**NORTHAM PLATINUM LIMITED**
Incorporated in the Republic of South Africa
(Registration number 1977/003282/06)
Share code: NHM ISIN: ZAE000030912
Debt issuer code: NHMI

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|---|---|
| Bond code: NHM002 | Bond ISIN: ZAG000129024 |
| Bond code: NHM006 | Bond ISIN: ZAG000158577 |
| Bond code: NHM007 | Bond ISIN: ZAG000158593 |
| Bond code: NHM009 | Bond ISIN: ZAG000158866 |
| Bond code: NHM011 | Bond ISIN: ZAG000159237 |
| Bond code: NHM012 | Bond ISIN: ZAG000160136 |
| Bond code: NHM013 | Bond ISIN: ZAG000162181 |
| Bond code: NHM014 | Bond ISIN: ZAG000163650 |
| Bond code: NHM015 | Bond ISIN: ZAG000164922 |
| Bond code: NHM016 | Bond ISIN: ZAG000167750 |
| Bond code: NHM017 | Bond ISIN: ZAG000167891 |
| Bond code: NHM018 | Bond ISIN: ZAG000168097 |
| Bond code: NHM019 | Bond ISIN: ZAG000168105 |

(“**Northam**”, “**company**” or the “**group**”)

## TRADING STATEMENT AND TRADING UPDATE

In terms of paragraph 3.4(b) of the JSE Limited Listings Requirements, companies are required to publish a trading statement as soon as they are satisfied, with a reasonable degree of certainty, that the financial results for the current reporting period will differ by at least 20% from the financial results of the previous corresponding period.

Northam expects to achieve a record operating profit for the year ended 30 June 2020 (“**F2020**”), underpinned by a solid performance at all operations and higher prices realised for our basket of metals. This is despite significant production losses associated with the national lockdown (“**Lockdown**”) and phased restart of mining activities following the onset of the COVID-19 pandemic in South Africa.

The group achieved production from own operations of 515 370 4E oz, representing a marginal 0.9% decrease from the year ended 30 June 2019 (“**F2019**”) (F2019: 519 954 4E oz). Purchased material increased by 212.9% to 72 443 4E oz (F2019: 23 154 4E oz). Sales volumes amounted to 582 686 4E oz, which included ore sales (F2019: 583 069 4E oz.), whilst total revenue per platinum ounce sold increased by 78.8% to R53 009/Pt oz (F2019: R29 640/Pt oz), resulting in a cash margin per platinum ounce in excess of 40%.

The group achieved record sales revenue, record operating profit and record earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) for the year. These record outcomes were achieved notwithstanding the impact of mine and production stoppages which occurred as a result of the COVID-19 induced Lockdown. Prior and up to the commencement of the Lockdown period, the group was on track to achieve record production from own operations during F2020.

**F2020 Financial Highlights**

| | F2020 | F2019 |
|---|---|---|
| Basic earnings per share | 562.78 – 622.02 cents | 17.2 cents |
| Headline earnings per share | 562.40 – 621.60 cents | 15.8 cents |
| Normalised headline earnings per share | 624.53- 690.27 cents | 270.1 cents |
| Number of shares in issue including treasury shares | 509 781 212 | 509 781 212 |
| Weighted average number of shares* | 349 875 759 | 349 875 759 |

* *Used to determine the basic and headline earnings per share, calculated as 509 781 212 shares in issue less 159 905 453 shares held by Zambezi Platinum (RF) Limited ("**Zambezi**"). Zambezi is Northam's major empowerment shareholder and Zambezi's financial results are consolidated into the group's financial results.*

However, the Lockdown resulting from COVID-19 and consequential production stoppages have been disruptive, and Northam's proactive and positive response measures minimised the impact on production to an equivalent estimated loss of 108 685 4E oz. Northam would like to extend its sincere appreciation to management and our employees, in restarting the operations in a safe and effective manner and making a concerted effort to achieve normalised production. Surface ore sources at Eland mine, together with streamlined operations at the mechanised Booysendal mine, enabled a swift restart. By financial year end, Booysendal mine and Eland mine were again operating at full complement, whilst Zondereinde mine was operating at 80% capacity. Normalised production is expected to resume at Zondereinde by the second half of the current financial year ending 30 June 2021 ("**F2021**") with a corresponding reduction to our F2021 production estimate.

The health and wellness of our employees and our host communities were given priority in our response to COVID-19. Our program for restarting operations drew on our many years of experience in managing significant health threats such as HIV and tuberculosis. We followed the prescripts of the National Institute for Communicable Diseases and the amended regulations pertaining to the Disaster Management Act No. 57 of 2002, working in collaboration with the various government departments and the Minerals Council. Our program encompassed screening and identification for early diagnosis and treatment, as well as health promotion through a variety of educational initiatives.

All growth projects progressed well during F2020. Booysendal South has advanced into production ramp-up, Zondereinde Western extension is ahead of schedule and on reef development of Eland mine continued whilst simultaneously increasing mineable reserve.

Despite significant logistical hurdles associated with COVID-19, including border closures that made the distribution of refined metal challenging, the group maintained robust refined metal sales of 560 238 4E oz. This highlights the strong relationships that we have developed and maintained with our industrial customer base over many years.

Group unit costs were negatively impacted by lower production levels, as operating costs continued close to pre-Lockdown levels. This was largely attributable to our decision to maintain payment of salaries and ancillary benefits to all of our employees during the Lockdown period and phased restart, notwithstanding the lost production and the phased restart's negative impact on productivity.

In light of this, and as part of our COVID-19 response measures, the group proactively implemented a multi-pronged action plan to preserve liquidity. This entailed a restructuring of the company's domestic medium-term note programme to significantly extend maturity dates of notes in issue, to raise some additional debt funding and to generally smooth the maturity profile of the various note series ("**Note Switch**"). In addition, our revolving credit and general banking facilities were refinanced on more favourable terms, extending the maturity date whilst reducing the cost of debt. Both facilities were undrawn at financial year end.

In addition to direct production and revenue losses associated with COVID-19, the group incurred once-off costs directly related to the COVID-19 pandemic and the Lockdown period of R977.2 million (the bulk of which relates to employee costs).

Total group capital expenditure reduced year on year to R2.4 billion as a result of capital intensive programs at Booysendal mine either having been completed or nearing completion and thus tapering down in terms of total annual expenditure. R2.0 billion was incurred on expansionary capital expenditure and R382.2 million on sustaining capital expenditure. A decision to temporarily scale back on specific growth projects in the interest of liquidity preservation was made after the onset of COVID-19 and the concomitant Lockdown period. However, the group remains committed to its strategy of developing low-cost, long-life assets in order to position itself at the lower end of the industry cost curve and the group envisages no lasting effects in this regard.

The development of our project pipeline, which builds on our existing asset base, is bearing fruit and will continue to deliver a strong and sustainable financial performance in the coming years. Despite the effect of the COVID-19 pandemic, Northam achieved record financial results for the year and generated significant free cash. Our forecasted production growth, together with favourable rand denominated metal prices, are expected to further support and enhance free cash flow generation over the medium-term.

Our strategy of returning value to shareholders remains unchanged and can be implemented through the payment of dividends, a share buyback or a purchase of Zambezi preference shares. We believe that, to date, the most efficient mechanism to return value to Northam’s shareholders has been through the purchase of Zambezi preference shares.

The acquisition of the Zambezi preference shares reduces the preference share dividend expense and liability included in the consolidated financial statements, as well as Northam’s potential financial exposure under the guarantee provided to holders of Zambezi preference shares, should the guarantee be called upon. Furthermore, in the event that Zambezi elects to redeem the Zambezi preference shares through a distribution of Northam ordinary 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.

To this end, Northam has continued to purchase Zambezi preference shares and held 53 595 254 preference shares at 30 June 2020, representing c.33.5% of all Zambezi preference shares in issue. Subsequent to the financial year end, Northam acquired an additional 11 498 633 Zambezi preference shares and currently holds 65 093 887 preference shares, representing c. 40.7% of all Zambezi preference shares in issue. Purchases to date have returned R4.8 billion of value to Northam shareholders, R4.6 billion of which was returned post F2019. Despite these purchases, the group achieved a net debt position of R3.3 billion with a net debt to EBITDA ratio well below 1 : 1 as at 30 June 2020. The average premium (expressed as a percentage to face value, being the capital amount and all accrued preference share dividends, calculated until the date of each acquisition) paid on these purchases has been less than 2.2%.

Northam’s purchases of Zambezi preference shares to date has reduced the preference share dividend expense in the consolidated financial statements for F2020 by R299.7 million. The full positive impact on the income statement arising from some of these purchases will only accrue in F2021 and this, combined with the compounding effect of dividends accruing on Zambezi preference shares, is expected to contribute positively towards reducing the preference share dividend expense in future.

The group's balance sheet strength and the relatively quick recovery to production capacity, combined with the positive impact on medium term liquidity arising from the Note Switch, collectively position the group well to continue to proactively and aggressively return value to shareholders.

In summary, whilst F2020 has been a challenging year in the face of the global COVID-19 pandemic and its wide-ranging knock-on effects, the company has performed well. Northam has efficiently managed the impact of the COVID-19 pandemic and has not wavered from its strategy of pursuing production growth and asset diversification. We have delivered a meaningful return of value to our shareholders and look forward to continuing to do more over the coming year.

The financial information contained in this announcement has not been reviewed or reported on by Northam's auditors. The audited results for the year ended 30 June 2020 are expected to be published on or about 28 August 2020.

Johannesburg
12 August 2020

Sponsor and Debt Sponsor
One Capital