CHAIRMAN'S STATEMENT

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It is a privilege to address all of Northam's stakeholders – a privilege, however, that is tempered by the rapid changes occurring in the platinum sector as a whole. It is hard to recall a period when we at Northam and, for that matter, our peers in the platinum sector, have been faced with so many direct and indirect imponderables.

To start with the most important consideration, safety. No fatalities occurred at Northam's two mines. And though the accident rate deteriorated fractionally at Booysendal, it improved appreciably at Zondereinde. This clearly demonstrates that working together we can advance towards safety improvements at our operations.

However, matters are less straightforward outside the mine gate. Though the events did not fall strictly into the year under review, shortly after the financial year's end civil unrest prevented many of our employees from reporting for work at Booysendal, which halted underground operations for a few days. The civil unrest was associated with local unemployment and the scarcity of local job opportunities. We at Northam will cooperate with any government initiatives to resolve these issues.

The year under review marked a significant strengthening of Northam's position, both in terms of its finances and of its long term compliance with the Mining Charter. This derived from the completion during the year of our BEE transaction which not only fortified our long term credentials through our new partners' R6.6 billion acquisition of a combined 35.4% equity interest but also added R4.6 billion to the company's balance sheet. And it is this balance sheet strengthening that provides the foundation to continue with our longer-term growth strategy.

That said, the year has not been without its challenges. The platinum market became increasingly uncertain as the year progressed and has extended that uncertainty into this new financial year. Platinum, in line with many other commodities, has suffered and continues to suffer from over-supply as demand growth from major economies such as China's and from sectors such as that of the motor industry has slackened.

During the five-month strike that idled operations at other major platinum mines in the first half of calendar 2014, platinum's price neither rose nor fell to any great extent. However, once the strike ended – its ending coinciding with the start of Northam's 2015 financial year – the metal's dollar price began a progressive decline. The implication is that the production and supply losses occasioned by the strike merely deferred what would have been an earlier decline.

As I write, the market is becoming increasingly supplied with recycled metal, which delivers about a quarter of the global supply and, in round figures, is equivalent to something less than half of South Africa's new-mine production.

The market will turn, as it has done many times in the past. But while difficulties remain, Northam will focus on containing costs and operating only those sections of its business that remain profitable despite currently poorer prices. We shall continue to seek new, value accretive opportunities.

Our approach is characterised by our R450 million acquisition of Aquarius Platinum's mothballed Everest property immediately adjacent to our Booysendal mine. The acquisition was predicated on the fact that, while the acquisition will not necessarily add appreciably to the ore resource available to us, the integration of Everest's processing plant provides a cost-effective opportunity to increase mechanised production from the existing shallow ore on Booysendal itself.

Particularly pleasing during the year under review were the sound relations enjoyed between the company and its employees – a sound relationship that, I trust, will continue into the current new year. A stable and positive labour relations climate is crucial, as the platinum market's near-term outlook will call on the entire Northam community to work together to ensure that our company navigates the likely rough passage safely.

In his review, my colleague, CEO Paul Dunne, fully outlines our operations during the year under review and our plans for the future. This planning includes provision for further platinum-price uncertainties – uncertainties that will challenge in full the skills of our management and the commitment of all our people.

I must congratulate Paul and his team on the manner in which they have guided Northam through a difficult year and on the positive approach that they are taking towards what promises to be a turbulent near term.

In conclusion it remains for me to welcome Brian Mosehla to the board and to thank Jim Cochrane for his contribution to the company.

My thanks go to all of my Northam colleagues, for their contributions and efforts.

Lazarus Zim

Chairman

25 September 2015