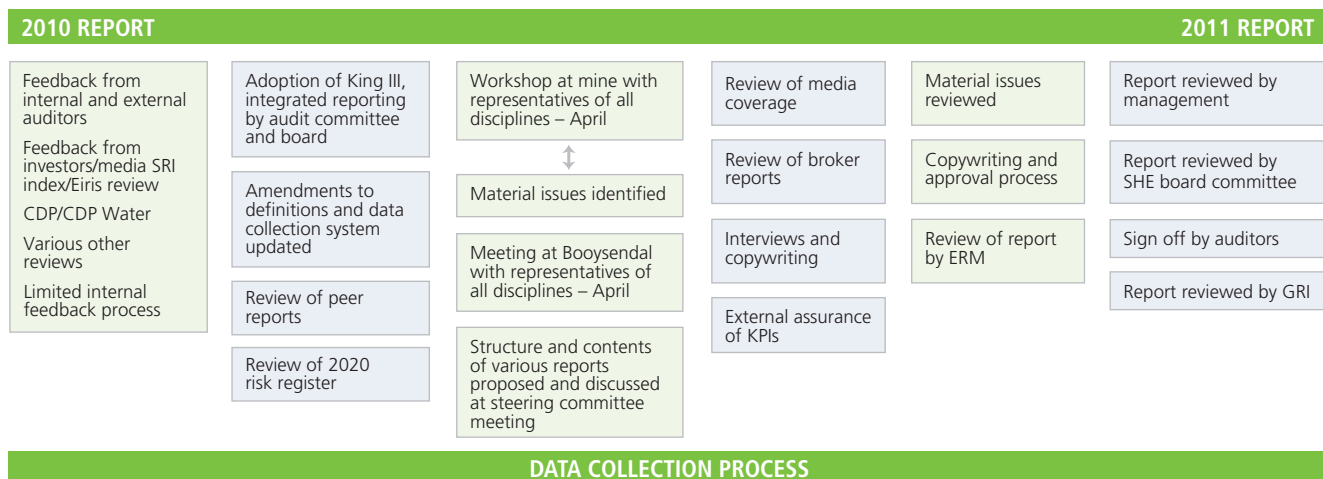


OUR APPROACH

Following the publication of the 2010 sustainability report, Northam embarked on a process to develop the 2011 report as illustrated in the diagram below.



DATA COLLECTION PROCESS

Critical factors in this process were:

- The adoption by the reporting steering committee, the audit committee and the board of an integrated approach to reporting, and a commitment to produce an integrated report in 2011.
- The workshops and meetings held at Zondereinde and Booyensendal in April 2011, to review the material issues identified in 2010, to understand whether they were still relevant and appropriate and whether additional material issues should be considered/included.
- Included in these workshops were discipline heads and data owners for finance, risk management, safety, health, HIV/AIDS, human resources, community development and community engagement, social and labour plans, land management, environment and projects/engineering (Booyensendal). Both the general managers of Zondereinde and Booyensendal and the EPCM contract manager, as well as critical corporate office personnel were involved in the workshop and the subsequent processes, including the CEO, who chaired the workshop.

What we accomplished in 2010

In reviewing the progress made during the year in sustainability and integrated reporting, Northam reports the following achievements:

- B+ level of reporting, and verification of this by GRI.
- Assurance by E&Y on KPIs.
- Submission of CDP and CDP water surveys, and recognition by CDP as a leading performer and reporter.
- Continued admission to the JSE SRI index.
- Identification and reporting of material sustainability issues.
- Engagement of ERM to review reporting criteria, definitions, processes and responsibilities for key KPIs in respect of ESG issues.
- Engagement of RBS to review reporting criteria, definitions, processes and responsibilities for key KPIs for Mining Charter issues.
- Development of a sustainability policy and sign off of this policy by the board.

Progress made against our objectives in 2011

Update/amend definitions and reporting systems, following E&Y audit	▲
Continued application of data collation system, and using the outputs of this system for quarterly board reporting. Align quarterly board reporting with material issues	▲
Extension of data collation tool to Booyensendal. Discussions and interviews with key disciplines to identify material issues	■
Align reporting with King III requirements, and move towards integrated reporting	▲
Adopt GRI 3.1 guidelines (see page 51)	▲
Submission of CDP and CDP water surveys	▲
Appoint external assurers, review KPIs	▲
Develop stakeholder engagement strategy for Booyensendal	■

LEGEND: ▲ achieved ■ partially achieved

Our objectives for 2012

- Continued progress towards integrated reporting.
- B+ level of assurance for F2012 report, and alignment of reporting principles with AA1000 process.
- GRI review of report.
- Full implementation of data collation system at Booyensendal.
- Implementation of stakeholder engagement strategy.
- Review of material issues so as to narrow our focus. Consideration of external material issues.
- Start reporting against Mining Charter as new order mining rights have now been received.