

NORTHAM PLATINUM LIMITED

Incorporated in the Republic of South Africa

(Registration number 1977/003282/06)

Share code: NHM ISIN: ZAE000030912

Debt issuer code: NHMI

Bond code: NHM002 Bond ISIN: ZAG000129024

Bond code: NHM003 Bond ISIN: ZAG000129032

Bond code: NHM004 Bond ISIN: ZAG000150764

Bond code: NHM005 Bond ISIN: ZAG000151242

(“Northam” or the “group”)

OPERATIONAL UPDATE

Record operating profit

Northam is pleased to announce that it expects to report a record operating profit for an interim period amounting to R1.0 billion for the six month ended 31 December 2018, representing an increase of 204.3% from the comparative prior period (H1 F2018: R338.8 million). Earnings before interest, taxation, depreciation and amortisation (EBITDA) is expected to increase to R1.1 billion for the interim period (H1 F2018: R532.8 million), representing an EBITDA margin of 22.6%.

This strong financial performance is underpinned by Northam’s growth and diversification strategy, which is on track and well advanced. Project execution risk is reducing rapidly.

Revenue increased by 48.6% to approximately R5.0 billion (H1 F2018: R3.4 billion) primarily driven by a 40.5% increase in 4E oz sales volumes to 294 823 4E oz (H1 F2018: 209 861 4E oz). The average US Dollar basket price improved by 4.2% to USD1 013 per 4E oz (H1 F2018: USD972 per 4E oz) and the average ZAR/USD exchange rate weakened 5.7% to ZAR14.19/USD (H1 F2018: ZAR13.43/USD). On a per unit basis, total revenue per platinum oz sold is expected to increase by 3.8% to R27 524 (H1 F2018: R26 516).

Northam’s unit cash costs per platinum oz increased by 5.5% to approximately R22 007 (H1 F2018: R20 851).

Destocking of excess inventory continues

Total refined metal production increased by 41.1% oz to 299 323 4E oz (H1 F2018: 212 133 4E oz). This increase includes a net destocking of 30 000 4E oz of excess inventory accumulated prior to commissioning the second furnace.

The remaining excess inventory as at 31 December 2018 amounted to 140 000 4E oz, with a value of R1.9 billion at cost and an estimated sales value at period end of approximately R2.3 billion (only taking into account 4E ounces). Destocking is expected to continue for the remainder of the 2019 financial year.

Solid operational performance

The group produced 256 461 oz of equivalent refined 4E oz from own operations (H1 F2018: 246 473 4E oz), representing an increase of 4.1%. This follows a strong operational performance at both Zondereinde mine and Booyssendal mine.

Zondereinde mine's equivalent refined metal from own operations increased to 154 078 4E oz (H1 F2018: 152 487 4E oz). Metal in concentrate produced at Booyensdal mine increased to 105 285 4E oz (H1 F2018: 96 650 4E oz), representing an increase of 8.9%. This is a very pleasing outcome given that the mine transitioned to owner-operator in 2018.

Growth and diversification strategy on track

The group invested R1.5 billion in capital expenditure during the six months ended 31 December 2018 (H1 F2018: R2.6 billion), of which R877.3 million was spent on the continued development of the Booyensdal South mine. At period end, a total of R2.8 billion has been invested into the development of the Booyensdal South mine which is well advanced, ahead of schedule and within budget.

The Booyensdal South rope conveyor was commissioned in December 2018 with the first ore being transported to the receiving pad at the Booyensdal South concentrator. The Booyensdal South mine is designed to sustain annual production of up to 300 000 4E refined oz for more than 25 years, increasing the total production for the greater Booyensdal complex to approximately 500 000 4E oz. Expansion of the group's smelting capacity (the second furnace) was well timed and is more than sufficient to handle the projected mine volume increase from Booyensdal. Northam continues to grow down the industry cost curve as Booyensdal's low cost production volume increases.

Capital expenditure during the interim period was funded by operational cash flows and available debt facilities, with net debt at approximately R2.9 billion as at 31 December 2018. However, the sales value of excess 4E inventory at 31 December 2018 is estimated to amount to approximately R2.3 billion.

The financial information contained in this announcement has not been reviewed or reported on by Northam's auditors. The condensed reviewed interim results for the period ended 31 December 2018 are expected to be published on or about 22 February 2019.

Johannesburg
7 February 2019

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One Capital