

A NOTE FROM THE CHAIRMAN



There was always an acceptance that Northam's corporate character would be totally transformed post the long-anticipated unbundling and subsequent exit of Mvelaphanda Resources Limited (Mvela Resources), the company's major and controlling black economic empowerment (BEE) shareholder, and partner, for 11 years.

The consequences of these developments have been far-reaching and include:

- Northam's evolution from a lease-bound, single asset company to a multi-asset group with a healthy PGM resource base;
- a more balanced and robust ownership profile, with no single controlling stake;
- an improvement in Northam's liquidity, with the free float increasing from 37% to 64%; and
- an offshore shareholder base of over 30%, with 17% in the United States.

On some level the hard work to achieve a more geographically diversified shareholder base has perhaps had mixed results, in that the volatility in global markets, occasioned largely by the deeply worrying debt levels in the major economic centres of the world, has recently resulted in large-scale equity sell-offs, particularly in emerging market stocks, where, ironically, the risk is perceived to be greater.

Northam has not been immune from these perceptions, and in recent months some 20% of the company's share capital changed hands. Given the corporate activity, there was always going to be some churn in the company's stock, and may have been aggravated also by the volatile trading environment. We remain committed to continue rewarding our shareholders with superior returns, as management works towards a recovery at Zondereinde, and as Booyssendal builds up to first production and cash flows. I would like to take this opportunity to reassure our shareholders that we have the assets, management and resources in place to take advantage of any upswing in the market, and that the stock will in time be re-rated and once again reflect these fundamentals of the company.

Towards the end of the financial year, global economic uncertainty and fears of a further recession were aggravated by the debate around the nationalisation of

the country's mineral resources and the mining sector. The polarising and drawn out nature of the debate has had a negative impact on investor perceptions of the South African mining sector.

A more positive development for your company in the year, was the continuing improvement in the group's risk profile – particularly in terms of security of tenure and our licence to operate. Both the Zondereinde and Booyssendal mines have been granted their required new order mining licences, and Booyssendal obtained its water use licence in May this year. Given the substantially more onerous governance, compliance and reporting requirements, we hope that shareholders will take some comfort from the depth of reporting on other sustainability matters we have included in this report.

After some teething problems, the systems and processes management has put in place at Zondereinde now almost effortlessly contribute to our internal reporting mechanisms and inform our sustainable development and integrated reporting.

On behalf of the board I would like to welcome those shareholders who have recently become members of this company. I would also like to commend management and all our employees, who have emerged from a difficult year with a renewed sense of purpose to fuel a recovery at the Zondereinde mine. Although this is not going to be a quick fix, I would like to reassure you that there is light at the end of the tunnel at Zondereinde, brightened also by the start-up of Booyssendal in a little more than 12 months' time.

P Lazarus Zim
Chairman

30 September 2011