

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

**NEW R1 BILLION FUNDING PROGRAMME AND AMENDMENTS TO THE EXISTING R1 BILLION CREDIT FACILITY, COLLECTIVELY COMPRISING, *INTER ALIA*, A:**

- **R600 MILLION FULLY SUBSCRIBED RENOUNCEABLE CLAW BACK OFFER;**
- **R400 MILLION ADDITIONAL REVOLVING CREDIT FACILITY; AND**
- **SPECIAL COVENANT HOLIDAY.**

## **1. INTRODUCTION**

Northam shareholders (“**Shareholders**”) are advised of the simultaneous implementation of:

- a R600 million equity capital raising which will be implemented by way of a fully subscribed renounceable claw back offer (“**Claw Back Offer**”) (further details of which are set out in paragraph 3 below);
- a new R400 million medium term revolving credit facility that will expire on 31 March 2015 (further details of which are set out in paragraph 4 below) (“**New RCF**”); and
- the revision of certain key terms of Northam’s current R1 billion revolving credit facility (“**Current RCF**”), including a special covenant holiday and other amendments (“**RCF Key Amendments**”),

collectively referred to as the “**Funding Programme**”.

## **2. RATIONALE FOR THE FUNDING PROGRAMME**

Challenging economic and operational conditions have beset the South African mining industry for an extended period of time, with depressed platinum group metal (“**PGM**”) basket prices, volatile exchange rates, rising costs and a complex industrial relations environment being at the forefront of the industry’s challenges.

In addition to the above, Northam’s specific challenges include:

- **ZONDEREINDE STRIKE:** a 3 week strike at the Zondereinde mine during April 2013, resulting in production interruptions and permanently lost revenue amounting to approximately R192 million;
- **SMELTER REBUILD:** in addition to the capital outlay of approximately R55 million associated with the smelter rebuild, Northam is required to toll treat its concentrate, thereby considerably lengthening its working capital pipeline and increasing its cost of production during the toll treatment period;

- **BOOYSENDAL COMPLETION CAPEX:** funding the balance of the capital expenditure programme to ensure the completion of the Booysendal mine, amounting to approximately R530 million in the 2014 financial year;
- **BOOYSENDAL RAMP UP:** production at Booysendal will be ramped up to design capacity of 150 000 tons milled per month during the two financial years to 30 June 2015. Earnings and cash flow from Booysendal are expected to be negative during the current financial year; and
- **ZONDEREINDE CAPEX:** funding the current financial year's development and maintenance capital expenditure at Zondereinde of approximately R350 million.

As at the date of this announcement and as a consequence of a combination of the above factors, Northam has fully drawn down the R1 billion available under the Current RCF. Pursuant to an existing term of the Current RCF, Northam may not issue notes in terms of its Domestic Medium Term Note ("**DMTN**") Programme in excess of R1.5 billion ("**DMTN Issue Restriction**"). To date, Northam has issued notes to the extent of R1.37 billion under the DMTN Programme.

In the circumstances, Northam has substantially utilised its available credit facilities, prior to announcing the terms of the Funding Programme.

Certain of the above factors are of a temporary nature, whereas other factors have resulted or will result in a permanent capital/funding outflow for the Company and/or constitute permanent capital invested, with most of the associated earnings and cash flow benefits only to be derived by Northam in future financial years.

Northam's directors ("**Board**") and executive management ("**Management**") commissioned an extensive review of the Company's capital and funding requirements and the implications of its existing funding arrangements ("**Funding Review**"). The Board and Management carefully considered the timing, nature and extent of the Company's capital and general funding requirements, including the potential effects of the above factors or other circumstances which may arise.

Following the Funding Review, the Board and Management have resolved to implement a balanced Funding Programme with a view to, *inter alia*:

- strengthening Northam's balance sheet with a moderate equity injection, amounting to less than 4% of the Company's current issued share capital (to be implemented in terms of the Claw Back Offer) to provide for a portion of Northam's permanent capital requirements, against the backdrop of the near completion of an approximately R4 billion capital development programme (expressed in 2010 money terms);
- strengthening Northam's medium term funding capacity through the introduction of the New RCF, specifically to ease the peak funding requirements and the impact of certain of the short to medium term funding constraints that would not require permanent capital (such as the funding requirement arising from the extended toll treating pipeline); and
- pro-actively addressing Northam's key short to medium term potential borrowing risks and exposure, by introducing the RCF Key Amendments.

The Board and Management are confident that the Funding Programme will adequately address the Company's specific short to medium term capital and funding requirements.

### 3. SALIENT TERMS OF THE CLAW BACK OFFER

The Claw Back Offer will immediately contribute R600 million towards the Funding Programme, as more fully set out below.

In terms of the Claw Back Offer, 15 000 000 new Northam ordinary shares of no par value ("**Claw Back Shares**") will be offered to Shareholders at a price of R40 per Claw Back Share ("**Subscription Price**"), representing a total Claw Back Offer subscription consideration of R600 million. The Subscription Price represents a 2% discount to the 30 day volume weighted average price ("**VWAP**") and a 5% premium to the 60 day VWAP of Northam ordinary shares, calculated as at 18 September 2013. The Claw Back Shares will be offered to Shareholders in the ratio of 3.92068 Claw Back Shares for every 100 Northam ordinary shares held on 15 November 2013 ("**Record Date**").

The Claw Back Offer has been fully subscribed for by Coronation Asset Management (Proprietary) Limited ("**Subscriber**") in accordance with a subscription agreement entered into between the Subscriber and the Company on 20 September 2013 ("**Subscription Agreement**").

In terms of the Subscription Agreement, the R600 million committed by the Subscriber ("**Committed Amount**") is payable to the Company within five business days of the publication of this announcement. The Subscriber has agreed to allow Northam, upon receipt of the Committed Amount, immediate access to such funds for purposes of the Company's general working capital and capital expenditure requirements.

The Claw Back Offer remains conditional upon, *inter alia*, approval by the JSE Limited of the listing of the Claw Back Shares and the Claw Back Offer circular ("**Circular**").

In view of the fact that Northam will limit the equity capital raising to an amount of R600 million, excess applications for Claw Back Shares will not be permitted.

The salient terms of the Subscription Agreement are set out below:

i. Liquidity fee

As consideration for the Subscriber agreeing to subscribe for the Claw Back Shares at the Subscription Price and making payment of the Committed Amount prior to the opening of the Claw Back Offer, the Company will pay a liquidity fee equal to 2% (two per cent) of the Committed Amount to the Subscriber.

ii. Other conditions

The Subscription Agreement requires that the Claw Back Offer opens by no later than 2 December 2013.

#### 4. SALIENT FEATURES OF THE NEW RCF

Northam has entered into a credit approved term sheet (“**Term Sheet**”) that sets out the terms and conditions pertaining to the New RCF, pursuant to which the Company has secured an additional R400 million revolving credit facility.

The Term Sheet contains conditions which are customary to a credit facility of this nature and is furthermore specifically conditional upon Northam having received the full proceeds from the Claw Back Offer (“**Equity Condition**”).

The New RCF has an automatic termination date of 31 March 2015, whereupon any drawn down and unpaid balance must be repaid in full and the facility will expire.

The New RCF shall be unsecured and shall not introduce any material new or otherwise onerous lending conditions and shall furthermore be subject to the same set of covenants (including revised covenants, as more fully set out in paragraph 5 below) that govern the Current RCF.

Northam has retained full flexibility to draw down funds, to repay funds drawn under the New RCF and/or to cancel the New RCF (entirely or partially), prior to its expiry date.

The New RCF is expected to become unconditional within approximately three weeks from the date of this announcement.

#### 5. RCF KEY AMENDMENTS

##### 5.1 Covenant Holiday

In parallel with the implementation of the New RCF (and therefore conditional upon Northam having received the full Committed Amount), Northam has secured a complete special covenant holiday (“**Covenant Holiday**”) in respect of all existing debt covenants applicable to the Current RCF that pertain or are calculated with reference to Northam’s earnings before interest, tax, depreciation and amortisation (“**EBITDA Covenants**”) over the next three measuring periods (i.e. ending on 31 December 2013, 30 June 2014 and 31 December 2014, respectively) (“**Relevant Measuring Periods**”).

The Covenant Holiday will apply *mutatis mutandis* to the New RCF.

The Funding Review highlighted that Northam could be vulnerable to the EBITDA Covenants during the Booyendal ramp-up period, especially in light of other contributing factors, such as those mentioned in paragraph 2 above and which may potentially be exacerbated in the event that any production interruptions occur during the Relevant Measuring Periods.

The Board and Management are confident that the Covenant Holiday appropriately addresses Northam’s borrowing risk profile in the short to medium term.

##### 5.2 Relaxation of current issue limit in terms of the DMTN Programme

Pursuant to the RCF Key Amendments becoming unconditional, the DMTN Issue Restriction amount (as

set out in paragraph 2 above) will be increased from R1.5 billion to R1.8 billion (“**DMTN Issue Relaxation**”), provided that Northam shall be required to apply any proceeds above the previous DMTN Issue Restriction amount to repay and/or cancel an equal portion of the New RCF.

The DMTN Issue Relaxation provides Northam with sufficient flexibility to independently source funds from the capital markets in the event that it may need such funds to repay the New RCF at the time of its automatic expiry.

## 6. PRO FORMA FINANCIAL EFFECTS OF THE CLAW BACK OFFER

The table below sets out the *pro forma* financial effects of the Claw Back Offer (“**Financial Effects**”) based on the published reviewed results of Northam for the financial year ended 30 June 2013 (“**Results**”). The Financial Effects have been prepared in accordance with the JSE Limited Listings Requirements and “The Revised Guide on *Pro Forma* Financial Information”, issued by SAICA. The accounting policies used to prepare the Financial Effects are consistent with those applied in the preparation of the Results.

The Financial Effects have been prepared for illustrative purposes only, in order to provide information on how the Claw Back Offer may have affected the Results and, because of their nature, may not fairly present the effects of the Claw Back Offer on Northam’s financial results. The Financial Effects are the responsibility of the Board.

The table below sets out the Financial Effects on Northam’s earnings per share (“**EPS**”), headline earnings per share (“**HEPS**”), diluted earnings per share (“**DEPS**”), diluted headline earnings per share (“**DHEPS**”), net asset value per share (“**NAVPS**”) and tangible net asset value per share (“**TNAVPS**”) for the financial year ended 30 June 2013.

	Before the Claw Back Offer <sup>(1)</sup>	Pro forma after the Claw Back Offer <sup>(2)</sup>	Change (%)
<b>EPS (cents)</b>	132	127	(3.79)
<b>HEPS (cents)</b>	136	131	(3.68)
<b>DEPS (cents)</b>	132	127	(3.79)
<b>DHEPS (cents)</b>	136	131	(3.68)
<b>NAVPS (cents)</b>	2 824	2 864	1.42
<b>TNAVPS (cents)</b>	1 332	1 428	7.21
<b>Weighted average number of shares in issue</b>	382 560 902	397 560 902	3.92
<b>Fully diluted number of shares in issue</b>	382 560 902	397 560 902	3.92
<b>Actual number of shares in issue</b>	382 586 090	397 586 090	3.92

### Notes:

1. The figures included in the "Before the Claw Back Offer" column have been extracted, without amendment, from the Results, as published on the Stock Exchange News Service of the securities exchange operated by the JSE Limited (“**SENS**”) on 15 August 2013.
2. The Financial Effects have been prepared on the basis of the following assumptions:
  - i. The Claw Back Offer has been assumed to have been concluded on 1 July 2012 for purposes of the statement of comprehensive income and 30 June 2013 for purposes of the statement of financial position.
  - ii. 15 000 000 new Northam ordinary shares are issued pursuant to the Claw Back Offer at an issue price of R40 per share.
  - iii. Costs directly attributable to the Claw Back Offer of R20 million have been capitalised against equity in accordance with International Accounting Standard (“**IAS**”) 32.35. No income has been accounted for on the funds received

pursuant to the Claw Back Offer as they have been assumed to have been applied to general working capital and capital expenditure of the Company.

- iv. 344 040 new share options with an exercise price of R40 will be required to be issued with regards to the Northam Share Option Scheme; however, these are classified as anti-dilutive in accordance with IAS 33 and have therefore not been accounted for in the calculation of the diluted number of shares in issue.

## 7. SALIENT DATES AND TIMES OF THE CLAW BACK OFFER

The expected salient dates and times of the Claw Back Offer are provided below:

**2013**

Finalisation announcement released on SENS on	Friday, 1 November
Finalisation announcement released in the South African press on	Monday, 4 November
Last day to trade in Northam shares in order to settle by the Record Date and qualify to participate in the Claw Back Offer ( <i>cum</i> entitlement)	Friday, 8 November
Listing and trading of letters of allocation (" <b>LAs</b> ") on the securities exchange operated by the JSE Limited (" <b>JSE</b> ") at 09:00 under the JSE code NHMN and ISIN ZAE000184164 on	Monday, 11 November
Northam shares commence trading ex-rights on the JSE at 09:00 on	Monday, 11 November
Record Date for participation in the Claw Back Offer at the close of business at 17:00 on	Friday, 15 November
Circular and, where applicable, form of instruction posted to Shareholders on	Monday, 18 November
Claw Back Offer opens at 09:00 on	Monday, 18 November
Dematerialised Shareholders will have their accounts at their central securities depository participant (" <b>CSDP</b> ") or broker automatically credited with their LAs at 09:00 on	Monday, 18 November
Certificated Shareholders will have their LAs credited to an electronic account held with the Company's transfer secretary at 09:00 on	Monday, 18 November
Last day to trade in LAs on the JSE	Friday, 29 November
Listing of Claw Back Shares on the JSE and trading therein commences at 09:00 on	Monday, 2 December
Claw Back Offer closes – payments to be made and forms of instruction in respect of LAs to be delivered by certificated Shareholders by 12:00 on	Friday, 6 December
Record date for LAs	Friday, 6 December
Dematerialised Shareholders' accounts will be updated with entitlements and debited by their CSDP or broker and, if applicable, certificates posted to certificated Shareholders	Monday, 9 December
Results of Claw Back Offer announcement released on SENS	Monday, 9 December
Results of Claw Back Offer announcement released in the press on	Tuesday, 10 December

**Notes:**

1. Dematerialised Shareholders are required to notify their duly appointed CSDP or broker of their acceptance of the Claw Back Offer in the manner and time stipulated in the agreement governing the relationship between such Shareholder and its CSDP or broker.
2. All times indicated are South African times unless otherwise stated.
3. Share certificates may not be dematerialised or rematerialised between Monday, 11 November 2013 and Friday, 15 November 2013, both days inclusive.
4. The CSDP / broker accounts of dematerialised Shareholders will be automatically credited with Claw Back Shares to the extent to which they have accepted the Claw Back Offer. If applicable, share certificates will be posted, by registered post at the Shareholder's risk, to certificated Shareholders in respect of the Claw Back Shares which have been accepted.
5. CSDPs / brokers effect payment in respect of dematerialised Shareholders on a delivery versus payment method.
6. The dates and times provided in this announcement are provisional and may be subject to change. In the event that these dates and/or times are amended, Shareholders will be informed accordingly.
7. Applications for excess Claw Back Shares will not be permitted.

**8. CIRCULAR**

The Circular, containing details of the Claw Back Offer, is expected to be posted to Shareholders on or about Monday, 18 November 2013.

**9. FOREIGN SHAREHOLDERS**

Any Shareholder resident outside the Republic of South Africa ("**Foreign Shareholder**") who receives the Circular and/or a form of instruction (in respect of certificated Shareholders) should obtain advice as to whether any governmental and/or any other legal consent is required and/or any other formality must be observed to enable such Shareholder to exercise its allocation rights and to subscribe for Claw Back Shares in terms of the Claw Back Offer.

The Claw Back Offer does not constitute an offer of securities in any jurisdiction in which it is illegal to make such an offer and the Circular and form of instruction should not be forwarded or transmitted by recipients thereof to any person in any territory other than where it is lawful to make such an offer.

Foreign Shareholders should consult their professional advisers to determine whether any governmental or other consents are required or other formalities need to be observed to allow them to take up the Claw Back Shares, or trade their LAs. Shareholders holding Northam shares on behalf of persons who are Foreign Shareholders are responsible for ensuring that the taking up of the Claw Back Shares, or trading in their LAs, will not breach regulations in the relevant jurisdictions outside the Republic of South Africa.

To the extent that Foreign Shareholders are not entitled to participate in the Claw Back Offer as a result of the

aforementioned restrictions, the LAs that would have been issued to such Shareholders shall be sold on their behalf by the Company's transfer secretary, or other third party nominated for this purpose, and the receipts from such sales remitted to them provided that the aggregate of such receipts is in excess of R10.

Should there be any changes to these restrictions before the finalisation of the Claw Back Offer, details of such changes will be announced on SENS.

Johannesburg  
20 September 2013

**Sole Corporate and Debt Advisor, Sole Bookrunner, JSE Sponsor and JSE Debt Sponsor**  
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