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20 May 2021

Dear Sirs/ Mesdames

## INDEPENDENT EXPERT REPORT IN RESPECT OF THE ACQUISITION BY NORTHAM PLATINUM HOLDINGS LIMITED OF THE ENTIRE ISSUED ORDINARY SHARE CAPITAL OF NORTHAM PLATINUM LIMITED (“NORTHAM”) EXCLUDING TREASURY SHARES AND THE EXTENDED BEE TRANSACTION

### Introduction

In terms of the announcement published by Northam and Northam Platinum Holdings Limited (“Northam Holdings”) on the Stock Exchange News Service operated by the JSE Limited (“JSE”) on Tuesday, 23 March 2021, holders of ordinary shares in the share capital of Northam (“Northam Shares”) (“Northam Shareholders” or “Shareholders”) were advised of, *inter alia*:

- the proposed acceleration of the maturity and wind-up of the empowerment transaction concluded between, *inter alios*, Northam and Zambezi Platinum (RF) Limited (“Zambezi”) in May 2015, comprising, *inter alia*:
  - the offer by Northam to the holders of the cumulative, non-participating preference shares in the share capital of Zambezi (“Zambezi Preference Shares” or “ZPLPs”), to acquire the remaining ZPLPs not already held by Northam, for a cash consideration per ZPLP amounting to the aggregate of R41.00 and the accumulated dividends per ZPLP (“Face Value”) on the date on which the Zambezi Scheme (as defined below) is implemented (“Zambezi Scheme Implementation Date”), plus a 15.99% premium thereon, by way of a scheme of arrangement in terms of section 114 as read with section 115 of the Companies Act (“Scheme”) proposed by the board of directors of Zambezi between Zambezi and the ZPLP holders in terms of section 114(1) as read with section 115 of the Companies Act 71 of 2008 (“Companies Act”) (the “Zambezi Scheme”); and
  - the transfer and acquisition by Northam of Northam Shares held by Zambezi and the Northam Employees’ Trust (the “ESOP”) in accordance with section 48(8)(b) of the Companies Act, by way of a Scheme between Northam and the Shareholders pursuant to the following transactions:
    - the settlement of all outstanding accumulated dividends as at the Zambezi Scheme Implementation Date in respect of all of the ZPLPs together with an amount equal to 11.11% recurring of the Face Value per ZPLP on the Zambezi Scheme Implementation Date (“Revised Accumulated Dividends”) through the transfer by Zambezi to Northam of so many Northam Shares held by Zambezi, at a price of R160.00, as may be equal in value to the amount of the Revised Accumulated Dividends;
    - the repurchase by Northam of a number of Northam Shares from Zambezi at a price of R152.00 each (“Repurchase”), in order to fund payment of, *inter alia*, Zambezi’s taxes and costs arising from the Transaction (as defined below);
    - the repurchase by Northam of a number of Northam Shares received by the ESOP pursuant to a distribution by Zambezi of Northam Shares at a price not exceeding the 30 day volume weighted average price (“30 day VWAP”) of a Northam Share, determined the day immediately preceding the date on which the repurchase is implemented;

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- the redemption of all of the ZPLPs in accordance with the ZPLP terms (as amended), by way of a transfer by Zambezi to Northam of so many Northam Shares (valued at R160.00 per share), as may be equal in value to the issue price of R41.00 per ZPLP and the cash settlement of the unpaid preference dividends in respect of such ZPLPs; and
- the acquisition of any additional Northam Shares which may need to be retained and sold by Zambezi to settle Zambezi's taxes (if applicable),

(collectively, the "Share Acquisitions Scheme". The Zambezi Scheme and the Share Acquisitions Scheme are collectively referred to as the "Transaction"); and

- the proposed implementation of an extended 15-year BEE transaction for purposes of maintaining ownership by historically disadvantaged persons (as defined in the Mineral and Petroleum Resources Development Act, No. 28 of 2002) ("HDPs") in Northam at up to 26.5% (net of Northam Shares held by subsidiaries in the Northam group ("Treasury Shares")), with an emphasis on participation by employees of the Northam group and host, and affected, communities, comprising, *inter alia*:
  - the offer by Northam Holdings, a newly incorporated company established by Northam, to acquire all of the Northam Shares in issue, excluding Treasury Shares, ("Northam Scheme Shares") from Northam Shareholders ("Northam Scheme Participants") in exchange for ordinary shares in the share capital of Northam Holdings ("Northam Holdings Shares") on a 1:1 basis ("Northam Scheme Consideration"), by way of a Scheme (the "Northam Scheme"), and the simultaneous termination of the listing of all Northam Shares, and the listing of all Northam Holdings Shares, on the Main Board of the JSE; and
  - the issue by Northam and Northam Holdings of Northam Shares and Northam Holdings Shares, respectively, to HDP entities to be formed, in order to secure up to 26.5% ownership by HDPs in Northam (net of Treasury Shares), as follows:
    - companies established to hold and administer the collective interests of (i) the current and future employees of the Northam group (excluding management and employees that participate in the Northam Platinum Share Incentive Plan 2011), ("Employee SPV"); and (ii) the Northam group's current host and affected communities ("Community SPV"), will collectively (directly or indirectly) subscribe for Northam Shares amounting to an aggregate of no more than 23% of the total Northam Shares in issue (net of Treasury Shares). The subscription price per Northam Share will be the higher of (i) the 30 day VWAP of a Northam Share and/or Northam Holdings Share (or a combined 30 day VWAP thereof to the extent necessary) traded on the JSE on the business day prior to the subscription; and (ii) R225.00, (such higher amount being the "Subscription Price"). The aggregate subscription consideration for the Northam Shares will be funded through the subscription by Northam for preference shares ("BEE Prefs") in each of Employee SPV and Community SPV; and
    - a company established to hold and administer the collective interests of HDPs such as, *inter alia*, women's groups and youth groups ("HDP SPV"), will (directly or indirectly) subscribe for a number of Northam Holdings Shares at the Subscription Price such that the collective effective see-through shareholding in Northam by HDP SPV, Employee SPV and Community SPV (collectively, the "BEE SPVs") will amount up to 26.5% in aggregate (net of Treasury Shares). The aggregate subscription consideration for the Northam Holdings Shares will be funded through the subscription by Northam Holdings for BEE Prefs in HDP SPV,

(collectively, the "Extended BEE Transaction". The Transaction and the Extended BEE Transaction are inter-conditional and are collectively referred to as the "Composite Transaction").

The authorised and issued share capital of Northam as at Tuesday, 18 May 2021, being the last practicable date prior to the finalisation of the Circular (“Last Practicable Date”) is set out below, which represents the Company’s securities affected by the proposed arrangement:

|   | Share capital<br>(R'million) |
|---|------------------------------|
| <b>Authorised share capital</b>                         |                              |
| 2 000,000,000 Northam Shares                            | 1 000                        |
| <b>Issued share capital</b>                             |                              |
| 509,781,212 Northam Shares                              | 13,778                       |
| Northam Shares held as treasury shares <sup>(1)</sup>   | (6,556)                      |
| <b>Share capital and premium net of treasury shares</b> | <b>7,221</b>                 |

*<sup>1</sup>Northam Shares held by Zambezi and which are considered to be treasury shares from an accounting perspective only.*

The material interests of the directors of Northam are set out in paragraph 42 of the Circular and the effect of the Northam Scheme on those interests and persons are set out in this section of the Circular, of which we agree with. The Northam Scheme will affect all Shareholders. The financial effects of the Northam Scheme are set out in paragraph 36 and Annexures 5 and 6 of the Circular.

Extracts of sections 115 and 164 of the Companies Act are set out in Annexure 21 and Annexure 22 respectively of the Circular and are incorporated herein by reference for purposes of section 114(3)(g) of the Companies Act.

#### **Independent Expert report required in terms of the Companies Act**

The Northam Scheme is an affected transaction as defined in section 117(1)(c)(iii) of the Companies Act. In terms of section 114(2) of the Companies Act, as read with regulations 90 and 110 of the Companies Regulations, 2011 (“Regulations”), the independent board of directors of Northam constituted in terms of the Companies Act (“Independent Board”) is required to retain an independent expert to provide an independent expert report (in the form of a fair and reasonable opinion) in terms of section 114(3) of the Companies Act and regulations 90 and 110 of the Regulations, with regards to the Northam Scheme and the Northam Scheme Consideration (the “Fair and Reasonable Opinion”).

BDO Corporate Finance Proprietary Limited (“BDO Corporate Finance”) has been appointed as the independent expert by the Independent Board to assess the Northam Scheme and the Northam Scheme Consideration as required in terms of section 114 of the Companies Act and regulations 90 and 110 of the Regulations and provide the Fair and Reasonable Opinion. The Fair and Reasonable Opinion set out herein is provided to the Independent Board for the sole purpose of assisting the Independent Board in forming and expressing an opinion on the Northam Scheme and the Northam Scheme Consideration for the benefit of Shareholders

#### **Independent Expert report required by the JSE Limited**

The Extended BEE Transaction entails, *inter alia*, the issue of shares by Northam and Northam Holdings to HDPs via a vendor funded structure and the Northam board of directors (“Board”) have sought to obtain written confirmation from an independent expert confirming whether the Extended BEE Transaction is fair insofar as Shareholders are concerned (“the Fairness Opinion”, and the Fair and Reasonable Opinion and Fairness Opinion are together the “Independent Expert Report”).

#### **Responsibility**

Compliance with the JSE Listings Requirements is the responsibility of the Board. Compliance with the Companies Act and the Regulations is the responsibility of the Independent Board. Our responsibility is to report to the Independent Board on whether the Northam Scheme and the Northam Scheme Consideration are fair and reasonable to Shareholders and to report to the Board on whether the Extended BEE Transaction is fair in so far as Shareholders are concerned.

### **Definition of the terms "fair" and "reasonable" applicable in the context of the Northam Scheme**

The "fairness" of a transaction is primarily based on quantitative issues. A transaction will generally be considered to be fair to a company's shareholders if the benefits received, as a result of the transaction, are equal to or greater than the value given up.

An offer may generally be considered to be fair to shareholders if the offer consideration is equal to or greater than the fair value of an offer share, or unfair if the offer consideration is less than the fair value of an offer share. Furthermore, in terms of regulation 110(8) of the Regulations, an offer with a consideration per offeree regulated company security within the fair-value range is generally considered to be fair.

The assessment of reasonableness of an offer is generally based on qualitative considerations surrounding the offer. Hence, even though the consideration to be paid in respect of an offer may be lower than the market value, the offer may be considered reasonable after considering other significant qualitative factors. In terms of regulation 110(9) of the Regulations, an offer is generally said to be reasonable if the offer consideration is greater than the trading price of an offer share as at the time of announcement of the offer consideration, or at some other more appropriate identifiable time.

### **Definition of the term "fair" applicable in the context of the Extended BEE Transaction**

Since the Extended BEE Transaction is contingent on the other elements of the Composite Transaction and is indivisible from the other elements of the Composite Transaction, the Extended BEE Transaction cannot be opined upon without reference to the Composite Transaction in its entirety. The Extended BEE Transaction may thus be said to be fair to shareholders if the fair value of a Northam Holdings Share after the Composite Transaction is equal to or greater than the fair value of a Northam Share before the Composite Transaction.

### **Details and sources of information**

In arriving at our opinions we have relied upon the following principal sources of information:

- The terms and conditions of the Composite Transaction, as set out in the Circular;
- Annual integrated report and audited annual financial statements of Northam for the years ended 30 June 2018, 2019 and 2020;
- Condensed reviewed interim financial results of Northam for the six months ended 31 December 2020;
- Mineral Resources and Mineral Reserves Report in respect of the mineral assets held wholly or partly by Northam as at 30 June 2020 and the summary Mineral Resources and Mineral Reserves Report as at 31 December 2020;
- Competent Persons Report for Northam on its mineral assets as at 31 March 2021, prepared by Mr Vince Agnello (MGSSA, MSAIMM, Pr.SciNat) as Competent Valuator on behalf of The MSA Group Proprietary Limited;
- Base case financial model incorporating cash flow projections for Northam from 1 April 2021 to 30 June 2051 or earlier based on the Life of Mine ("LoM") per principal operation (being Zondereinde, Booyensdal and Eland ("Assets")) and on a consolidated basis prepared by management of Northam;
- Consensus Analysts' Forecast commodity prices for each of the principal commodities produced and sold by Northam;
- Consensus Analysts' Forecast exchange rates;
- The rationale of the Composite Transaction, as set out in the Circular and based on discussions with executive management of Northam and their professional advisors regarding the rationale for the Composite Transaction;
- Discussions with executive management of Northam or their professional advisors regarding the historical and forecast financial information of the Assets;
- Discussions with executive management of Northam or their professional advisors on prevailing market, economic, legal and other conditions which may affect underlying value; and
- Publicly available information relating to Northam that we deemed to be relevant, including company announcements and media articles.

The information above was secured from:

- Executive management of Northam or Northam's professional advisors; and

- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing Northam.

## Procedures

In arriving at our opinions we have undertaken the following procedures and taken into account the following factors:

- Reviewed the terms and conditions of the Composite Transaction;
- Reviewed the financial and other information related to Northam, as detailed above;
- Reviewed and obtained an understanding from executive management of Northam or Northam's professional advisors as to the forecasts of each Asset for the forecast financial periods commensurate to the Asset's LoM up to a maximum of 35 years. Considered the forecasts and the basis of the assumptions therein including the prospects of the Assets. This review included an assessment of the reasonableness of the outlook assumed based on discussions with management or their professional advisors and an assessment of the achievability thereof by considering historical information as well as macro-economic and sector-specific data;
- Prepared an estimate of the financial benefit and economic costs of concluding the Extended BEE Transaction;
- Performed a sum of the parts ("SOTP") valuation of Northam as well as a Northam Share;
- Performed a SOTP valuation of Northam Holdings as well as a Northam Holdings Share;
- Assessed the long-term potential of Northam and the Assets;
- Evaluated the relative risks associated with the Assets and the Mining sector;
- Held discussions with the executive directors and management of Northam and/or their professional advisors as to the long-term strategy and the rationale for the Northam Scheme and considered such other matters as we considered necessary, including assessing the prevailing economic and market conditions and trends in the Mining sector;
- Reviewed certain publicly available information relating to Northam and the Mining sector that we deemed relevant, including company announcements and media articles; and
- Performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and knowledge of the Mining sector generally.

## Assumptions

We arrived at our opinions based on the following assumptions that:

- All agreements that are to be entered into in terms of the Composite Transaction will be legally enforceable;
- The Composite Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives of Northam or their professional advisors; and
- Reliance can be placed on the financial information of Northam and the Assets.

## Appropriateness and reasonableness of underlying information and assumptions

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinions by determining the extent to which representations from management were confirmed by documentary evidence as well as our understanding of Northam and the Assets and the economic environment in which the Northam group operates.

## Limiting conditions

This Independent Expert Report is provided to the Board and the Independent Board in connection with and for the purposes of the Northam Scheme and Extended BEE Transaction. The Independent Expert Report does not purport to cater for each individual Shareholder's perspective, but rather that of the general body of Shareholders.

Individual Shareholders' decisions regarding the Northam Scheme and the Extended BEE Transaction may be influenced by such Shareholders' particular circumstances and accordingly individual Shareholders should consult

an independent adviser if in any doubt as to the merits or otherwise of the Northam Scheme and the Extended BEE Transaction.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinions. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinions, whether in writing or obtained in discussion with management, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

We have also assumed that the Composite Transaction will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisors of Northam and we express no opinion on such consequences.

Our opinions are based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect our opinions, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

### Independence, competence and fees

We confirm that we have no direct or indirect interest in Northam Shares or in the Extended BEE Transaction. We also confirm that we have the necessary qualifications and competence to provide the Fairness Opinion.

We confirm that neither we, nor any person related to us (as contemplated in the JSE Listings Requirements), have any relationship with Northam or with any party involved in the Extended BEE Transaction as contemplated in paragraph 5.12 of Schedule 5 of the JSE Listings Requirements and have not had such relationship within the immediately preceding two years.

We confirm that neither we nor any person related to us (as contemplated in the Companies Act) have a direct or indirect interest in the Northam Shares or the Composite Transaction, nor have had within the immediately preceding two years, any relationship as contemplated in section 114(2)(b) of the Companies Act, and specifically declare, as required by regulations 90(6)(i) and 90(3)(a) of the Regulations, that we are independent in relation to the Composite Transaction and will reasonably be perceived to be independent taking into account other existing relationships and appointments. We also confirm that we have the necessary competence to provide the Independent Expert Report and meet the criteria set out in section 114(2)(a) of the Companies Act.

Furthermore, we confirm that our total professional fees of R3,150,000 are not contingent upon the success of the Composite Transaction. Our fees are not payable in Northam Shares.

### Valuation approach and results

#### *Northam Share*

BDO Corporate Finance performed a valuation of Northam as at 31 March 2021 being the last practicable date for the purposes of the valuation (“Valuation Date”) by applying a SOTP approach based on the fair value of each Asset to determine whether the Northam Scheme and Northam Scheme Consideration is fair.

The valuation of the Assets is based on a discounted cash flow (“DCF”) analysis. The DCF valuations take into account forecast cash flows from 1 April 2021 onwards.

The valuation methodologies employed in respect of each Asset are detailed below:

| Asset          | Category              | Primary valuation approach | Comments                                 |
|----------------|-----------------------|----------------------------|--|
| Zondereinde    | Platinum Group Metals | DCF                        | Operating mine with LoM plan             |
| Booyseindal    | Platinum Group Metals | DCF                        | Operating mine with LoM plan             |
| Eland          | Platinum Group Metals | DCF                        | Operating mine with LoM plan             |
| ZPLPs          | Other                 | DCF                        | Net present value of expected cash flows |
| Net cash/ debt | Financial assets      | Carrying value             | Fair value based on carrying value       |

The key external value driver to the DCF valuation of the Assets is the price assumption for commodities and products produced by the Assets. Key internal value drivers include the discount rate, production rates and the estimated LoM, operating costs, royalties, capital expenditure requirements and taxes.

The key real commodity prices and exchange rate forecasts applied in the DCF valuations for the 4E Platinum Group Metals (“PGMs”) commodities produced by the Assets are detailed in the table below:

| Assumption    | Unit    | FY21   | FY22   | FY23   | FY24   | FY25   | Long term |
|---------------|---------|--------|--------|--------|--------|--------|-----------|
| Platinum      | USD/oz  | 1 031  | 1 142  | 1 159  | 1 137  | 1 062  | 1 062     |
| Palladium     | USD/oz  | 2 326  | 2 122  | 1 938  | 1 940  | 1 695  | 1 695     |
| Rhodium       | USD/oz  | 17 132 | 18 726 | 15 563 | 14 157 | 11 776 | 11 776    |
| Gold          | USD/oz  | 1 843  | 1 741  | 1 622  | 1 573  | 1 505  | 1 505     |
| Exchange rate | ZAR/USD | 15.60  | 15.00  | 15.00  | 15.00  | 15.00  | 15.00     |

The risk of the Assets is expressed in the discount rate applied to the projected future cash flows. A real weighted average cost of capital (“WACC”) of 10.00% (nominal WACC of 15.8%) was determined for Northam. The valuations were re-performed using base case assumptions and applying a range of discount rates based on different risk scenarios, including market risk, financing risk, mining risk and operational risk. The sensitivity analysis was performed by increasing and decreasing the base case discount rate by a maximum of 1.0%. The discount rate sensitivity analysis did not indicate a sufficient effect on the valuation of Northam to alter our opinion in respect of the Northam Scheme and the Northam Scheme Consideration.

#### *Northam Holdings Share*

As implementation of the Extended BEE Transaction is inter-conditional on the Transaction, we determined the fair value of a Northam Holding Share as at the Valuation Date on the basis that the Composite Transaction is implemented in full.

The Transaction results in:

- The acquisition by Northam, pursuant to the Zambezi Scheme being implemented, of the remaining ZPLPs not already held by Northam, amounting to 19 932 957 ZPLPs as at the Valuation Date, for a purchase consideration of R98.40 per ZPLP (determined as at the Valuation Date), for an aggregate cash consideration of R1.961 billion;
- The reduction in the fair value of the ZPLP’s held by Northam in the amount of R13.773 billion, calculated as 139 972 496 ZPLPs multiplied by R98.40;
- The acquisition by Northam of 35 493 480 Northam Shares held by Zambezi, pursuant to the Repurchase, at a price of R152.00 per Northam Share for an aggregate consideration of R5.395 billion;
- The acquisition by Northam of 746 291 Northam Shares from the ESOP, at a price of R257.38 (the closing price as at the Valuation Date was assumed) per Northam Share, for an aggregate consideration of R192 million cash;
- Cash transaction costs of R253.8 million; and
- The reduction in Northam’s issued share capital by 130 439 816 Northam Shares from 509 781 212 Northam Shares in issue to 379 341 396 Northam Shares in issue.

The economic cost of the Extended BEE Transaction comprises two components, i.e.:

- the cost of the embedded option in the Extended BEE Transaction structure; and
- other transaction costs of R110.3 million.

BDO Corporate Finance determined the fair value of the embedded option in the Extended BEE Transaction structure by employing a Monte Carlo methodology. The embedded option in respect of the Extended BEE Transaction has a deemed strike price that is influenced by dividends/distributions from Northam Holdings and Northam, as well as interest rates.

Value drivers of the option pricing methodology include:

- A risk-free rate of 9.729% based on a South African zero-coupon swap rate yield curve approximating the term of the funding period, being 15 years;
- The 30 day volume weighted average price of a Northam Share as at the Valuation Date of R237.28;
- Dividend yield of 4.5%;
- The net present value of trickle dividends in respect of Northam Holdings Shares and Northam Shares;

- Term of vendor funding (15 years);
- The forecast outstanding balance in respect of vendor funding over the life of the funding period based on the forecast prime lending rate (dividends on the preference shares will accrue at a discount to the prevailing prime interest rate) and the forecast dividend yield;
- The effect of the yield enhancing BEE Prefs held by Northam Holdings and Northam in HDP SPV and the relevant BEE SPVs, respectively; and
- The expected volatility of a Northam Holdings Share and Northam Share of 55%.

We note that all the mining rights held by Northam and the Northam group (except for the Zilkaatsnek mining right which is currently in the process of being renewed and one Booyensdal mining right) have at least 15 years' validity. In terms of the 2018 Mining Charter, existing mining right holders which have achieved a minimum of 26% BEE shareholding shall be recognised as compliant for the duration of the mining right, subject to certain requirements being met in the event that the BEE shareholdings fall below 26%. In addition, the recognition of such BEE ownership shall not apply to the renewal or transfer of a mining right. Certain provisions of the 2018 Mining Charter have, however, been challenged and are the subject of a review application submitted by the Minerals Council of South Africa. If this application is ultimately successful, the once-empowered-always-empowered principle would apply to existing mining rights.

In light of the above and taking into consideration the current uncertainty in respect of the 2018 Mining Charter, we are of the opinion that it is not possible to reliably quantify the financial benefit to Northam and Northam Holdings of implementing the Extended BEE Transaction. We note however, that the Extended BEE Transaction is inter-conditional on the Transaction and that the value accretive effect of the Transaction exceeds the economic cost of the Extended BEE Transaction as evidenced by the value of a Northam Holdings Share relative to the value of a Northam Share as set out in the table below.

The Extended BEE Transaction results in a non-cash charge of R10.547 billion. The key internal value driver is the dividend yield. The key external value driver is the expected volatility of a Northam Share.

In addition, a sensitivity analysis was performed in respect of:

- Dividend yield: by increasing and decreasing the dividend yield by a factor of 0.25%; and
- Volatility: by increasing and decreasing the volatility by a factor of 2.5%.

The sensitivity analysis did not indicate a sufficient effect on the valuation of a Northam Holdings Share to alter our opinion in respect of the Northam Scheme, the Northam Scheme Consideration and the Extended BEE Transaction.

### Valuation results

In undertaking the valuation exercise above, we determined the following valuation ranges and implied swap ratios:

| Rand per share    | Northam Share | Northam Holdings Share | Implied ratio |
|-------------------|---------------|------------------------|---------------|
| Low end of range  | 247.94        | 253.00                 | 0.98          |
| Core value        | 258.27        | 263.54                 | 0.98          |
| High end of range | 268.60        | 274.08                 | 0.98          |

Based on the above value ranges the minimum number of Northam Holdings Shares to be issued as consideration for each Northam Share would be 0.98 Northam Holdings Shares per Northam Share. The Northam Scheme Consideration of 1 Northam Holdings Shares for each Northam Share is above the suggested range calculated from our valuation, i.e. a premium of 2.0% to the core value per Northam Share.

The valuation range above is provided solely in respect of this opinion and should not be used for any other purposes.

### Approach to reasonableness of the Northam Scheme

In opining on the reasonableness of the Northam Scheme, we considered the rationale for the Composite Transaction as detailed in paragraph 3 of the Circular.

## Opinion

The Northam Scheme will result in the expropriation of Northam Scheme Shares from Northam Scheme Participants in exchange for the Northam Scheme Consideration. The Northam Scheme Consideration is above the suggested range calculated from our valuation. The rationale for the Northam Scheme is set out in paragraph 3 of the Circular. We are not aware of any material adverse effects of the Northam Scheme.

BDO Corporate Finance has considered the terms and conditions of the Northam Scheme and Extended BEE Transaction.

We are not aware of any factors that are difficult to quantify, or are unquantifiable in forming our opinion in respect of the Extended BEE Transaction, Northam Scheme and Northam Scheme Consideration.

Based upon and subject to the conditions set out herein, BDO Corporate Finance is of the opinion that the Northam Scheme and the Northam Scheme Consideration are fair and reasonable to Shareholders.

Based upon and subject to the conditions set out herein, BDO Corporate Finance is of the opinion that the Extended BEE Transaction is fair in so far as Shareholders are concerned.

Our opinions are necessarily based upon the information available to us up to the Last Practicable Date, including in respect of the financial, market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals and consents required in connection with the Northam Scheme and the Extended BEE Transaction will be timeously fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

## Consent

We hereby consent to the inclusion of this Independent Expert Report, in whole or in part, and references thereto in the Circular and any other announcement or document pertaining to the Northam Scheme and the Extended BEE Transaction, in the form and context in which they appear.

Yours faithfully



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