

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

Bond code: NHM013 Bond ISIN: ZAG000162181

(“Northam”)

ACQUISITION OF R997.5 MILLION OF ZAMBEZI PREFERENCE SHARES

1. INTRODUCTION

Northam shareholders (“**shareholders**”) are referred to the announcement dated 2 September 2019 (“**previous announcement**”) pertaining to the acquisition by Northam of preference shares in Zambezi Platinum (RF) Limited (“**Zambezi**”), (“**Zambezi preference shares**”).

Northam is pleased to announce that, since the date of the previous announcement, Northam has reached an agreement to acquire additional Zambezi preference shares, as detailed in paragraph 3 below (“**acquisition**”). Following the acquisition, Northam will hold 36 688 840 Zambezi preference shares, representing approximately 22.94% of all Zambezi preference shares in issue.

2. RATIONALE FOR THE ACQUISITION

As stated in the previous announcement, 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 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 the Public Investment Corporation SOC Limited (“**PIC**”), pursuant to which Northam will acquire 13 300 000 Zambezi preference shares from the PIC today, 1 November 2019 at a price of R75 per Zambezi preference share, for a total cash consideration of R997.5 million.

The acquisition is not subject to any conditions precedent and will be funded from Northam’s cash reserves.

The PIC is a material shareholder of Northam, in that within the preceding 12 months, it has been able to exercise voting control in excess of 10% of all Northam shares in issue. Accordingly, the PIC is a related party to Northam as contemplated in paragraph 10.1(b)(i) of the JSE Limited Listings Requirements

("Listings Requirements") and the acquisition is categorised as a "*small related party transaction*" in terms of paragraph 10.7 of the Listings Requirements.

In terms of paragraph 10.7 of the Listings Requirements, the acquisition is not subject to shareholder approval, provided an independent professional expert confirms that the terms of the acquisition 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 acquisition ("**fairness opinion**").

BDO has considered the terms and conditions of the acquisition and is of the opinion that the acquisition 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.

Over the course of the past 12 months, Northam has acquired, in aggregate, 32 458 021 Zambezi preference shares. As a result of the aggregation provision contemplated in paragraph 9.11 read with paragraph 9.13(b) of the Listings Requirements, the acquisition is categorised as a "*category 2 transaction*" in terms of paragraph 9.5(a) of the Listings Requirements. Notwithstanding this, in terms of paragraph 10.7 as read with paragraph 10.8 of the Listings Requirements, the acquisition is not a "*related party transaction*" as contemplated in paragraph 10.4 of the Listings Requirements and therefore is not subject to shareholder approval.

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 annual financial statements of Northam for the year ended 30 June 2019, the Zambezi preference share liability amounted to approximately R10.8 billion and the accumulated preference share dividends for the period amounted to approximately R1.3 billion. The acquisition by Northam of Zambezi preference shares will further 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 annual financial statements are in accordance with the International Financial Reporting Standards.

Johannesburg
1 November 2019

Corporate Advisor, Sponsor and Debt Sponsor to Northam
One Capital

Independent Professional Expert to Northam
BDO Corporate Finance Proprietary Limited

Attorneys to Northam
Cliffe Dekker Hofmeyr Inc.