

NORTHAM PLATINUM LIMITED

Incorporated in the Republic of South Africa

(Registration number 1977/003282/06)

Share code: NHM ISIN: ZAE000030912

Debt issuer code: NHMI

Bond code: NHM002 Bond ISIN: ZAG000129024

Bond code: NHM006 Bond ISIN: ZAG000158577

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" or the "Company")

EARLY MATURITY OF THE ZAMBEZI BEE TRANSACTION AND IMPLEMENTATION OF AN EXTENDED BEE TRANSACTION, INCORPORATING A FIRM INTENTION ANNOUNCEMENT IN RESPECT OF THE ACQUISITION BY NORTHAM PLATINUM HOLDINGS LIMITED OF THE ENTIRE ISSUED ORDINARY SHARE CAPITAL IN NORTHAM, EXCLUDING TREASURY SHARES AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

KEY FEATURES OF THE COMPOSITE TRANSACTION:

Acceleration of maturity and wind-up of the Zambezi BEE transaction:

- R39.1 billion of total equity value in Zambezi
- R25.6 billion of gross value unlock in Zambezi, Northam's empowerment shareholder
- R12.9 billion of pre-tax value transfer to Northam group employees, communities and strategic BEE partners
- R4.8 billion of estimated taxes in support of the South African fiscus
- More than 25% reduction in Northam's issued share capital
- Extinguishment of the guarantee provided by Northam to Zambezi's preference shareholders
- Continuation of senior management's incentive structure ensuring retention of key individuals until 17 May 2025

Implementation of an extended BEE transaction:

- c. 26.5% ownership by historically disadvantaged persons in the Northam group for a further 15 years
- Emphasis on participation by Northam group employees (excluding management and employees that participate in the Northam share incentive plan) and host and affected communities
- Participation by other historically disadvantaged persons such as women's groups and youth groups, through a vehicle to be listed on the BEE segment of the JSE
- Flexibility to comply with BEE ownership requirements set out in the Mining Charter in respect of existing mining rights and any new mining rights

Unless stated otherwise, the figures in this announcement are calculated based on the closing price of an ordinary share in the issued share capital of Northam ("**Northam Share**") traded on the securities exchange operated by the JSE Limited ("**JSE**") on the business day prior to the Signature Date (defined below) of R244.76 ("**Applicable Share Price**").

1. INTRODUCTION

- 1.1. Shareholders of Northam ("**Shareholders**") are referred to the cautionary announcement published by Northam on the Stock Exchange News Service operated by the JSE ("**SENS**") on 2 November 2020 ("**Cautionary Announcement**"), and the subsequent renewals thereof published on SENS on 14 December 2020, 28 January 2021 and 11 March 2021, wherein Shareholders were advised that Northam and Zambezi Platinum (RF) Limited ("**Zambezi**") had entered into discussions regarding a potential transaction to accelerate the maturity of the empowerment transaction concluded between Northam and Zambezi in May 2015 ("**Zambezi BEE Transaction**"), whilst maintaining Northam's broad-based black economic empowerment ("**BEE**") ownership.
- 1.2. Northam is pleased to advise Shareholders that:
 - 1.2.1. on 22 March 2021 ("**Signature Date**"), Northam and Zambezi entered into an implementation and framework agreement ("**Implementation Agreement**"), wherein the terms of the proposed acceleration of the maturity and wind-up of the Zambezi BEE Transaction ("**Transaction**") have been agreed; and
 - 1.2.2. Northam's board of directors ("**Northam Board**") has approved an extended 15-year BEE transaction to maintain ownership by historically disadvantaged persons (as defined in the Mineral and Petroleum Resources Development Act, No. 28 of 2002) ("**HDP**") in the Northam group at c. 26.5%, with an emphasis on participation by Northam group employees and host and affected communities ("**Extended BEE Transaction**").
- 1.3. The Transaction and the Extended BEE Transaction are collectively referred to as the "**Composite Transaction**".
- 1.4. Each of the Transaction and the Extended BEE Transaction are inter-conditional and subject to the fulfilment or waiver of the Conditions Precedent (as envisaged in paragraph 5 below) and implementation of the Extended BEE Transaction will be conditional on the Transaction being implemented.

2. OVERVIEW OF THE COMPOSITE TRANSACTION

2.1. The Transaction

Details of the Transaction are summarised below.

- 2.1.1. Northam will make an offer to the holders of the cumulative, non-participating preference shares in the share capital of Zambezi ("**ZPLPs**") to acquire the remaining ZPLPs not already held by Northam, for a cash consideration per ZPLP amounting to the initial subscription price of R41.00 together with the accumulated ZPLP dividends (collectively, the "**Face Value**") on the date on which the acquisition is implemented, plus a 15.99% premium to the Face Value (collectively, the "**ZPLP Offer Consideration**"), ("**ZPLP Offer**"). The ZPLP Offer will be implemented by way of a scheme of arrangement proposed by the board of directors of Zambezi ("**Zambezi Board**") between Zambezi and the ZPLP holders in terms of section 114(1) read with section 115 of the Companies Act,

No. 71 of 2008 (“**Companies Act**”), (“**Zambezi Scheme**”). Following implementation of the Zambezi Scheme, Northam will be the sole holder of the ZPLPs. Simultaneously with the Zambezi Scheme, the Zambezi Board will propose the delisting of the ZPLPs from the JSE (“**ZPLP Delisting**”).

- 2.1.2. After implementation of the Zambezi Scheme, Zambezi will settle the outstanding accumulated ZPLP dividends on all of the ZPLPs, together with a premium amounting to approximately 11.11% of the Face Value, through the transfer by Zambezi to Northam of a number of Northam Shares held by Zambezi (“**BEE Shares**”). For purposes of calculating the number of BEE Shares to be transferred to Northam, Northam and Zambezi have agreed to a value per BEE Share of R160.00. The BEE Shares transferred to Northam will be cancelled and delisted, resulting in a reduction in Northam’s issued share capital.
- 2.1.3. In order to fund payment of, *inter alia*, Zambezi’s taxes and the costs arising from the Transaction, Northam will repurchase a number of BEE Shares from Zambezi (“**Repurchase Shares**”) at a price of R152.00 each, (“**Repurchase**”). Based on Zambezi’s estimated tax liabilities arising from the Transaction (“**Zambezi’s Estimated Tax Liabilities**”) calculated using, *inter alia*, the Applicable Share Price, it is estimated that Northam will repurchase approximately 35.1 million Repurchase Shares for an aggregate cash consideration of approximately R5.3 billion. The actual number of Repurchase Shares will be determined on the day prior to implementation of the Repurchase. The Repurchase Shares acquired by Northam will be cancelled and delisted, further reducing Northam’s issued share capital. A portion of the cash proceeds payable to Zambezi pursuant to the Repurchase will be retained by Northam (“**Retention Amount**”) in order for Northam to facilitate the settlement of Zambezi’s tax liabilities on behalf of Zambezi, as set out in paragraphs 2.1.9 and 2.1.11 below. The balance of the Repurchase proceeds, estimated at approximately R767 million, will be distributed to Zambezi’s ordinary shareholders as set out in paragraph 2.1.5 below (“**Net Cash Distribution**”).
- 2.1.4. Following the Repurchase, Northam will assume economic control (subject to certain exceptions, including in relation to the Net Value Distribution contemplated in paragraph 2.1.5 below) and voting control of Zambezi and Zambezi will become a subsidiary of Northam as envisaged in the Companies Act.
- 2.1.5. Zambezi will distribute the net value in Zambezi to the Zambezi ordinary shareholders by way of (i) a cash dividend amounting to the Net Cash Distribution as envisaged in paragraph 2.1.3 above; and (ii) a dividend *in specie* of the residual BEE Shares held by Zambezi (“**Residual BEE Shares**”), (collectively, the “**Net Value Distribution**”).
- 2.1.6. The Residual BEE Shares will be the total BEE Shares currently held by Zambezi (159 905 453) less (i) the BEE Shares transferred to Northam in settlement of the redemption price and accumulated dividends in respect of the ZPLPs in terms of paragraphs 2.1.2 above and 2.1.10 below; (ii) the Repurchase Shares envisaged in paragraph 2.1.3 above; and (iii) any additional BEE Shares which may need to be retained and sold by Zambezi to settle Zambezi’s taxes. Based on, *inter alia*, Zambezi’s Estimated Tax Liabilities calculated using, *inter alia*, the Applicable Share Price, it is estimated that the Residual BEE Shares will amount to approximately 30.9 million Northam Shares. The Residual BEE Shares received by the Zambezi ordinary shareholders will participate in the Northam Scheme (as defined in paragraph 2.2.1 below).

- 2.1.7. The Net Cash Distribution will be applied towards settlement of, *inter alia*, Transaction costs and the repayment of a loan to be advanced by Northam to Zambezi's ordinary shareholders as further detailed in paragraph 7 below.
- 2.1.8. Subject to reaching agreement with the Northam Employees' Trust and the Northam Community Trusts (as defined in paragraph 2.2.4 below), Northam will repurchase all or some of the BEE Shares received by them pursuant to the Net Value Distribution, for a cash consideration.
- 2.1.9. On or before Zambezi's first provisional or final (as the case may be) tax payment date occurring after the Net Value Distribution, Northam will, on behalf of Zambezi, utilise a portion of the Retention Amount to settle Zambezi's taxes payable on such date arising from the steps envisaged in paragraphs 2.1.2, 2.1.3 and 2.1.5 above.
- 2.1.10. On a date occurring on or prior to 17 May 2025, at Zambezi's election, Zambezi will redeem all of the ZPLPs held by Northam by settling the issue price of each ZPLP (i.e. R41.00) through the transfer of the remaining BEE Shares held by Zambezi, valued at R160.00 per BEE Share, to Northam. Following implementation of this step, Zambezi's shareholding in Northam will reduce to nil and the ZPLPs will be fully redeemed.
- 2.1.11. On or before Zambezi's first provisional or final (as the case may be) tax payment date occurring after the redemption of the ZPLPs as envisaged in paragraph 2.1.10 above, Northam will, on behalf of Zambezi, utilise a portion of the Retention Amount to settle Zambezi's taxes payable on such date arising from the redemption of the ZPLPs.
- 2.1.12. As soon as practicably possible after redemption of the ZPLPs, Zambezi will be voluntarily wound-up and subsequently dissolved and deregistered.

2.2. The Extended BEE Transaction

Details of the Extended BEE Transaction are summarised below.

- 2.2.1. Northam Platinum Holdings Limited ("**Northam Holdings**"), a newly incorporated company established by Northam, will make an offer to the Shareholders to acquire all of the Northam Shares in issue (excluding treasury shares) ("**Offer Shares**"), in terms of a share for share transaction ("**Northam Offer**"). The Northam Offer will be implemented by way of a scheme of arrangement proposed by the Northam Board between Northam and the Shareholders in terms of section 114(1) read with section 115 of the Companies Act ("**Northam Scheme**"), pursuant to which Northam Holdings will acquire all of the Offer Shares from the participants in the Northam Scheme ("**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**").
- 2.2.2. The Northam Scheme will be implemented as soon as practicably possible after implementation of the Net Value Distribution. Upon implementation of the Northam Scheme, Northam will become a subsidiary of Northam Holdings, all Northam Holdings Shares will be listed on the main board of the JSE and all Northam Shares will be delisted from the main board of the JSE.
- 2.2.3. Following implementation of the Northam Scheme, Northam Shares and Northam Holdings Shares will be issued to three newly incorporated HDP vehicles in order to secure c. 26.5% ownership by HDPs in the Northam group, as follows:

- 2.2.3.1. companies established to hold and administer the collective interests of (i) Northam group's current and future employees (excluding management and employees that participate in the SIP (defined below)), ("**Employee SPV**"); and (ii) 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 (excluding treasury shares held by Zambezi). The subscription price per Northam Share will be the higher of (i) the 30 day volume weighted average price ("**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 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
- 2.2.3.2. 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 to c. 26.5% in aggregate (excluding treasury shares held by Zambezi). The subscription consideration for the Northam Holdings Shares will be funded through the subscription by Northam Holdings for BEE Prefs in HDP SPV.
- 2.2.4. Other than participating in the Northam Scheme, Zambezi and its current ordinary shareholders and their respective beneficiaries (other than beneficiaries of the Northam Zondereinde Community Trust and Northam Booyensdal Community Trust (collectively the "**Northam Community Trusts**") and the Northam Employees' Trust) shall not participate in the Extended BEE Transaction.
- 2.2.5. Following implementation of the subscriptions envisaged in paragraph 2.2.3 above (collectively, the "**BEE SPV Subscriptions**"), the shareholders of (i) Northam Holdings will be the Northam Scheme Participants (which will include the Zambezi ordinary shareholders) and HDP SPV; and (ii) Northam will be Northam Holdings, Employee SPV, Community SPV and Zambezi.
- 2.2.6. As soon as practicably possible after implementation of the BEE SPV Subscriptions envisaged in paragraph 2.2.3 above, the shares in HDP SPV will be listed on the BEE segment of the JSE to allow for trading of HDP SPV shares amongst BEE persons.

3. **ADDITIONAL INFORMATION REGARDING THE TRANSACTION**

3.1. **Zambezi Scheme**

- 3.1.1. The cash consideration to be offered per ZPLP (i.e. the ZPLP Offer Consideration) will be funded from Northam's internal cash resources.
- 3.1.2. The Zambezi Scheme amounts to a "transaction" by Northam as contemplated in section 9 of the JSE Limited Listings Requirements ("**JSE Listings Requirements**"). Furthermore, considering that Zambezi is a material shareholder (as defined in the JSE Listings Requirements) of Northam and therefore a related party to Northam in terms of paragraph 10.1(b)(i) of the JSE

Listings Requirements, the Zambezi Scheme amounts to a small related party transaction in terms of paragraph 10.7 of the JSE Listings Requirements.

- 3.1.3. Simultaneously with the Zambezi Scheme, Zambezi will propose to the relevant Zambezi shareholders that they approve (i) the ZPLP Delisting; and (ii) certain amendments to Zambezi's memorandum of incorporation, including the ZPLP terms incorporated therein ("**ZPLP Term Amendments**"), in order to enable the implementation of the Transaction ("**Zambezi MOI Amendments**").
- 3.1.4. Implementation of the Zambezi Scheme, the ZPLP Delisting and the Zambezi MOI Amendments (including the ZPLP Term Amendments) will be subject to the Zambezi Scheme Conditions set out in paragraph 5.1 below.
- 3.1.5. The Zambezi Scheme shall terminate with immediate effect upon the occurrence of, *inter alia*, the following events:
 - 3.1.5.1. if any Zambezi Scheme Condition, which may be waived by Northam, becomes incapable of fulfilment and Northam notifies Zambezi in writing that it will not waive that Zambezi Scheme Condition;
 - 3.1.5.2. if any or all of the Zambezi Scheme Conditions have not been fulfilled or waived, on or before the relevant date/s for fulfilment or waiver;
 - 3.1.5.3. if Northam gives written notice to Zambezi to such effect, if a "*Material Adverse Change*" (as such term is defined in the Implementation Agreement) occurs at any time after 30 April 2021, regardless of whether such Material Adverse Change is continuing or not. A Material Adverse Change will include, *inter alia*, the 30 day VWAP of a Northam Share reducing below R130.00; net debt for the Northam group exceeding R8 billion or the net debt to earnings before interest, tax, depreciation and amortisation (EBITDA) ratio (measured over a 12 month period) exceeding 2.5 times; or
 - 3.1.5.4. upon termination or cancellation of the Implementation Agreement in certain instances as envisaged in the Implementation Agreement.

3.2. **Northam Share Acquisitions**

- 3.2.1. The acquisitions of Northam Shares by Northam, *inter alia*, as contemplated in paragraphs 2.1.2, 2.1.3, 2.1.8 and 2.1.10 above (collectively, the "**Northam Share Acquisitions**"), constitute a repurchase of shares as contemplated in section 48(8)(b) read with sections 114 and 115 of the Companies Act, and paragraph 5.67(B)(a) read with paragraph 5.69(b) of the JSE Listings Requirements.
- 3.2.2. The Northam Share Acquisitions will be implemented by way of a scheme of arrangement in terms of section 114(1) read with section 115 of the Companies Act between Northam and Shareholders ("**Northam Share Acquisitions Scheme**").
- 3.2.3. In the circumstances, the Northam Share Acquisitions Scheme is an "affected transaction" as defined in section 117(1)(c)(iii) of the Companies Act and, as such, is regulated by Parts B and C of Chapter 5 of the Companies Act and Chapter 5 of the Companies Regulations, 2011 ("**Regulations**") (collectively, the "**Takeover Laws**"). Northam has obtained an exemption from the Takeover Regulation Panel from the requirement to provide a guarantee or a cash

confirmation to the Takeover Regulation Panel in respect of the cash consideration payable to Zambezi in terms of the Repurchase.

3.2.4. The cash consideration payable pursuant to the Repurchase will be funded from Northam's internal cash resources.

3.2.5. Implementation of the Northam Share Acquisitions will be subject to the Transaction Conditions set out in paragraph 5.2 below.

3.3. **Repayment by certain Zambezi ordinary shareholders of the lock-in fee**

3.3.1. On implementation of the Zambezi BEE Transaction, Northam paid Zambezi a lock-in fee of R400 million in exchange for Zambezi and the Zambezi ordinary shareholders agreeing to certain undertakings, including, *inter alia*, undertaking not to dispose of the BEE Shares until 17 May 2025 ("**Lock-in Restrictions**").

3.3.2. On implementation of the Net Value Distribution (as envisaged in paragraph 2.1.5 above), the Lock-in Restrictions will no longer apply. Accordingly, each of the Zambezi ordinary shareholders, excluding the Northam Employees' Trust and the Northam Community Trusts, have agreed to reimburse Northam their respective proportionate amount of the lock-in fee in respect of the remaining term of the Zambezi BEE Transaction, should they dispose of or encumber any or all of the Northam Shares received pursuant to the Transaction or Northam Holdings Shares received pursuant to the Northam Scheme, to a party other than Northam or Northam Holdings (or their respective nominees) or another Zambezi ordinary shareholder, prior to 17 May 2025.

4. **ADDITIONAL INFORMATION REGARDING THE EXTENDED BEE TRANSACTION**

4.1. **Northam Scheme**

4.1.1. The Northam Offer will be implemented by way of the Northam Scheme and the resultant delisting of the Northam Shares from the main board of the JSE will be implemented in terms of paragraph 1.17(b) of the JSE Listings Requirements.

4.1.2. The consideration to be offered per Offer Share will be one Northam Holdings Share. Northam Holdings confirms that it has sufficient authorised but unissued Northam Holdings Shares available to settle the Northam Scheme Consideration to Northam Scheme Participants.

4.1.3. Upon implementation of the Northam Scheme, the Northam Holdings Shares will be listed on the main board of the JSE.

4.1.4. The Northam Scheme amounts to an "affected transaction" as defined in section 117(1)(c)(iii) of the Companies Act and, as such, the Northam Scheme is regulated by the Takeover Laws.

4.1.5. Implementation of the Northam Scheme will be subject to the fulfilment or waiver of the Extended BEE Transaction Conditions set out in paragraph 5.3 below.

4.1.6. To the extent that it would be unlawful for Northam Holdings to offer the Northam Holdings Shares to Shareholders resident, or otherwise situated, outside of South Africa ("**Foreign Shareholders**") or unlawful for Foreign Shareholders to take up Northam Holdings Shares without Northam Holdings complying with any foreign regulatory registrations or filings or obtaining any approvals or consents from any authorities in any foreign jurisdiction, then cash will be remitted to such Foreign Shareholders.

- 4.1.7. The tax implications of the Northam Scheme are dependent on the individual circumstances and jurisdictions applicable to each Northam Scheme Participant. It is recommended that Northam Scheme Participants seek appropriate professional advice in this regard.

4.2. **BEE SPV Subscriptions**

- 4.2.1. Each BEE SPV will be subject to a 15-year lock-in term (“**Empowerment Term**”) during which period each of the BEE SPVs will remain locked-in and prohibited from disposing of or encumbering its shareholding in Northam Holdings or Northam, as the case may be, other than to Northam Holdings and Northam (or their respective nominees), notwithstanding an early redemption of the BEE Prefs by the BEE SPVs.
- 4.2.2. Until the BEE Prefs have been fully redeemed, an indicative 5% of all the distributions received by each BEE SPV from Northam or Northam Holdings, as the case may be, will (after providing for, *inter alia*, operational costs and taxes, if any) be distributed to the shareholders of the relevant BEE SPV and the balance will be used to service the BEE Prefs.
- 4.2.3. The salient terms of the BEE Prefs are as follows:
- 4.2.3.1. the BEE Prefs will be redeemed in full by no later than the end of the Empowerment Term through the transfer of Northam Shares to Northam or Northam Holdings Shares to Northam Holdings, as the case may be, valued by reference to the prevailing 30 day VWAP of Northam Holdings Shares on the redemption date;
 - 4.2.3.2. dividends on the preference shares will accrue at a discount to the prevailing prime interest rate from time to time during the Empowerment Term; and
 - 4.2.3.3. an indicative 95% of all dividends received by the BEE SPVs from Northam or Northam Holdings, as the case may be, will (after providing for, *inter alia*, operational costs and taxes, if any) be utilised to settle accrued dividends and, after the 3rd anniversary of the issue date, to redeem the BEE Prefs.
- 4.2.4. Considering the low coupon rate associated with the BEE Prefs, Northam and Northam Holdings will subscribe for yield enhancing preference shares in the relevant BEE SPVs (“**B Prefs**”). The B Prefs will entitle Northam and Northam Holdings to receive an additional dividend at the end of the Empowerment Term, amounting to an indicative 35% of the net asset value of the relevant BEE SPVs at the end of the Empowerment Term. The net asset value will be determined by reference to the value of the Northam Shares or Northam Holdings Shares, as the case may be, held by the relevant BEE SPV after redemption of the BEE Prefs, after providing for taxes and relevant costs.
- 4.2.5. The Northam group will be entitled to accelerate the maturity of the Extended BEE Transaction after the 5th anniversary of the implementation date thereof in the event of, *inter alia*, changes to HDP ownership requirements set out in the applicable legislation.

4.3. **Annual cash payment to Employee SPV and Community SPV**

- 4.3.1. To ensure value realisation and transfer on an annual basis to the beneficiaries of Employee SPV and Community SPV over the Empowerment Term, Northam will be entitled (but not obliged) to make annual aggregate payments of up to

R150 million (escalating by an indicative 5% per annum) to Employee SPV and Community SPV collectively, by way of an appropriate funding structure, which funds will be used for employee and community-based initiatives.

5. CONDITIONS PRECEDENT

Implementation of the Composite Transaction will be subject to the fulfilment or waiver of various conditions precedent ("**Conditions Precedent**"), including, *inter alia*, the following:

5.1. Zambezi Scheme Conditions

- 5.1.1. To the extent required, the resolutions required in order to approve and implement the ZPLP Offer and all matters ancillary thereto, are adopted by the requisite majority of Shareholders;
- 5.1.2. the resolutions required in order to approve and implement the Zambezi Scheme and all matters ancillary thereto, are adopted by the requisite majority of Zambezi shareholders, including the resolutions approving the Zambezi Scheme ("**Zambezi Scheme Resolutions**"), the ZPLP Delisting, the Zambezi MOI Amendments, the ZPLP Term Amendments ("**ZPLP Term Amendment Resolutions**") and the necessary Zambezi N share term amendments;
- 5.1.3. in the event of the provisions of section 115(2)(c) of the Companies Act becoming applicable in respect of a Zambezi Scheme Resolution:
 - 5.1.3.1. (i) the High Court of South Africa approving the implementation of such resolution and no appeal or review is timeously lodged or, if timeously lodged, the appeal or review is not successful; or (ii) the provisions of section 115(2)(c) of the Companies Act cease to be applicable; and
 - 5.1.3.2. if applicable, Zambezi not treating such Zambezi Scheme Resolution as a nullity as contemplated in section 115(5)(b) of the Companies Act;
- 5.1.4. in relation to the relevant Zambezi Scheme Resolutions or the ZPLP Term Amendment Resolutions, as the case may be, either:
 - 5.1.4.1. no ZPLP holder gives notice objecting to such resolution as contemplated in section 164(3) of the Companies Act, alternatively ZPLP holders give notice objecting to such resolution as contemplated in section 164(3) of the Companies Act and vote against such resolution in respect of 1% or less of all of the ZPLPs in issue; or
 - 5.1.4.2. if ZPLP holders give notice objecting to such resolution as contemplated in section 164(3) of the Companies Act and vote against such resolution in respect of more than 1% of all of the ZPLPs in issue, then, by the 30th business day following the relevant Zambezi shareholders meeting, those dissenting shareholders have not exercised appraisal rights (as contemplated in section 164 of the Companies Act), by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of more than 1% of all of the ZPLPs in issue;
- 5.1.5. no Zambezi ordinary shareholder exercises appraisal rights;

- 5.1.6. the Transaction Conditions and the Extended BEE Transaction Conditions are timeously fulfilled or waived, save for any conditions relating to the Zambezi Scheme and the Repurchase being implemented; and
- 5.1.7. all regulatory consents are received on an unconditional basis or, to the extent that any such regulatory consents are subject to any obligation, undertaking, condition or qualification, the party adversely affected thereby confirms in writing to the other party that the condition is acceptable to it.

5.2. **Transaction Conditions**

- 5.2.1. The resolutions required in order to approve and implement the Transaction and the Extended BEE Transaction and all matters ancillary thereto, are adopted by the requisite majority of Shareholders, including the resolutions approving the Northam Share Acquisitions ("**Northam Share Acquisitions Resolutions**");
- 5.2.2. in the event of the provisions of section 115(2)(c) of the Companies Act becoming applicable in relation to a Northam Share Acquisitions Resolution:
 - 5.2.2.1. (i) the High Court of South Africa approving the implementation of such Northam Share Acquisitions Resolution and no appeal or review is timeously lodged or, if timeously lodged, the appeal or review is not successful; or (ii) the provisions of section 115(2)(c) of the Companies Act cease to be applicable; and
 - 5.2.2.2. if applicable, Northam not treating such Northam Share Acquisitions Resolution as a nullity as contemplated in section 115(5)(b) of the Companies Act;
- 5.2.3. in relation to the relevant Northam Share Acquisitions Resolutions, either:
 - 5.2.3.1. no Shareholder gives notice objecting to such resolutions as contemplated in section 164(3) of the Companies Act, alternatively, Shareholders give notice objecting to such resolutions as contemplated in section 164(3) of the Companies Act and vote against such resolutions, in respect of 1% or less of all of the Northam Shares in issue; or
 - 5.2.3.2. if Shareholders give notice objecting to such resolutions as contemplated in section 164(3) of the Companies Act and vote against such resolution in respect of more than 1% of all of the Northam Shares in issue, then, by the 30th business day following the relevant Shareholders meeting, those dissenting shareholders have not exercised appraisal rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of more than 1% of all of the Northam Shares in issue;
- 5.2.4. the resolutions required in order to approve and implement the Transaction are adopted by the requisite majority of Zambezi ordinary shareholders including the resolutions approving the disposal of the BEE Shares by Zambezi pursuant to the Northam Share Acquisitions and the Net Value Distribution;
- 5.2.5. no Zambezi ordinary shareholder exercises appraisal rights;
- 5.2.6. the agreements pertaining to the Transaction are entered into and have become unconditional in accordance with their terms save in relation to the condition contained therein regarding, *inter alia*, the implementation of the Zambezi Scheme;

- 5.2.7. the written consent or waiver of the relevant counterparties to any material contracts to which a member of the Northam group is a party, is obtained in relation to the implementation of the Transaction, to the extent required;
- 5.2.8. the Zambezi Scheme Conditions are timeously fulfilled or waived and the Zambezi Scheme is implemented; and
- 5.2.9. the Extended BEE Transaction Conditions are timeously fulfilled or waived, save for any condition relating to the Repurchase being implemented.

5.3. Extended BEE Transaction Conditions

- 5.3.1. The resolutions required in order to approve and implement the Extended BEE Transaction are adopted by the requisite majority of Shareholders including resolutions approving the Northam Scheme ("**Northam Scheme Resolution**") and the provision of financial assistance for purposes of implementing the relevant components of the Extended BEE Transaction;
- 5.3.2. in the event of the provisions of section 115(2)(c) of the Companies Act becoming applicable in relation to a Northam Scheme Resolution:
 - 5.3.2.1. (i) the High Court of South Africa approving the implementation of such Northam Scheme Resolution and no appeal or review is timeously lodged or, if timeously lodged, the appeal or review is not successful; or (ii) the provisions of section 115(2)(c) of the Companies Act cease to be applicable; and
 - 5.3.2.2. if applicable, Northam not treating such Northam Scheme Resolution as a nullity as contemplated in section 115(5)(b) of the Companies Act;
- 5.3.3. in relation to the Northam Scheme Resolution, either:
 - 5.3.3.1. no Shareholder gives notice objecting to such resolution as contemplated in section 164(3) of the Companies Act, alternatively, Shareholders give notice objecting to such resolution as contemplated in section 164(3) of the Companies Act and vote against such resolution at the Shareholder meeting in respect of 1% or less of all of the Northam Shares in issue; or
 - 5.3.3.2. if Shareholders give notice objecting to such resolution as contemplated in section 164(3) of the Companies Act and vote against such resolution in respect of more than 1% of all of the Northam Shares in issue, then, by the 30th business day following the Shareholders meeting, those dissenting shareholders have not exercised appraisal rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of more than 1% of all of the Northam Shares in issue;
- 5.3.4. all agreements pertaining to the Extended BEE Transaction are entered into and have become unconditional in accordance with their terms;
- 5.3.5. the written consent or waiver of the relevant counterparties to any material contracts to which a member of the Northam group is a party, is obtained in relation to the implementation of the Extended BEE Transaction, to the extent required;
- 5.3.6. the Zambezi Scheme Conditions are timeously fulfilled or waived and the Zambezi Scheme is implemented;

- 5.3.7. the Transaction Conditions are timeously fulfilled or waived and the Repurchase is implemented; and
- 5.3.8. all regulatory consents are received on an unconditional basis or, to the extent that any such regulatory consents are subject to any obligation, undertaking, condition or qualification, the party adversely affected thereby confirms in writing to the other party that the condition is acceptable to it.

The Conditions Precedent envisaged in paragraphs 5.1 to 5.3 have been summarised and full details of the Conditions Precedent will be set out in the Circular (as defined in paragraph 13.1 below).

5.4. The Conditions Precedent envisaged in:

- 5.4.1. paragraphs 5.1.4, 5.1.5, 5.2.3, 5.2.5 and 5.2.7 above have been inserted for the benefit of Northam who shall be entitled to, upon written notice to Zambezi prior to any such Conditions Precedent having failed, (i) extend the time and/or date for fulfilment or waiver of any such Conditions Precedent from time to time, provided that such extension shall not be beyond 15 October 2021 unless Zambezi consents thereto in writing; and/or (ii) waive fulfilment of any such Conditions Precedent, in whole or in part;
- 5.4.2. paragraphs 5.3.3 and 5.3.5 above have been inserted for the benefit of both Northam and Northam Holdings. Northam shall be entitled to, by written notice to Northam Holdings, (i) extend the time and/or date for fulfilment or waiver of such Conditions Precedent from time to time; and/or (ii) waive fulfilment of any such Conditions Precedent, in whole or in part prior to such Conditions Precedent having failed;
- 5.4.3. paragraphs 5.1.1 to 5.1.3, 5.1.6, 5.1.7, 5.2.1, 5.2.2, 5.2.4, 5.2.6, 5.2.8 and 5.2.9 above shall not be capable of being waived. Despite such, Northam shall be entitled to, upon written notice to Zambezi prior to any such Conditions Precedent having failed, extend the time and/or date for fulfilment of any such Conditions Precedent from time to time, provided that such extension shall not be beyond 15 October 2021 unless Zambezi consents thereto in writing; and
- 5.4.4. paragraphs 5.3.1, 5.3.2, 5.3.4, 5.3.6, 5.3.7 and 5.3.8 above shall not be capable of being waived. Despite such, Northam shall be entitled to, upon written notice to Northam Holdings prior to any such Conditions Precedent having failed, extend the time and/or date for fulfilment of any such Conditions Precedent from time to time.

6. SIP AMENDMENTS

- 6.1. Pursuant to the rules of the Northam Platinum Share Incentive Plan 2011 (“SIP”), implementation of the Composite Transaction will, *inter alia*, result in the acceleration of the vesting of the relevant conditional Northam Shares awarded to senior members of Northam’s management under the lock-in and incentive scheme (“**Zambezi BEE Transaction Awards**”) to retain such employees until 17 May 2025, being the original maturity date of the Zambezi BEE Transaction.
- 6.2. Simultaneously with the proposal of the Composite Transaction, Northam will propose amendments to the rules of the SIP, to, *inter alia*:
 - 6.2.1. retain the vesting period applicable to the Zambezi BEE Transaction Awards, until the original maturity date of the Zambezi BEE Transaction (i.e. 17 May 2025), in order to ensure continued alignment between the interests of Northam senior management and Shareholders; and

6.2.2. replace the conditional Northam Shares and the forfeitable Northam Shares awarded under the SIP to Northam Holdings Shares and replace reference to Northam with Northam Holdings,

conditional on the Composite Transaction becoming wholly unconditional (“SIP Amendments”).

6.3. Further details pertaining to the SIP Amendments will be set out in the Circular.

7. LOAN ADVANCED BY NORTHAM TO THE ZAMBEZI ORDINARY SHAREHOLDERS

7.1. At the request of Zambezi ordinary shareholders in order to provide the Zambezi ordinary shareholders with an early liquidity event, Northam has agreed to advance a loan in an amount of R511.5 million to all of the Zambezi ordinary shareholders, *pro rata* to their shareholding in Zambezi. Should the Transaction not be implemented, Northam has agreed to advance an additional amount of up to R9.2 million to the Zambezi ordinary shareholders to finance the costs associated with the Transaction. The loan will accrue interest at the prime interest rate plus 3.5% (i.e. the same rate as the ZPLP dividend rate) and will be settled as follows:

7.1.1. should the Transaction be implemented, the loan will be repaid by the Zambezi ordinary shareholders utilising a portion of the Net Cash Distribution; alternatively,

7.1.2. should the Transaction not be implemented, the loan will be repaid following the maturity of the Zambezi BEE Transaction in the ordinary course on 17 May 2025.

8. RATIONALE FOR THE COMPOSITE TRANSACTION

Northam believes that the Composite Transaction will achieve, *inter alia*, the following benefits:

8.1. Benefits for Shareholders

8.1.1. The Repurchase and settlement of the ZPLPs through a transfer of BEE Shares to Northam will result in a reduction in Northam’s issued share capital in excess of 25%.

8.1.2. The BEE Shares transferred to Northam pursuant to the Repurchase are priced at R152.00 each.

8.1.3. The BEE Shares transferred to Northam pursuant to the settlement of the accumulated dividends (plus the premium) and redemption of the ZPLPs are priced at R160.00 each.

8.1.4. The Extended BEE Transaction secures c. 26.5% HDP shareholding in the Northam group by the BEE SPVs collectively for a further 15-year term, with an emphasis on employees and host and affected communities.

8.1.5. The introduction of Northam Holdings optimises the Northam group structure for compliance with the HDP ownership requirements set out in the Mining Charter.

8.1.6. The Transaction removes the overhang of the guarantee provided by Northam in favour of ZPLP holders in terms of the Zambezi BEE Transaction.

8.1.7. The vesting period applicable to the Zambezi BEE Transaction Awards will continue until 17 May 2025, in order to ensure continued alignment between the interests of Northam senior management and Shareholders.

8.1.8. The Transaction and the Extended BEE Transaction collectively result in an effective see-through net increase in Northam’s issued share capital of only 1.3%, whilst securing the benefits set out above.

8.2. **Benefits for Zambezi ordinary shareholders**

- 8.2.1. An estimated R12.9 billion of unencumbered pre-tax economic value will be realised and transferred to the participants in the Zambezi BEE Transaction.
- 8.2.2. The Transaction provides early value realisation certainty for the participants in the Zambezi BEE Transaction by securing the value creation to date and eliminating the risks associated with the single day cliff maturity of the Zambezi BEE Transaction on 17 May 2025.
- 8.2.3. Zambezi ordinary shareholders will be able to participate in the Northam group's future growth through their holding of unencumbered Northam Holdings Shares.

8.3. **Benefits for ZPLP holders**

- 8.3.1. The ZPLP Offer Consideration represents a 15.99% premium to the prevailing Face Value.
- 8.3.2. The ZPLP Offer Consideration will be settled in cash, as opposed to a distribution of Northam Shares held by Zambezi to the ZPLP holders on maturity of the Zambezi BEE Transaction.

8.4. **Benefits for participants in the Extended BEE Transaction**

- 8.4.1. HDPs will participate across the full value chain in the Northam group in a structure that is funded by the Northam group.
- 8.4.2. The relatively low coupon on the BEE Prefs reduces the threshold for value creation in the BEE SPVs, thereby enhancing the potential for value creation in the hands of HDPs.
- 8.4.3. The indicative 5% trickle dividend enables value transfer through participation in dividends prior to settlement of the BEE Prefs.
- 8.4.4. HDP SPV will provide a listed platform for participation by BEE members of the public in the Extended BEE Transaction, further broadening HDP ownership in the Northam group.
- 8.4.5. Employee SPV and Community SPV may receive annual cash payments from Northam in terms of an appropriate funding structure, thereby ensuring value transfer to employees and communities during the Empowerment Term.

9. **SHAREHOLDER SUPPORT**

Northam has obtained support from:

- 9.1. asset managers acting on behalf of their clients and Shareholders, in the form of binding irrevocables and letters of support, in support of the Shareholder resolutions required to implement the Composite Transaction ("**Northam Resolutions**") as set out in the table below:

	Support including Zambezi	Support excluding Zambezi
Zambezi (note 1)	31.4%	-
Public Investment Corporation (SOC) Limited	12.7%	18.5%
Coronation Asset Management Proprietary Limited (acting on behalf of its clients) (note 2)	7.7%	11.2%
Fairtree Asset Management Proprietary Limited (acting on behalf of its clients)	3.6%	5.2%
Allan Gray Proprietary Limited (acting on behalf of its clients)	2.9%	4.2%
Total support (rounding differences may occur)	58.2%	39.1%

Notes:

1. In terms of section 115 of the Companies Act, Zambezi is precluded from voting on certain Northam Resolutions.
 2. Coronation Asset Management Proprietary Limited has provided a letter of support to vote in favour of the Northam Resolutions.
- 9.2. Zambezi ordinary shareholders, in the form of binding irrevocables, in support of the Zambezi ordinary shareholder resolutions required to implement the Transaction ("**Zambezi Shareholder Resolutions**"), representing 74.5% of all of the Zambezi ordinary shares eligible to vote on the Zambezi Shareholder Resolutions; and
- 9.3. ZPLP holders, in the form of binding irrevocables, in support of the ZPLP holder resolutions required to implement the Transaction ("**ZPLP Resolutions**") representing 97.4% of all of the ZPLPs eligible to vote on the ZPLP Resolutions including the ZPLPs held by Northam. To the extent that Northam is precluded from voting on any of the ZPLP Resolutions, support in respect of 78.8% of the ZPLPs eligible to vote on those ZPLP Resolutions has been obtained.

10. BENEFICIAL INTEREST

10.1. Northam Share Acquisitions

As at the date of this announcement, Northam directly holds 87.5% of the ZPLPs and one N share in the issued share capital of Zambezi. Northam has no other beneficial interests, or options to purchase beneficial interests, in Zambezi that are held or controlled, directly or indirectly by Northam or any parties acting in concert with Northam.

10.2. Northam Scheme

Northam directly holds 100% of the issued share capital of Northam Holdings and has no other beneficial interests, or options to purchase beneficial interests, in Northam Holdings. Northam Holdings does not hold any beneficial interests, or options to purchase beneficial interests, in Northam that are held or controlled, directly or indirectly by Northam Holdings or any parties acting in concert with Northam Holdings.

11. INDEPENDENT BOARD AND INDEPENDENT EXPERT

- 11.1. Northam has convened an independent board ("**Independent Board**"), comprising Mr David Brown, Ms Hester Hickey, Dr Yoza Jekwa, Mr Mcebisi Jonas, Mr Temba Mvusi, Mr Jean Nel, Mr John Smithies and Mr Glyn Lewis, to consider the Northam Share Acquisitions Scheme as well as the Northam Scheme and the consideration thereunder.
- 11.2. The Independent Board and the Northam Board have appointed BDO Corporate Finance Proprietary Limited as the independent expert ("**Independent Expert**") for purposes of preparing opinions in respect of, *inter alia*:

- 11.2.1. the Zambezi Scheme in terms of paragraph 10.7(c) of the JSE Listings Requirements;
 - 11.2.2. the Northam Share Acquisitions Scheme in terms of Regulations 90 and 110 read with sections 114(2) and 114(3) of the Companies Act; and
 - 11.2.3. the Northam Scheme in terms of Regulations 90 and 110 read with sections 114(2) and 114(3) of the Companies Act,
- (the “**Independent Expert Reports**”).
- 11.3. The Independent Expert Reports and the recommendations of the Independent Board and the Northam Board will be included in the Circular.

12. PRO FORMA FINANCIAL INFORMATION

- 12.1. The table below sets out the *pro forma* financial effects of (i) the Transaction (prior to implementation of the Extended BEE Transaction) on Northam reflected on a per Northam Share basis and (ii) the Composite Transaction on a Northam Scheme Participant.
- 12.2. The *pro forma* financial effects have been prepared in order to provide information on how:
 - 12.2.1. the Transaction (prior to implementation of the Extended BEE Transaction) may affect the financial performance and position of Northam, by illustrating the effect thereof on the basic and diluted earnings per share (“**EPS**”), basic and diluted headline earnings per share (“**HEPS**”), the net asset value per share (“**NAVPS**”) and the tangible net asset value per share (“**TNAVPS**”) of a Northam Share; and
 - 12.2.2. the Composite Transaction may affect the financial performance and position of Northam and Northam Holdings, by illustrating the effect thereof on the EPS, HEPS, NAVPS and TNAVPS of a Northam Share that a Northam Scheme Participant will be exchanging for the EPS, HEPS, NAVPS and TNAVPS per Northam Holdings Share.
- 12.3. The *pro forma* financial effects of the Composite Transaction on a Northam Scheme Participant reflects a comparison of:
 - 12.3.1. the historical financial information extracted, without adjustment, and/or derived from Northam’s condensed reviewed interim financial results for the 6 months ended 31 December 2020, adjusted for post balance sheet adjustments and the Transaction (prior to implementation of the Extended BEE Transaction) (further details of which are contained below); and
 - 12.3.2. the historical financial information extracted, without adjustment, and/or derived from Northam Holdings’ unaudited financial statements as at the date of incorporation, adjusted for the Composite Transaction (further details of which are contained below) (“**Northam Holdings’ Pro Forma Financial Effects**”),

by multiplying the Northam Holdings’ *Pro Forma* Financial Effects by the exchange ratio of one Northam Holdings Share for every one Northam Share held (after implementation of the Transaction but prior to implementation of the Extended BEE Transaction), to provide the *pro forma* financial effects of the Composite Transaction on a Northam Scheme Participant.
- 12.4. The *pro forma* financial effects assume, *inter alia*, all Conditions Precedent (as contemplated in paragraph 5) are fulfilled or waived and have been prepared to illustrate the effect of the Transaction (prior to implementation of the Extended BEE Transaction) on a Shareholder and the Composite Transaction on a Northam Scheme Participant, had the

Composite Transaction been implemented on 1 July 2020 for purposes of EPS and HEPS and on 31 December 2020 for purposes of NAVPS and TNAVPS.

- 12.5. The *pro forma* financial effects set out below are the responsibility of the directors of Northam and Northam Holdings, respectively, and have not been reviewed or reported on by the independent reporting accountant or independent auditor.
- 12.6. The *pro forma* financial effects are provided for illustrative purposes only and because of their nature, may not fairly represent the financial performance and position of Northam, Northam Holdings, a Shareholder or a Northam Scheme Participant after the implementation of the Transaction and/or the Composite Transaction. In this regard, the adjustments reflected in the *pro forma* financial effects are only illustrative and are determined with reference to, *inter alia*, the 30 day VWAP as at the last practicable date prior to the finalisation of this announcement, being 12 March 2021 (“**Last Practicable Date**”). For the avoidance of doubt, the actual adjustments will be determined with reference to, *inter alia*, the prevailing Northam Share price or the 30 day VWAP immediately prior to the implementation of the various components of the Composite Transaction.
- 12.7. The *pro forma* financial effects have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”), the Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants, the JSE Listings Requirements, the Regulations and accounting policies that comply with IFRS and which are consistent with those applied in the preparation of the financial statements of Northam (as at 31 December 2020) and Northam Holdings (as at incorporation), as the context requires.

	Northam 31 December 2020	Northam 31 December 2020 Adjusted	Northam after implementation of the Transaction (but prior to implementation of the Extended BEE Transaction)		Northam Holdings after implementation of the Composite Transaction	
	Reported	<i>Pro forma</i>	<i>Pro forma</i>	Percentage change	<i>Pro forma</i>	Percentage change
Notes	1	2	3	4	5	6
Basic and diluted EPS (cents)	599.9 531.0	548.5 485.4	393.8 393.8	(28.2%) (18.9%)	(2 329.2) (2 329.2)	(691.5%) (691.5%)
Basic and diluted HEPS (cents)	599.9 531.0	548.4 485.4	393.8 393.8	(28.2%) (18.9%)	(2 329.2) (2 329.2)	(691.5%) (691.5%)
NAVPS (cents)	3 353.7	3 296.9	1 835.5	(44.3%)	1 506.1	(17.9%)
TNAVPS (cents)	3 353.7	3 296.9	1 835.5	(44.3%)	1 506.1	(17.9%)
Weighted average number of shares in issue ('000)	349 876	349 876	373 702	6.8%	373 702	-
Diluted number of shares in issue ('000)	395 305	395 305	373 702	(5.5%)	373 702	-
Number of shares in issue ('000)	509 781	509 781	421 686	(17.3%)	398 840	(5.4%)
Treasury shares in issue ('000)	159 905	159 905	47 984	(70.0%)	25 138	(47.6%)
Shares in issue adjusted for treasury shares ('000)	349 876	349 876	373 702	6.8%	373 702	-

Notes:

- The financial information included in the "Northam 31 December 2020" column has been extracted, without adjustment, and/or derived from Northam's condensed reviewed interim financial results for the 6 months ended 31 December 2020 ("**Northam's Interim Results**") as published on SENS on 19 March 2021.
- The financial information included in the "Northam 31 December 2020 Adjusted" column reflects the financial information extracted, without adjustment, and/or derived from Northam's Interim Results and adjusted for:
 - the acquisition by Northam of 11 402 503 ZPLPs since 1 January 2021 until the Last Practicable Date, for an aggregate amount of R1.1 billion, being an aggregate of i) the acquisition premium and costs associated with said acquisition ("**ZPLP Acquisition Loss**") of R180.1 million and ii) the aggregate Face Value of R961.3 million, funded from Northam's cash reserves;
 - R18.4 million adjustment for accumulated dividends in the statement of financial position of Northam in respect of ZPLPs not already held by Northam between 1 January 2021 and the date of the relevant acquisitions; and
 - the recognition of a R511.5 million loan to all Zambezi ordinary shareholders ("**Zambezi Ordinary Shareholder Loan**") of which R127.5 million is in respect of the Northam Community Trusts and the Northam Employees' Trust, which entities are consolidated by Northam in accordance with *IFRS 10: Consolidated financial statements*,
(collectively, "**Northam's Adjusted Interim Results**"). The ZPLP Acquisition Loss is the only amount recognised in the statement of profit and loss and other comprehensive income and is not expected to have a continuing effect.
- The financial information included in the "Northam after implementation of the Transaction (but prior to implementation of the Extended BEE Transaction)" column reflects the financial information extracted from Northam's Adjusted Interim Results adjusted for (please note that taxes based on a market value per Northam Share have been calculated using the 30 day VWAP of R218.42 per Northam Share as at the Last Practicable Date):
 - the Zambezi Scheme, which includes:

- 3.1.1. the acquisition by Northam of remaining ZPLPs not already held by Northam, amounting to 19 932 957 ZPLPs as at the Last Practicable Date, for an aggregate cash consideration of R2.0 billion, being an aggregate acquisition premium of R269.1 million to the aggregate Face Value of R1.7 billion as at the Last Practicable Date, of which the acquisition premium is not expected to have a continuing effect;
- 3.1.2. a R33.7 million adjustment for accumulated dividends in the statement of financial position of Northam in respect of ZPLPs not already held by Northam between 1 January 2021 and the Last Practicable Date;
- 3.1.3. the realisation of the balance of the unamortised liquidity fee of R72.4 million, which fee was paid by Northam upon inception of the Zambezi BEE Transaction. The unamortised liquidity fee is not expected to have a continuing effect;
- 3.2. the settlement of the outstanding accumulated ZPLP dividends on all the ZPLPs, together with a premium amounting to approximately 11.11% of the Face Value for an aggregate amount of R8.4 billion at the Last Practicable Date, which includes:
 - 3.2.1. the transfer by Zambezi of 52 722 393 BEE Shares held by it, calculated using the agreed value of R160.00 per BEE Share;
 - 3.2.2. the recognition of a tax liability of R1.4 billion in respect of Capital Gains Tax (“CGT”) and Security Transfer Taxes (“STT”) from the transfer of 52 722 393 BEE Shares;
- 3.3. the Repurchase, which includes:
 - 3.3.1. the acquisition by Northam of 34 226 008 Repurchase Shares held by Zambezi, at a price of R152.00 per Repurchase Share for an aggregate consideration of R5.2 billion;
 - 3.3.2. the recognition of a tax liability of R618.5 million in respect of CGT and STT from the repurchase of 34 226 008 Repurchase Shares;
- 3.4. the Net Value Distribution to Zambezi ordinary shareholders which includes:
 - 3.4.1. the Net Cash Distribution of an amount equal to R766.4 million, comprising the following:
 - 3.4.1.1. an amount of R511.5 million utilised to settle the Zambezi Ordinary Shareholder Loan outstandings, of which R127.5 million is in respect of the Zambezi Ordinary Shareholder Loan to the Northam Community Trusts and the Northam Employees’ Trust, which entities are consolidated by Northam in accordance with *IFRS 10: Consolidated financial statements*;
 - 3.4.1.2. an amount of R70.1 million payable to Zambezi’s advisors in respect of a portion of Zambezi’s Transaction costs;
 - 3.4.1.3. an amount of R167.3 million in relation to the relevant Zambezi ordinary shareholder’s proportionate lock-in fee, of which R42.7 million is paid to the Northam Employees’ Trust and the Northam Community Trusts and the remaining R124.6 million will be retained by Northam and may subsequently be paid to Zambezi ordinary shareholders as further set out in paragraph 3.3.2;
 - 3.4.1.4. an amount of R17.5 million to be retained by Northam and utilised to settle the STT liability, arising from the dividend *in specie* as contemplated in note 3.4.2 below, on behalf of the Zambezi ordinary shareholders,

thereby ultimately resulting in, *inter alia*, a cash payment by the Northam group of an aggregate amount of R70.1 million;
 - 3.4.2. the declaration by Zambezi of a dividend *in specie* of an aggregate of 31 981 280 Residual BEE Shares to the Zambezi ordinary shareholders, of which 23 826 054 Residual BEE Shares are distributed to Zambezi ordinary shareholders not consolidated by Northam in accordance with *IFRS 10: Consolidated financial statements*. The distribution of such Residual BEE Shares is expected to have a continuing effect;
 - 3.4.3. the recognition of a CGT and STT liability for Zambezi and Zambezi ordinary shareholders of R1.3 billion;
- 3.5. the repurchase by Northam of all or some of the BEE Shares received by the Northam Employees’ Trust pursuant to the Net Value Distribution, which includes:
 - 3.5.1. Northam acquiring 1 146 633 BEE Shares from the Northam Employees’ Trust, at a price of R152.00 per BEE Share, for an aggregate consideration of R174.3 million cash;
 - 3.5.2. the recognition of a STT liability for Northam of R0.6 million;
- 3.6. the payment of Northam’s transaction costs associated with the Transaction, which expense is not expected to have a continuing effect.

4. The “*Percentage change*” column compares the financial information included in the “*Northam after implementation of the Transaction (but prior to implementation of the Extended BEE Transaction)*” column with the financial information in the “*Northam 31 December 2020 Adjusted*” column.
5. The financial information included in the “*Northam Holdings after implementation of the Composite Transaction*” column reflects the financial information extracted, without adjustment, and/or derived from Northam Holdings’ unaudited financial statements as at the date of incorporation adjusted for:
 - 5.1. the Northam Scheme, which comprises Northam Holdings acquiring all of the Offer Shares from the Northam Scheme Participants in exchange for Northam Holdings Shares, on a share for share basis, such that the 380 710 406 Offer Shares acquired by Northam Holdings from the Northam Scheme Participants are exchanged for 380 710 406 Northam Holdings Shares. 7 008 593 Northam Holdings Shares held by the Northam Employees’ Trust and the Northam Community Trusts are treated as treasury shares as a result of the consolidation of said entities in accordance with *IFRS 10: Consolidated financial statements*;
 - 5.2. the Extended BEE Transaction, which includes:
 - 5.2.1. Northam issuing an aggregate 113 718 693 new Northam Shares to Employee SPV and Community SPV, at the Subscription Price which is assumed to be R225.00 per Northam Share, funded through the subscription by Northam of BEE Prefs and B Prefs in Employee SPV and Community SPV, respectively, which triggers the recognition of an aggregate BEE share-based payment charge of R8.8 billion in terms of *IFRS 2: Share-Based Payments*, which expense is not expected to have a continuing effect;
 - 5.2.2. Northam Holdings issuing 18 129 067 new Northam Holdings Shares to HDP SPV, at the Subscription Price which is assumed to be R225.00 per Northam Holdings Share, funded through the subscription by Northam Holdings of BEE Prefs and B Prefs in HDP SPV, which triggers the recognition of a BEE share-based payment charge of R1.4 billion in terms of *IFRS 2: Share-Based Payments*, which expense is not expected to have a continuing effect;
 - 5.3. the assumed redemption by Zambezi of all the ZPLPs held by Northam, which includes:
 - 5.3.1. the settlement of the R6.6 billion aggregate ZPLP issue price comprising 159 905 453 ZPLPs at the original issue price of each ZPLP (i.e. R41.00) through the transfer of 40 975 772 BEE Shares held by Zambezi to Northam, calculated using the agreed value of R160.00 per BEE Share;
 - 5.3.2. the recognition of CGT and STT of R1.1 billion for Zambezi as a result of the redemption of all the ZPLPs held by Northam; and
 - 5.4. the payment of the Northam Holdings’ transaction costs associated with the Extended BEE Transaction, which costs are deducted from stated capital.
6. The “*Percentage change*” column compares the financial information included in the “*Northam Holdings after implementation of the Composite Transaction*” column with the financial information in the “*Northam after implementation of the Transaction (but prior to implementation of the Extended BEE Transaction)*” column.

13. CIRCULARS AND PROSPECTUS

- 13.1. Northam and Northam Holdings will issue a combined circular to Shareholders in accordance with, Regulation 106 and the JSE Listings Requirements, setting out the full terms and conditions of the Composite Transaction and including the notice convening the general meeting of Shareholders to be convened for purposes of considering and, if deemed appropriate, approving the resolutions required to implement the Composite Transaction (“**General Meeting**”), (the “**Circular**”).
- 13.2. The Circular will be accompanied by a prospectus to be issued by Northam Holdings in accordance with the JSE Listings Requirements and section 99 of the Companies Act and registered with the Companies and Intellectual Property Commission, the purpose of which is to provide Shareholders with information regarding Northam Holdings (“**Prospectus**”).
- 13.3. The Circular, accompanied by the Prospectus, is expected to be posted as soon as practicably possible. A further announcement pertaining to the posting of the Circular and Prospectus will be released in due course.
- 13.4. Shareholders are advised to refer to the Circular and the Prospectus for the full terms and conditions of the Composite Transaction. For the avoidance of doubt, in the event of an

inconsistency between this announcement and the Circular or the Prospectus, the provisions of the Circular or the Prospectus will prevail.

14. **GENERAL MEETING AND OTHER IMPORTANT INFORMATION**

The General Meeting is expected to occur on or before 30 June 2021. Further details relating to the Composite Transaction and the General Meeting and the related salient dates and times will be published on SENS in due course.

15. **WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

Further to the Cautionary Announcement and subsequent renewals thereof, Shareholders are advised that caution is no longer required to be exercised when dealing in the Company's securities.

16. **THE INDEPENDENT BOARD AND NORTHAM BOARD RESPONSIBILITY STATEMENT**

The Independent Board and Northam Board (to the extent that the information relates to Northam) collectively and individually accept responsibility for the information contained in this announcement and certify that, to the best of their knowledge and belief, the information contained in this announcement relating to Northam is true and this announcement does not omit anything that is likely to affect the import of such information.

17. **NORTHAM HOLDINGS BOARD RESPONSIBILITY STATEMENT**

The board of directors of Northam Holdings (to the extent that the information relates to Northam Holdings) accepts responsibility for the information contained in this announcement and certify that, to the best of their knowledge and belief, the information contained in this announcement relating to Northam Holdings is true and this announcement does not omit anything that is likely to affect the import of such information.

Johannesburg
23 March 2021

Corporate advisor to Northam and Northam Holdings

One Capital Advisory Proprietary Limited

Transaction Sponsor and Sponsor to Northam and Northam Holdings and Debt Sponsor to Northam

One Capital Sponsor Services Proprietary Limited

Attorneys to Northam and Northam Holdings

Webber Wentzel

Counsel to Northam and Northam Holdings as to English and US law

Allen & Overy LLP

Independent Expert to Northam

BDO Corporate Finance Proprietary Limited

Independent auditor and independent reporting accountant to Northam and Northam Holdings

Ernst & Young Inc.

Disclaimer

This announcement does not constitute an offer to sell or the solicitation of an offer to buy securities, nor shall there be any sale of the securities described herein, in any jurisdiction, in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction or without an exemption from the registration or qualification requirements under the securities laws of such jurisdiction.

The distribution of this announcement in certain jurisdictions may be restricted by applicable law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe such restrictions. Foreign Shareholders who are in any doubt as to their position should consult their professional advisers.

Notice to Swiss investors in Northam

*The offer of Northam Holdings Shares in Switzerland is exempt from the requirement to prepare a prospectus pursuant to article 36(1)(b) of the Swiss Financial Services Act ("**FinSA**") and the Northam Holdings Shares will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this announcement nor any other offering or marketing material relating to the Northam Holdings Shares constitutes a prospectus pursuant to the FinSA nor has it been approved by a Swiss review body within the meaning of article 52 of the FinSA, and no such prospectus will be prepared in connection with the Northam Scheme.*

Notice to US investors in Northam

The Northam Offer relates to the shares of a South African company and is being made by means of a scheme of arrangement provided for under South African company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Securities Exchange Act of 1934. Accordingly, the Northam Offer is subject to the disclosure requirements and practices applicable in South Africa to schemes of arrangement which differ from the disclosure requirements of the US tender offer and proxy solicitation rules. The financial information included in this announcement has been prepared in accordance with accounting standards applicable in South Africa and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US.

It may be difficult for US holders of Offer Shares to enforce their rights and any claim arising out of the US federal laws, since Northam and Northam Holdings are located in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US holders of Offer Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement. The Offer Shares will not be and have not been registered under the US Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of the acquisition, or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence in the US.

US Shareholders also should be aware that the transaction contemplated herein may have tax consequences in the US and, that such consequences, if any, are not described herein. US Shareholders are urged to consult with legal, tax and financial advisers in connection with making a decision regarding this transaction.

Notice to United Arab Emirates investors in Northam

*If you are in any doubt about the contents of this announcement, you should consult an authorised financial adviser. By receiving this announcement, the person or entity to whom it has been issued understands, acknowledges and agrees that this announcement has not been approved by or filed with the UAE Central Bank, the UAE Securities and Commodities Authority (the "**SCA**") or any other authorities in the UAE, nor has Northam or Northam Holdings received authorisation or licensing from the UAE Central Bank, SCA or any other authorities in the UAE to market or sell securities or other investments within the UAE. No marketing of any financial products or services has been or will be made from within the UAE other than in compliance with the laws of the UAE and no subscription to any securities or other investments may or will be consummated within the UAE. It should not be assumed that Northam or Northam Holdings is a licensed broker, dealer or investment adviser under the laws applicable in the UAE, or that any of them advise individuals resident in the UAE as to the appropriateness of investing in or purchasing or*

selling securities or other financial products. The Offer Shares are not intended for circulation or distribution in or into the UAE, other than to persons who are “Qualified Investors” within the meaning of the SCA’s Board of Directors Decision No. 37/R.M of 2019 Concerning the Definition of Qualified Investor to whom the materials may lawfully be communicated. This does not constitute a public offer of securities in the UAE in accordance with the SCA Chairman of the Board Resolution No. 11/R.M of 2016 on the Regulations for Issuing and Offering Shares of Public Joint Stock, or otherwise. Nothing contained in this announcement is intended to constitute investment, legal, tax, accounting or other professional advice. This announcement is for information purposes only and nothing herein is intended to endorse or recommend a particular course of action. Any person considering acquiring securities should consult with an appropriate professional for specific advice rendered based on their respective situation.

Notice to Japanese investors in Northam

The Offer Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the “FIEA”). The Offer Shares will not be offered or sold, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act of Japan (Law No. 228 of 1949, as amended)) (including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Forward-looking statements

The statements contained in this announcement that are not historical facts are “forward-looking” statements. These forward-looking statements are subject to a number of substantial risks and uncertainties, many of which are beyond the Company’s and Northam Holdings’ control and actual results and developments may differ materially from those expressed or implied by these statements for a variety of factors. These forward-looking statements are statements based on the Company’s and Northam Holdings’ current intentions, beliefs and expectations about among other things, the Company’s results of operations, financial condition, prospects, growth, strategies and the industry in which the Company operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Many of these risks and uncertainties relate to factors that are beyond the Company’s and Northam Holdings’ ability to control or estimate precisely, such as changes in taxation, future market conditions, currency fluctuations, the actions of governmental regulators and other risk factors. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. The forward-looking statements contained in this announcement speak only as of the date of this announcement and the Company and Northam Holdings undertake no duty to update any of them publicly in light of new information or future events, except to the extent required by applicable law or the JSE Listings Requirements.

No statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that earnings per Northam Share for the current or future financial years would necessarily match or exceed the historical published earnings per Northam Share. Prices and values of, and income from, shares may go down as well as up and an investor may not get back the amount invested. It should be noted that past performance is no guide to future performance. Persons needing advice should consult an independent financial adviser.