

# NORTHAM

PLATINUM HOLDINGS LIMITED

## NORTHAM PLATINUM HOLDINGS LIMITED

Incorporated in the Republic of South Africa

Registration number 2020/905346/06

Share code: NPH

ISIN: ZAE000298253

(“**Northam Holdings**” or,  
together with its subsidiaries, “**Northam**”)

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PLATINUM LIMITED

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Incorporated in the Republic of South Africa

Registration number 1977/003282/06

Debt issuer code: NHMI

Bond code: NHM015      Bond ISIN: ZAG000164922

Bond code: NHM016      Bond ISIN: ZAG000167750

Bond code: NHM019      Bond ISIN: ZAG000168105

Bond code: NHM020      Bond ISIN: ZAG000172594

Bond code: NHM021      Bond ISIN: ZAG000181496

Bond code: NHM022      Bond ISIN: ZAG000190133

Bond code: NHM023      Bond ISIN: ZAG000190968

Bond code: NHM024      Bond ISIN: ZAG000195926

Bond code: NHM025      Bond ISIN: ZAG000195934

Bond code: NHM026      Bond ISIN: ZAG000195942

(“**Northam Platinum**”)

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## ACCEPTANCE OF THE MANDATORY OFFER FROM IMPALA PLATINUM HOLDINGS LIMITED (“IMPLATS”) IN RESPECT OF NORTHAM HOLDINGS’ TOTAL 34.5% INTEREST IN ROYAL BAFOKENG PLATINUM LIMITED (“RBPLAT”)

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### INTRODUCTION

Shareholders of Northam Holdings (“**Northam Shareholders**”) are referred to, *inter alia*:

- the various SENS announcements published by Northam Holdings in relation to Northam Holdings’ investment in RBPlat;
- the mandatory offer by Implats to the shareholders of RBPlat (“**RBPlat Shareholders**”), to acquire the remaining ordinary shares in RBPlat (“**RBPlat Shares**”) not already held by Implats (“**Implats Mandatory Offer**”), as set out in the offer circular issued by Implats dated 17 January 2022 (“**Implats Mandatory Offer Circular**”); and
- the SENS announcement published by Implats on 30 June 2023 (“**Implats Announcement**”) wherein RBPlat Shareholders were advised that the Implats Mandatory Offer has become unconditional.

Northam Shareholders are hereby advised that Northam Holdings has submitted its acceptance of the Implats Mandatory Offer in accordance with the instructions set out in the Implats Mandatory Offer Circular in respect of all of the 100 219 552 RBPlat Shares held by Northam Holdings (“**Disposal Shares**”) (representing c. 34.5% of all RBPlat Shares in issue), for purposes of tendering the Disposal Shares into the Implats Mandatory Offer for acquisition by Implats in terms thereof (“**Disposal**”).

### RATIONALE FOR THE DISPOSAL

#### Adverse changes in PGM prices

Subsequent to Northam Holdings announcing its initial acquisition of a 32.8% interest in RBPlat on 9 November 2021 (“**Announcement Date**”), the platinum group metals (“**PGM**”) market strengthened significantly, resulting in a peak increase of c. 41% in the ZAR 4E basket price based on the average prill split across RBPlat’s operations (“**Basket Price**”) from the Announcement Date to 8 March 2022.

The Basket Price remained strong throughout 2022, with a net increase of c. 10% from the Announcement Date to the date of Northam Holdings announcing its firm intention to make a voluntary, conditional offer to RBPlat Shareholders to acquire the remaining RBPlat Shares not already held by Northam Holdings (“**Northam Offer**”) on 9 November 2022 (“**Northam FIA**”).

Subsequent to the Northam FIA, the Basket Price declined materially, from R36 404 per 4E oz as at the Northam FIA date to R23 652 per 4E oz as at 18 July 2023, representing a decrease of 35.0%. The net decrease in the Basket Price from the Announcement Date to 18 July 2023 is 28.6%.

These adverse market developments have resulted in a material contraction in profit margins and cash generation capacity across the PGM industry (including at RBPlat). As a consequence, equity valuations across the entire PGM sector have declined substantially.

Against this backdrop, Northam's wholly-owned operations continue to perform well, as reflected in the production update published on SENS on 13 July 2023.

Northam Holdings terminated the Northam Offer following the occurrence of material adverse changes in PGM prices, further details of which are set out in the SENS announcement published by Northam Holdings on 5 April 2023 ("**Termination Announcement**").

From the date of the Termination Announcement to 18 July 2023, the Basket Price has further deteriorated by 17.6%.

### **Opportunity to lock in substantial value and significantly strengthen the balance sheet**

The Implats Mandatory Offer has provided Northam with full optionality since December 2021. In light of the prevailing market conditions and negative medium-term outlook, the Implats Mandatory Offer presents a unique and attractive opportunity for Northam to lock in substantial value in relation to the Disposal Shares, with a strong cash underpin that has not been adversely affected by the steep decline in PGM equity valuations across the sector.

The Disposal also presents Northam with an opportunity to significantly strengthen its balance sheet and liquidity position, which in turn provides additional flexibility and optionality for Northam to, subject to the relevant regulatory requirements and approvals necessary, *inter alia*, potentially:

- consider the declaration of a maiden dividend;
- introduce a formal dividend policy;
- implement share buy-backs; and/or
- reduce Northam's third-party debt.

### **DETAILS OF THE DISPOSAL**

In accordance with the terms of the Implats Mandatory Offer as contained in the Implats Mandatory Offer Circular, the offer consideration per RBPlat Share tendered into the Implats Mandatory Offer is R90.00 in cash and 0.3 new ordinary shares in Implats ("**Implats Shares**"), ("**Implats Mandatory Offer Consideration**"). Having regard to the Implats Mandatory Offer Consideration, Northam Holdings will receive, in aggregate, c. R9.0 billion in cash ("**Cash Consideration**") and 30 065 866 Implats Shares ("**Share Consideration**"). The Share Consideration will represent a shareholding of at least c. 3.3% in Implats, depending on the level of acceptance by RBPlat Shareholders of the Implats Mandatory Offer.

Based on the closing Implats Share price of R136.28 as at 19 July 2023, the Share Consideration represents c. R4.1 billion of value.

Northam Holdings continues to assess the PGM market and Northam's operational and cash flow requirements and will evaluate its options in relation to the application of the Cash Consideration and the Share Consideration in due course.

The Disposal amounts to a category 2 transaction for Northam Holdings in terms of paragraph 9.5(a) of the JSE Limited Listings Requirements and is not subject to any conditions precedent. Based on the information contained in the Implats Announcement, the Implats Mandatory Offer (and therefore the Disposal) is expected to be implemented on 24 July 2023.

### **INFORMATION PERTAINING TO RBPLAT AND IMPLATS**

#### **RBPlat**

RBPlat is an independently operated, mid-tier PGM producer listed on the exchange operated by the JSE Limited ("**JSE**") and originates from a joint venture between Anglo American Platinum Limited and the Royal Bafokeng Holdings Proprietary Limited group, known as the Bafokeng Rasimone Platinum Mine Joint Venture.

RBPlat mines PGMs in the Merensky and UG2 reefs on the Boschkopie, Styldrift and Frischgewaagd farms in the Rustenburg area of the Bushveld Complex in South Africa.

The value of RBPlat's total net assets as at 31 December 2022 was R24.7 billion and the total profit after tax for the year ended 31 December 2022 was R3.3 billion.

The aforementioned values attributable to the net assets and profit after tax for RBPlat have been extracted from RBPlat's audited consolidated annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with the International Financial Reporting Standard (IFRS) as issued by the International Accounting Standards Board (IASB), including interpretations issued by the IFRS Interpretation Committee (IFRS IC), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC).

## **Implats**

Implats is a producer of PGMs and is structured around seven mining operations and Impala Refining Services, a toll refining business. The mining operations are located within the Bushveld Complex in South Africa, the Great Dyke in Zimbabwe and the Canadian Shield. Implats has its primary listing on the JSE and a secondary listing on A2X Markets in South Africa, as well as a level 1 American Depositary Receipt programme in the United States of America.

The value of Implats' total net assets as at 31 December 2022 was R125.9 billion and the total profit after tax for the six months ended 31 December 2022 was R14.8 billion.

The aforementioned values attributable to the net assets and profit after tax for Implats have been extracted from Implats' reviewed condensed consolidated interim financial statements for the six months ended 31 December 2022, which have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS, the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the FRSC and the minimum requirements of International Accounting Standards (IAS) 34 Interim Financial Reporting.

***Paul Dunne, Northam's Chief Executive Officer, said "The prevailing PGM market conditions and the material decline in the PGM basket price during, in particular, the last four months may signal a potentially protracted cyclical downturn. Relative positioning on the industry cost curve and the ability to retain operational flexibility and balance sheet strength will become increasingly important over time. Northam has always maintained inherent optionality and flexibility in executing its growth strategy and these considerations remain key drivers to all decisions.***

*The impending closing of the Implats Mandatory Offer, with a substantial cash underpin not affected by substantially lower equity valuations across the sector, presents a well-timed opportunity for Northam to secure a very significant cash injection that will materially strengthen Northam's balance sheet and liquidity position. It will also positively affect Northam's ability to continue to return value to its shareholders in the short to medium-term, including through potential dividends and/or share buy-backs, following on from the c. 30% share buy-back which was implemented in 2021.*

*Northam's growth strategy initiated in 2015 remains on track and we are pleased with the operational performance and contribution of all our assets".*

Johannesburg  
20 July 2023

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**Corporate Advisor and Sponsor to  
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