

ANNOUNCEMENT

11 March 2021

024/2021

NORTHAM INCREASES ITS HOLDING OF ZAMBEZI PREFERENCE SHARES TO 87.5% ...acquires additional Zambezi preference shares valued at R1.1 billion

1. INTRODUCTION

Northam shareholders are referred to the announcement dated 8 December 2020 pertaining to the acquisition by Northam of preference shares in Zambezi Platinum (RF) Limited.

Northam is pleased to announce that, since the date of the previous announcement, it has acquired 1 525 728 Zambezi preference shares and has agreed to acquire a further 9 876 775 Zambezi preference shares from a material shareholder as further detailed in paragraph 0 below, in aggregate amounting to 11 402 503 Zambezi preference shares and representing a total cash consideration of approximately R1.1 billion. Following implementation of the acquisition, Northam will hold 139 972 496 Zambezi preference shares, representing approximately 87.5% 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. Furthermore, should Zambezi redeem the Zambezi preference shares through a distribution of ordinary shares in Northam 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 9 876 775 Zambezi preference shares from the PIC today, Thursday 11 March 2021, at a price of R97.84 per Zambezi preference share, for a total cash consideration of approximately R966.3 million.

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 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 that 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.

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.

Corporate Advisor, Sponsor and Debt Sponsor to Northam
One Capital

Attorneys to Northam
Webber Wentzel

Independent Professional Expert to Northam
BDO Corporate Finance Proprietary Limited

*Distributed by R&A Strategic Communications, Johannesburg, Tel +27 (0)11 880 3924;
Marion Brower +27 71 493 0387*