

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: NHM006 Bond ISIN: ZAG000158577

Bond code: NHM007 Bond ISIN: ZAG000158593

Bond code: NHM008 Bond ISIN: ZAG000158858

Bond code: NHM009 Bond ISIN: ZAG000158866

Bond code: NHM010 Bond ISIN: ZAG000159229

Bond code: NHM011 Bond ISIN: ZAG000159237

Bond code: NHM012 Bond ISIN: ZAG000160136

(“Northam”)

ACQUISITION OF ADDITIONAL ZAMBEZI PREFERENCE SHARES

1. INTRODUCTION

Northam shareholders (“**shareholders**”) are referred to the announcement dated 1 November 2016 (“**previous announcement**”) pertaining to the acquisition by Northam of 4 043 018 preference shares in Zambezi Platinum (RF) Limited (“**Zambezi**”), (“**Zambezi preference shares**”) for a purchase consideration equal to the issue price plus accumulated preference share dividends (“**face value**”).

Northam is pleased to announce that, since the date of the previous announcement, Northam has acquired additional Zambezi preference shares and has reached agreement to acquire further Zambezi preference shares, as detailed in paragraph 3 below. As a result of these acquisitions, Northam will hold 5 708 458 Zambezi preference shares (“**Northam owned prefs**”), representing approximately 3.6% of all Zambezi preference shares in issue. The face value of the Northam owned prefs, calculated as at 6 August 2019, amounts to approximately R403.5 million.

All the Northam owned prefs have been purchased at, or below, face value (as calculated on the date of acquisition).

2. RATIONALE FOR THE ACQUISITION OF ZAMBEZI PREFERENCE SHARES

Northam’s acquisition of Zambezi preference shares will reduce the preference share dividend expense and liability included in Northam’s consolidated financial statements, as well as Northam’s potential financial exposure under the guarantee it provided to holders of Zambezi preference shares, should the guarantee be called upon. Furthermore, should Zambezi elect to redeem the Zambezi preference shares through a distribution of ordinary shares in Northam (“**Northam shares**”) held by Zambezi, then the redemption of the Zambezi preference shares held by Northam at such time will result in a distribution of Northam shares to Northam, thereby reducing the number of Northam shares in issue.

3. SMALL RELATED PARTY TRANSACTION AND FAIRNESS OPINION

Northam has reached agreement with Coronation Asset Management Proprietary Limited, acting as an investment manager on behalf of its clients (“**Coronation**”), pursuant to which Northam will acquire 341 455 Zambezi preference shares from Coronation on Tuesday, 6 August 2019, at a price of R70.69 per Zambezi preference share, representing the face value of such shares, for a total cash consideration of approximately R24.1 million (“**further transaction**”).

The further transaction is not subject to any conditions precedent and will be funded from Northam's cash reserves.

Coronation is a material shareholder of Northam, in that it is able to exercise voting control, on behalf of its clients, in excess of 10% of all Northam shares in issue. Accordingly, Coronation is a related party to Northam as contemplated in paragraph 10.1(b)(i) of the JSE Limited Listings Requirements ("**Listings Requirements**").

Over the course of the past 12 months, Northam has acquired Zambezi preference shares from Coronation at face value. As a result of the aggregation provision contemplated in paragraph 10.8 of the Listings Requirements, the further transaction is categorised as a "*small related party transaction*" in terms of paragraph 10.7 of the Listings Requirements.

The further transaction is not subject to shareholder approval, provided an independent professional expert has confirmed that the terms of the further transaction are fair to shareholders. Northam has appointed BDO Corporate Finance Proprietary Limited ("**BDO**") as the independent expert for purposes of providing an opinion in respect of the fairness of the further transaction ("**fairness opinion**").

BDO has considered the terms and conditions of the further transaction and is of the opinion that the further transaction is fair to shareholders. A copy of the fairness opinion is available for inspection for a period of 28 days from the date of this announcement, at Northam's registered office being, Building 4, 1st Floor, Maxwell Office Park, Magwa Crescent West, Waterfall City, Jukskei View.

4. DETAILS OF THE ZAMBEZI PREFERENCE SHARES

The Zambezi preference shares are cumulative, non-participating redeemable preference shares which accrue dividends at a nominal rate equal to the South African prime interest rate plus 3.5%, calculated on a daily basis, based on a 365-day year, compounded annually. The Zambezi preference shares were listed on the securities exchange operated by the JSE Limited on 11 May 2015.

Subject to certain exceptions, the Zambezi preference shares are redeemable on 17 May 2025 and will be redeemed, at Zambezi's election, in cash and / or through the distribution of Northam shares held by Zambezi. The redemption of the Zambezi preference shares is secured through a guarantee provided by Northam in favour of the holders of Zambezi preference shares. If the guarantee is exercised, Northam will, at its election, settle the associated liability using cash and / or through the issue of new Northam shares.

As reported in the reviewed condensed consolidated interim results of Northam for the six months ended 31 December 2018 ("**Northam results**"), the Zambezi preference share liability amounted to approximately R10.1 billion and the accumulated preference share dividends for the period amounted to R611.8 million. The acquisition by Northam of Zambezi preference shares will reduce the Zambezi preference share liability and accumulated preference share dividends recognised in Northam's consolidated financial statements. The accounting policies adopted by Northam in the preparation of its consolidated financial statements, including the Northam results, are in accordance with the International Financial Reporting Standards.

Corporate Advisor, Sponsor and Debt Sponsor to Northam
One Capital

Independent Expert to Northam
BDO Corporate Finance Proprietary Limited

Attorneys to Northam
Cliffe Dekker Hofmeyr Inc.