

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: NHM009 Bond ISIN: ZAG000158866

Bond code: NHM011 Bond ISIN: ZAG000159237

Bond code: NHM012 Bond ISIN: ZAG000160136

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

Bond code: NHM020 Bond ISIN: ZAG000172594

("Northam")

NORTHAM INCREASES ITS HOLDING OF ZAMBEZI PREFERENCE SHARES TO ABOVE 80% BY ACQUIRING AN ADDITIONAL R1.6 BILLION OF ZAMBEZI PREFERENCE SHARES

1. INTRODUCTION

Northam shareholders ("**shareholders**") are referred to the announcement dated 15 October 2020 ("**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, it has acquired 2 830 957 Zambezi preference shares and has agreed to acquire a further 13 829 788 Zambezi preference shares from a material shareholder as further detailed in paragraph 3 below, in aggregate amounting to 16 660 745 Zambezi preference shares and representing a total cash consideration of approximately R1.6 billion ("**acquisition**"). Following implementation of the acquisition, Northam will hold 128 569 993 Zambezi preference shares, representing approximately 80.4% 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 in favour of the holders of Zambezi preference shares ("**Guarantee**"). 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 reached an agreement with the Public Investment Corporation SOC Limited ("**PIC**") to acquire 13 829 788 Zambezi preference shares from the PIC by no later than 9 December 2020 at a price of R95.37 per Zambezi preference share, for a total cash consideration of approximately R1.3 billion ("**related party acquisition**").

The related party acquisition is not subject to any conditions precedent and will be fully funded from Northam's internal cash resources.

The PIC is a material shareholder of Northam as defined in the JSE Limited Listings Requirements ("**Listings Requirements**"), in that, within the preceding 12 months, it has been able to exercise or control the exercise of votes in respect of 10% or more of the Northam shares in issue. Accordingly, the PIC is a related party to Northam as contemplated in paragraph 10.1(b)(i) of the Listings Requirements and the related party acquisition is categorised as a "*small related party transaction*" in terms of paragraph 10.7 as read with paragraph 10.8 of the Listings Requirements.

In terms of paragraph 10.7 of the Listings Requirements, the related party acquisition is not subject to shareholder approval, provided an independent professional expert confirms that the terms of the related party acquisition are fair as far as shareholders are concerned. Northam has appointed BDO Corporate Finance Proprietary Limited ("**BDO**") as the independent professional expert for purposes of providing an opinion in respect of the fairness of the related party acquisition ("**fairness opinion**").

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

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 by the Guarantee and if the Guarantee is called upon, 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 2020, the Zambezi preference share liability amounted to approximately R8.3 billion and the accumulated preference share dividends for the financial year amounted to approximately R1.1 billion. As mentioned above, the acquisition by Northam of Zambezi preference shares will further reduce the Zambezi preference share liability and accumulated preference share dividends which are 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.

Paul Dunne, Northam's Chief Executive Officer said "*Northam is pleased to return a further R1.6 billion of value to shareholders through the purchase of Zambezi preference shares, increasing Northam's holding to approximately 80.4%. Northam acquiring more than 80% ownership of Zambezi preference shares represents a very significant step in pursuit of the company's previously stated intention to accelerate the maturity of the Zambezi Transaction, as announced on 2 November 2020. This strategy continues to positively impact future earnings and shareholder value creation.*"

Johannesburg
8 December 2020

Corporate Advisor, Sponsor and Debt Sponsor to Northam
One Capital

Attorneys to Northam
Cliffe Dekker Hofmeyr Inc.

Independent Professional Expert to Northam
BDO Corporate Finance Proprietary Limited