

NORTHAM PLATINUM HOLDINGS LIMITED

Incorporated in the Republic of South Africa

Registration number: 2020/905346/06

Share code: NPH ISIN: ZAE000298253

("Northam Holdings" or the "Group")

NORTHAM PLATINUM LIMITED

Incorporated in the Republic of South Africa

Registration number: 1977/003282/06

Debt issuer code: NHMI

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: NHM018	Bond ISIN: ZAG000168097
Bond code: NHM019	Bond ISIN: ZAG000168105
Bond code: NHM020	Bond ISIN: ZAG000172594

("Northam Platinum")

ACQUISITION OF A 32.8% INTEREST IN ROYAL BAFOKENG PLATINUM LIMITED ("RBPLAT") WITH AN OPTION TO INCREASE THE GROUP'S INTEREST IN RBPLAT UP TO 33.3% AND FURTHER CONTEMPLATED ACQUISITIONS

1. INTRODUCTION

- 1.1. Northam Holdings is pleased to announce that on Monday, 8 November 2021 ("**Signature Date**"), *inter alia*, a sale of shares agreement was entered into between Northam Holdings, Royal Bafokeng Holdings Proprietary Limited ("**RBH**" or "**Royal Bafokeng Holdings**") and Royal Bafokeng Investment Holding Company Proprietary Limited ("**RBIH**") (collectively, the "**Parties**") in terms of which, *inter alia*, Northam Holdings and/or its subsidiaries (collectively, "**Northam**") may acquire up to 33.3% of all the RBPlat ordinary shares in issue ("**RBPlat Shares**"), excluding treasury shares ("**RBPlat Net Shares**"), from RBIH, as more fully set out below (the "**Transaction**"). RBIH is a wholly owned subsidiary of RBH.
- 1.2. Pursuant to the Transaction:
 - 1.2.1. Northam will acquire 93 930 378 RBPlat Shares ("**Acquisition Shares**") from RBIH, amounting to 32.8% of the RBPlat Net Shares, for an aggregate purchase consideration of c. R17.0 billion representing R180.50 per RBPlat Share ("**Acquisition**"). The purchase consideration will be settled through a combination of the issue of ordinary shares in the share capital of Northam Holdings ("**Northam Holdings Shares**") and cash.
 - 1.2.2. The Parties have entered into a put and call option arrangement ("**RBIH Put and Call**") in terms of which Northam may acquire a further 0.5% of the RBPlat Net Shares for a purchase consideration of R135.00 per RBPlat Share. Should the RBIH Put and Call Option be exercised in full, Northam will acquire 33.3% of the RBPlat Net Shares in aggregate.
- 1.3. In addition to the Transaction, RBH will endeavour to procure that, *inter alia*, Emikaway (RF) Proprietary Limited ("**EMI**"), a wholly owned subsidiary of RBH, (i) enters into a put and call option arrangement with Northam in terms of which Northam may acquire an additional 1.6% of the RBPlat Net Shares ("**EMI Put and Call**"); and (ii) grants Northam a right of first refusal over a further 1.2% of the RBPlat Net Shares, representing the remaining RBPlat Shares held by the RBH group. The EMI Put and Call will enable Northam to increase its total holding of

the RBPlat Net Shares up to 34.9% in aggregate (i.e. the Acquisition Shares and RBPlat Shares acquired pursuant to the exercise, in full, of the RBIH Put and Call and the EMI Put and Call, excluding any RBPlat Shares acquired pursuant to the right of first refusal).

2. RATIONALE FOR THE TRANSACTION

- 2.1. The Transaction is aligned with Northam's operational diversification strategy and will result in Northam acquiring a significant and strategically beneficial interest in RBPlat, providing direct exposure to RBPlat's proven mining operations and well-understood shallow ore bodies, of which a significant portion is mechanised. The Transaction will also introduce further diversification to Northam's metal mix interests, given RBPlat's higher relative platinum contribution.
- 2.2. In addition, the Transaction will provide a strategic platform for Northam to pursue a possible combination of Northam and RBPlat's business operations in the medium-term, should Northam wish to pursue such opportunity. Northam is of the view that there is a compelling and complementary synergistic fit between the business operations of Northam and RBPlat and that a potential combination of the business operations will create and unlock significant value for shareholders of both companies.

3. SALIENT TERMS OF THE TRANSACTION

The Transaction is not subject to any conditions precedent and will be implemented as follows:

3.1. Acquisition

- 3.1.1. Northam Holdings will acquire the Acquisition Shares on Friday, 19 November 2021 ("**Acquisition Implementation Date**").
- 3.1.2. Northam will settle the aggregate purchase consideration for the Acquisition Shares through the combination of cash and the issue of Northam Holdings Shares, as further detailed in paragraph 4.1 below.

3.2. RBIH Put and Call

Call Option

- 3.2.1. Northam has been granted, for no consideration, a call option by RBIH to acquire a further 1 673 695 RBPlat Shares ("**Call Option Shares**"), amounting to 0.5% of the RBPlat Net Shares from RBIH ("**Call Option**").
- 3.2.2. The Call Option is exercisable by Northam in respect of some or all of the Call Option Shares within 24 months of the Acquisition Implementation Date.
- 3.2.3. Northam will be entitled to settle the aggregate purchase consideration in respect of the Call Option in cash, Northam Holdings Shares, or a combination thereof, at Northam's election (as further detailed in paragraph 4.2 below).

Put Option

- 3.2.4. RBIH has been granted, for no consideration, a put option to sell 1 673 695 RBPlat Shares ("**Put Option Shares**"), amounting to 0.5% of the RBPlat Net Shares, to Northam ("**Put Option**").
- 3.2.5. The Put Option is exercisable by RBIH, in respect of some or all of the Put Option Shares, no earlier than 6 months and 5 business days, and no later than 24 months, after the Acquisition Implementation Date.
- 3.2.6. Northam will be entitled to settle the aggregate purchase consideration in respect of the Put Option in cash, Northam Holdings Shares, or a combination thereof, at Northam's election (as further detailed in paragraph 4.2 below).

4. PURCHASE CONSIDERATION

4.1. Acquisition Consideration

4.1.1. The aggregate purchase consideration in respect of the Acquisition Shares will be settled through the combination of cash and the issue of Northam Holdings Shares as follows:

4.1.1.1. an upfront consideration, to be settled on the Acquisition Implementation Date, comprising:

4.1.1.1.1. 34 399 725 Northam Holdings Shares, which Northam Holdings Shares will be listed on the Main Board of the exchange operated by the JSE Limited (“**JSE**”) (“**Share Consideration**”); and

4.1.1.1.2. R3.0 billion settled in cash.

4.1.1.2. a deferred cash consideration of approximately R5.6 billion (“**Deferred Acquisition Consideration**”) of which:

4.1.1.2.1. R4.0 billion (to be adjusted as set out in paragraph 4.1.4 below) will become payable by no later than 30 April 2022; and

4.1.1.2.2. approximately R1.6 billion (to be adjusted as set out in paragraph 4.1.4 below) will become payable by no later than 30 September 2022,

(collectively, the “**Acquisition Consideration**”).

4.1.2. Based on the closing price per Northam Holdings Share on the JSE on Monday, 8 November 2021 of R243.28, the Acquisition Consideration amounts to c. R17.0 billion, representing R180.50 per Acquisition Share.

4.1.3. The Share Consideration will represent 8.7% of all Northam Holdings Shares in issue post implementation of the Acquisition.

4.1.4. In respect of the Deferred Acquisition Consideration:

4.1.4.1. The Deferred Acquisition Consideration will escalate, from the Acquisition Implementation Date until the date of payment of the relevant Deferred Acquisition Consideration, at a nominal annual rate of 12% compounded quarterly in arrears (“**Escalation Rate**”).

4.1.4.2. Northam Holdings will be entitled, at its election, to settle the Deferred Acquisition Consideration earlier than the dates specified above.

4.1.4.3. Any amounts received by Northam Holdings in respect of any cash distribution declared and paid by RBPlat pertaining to the Acquisition Shares will be utilised to settle all or a part of the Deferred Acquisition Consideration that remains outstanding.

4.2. Option Consideration

4.2.1. The purchase consideration in respect of each Call Option Share or Put Option Share, as the case may be (“**Option Share**”), amounts to R135.00 per Option Share (to be escalated at the Escalation Rate from the Acquisition Implementation Date until the relevant date of settlement of the Call Option or the Put Option, as the case may be (“**Option Implementation Date**”)), (the aggregate purchase consideration in respect of all of the relevant Option Shares, the “**Option Consideration**”).

- 4.2.2. The Option Consideration may be settled in cash or Northam Holdings Shares, or a combination thereof, at Northam's election:
- 4.2.2.1. by Northam Holdings issuing to RBIH a number of Northam Holdings Shares, which number shall be determined by dividing the relevant portion of the Option Consideration by the 5 day volume weighted average price at which a Northam Holdings Share trades on the JSE as at the immediately preceding trading date to the date on which the Call Option or Put Option, as the case may be, is exercised, rounded up to the nearest whole number; or
 - 4.2.2.2. in cash ("**Option Cash Consideration**") and if the Call Option or the Put Option, as the case may be, is exercised:
 - 4.2.2.2.1. before 30 September 2022, then Northam will settle the Option Cash Consideration (to be escalated at the Escalation Rate from the Option Implementation Date until the date of payment) ("**Deferred Option Consideration**") by no later than 30 September 2022; or
 - 4.2.2.2.2. on or after 30 September 2022, Northam will settle the Option Cash Consideration, on the Option Implementation Date.
- 4.2.3. The Option Consideration will be reduced by an amount equal to any distributions by RBPlat in respect of the relevant Option Shares between the Signature Date and the relevant trade date in respect of such Option Shares.
- 4.2.4. To the extent that any cash distributions are declared and paid by RBPlat in respect of Option Shares acquired by Northam, the proceeds received in respect thereof will first be applied to the Deferred Acquisition Consideration and thereafter to the Deferred Option Consideration (to the extent applicable).
- 4.3. Northam and RBIH have entered into a pledge and cession agreement in terms of which Northam has pledged and ceded in *securitatem debiti* the Acquisition Shares and the relevant Option Shares acquired by Northam for the Deferred Option Consideration (to the extent applicable), in favour of RBIH as security for the payment by Northam of the Deferred Acquisition Consideration and Deferred Option Consideration, to the extent applicable.
- 4.4. Furthermore, Northam Platinum, Booyseendal Platinum Proprietary Limited ("**Booyseendal**") and RBIH have entered into a guarantee, in terms of which Northam Platinum and Booyseendal guarantee the payment obligations of Northam in respect of the Deferred Acquisition Consideration and Deferred Option Consideration.

5. OVERVIEW OF RBPLAT

- 5.1. RBPlat is a mid-tier platinum group metals ("**PGM**") producer. Its operations consist of the Bafokeng Rasimone Platinum Mine ("**BRPM**") (comprising a North and South shaft), the Styldrift mine, the BRPM concentrator complex, the Maseve mine (currently on care and maintenance) and the Maseve concentrator plant, all of which are located on the western limb of the Bushveld Complex. RBPlat mines PGMs from the Merensky and Upper Group 2 reefs on the Boschkoppe, Styldrift and Frischgewaagd farms in the Rustenburg area.
- 5.2. The value of RBPlat's total net assets as at 30 June 2021 was R24.3 billion and the total profit after tax attributable to RBPlat for the six months ended 30 June 2021 was R4.9 billion. Additionally, RBPlat declared an interim dividend for the period ended 30 June 2021 of 535.0 cents per RBPlat Share. The values attributable to the net assets, profit after tax and interim dividend have been extracted from RBPlat's reviewed condensed consolidated interim financial statements for the six months ended 30 June 2021, which are prepared in accordance with the International Financial Reporting Standard (IFRS) and contain information required by IAS 34: *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council.

6. BOARD REPRESENTATION

- 6.1. With effect from the Acquisition Implementation Date, and for so long as Northam holds RBPlat Shares and –
- 6.1.1. RBH or any of its subsidiaries holds Northam Holdings Shares, Northam Holdings will procure that a nominee of RBH; or
 - 6.1.2. if RBH or any of its subsidiaries ceases to hold Northam Holdings Shares, RBPlat conducts mining operations on land owned by the Royal Bafokeng Nation (“**RBN**”), Northam Holdings will procure that a nominee of the RBN,

is appointed as a director of Northam Holdings (“**Board Appointment**”).
- 6.2. The Board Appointment will be subject to (i) the nominee being reasonably acceptable to Northam Holdings’ directors; and (ii) confirmation by the shareholders of Northam Holdings (“**Shareholders**”) in accordance with the JSE Limited Listings Requirements (“**JSE Listings Requirements**”). Further details regarding the abovementioned appointment will be published in due course.

7. CATEGORISATION IN TERMS OF THE JSE LISTINGS REQUIREMENTS

The Transaction is categorised as a category 2 transaction for Northam Holdings in terms of paragraph 9.5(a) of the JSE Listings Requirements and therefore the Transaction is not subject to Shareholder approval.

Paul Dunne, Northam Holdings’ Chief Executive Officer, commented “*The transaction concluded with Royal Bafokeng Holdings gives Northam a strategically important shareholding in RBPlat, creating significant long-term optionality for Northam. It aligns perfectly with our long-term growth, sustainability and diversification strategy and the introduction of Royal Bafokeng Holdings as a significant shareholder further strengthens our empowerment credentials. We are excited about the long-term value creation potential and the inherent optionality the transaction presents. In particular, we believe the complementary metals mix of RBPlat, with a higher relative platinum contribution, fits well within the broader Northam metals basket. The RBPlat assets are young, shallow and well capitalised and occupy a strategically important position in the Western Bushveld. We recognise the Royal Bafokeng Nation’s important contribution and ongoing legacy in respect of RBPlat and are cognisant of our responsibility in respect of the long-term sustainability of RBPlat’s operations and its impact on the broader communities and the Royal Bafokeng Nation as a whole. Northam is committed to work closely with Royal Bafokeng Holdings and the Royal Bafokeng Nation in the areas of renewable energy, enterprise development and skills development through establishing a trade school. Northam is looking forward to supporting RBPlat, its board and management to create value for all stakeholders.*”

Albertinah Kekana, Royal Bafokeng Holdings’ Chief Executive Officer, commented “*We recognise Northam’s extraordinary success in implementing its long-term growth and diversification strategy and are pleased to become a significant strategic shareholder in Northam, whilst also realising a significant value unlock from our long-term investment in and commitment to RBPlat. Equally important with this transaction is that Northam will partner with RBH and the RBN to deliver a number of high-value and high impact community initiatives for the RBN and the region as a whole, which includes employees and communities associated with RBPlat. These initiatives are significant in that they will respond to the key needs and challenges being faced by the RBN to deliver secure and affordable energy supply; enterprise and supplier development, including procurement opportunities, for small and medium-sized enterprises (SMEs); and skills development to address youth unemployment through a Trade School. We look forward to supporting Northam’s board and management and to also work closely with Northam with regards to all matters affecting the Royal Bafokeng Nation.*”

Johannesburg
9 November 2021

Corporate Advisor and Sponsor to Northam Holdings

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