company has been admitted to participate in the JSE's Socially Responsible Investment (SRI) Index.

Northam's shareholders are predominantly South African institutional investors who hold 89.9% of the equity. The remainder is held in North America (5.6%), Europe and the United Kingdom (1.8%) and the rest of the world (2.7%).

BEE STRUCTURE

Northam is a fully empowered PGM producer. Historically disadvantaged South African (HDSA) ownership levels in the company are pegged at 31.4% 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 announced 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, in excess of the Mining Charter requirements, with a 10-year lock-in period for the participants from May 2015.

Zambezi Platinum financed the acquisition of shares in Northam through a preference share arrangement. Zambezi Platinum's preference shares were listed on the JSE on 11 May 2015.

Northam's issued share capital at 30 June 2016 remained unchanged at 509 781 212 shares (FY2015: 509 781 212 shares) and the company's market capitalisation was R21.9 billion.

Strategic BEE interests and free float (%)

Free float	68.6
Zambezi Platinum	31.4

FOCUS ON THE NORTHAM GROUP CONTINUED

OUR MATERIAL ISSUES

Our material issues are those issues that are most material to the business and stakeholders, and which fundamentally influence the assessments and decisions of stakeholders.

We identify our material issues through workshops which analyse our internal and external environments, from information contained in the group's risk register and from stakeholder feedback. These issues are reviewed by management on an ongoing basis. We take this materiality determination process seriously, seeing it as an opportunity to assess whether we are focusing our energy and resources in the correct areas.

In the *Business performance* section of this report, we report on our financial and non-financial performance under the capitals (pages 30 to 95). Our material issues, along with associated risks, have been linked to each capital.

Our material issues for FY2016 were determined as follows:

- **Managing production and performance to ensure successful execution of our business strategy**

  It is the role and responsibility of executive management to set realistic strategic targets for the business. The success of this strategy affects shareholders and stakeholders alike. See *Financial capital* (page 30 to 36) and *Manufactured and Intellectual capital* (page 38 to 43).

- **Continuing to improve the safety performance and the health and wellness of our workforce**

  It is our aim to further improve the safety performance and the health and wellness of both our employees and indirect employees. We will do this by continuously seeking to reduce injuries, applying appropriate technologies, through communication and training, and reinforcing operational standards and responsibility. See *Human capital* (page 44 to 59).

- **Establishing and maintaining constructive communication channels with our employees and their representative bodies**

  It is vital we establish and maintain constructive communication channels with our employees and their representative bodies, both for our employees' sake and that of the sustainability of our business. We do this through sound employee relations based on direct channels of two-way communication. See *Human capital* (page 44 to 59).

- **Conducting active stakeholder engagement to minimise any adverse impact on our stakeholder relations**

  We conduct regular engagement with all our stakeholders. We recognise that stakeholders, be they shareholders, employees, communities or government, have certain expectations of the group, not all of which may be appropriate or possible to meet. We need to understand and manage these expectations through credible and effective stakeholder engagement. See *Social capital* (page 60 to 67).

- **Maintaining our legislative and regulatory compliance, focusing on the MPRDA and the Mining Charter**

  We recognise that we do business within the legal framework of the various South African government departments and aim for full compliance with the laws of the land. Given its influence on our licence to operate, the most relevant aspects of legislation for Northam and its operations are the Mineral and Petroleum Resources Development Act (MPRDA) and the associated Mining Charter. See *Human capital* (page 44 to 59) and *Social capital* (page 60 to 67).

- **Managing the environmental impact of our operations and conserving natural resources**

  We make every effort to minimise our environmental impacts; we seek to comply strictly with all environmental legislation and where possible we conserve land. We make optimal use of and conserve our natural resources (our focus is on water and energy, areas where we are most exposed). See *Natural capital* (page 68 to 95).

FOCUS ON STRATEGY

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

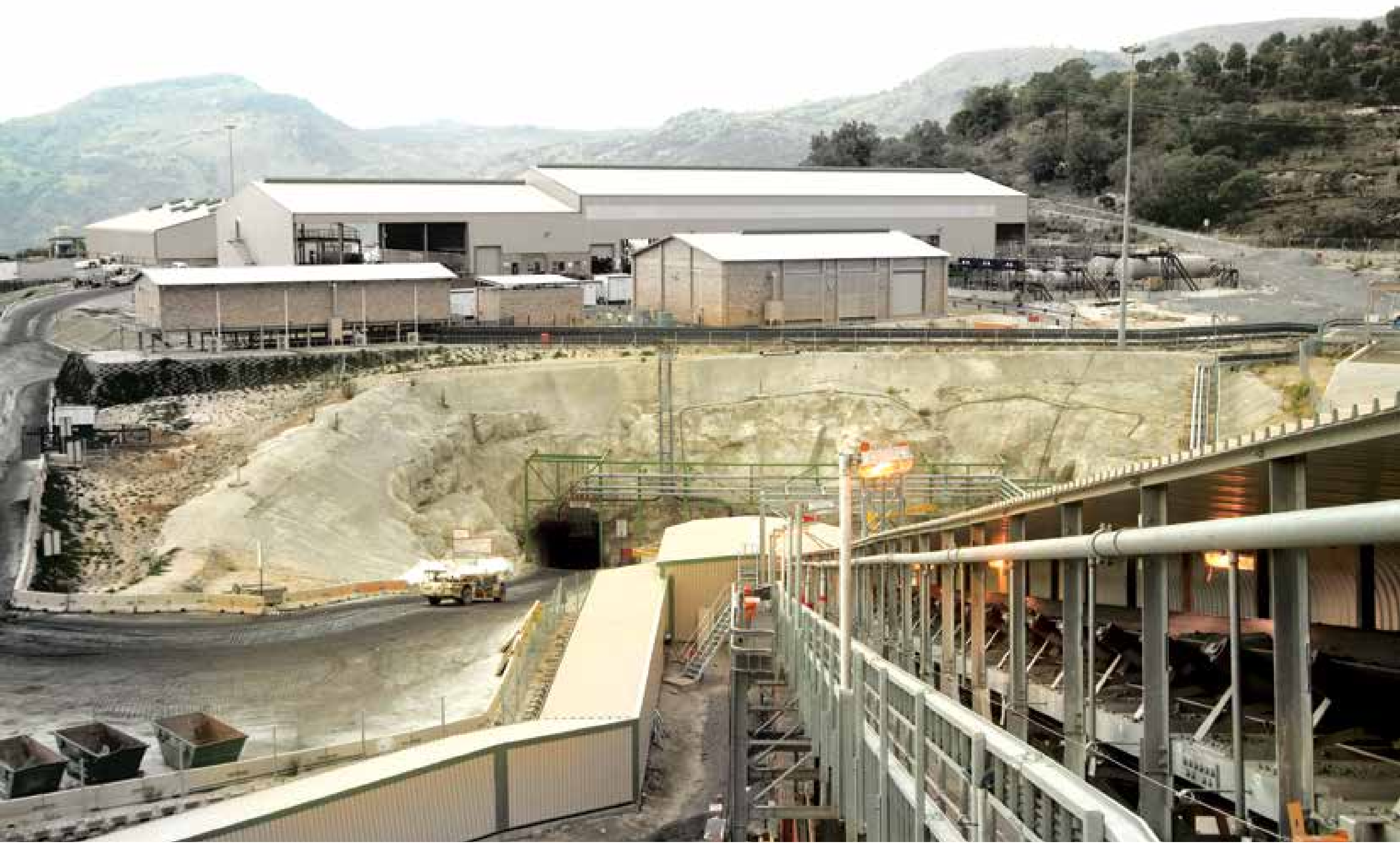
The strategy is both inward and outward focused, where the internal strategic initiatives are being embedded to create a stable platform for considered and measured external expansion at the right price and at the appropriate time. The essence of our strategic growth path is based on sound, cost-effective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



The Booysendal North UG2 mine reached steady-state production levels in the first half of FY2016

FOCUS ON THE BUSINESS

OUR BUSINESS MODEL: HOW WE CREATE VALUE

Our vision: To grow the business into a long-life, major producer of PGMs, and doing this safely and efficiently while continuously moving down the cost curve.

OUR BUSINESS

ASSESSING, DEVELOPING AND ECONOMICALLY MINING PGM-BEARING ORE BODIES

- Zondereinde – deep-level, mining UG2 and Merensky ore
- Booysendal – shallow, fully mechanised UG2 mining operation

MINERALS PROCESSING

- Merensky and UG2 concentrator plants – crushing, milling, flotation
- Metal in concentrate produced
- Zondereinde incorporates metallurgical complex – smelter, base-metal recovery plant

REFINING

Northam's production refined at:

- Heraeus refinery, Hanau, Germany
- Heraeus plant, Port Elizabeth, South Africa

MARKETING

In-house department responsible for marketing and sales of metals in sponge or ingot form:

- Domestically
- To major global markets in Asia, Europe, North America

OUR STRATEGY

Our strategy is based on:

GROWTH

- Underpinned by empowerment transaction
- Acquisition of Everest
- Development of Booysendal South
- Smelter expansion

DIVERSIFICATION

- Mechanisable orebodies
- Lower cost production
- Shallow workings

OPTIMISATION

- Husbanding Merensky reef
- LoM extension at Zondereinde to more than 20 years
- Improved access to Merensky reef on 18 level via decline system
- Solving metallurgical constraints to treat more UG2 ore
- Ramp up to full production at Booysendal
- Extension of Booysendal deepening project

INPUTS

F FINANCIAL

- Capital expenditure: **R1.2 billion**
- Cash balance: **R3.1 billion**

M MANUFACTURED AND INTELLECTUAL

- Plant, machinery, equipment and infrastructure: **R7.9 billion**
- Investment into research and development in terms of time, people and effort to improve safety, efficiencies and mining methods

H HUMAN

- **11 312** employees (including contractors)
- Training and development spend:

LA **R21.0 million** spent at Zondereinde

LA **R3.2 million** spent at Booysendal

N NATURAL

- Mineral reserve: **24.5Moz**
- Mineral resource: **200.3Moz**

OUTPUTS

M MANUFACTURED

- **4.2Mt** milled – 2.0Mt at Zondereinde; 2.2Mt at Booysendal North
- **13 591kg** of metal produced from own operations
- Total refined metal sales of **R6.1 billion**:

  Platinum **270 194Moz**

  Palladium **134 101Moz**

  Rhodium **42 632Moz**

  Gold **5 466Moz**

  Total: **452 393Moz**

OUTCOMES

F FINANCIAL

- **R479.2 million** to taxes and royalties
- **R39.6 million** to providers of capital, excluding Zambezi preference shares

H HUMAN

- **R1.8 billion** to salaries, wages and other benefits

S SOCIAL

- **R3.5 million** to corporate social responsibility

IMPACTS

H HUMAN

Accommodation:

- LA **398** housing units sold to employees
- **2 440** single units created
- Employee accommodation and upgrades:

  R24.4 million spent at Zondereinde

  R14.3 million spent at Booysendal

Safety:

- Zero fatalities
- LA **1.92 LTIIR** at Zondereinde
- LA **0.44 LTIIR** at Booysendal

Health:

- **R68.8 million** contributed to health care funds
- **2 153** employees received VCT
- **72** new cases of NIHL

N NATURAL

- Water consumption increased by **12%** to 4 786 000m³
- Electricity consumption at Zondereinde increased by **3%** to LA 646 785MWh
- Electricity consumption at Booysendal increased by **15%** to LA 132 790MWh
- CO_2 emissions **844 824 tonnes**
- SO_2 emissions LA **6 987 tonnes**

FOCUS ON DELIVERY

KEY FEATURES FOR FY2016

Exemplary group safety performance

R1.2 billion capex invested

PGM production up **15.7%**

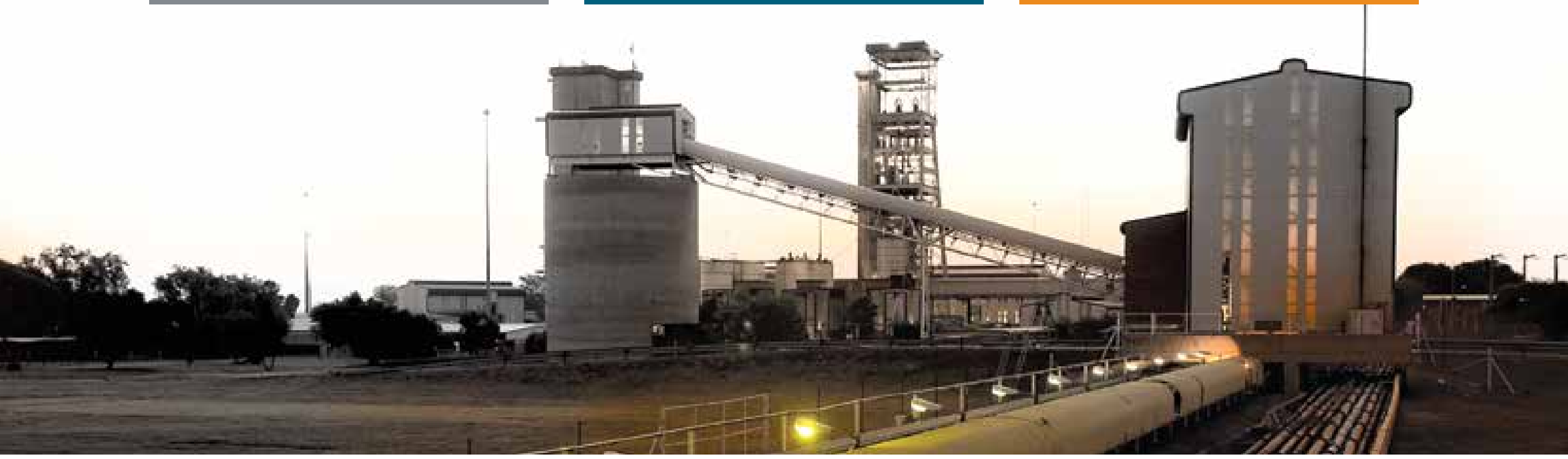
Cash balance **R3.1 billion**

Normalised headline earnings **87.1 cents** per share

Unit costs well contained

US$ basket price down **25%**

Booysendal South expansion project approved



The shifting of the ore mix to a UG2: MR ratio of 60:40 is a core strategic focus at Zondereinde

FIVE-YEAR OPERATING AND FINANCIAL REVIEW

Statement of comprehensive income – group (R'000)

	2016	2015	2014	2013	2012
Sales revenue	6 097 070	6 035 535	5 339 397	4 420 977	3 684 000
Cost of sales	5 713 722	5 439 722	5 277 915	3 813 301	3 345 311
Operating costs	5 007 233	4 342 571	3 536 002	2 826 094	2 632 926
Concentrates purchased	350 514	602 395	918 605	657 540	624 774
Refining and other costs	133 186	199 470	267 117	161 591	100 612
Depreciation and write-offs	403 545	339 949	445 875	234 690	190 287
Change in metal inventories	(180 756)	(44 663)	110 316	(66 614)	(203 288)
Operating profit	383 348	595 813	61 482	607 676	338 689
Share of (losses)/earnings from associate	(32 253)	28 769	3 464	13 783	16 602
Investment revenue	265 258	72 043	59 963	33 434	53 951
Finance charges	(39 634)	(145 170)	(176 124)	(17 946)	–
Net sundry income/(expenditure)	88 806	(1 319 014)	97 011	60 108	43 343
Profit/(loss) before preference share dividends	665 525	(767 559)	45 796	697 055	452 585
Amortisation of liquidity fees paid on preference shares	(18 088)	–	–	–	–
Preference shares	(918 806)	(100 767)	–	–	–
(Loss)/profit before tax	(271 369)	(868 326)	45 796	697 055	452 585
Taxation	(236 894)	165 619	26 199	169 054	142 073
(Loss)/profit for the year	(508 263)	(1 033 945)	19 597	528 001	310 512
Other comprehensive income					
Share of other comprehensive income from associate	19 822	(4 482)	(1 327)	(4 145)	(9 868)
Total comprehensive income for the year	(488 441)	(1 038 427)	18 270	523 856	300 644
Headline (loss)/earnings	(492 837)	(794 963)	8 601	522 182	309 248
Normalised headline earnings	444 057	422 681	–	–	–

FOCUS ON DELIVERY CONTINUED

Statement of financial position – group (R'000)

	2016	2015	2014	2013	2012
Non-current assets	14 110 084	13 367 048	12 745 424	12 622 989	9 831 213
Property, plant and equipment including mining properties and mineral resources	13 468 087	12 701 830	11 940 390	11 931 051	9 135 822
Investment in associate	192 164	275 847	496 509	495 498	505 415
Other non-current assets	449 833	389 371	308 525	196 440	189 976
Current assets	4 867 779	5 784 288	1 995 572	1 734 675	1 232 339
Inventories	1 330 270	1 126 550	1 076 853	878 530	811 183
Trade and other receivables	375 204	498 854	244 672	547 920	303 268
Cash and cash equivalents	3 105 080	4 138 189	666 174	298 580	104 980
Receiver of revenue	57 225	20 695	7 873	9 645	12 908
Mineral resources classified as held for sale	–	–	–	–	1 180 300
Total assets	**18 977 863**	**19 151 336**	**14 740 996**	**14 357 664**	**12 243 852**
Shareholders' equity	8 727 984	9 216 425	11 391 872	10 815 635	10 413 247
Non-current liabilities	9 072 179	7 310 753	2 157 462	1 997 826	648 600
Deferred tax	590 637	521 452	502 097	476 053	504 628
Domestic medium term notes	419 287	–	1 370 000	1 250 000	–
Preference share liability	7 429 549	6 492 655	–	–	–
Other non-current liabilities and provisions	632 706	296 646	285 365	271 773	143 972
Current liabilities	1 177 700	2 624 158	1 191 662	1 544 203	1 182 005
Total equity and liabilities	**18 977 863**	**19 151 336**	**14 740 996**	**14 357 664**	**12 243 852**

Statement of cash flows – group (R'000)

	2016	2015	2014	2013	2012
Operating cash flow	839 081	340 950	885 379	542 200	437 662
Cash generated from operations	951 650	745 187	693 774	915 317	608 378
Interest received	265 258	72 043	52 583	29 290	50 723
Movement in land and township development	(41 341)	–	–	–	–
Change in working capital	(162 131)	(221 248)	270 414	(281 104)	(90 367)
Tax paid	(175 355)	(255 032)	(131 392)	(139 303)	(131 072)
Investing cash flow	(1 126 793)	(1 101 462)	(765 945)	(1 703 238)	(2 010 021)
Financing cash flow	(745 397)	4 232 645	248 042	1 372 638	(20 514)
Dividends paid	–	(3 908)	(11 066)	(21 747)	(57 364)
Issue of preference share liability	–	4 599 426	–	–	–
Acquisition of non-controlling interest	–	(50 000)	(10 000)	–	–
Proceeds from issue of shares	–	–	579 033	2 007	–
Finance charges	(39 634)	(145 170)	(176 124)	(123 703)	–
Revolving credit facilities utilised	–	–	(250 000)	250 000	–
Domestic medium term notes (repaid)/issued	(950 713)	–	120 000	1 250 000	–
Liquidity fees paid	–	(163 903)	–	–	–
Other financing cash flows	244 950	(3 800)	(3 801)	16 081	368 850
Net cash flow	(1 033 109)	3 472 133	367 476	193 600	(1 592 873)
Cash and cash equivalents at beginning of year	4 138 189	666 056	298 580	104 980	1 697 853
Cash and cash equivalents at end of year	3 105 080	4 138 189	666 056	298 580	104 980

Operating performance

	2016	2015	2014	2013	2012
ZONDEREINDE					
Merensky					
Tonnes milled	815 167	795 885	803 736	958 211	884 660
Head grade – g/tonne (3PGE + Au)	5.9	5.7	5.8	5.8	5.9
UG2					
Tonnes milled	1 205 258	1 064 499	920 420	1 157 501	1 049 017
Head grade – g/tonne (3PGE + Au)	4.2	4.3	4.3	4.2	4.4
Combined – Zondereinde					
Tonnes milled	2 020 425	1 860 384	1 724 156	2 115 712	1 933 677
Head grade – g/tonne (3PGE + Au)	4.9	4.9	5.0	4.9	5.1
Precious metals in concentrates produced – kg	8 795	7 950	7 331	9 041	8 979
Precious metals in concentrates purchased – kg	6 076	2 338	1 975	1 633	1 877
Precious metals sold – kg	14 071	9 636	9 827	10 704	9 980
Precious metals in concentrates produced – oz	282 765	255 595	235 693	290 675	288 675
Precious metals in concentrates purchased – oz	195 348	75 168	63 488	52 502	60 347
Precious metals sold – oz	452 393	309 801	315 941	344 128	320 861

Zondereinde underground operations

FOCUS ON DELIVERY CONTINUED

Operating performance

	2016	2015	2014	2013	2012
BOOYSENDAL					
Merensky					
Tonnes milled	92 645	–	–	–	–
Head grade – g/tonne (3PGE + Au)	1.9	–	–	–	–
UG2					
Tonnes milled	2 072 958	1 786 375	1 517 109	–	–
Head grade – g/tonne (3PGE + Au)	2.7	2.6	2.6	–	–
Combined					
Tonnes milled	2 165 603	1 786 375	1 517 109	–	–
Head grade – g/tonne (3PGE + Au)	2.7	2.6	2.6	–	–
Precious metals in concentrates produced – kg	5 017	3 809	2 882	–	–
Precious metals in concentrates produced – oz	161 300	122 475	92 668	–	–
Precious metals sold – oz*	164 579	112 829	80 476	–	–

* *With effect from 1 June 2015, Booysendal's metal is sold to Zondereinde at 88% of the market value.*

Group sales

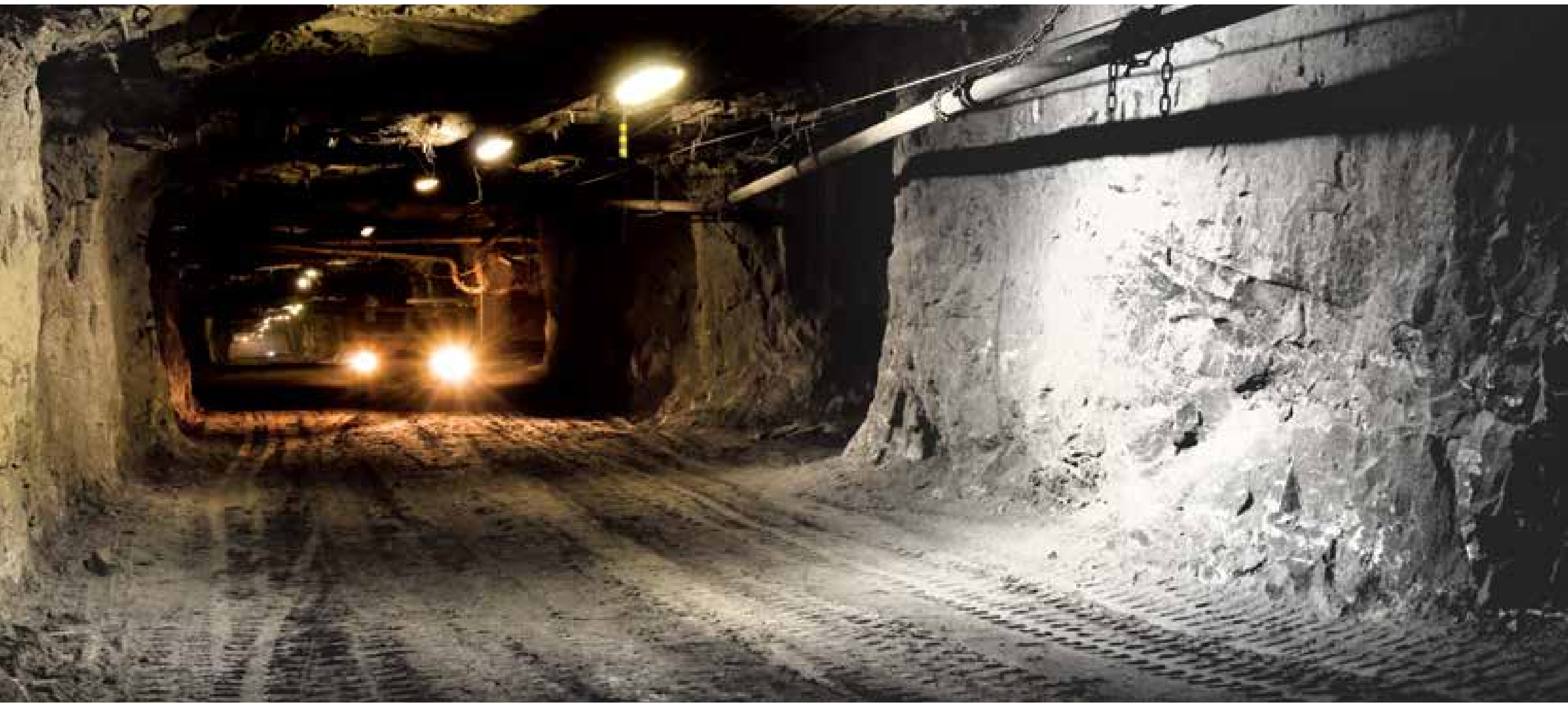
	2016	2015	2014	2013	2012
Group sales per metal – oz					
Platinum	270 194	253 784	241 831	212 373	195 735
Palladium	134 101	124 580	117 305	100 716	92 000
Rhodium	42 632	38 430	31 007	25 281	27 095
Gold	5 466	5 837	6 275	5 757	6 031
Total – 3PGE + Au	452 393	422 631	396 417	344 128	320 861
Group prices realised – US$/oz					
Platinum	964	1 248	1 433	1 568	1 622
Palladium	586	799	756	683	679
Rhodium	721	1 168	1 010	1 117	1 523
Gold	1 174	1 222	1 289	1 584	1 686
Basket – 3PGE + Au	831	1 108	1 198	1 276	1 345

Financial performance – group

	2016	2015	2014	2013	2012
Operating margin – %	6.3	9.9	1.2	13.7	9.2
Effective tax rate – %	(87.3)	(19.1)	57.2	24.3	31.4
Current ratio	4.1	2.2	1.7	1.1	1.0
Acid ratio	3.0	1.8	0.6	0.2	0.1
US dollar/rand exchange rate					
– average	14.33	11.45	10.35	8.82	7.77
– at year end	14.71	12.16	10.61	10.01	8.16

Share performance

	2016	2015	2014	2013	2012
Weighted average number of shares in issue – 000	349 876	391 835	390 970	382 561	382 426
Number of shares at year end – 000	509 781	509 781	397 586	382 586	382 497
Treasury shares at year end – 000	159 905	159 905	–	–	–
Shares after adjusting for Treasury shares	349 876	349 876	–	–	–
Operating cash flow per share – cents	239.8	87.2	226.5	137.0	114.4
(Loss)/earnings per share – cents	(145.3)	(264.3)	2.4	132.0	81.2
Headline (loss)/earnings per share – cents	(140.9)	(202.9)	2.2	136.5	80.9
Normalised earnings – cents	87.1	82.9	–	–	–
Dividends per share – cents	–	–	–	–	5.0
Dividend cover	–	–	–	–	16.2
Net assets value per share – cents	1 712.1	1 808.0	2 865.0	2 827.0	2 722.0
Share price (cents)					
– high	5 080	5 200	4 790	4 098	2 398
– low	1 610	3 120	3 186	2 251	2 281
– at year end	4 300	4 026	4 550	3 200	2 325
Platinum sector index at year end	24.0	26.8	46.8	37.1	51.2
Compound return over 5 years – %	0.4	(2.3)	9.0	(13.2)	(13.0)
Average monthly volume of shares traded – 000	21 659	23 619	14 793	20 257	23 555
Annual liquidity (%)	51.0	72.3	45.4	63.5	73.9



Underground at Booysendal

FOCUS ON DELIVERY CONTINUED

FIVE-YEAR SUSTAINABILITY REVIEW

Zondereinde

	2016	2015	2014	2013	2012
SOCIAL PERFORMANCE					
Safety					
Fatal injury incidence rate (FIIR)	0.00	0.00	0.00	0.01	0.02
Lost time injury incidence rate (LTIIR)	LA 1.92	1.31	1.70	1.50	1.91
Reportable injury incidence rate (RIIR)	LA 1.11	0.94	0.86	0.83	0.88
Number of fatalities	0	0	0	1	2
Health					
New cases of noise induced hearing loss (NIHL)	16	27	20	43	44
New cases of tuberculosis (TB)	75	111	97	70	85
Voluntary counselling and testing (VCT) encounters	1 876	1 250	1 049	1 088	1 659
Employment and human rights					
Average number of employees (including indirect employees)	8 392	8 548	8 788	9 148	9 163
Turnover rate (%)	6	7	4	1	7
HDSAs in management (%)	LA 48	45	38	37	35
Women in mining (%)	LA 8	8	7	7	7
HDSAs at board level (%)	70	50	44	56	64
ENVIRONMENTAL PERFORMANCE					
Rock mined (000t)	2 226	2 070	1 907	2 276	2 154
Ore milled (000t)	2 020	1 860	1 724	2 116	1 934
Water usage (000m³)					
Potable water from external sources	2 803	2 488	2 335	2 633	2 540
Fissure water used	1 607	1 155	1 084	1 493	1 273
Water recycled in process	LA 27 413	25 664	25 524	25 909	24 390
% water recycled*	LA 86	91	89	91	91
Electricity consumption (MWh)					
Energy from electricity purchased by shafts	498 993	489 203	470 117	485 654	467 893
Energy from electricity purchased by plant	147 792	140 882	108 600	101 732	125 548
Total electricity purchased	LA 646 785	630 085	578 717	587 386	593 441
Greenhouse gas emissions (CO_2e tonnes):					
Scope 1 (direct) emissions	LA 27 830	29 743	23 451	15 509	15 401
Scope 2 (indirect) emissions	LA 666 189	648 988	596 079	605 008	611 244
Scope 3 (indirect) emissions	798	746	580	665	815
Total emissions	694 817	679 477	620 110	621 183	627 460
Land use (hectares)					
Land disturbed by mining-related activities	137	137	137	137	137
Land leased for farming purposes	273	273	273	273	273
Land protected for conservation	800	800	800	800	800
Total land under management (freehold)	4 439	4 439	4 439	4 439	4 439

** The FY2016 figure reflects a more accurate methodology adopted by Northam to calculate recycled water*

TWO-YEAR SUSTAINABILITY REVIEW

Booysendal

	2016	2015
SOCIAL PERFORMANCE		
Safety		
Fatal injury incidence rate (FIIR)	–	–
Lost time injury incidence rate (LTIIR)	LA 0.44	0.54
Reportable injury incidence rate (RIIR)	LA 0.32	0.41
Number of fatalities	–	–
Health		
New cases of noise induced hearing loss (NIHL)	31	18
New cases of tuberculosis (TB)	8	4
Voluntary counselling and testing (VCT) encounters	319	459
Employment and human rights		
Average number of employees (including indirect employees)	2 920	1 508
Turnover rate (%)	8	11
HDSAs in management (%)	LA 50	68
Women in mining (%)	LA 23	17
ENVIRONMENTAL PERFORMANCE		
Rock mined (000t)	2 138	1 670
Ore milled (000t)	2 166	1 786
Water usage (000m^3)		
Potable water from external sources	376	569
Borehole water used	N/A	N/A
Water recycled in process	LA 2 519	1 479
% water recycled*	LA 87	72
Electricity consumption (MWh)		
Energy from electricity purchased by shafts	44 052	43 362
Energy from electricity purchased by plant	88 738	72 023
Total electricity purchased	LA 132 790	115 385
Greenhouse gas emissions (CO_2e tonnes):		
Scope 1 (direct) emissions	LA 7 098	6 337
Scope 2 (indirect) emissions	LA 136 773	118 847
Scope 3 (indirect) emissions	98	N/A
Total emissions	143 969	125 184
Land use (hectares)		
Land disturbed by mining-related activities	771	521
Land leased for farming purposes	N/A	N/A
Land protected for conservation	960	960
Total land under management (freehold)	11 120	6 773

** The FY2016 figure reflects a more accurate methodology adopted by Northam to calculate recycled water*

FOCUS ON LEADERSHIP





1 2 3
4 5

1 PL Zim (56)
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.

2 R Havenstein (60)
MSc (Chemical Engineering); BCom
Lead independent director

Joined the board in 2003.

Mr Havenstein currently serves on the board of Murray and Roberts Holdings Limited and Omnia Holdings 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.

3 PA Dunne (53) (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.

Member of the health, safety and environmental committee

4 AZ Khumalo (51)
BCompt (Hons); CA (SA)
Chief financial officer

Joined the board in 2010.

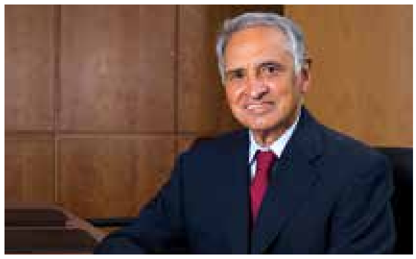
Mr Khumalo, a chartered accountant by profession, has extensive mining and corporate finance experience. From September 2008 he was the group finance executive of Coal of Africa Limited. Prior to that, from 2004 to 2008, he was director: finance of AQPSA. Mr Khumalo is also a director of Zambezi Platinum.

5 CK Chabedi (48)
MSc (Mining Engineering); MDP
Independent non-executive director

Joined the board in 2009.

Mr Chabedi has more than 20 years' mining experience having worked for Anglo American for 12 years in both their underground and surface mining operations. He is currently a senior lecturer 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.



6 7 8 9 10

6 HH Hickey (62)

BCompt (Hons); CA (SA)

Independent non-executive director

Joined the board in 2016.

Ms Hickey currently serves as an independent director on the boards of African Dawn Capital Limited, Cashbuild Limited, Omnia Holdings Limited and Pan African Resources Plc. She has 35 years' experience in auditing, risk management and governance and is a past chair of the South African Institute of Chartered Accountants.

Member of the audit and risk committee.

7 TE Kgosi (Ms) (62)

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.

8 AR Martin (78)

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 (TransHex).

Member of the investment committee; and the nomination committee.

Chairman of the audit and risk committee.

9 KB Mosehla (44)

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.

10 TI Mvusi (61)

BA; ELP, MAP and PDP

Independent non-executive director

Joined the board in 2016.

Mr Mvusi currently holds the position of chief executive: group market development at Sanlam Limited (Sanlam). He has served on the board of Sanlam since 2009, and holds a number of Sanlam group directorships and is also the chairman of Iemas Financial Services (Co-Operative) Limited. Prior to joining Sanlam, he was the general manager of Gensec Property Services Limited and was a marketing manager at Franklin Asset Management.