

ZAMBEZI PLATINUM (RF) LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2014/106927/06)
JSE preference share code: ZPLP
ISIN code: ZAE000202552
("Zambezi")

PROPOSED ACQUISITION BY NORTHAM OF ALL THE ZAMBEZI PREFERENCE SHARES IN ISSUE NOT ALREADY HELD BY NORTHAM, DELISTING OF THE ZAMBEZI PREFERENCE SHARES AND AMENDMENTS TO THE ZAMBEZI PREFERENCE SHARE TERMS

1. INTRODUCTION

- 1.1. Zambezi preference shareholders ("**Preference Shareholders**") are referred to the announcement published on the Stock Exchange News Service ("**SENS**") operated by the JSE Limited ("**JSE**") on 2 November 2020, wherein Preference Shareholders were referred to the cautionary announcement published by Northam Platinum Limited ("**Northam**") on SENS on 2 November 2020, advising that Northam and 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 ("**Northam BEE Transaction**").
- 1.2. Preference Shareholders are further advised that:
 - 1.2.1. on 22 March 2021, Zambezi and Northam entered into an implementation and framework agreement wherein the terms of the proposed acceleration of the maturity and the wind up of the Northam BEE Transaction ("**Transaction**") have been agreed; and
 - 1.2.2. Northam proposes to conclude 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) 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. The Transaction and the Extended BEE Transaction are each subject to the fulfilment or waiver of certain conditions precedent (referred to in paragraph 3 below) and are inter-conditional upon one another.
- 1.5. Preference Shareholders are referred to the announcement published by Northam on SENS today, 23 March 2021 ("**Northam Announcement**") for further details in respect of the Composite Transaction.
- 1.6. The salient terms of the Transaction that are relevant to the Preference Shareholders are set out in paragraph 2 below.
- 1.7. The board of directors of Zambezi ("**Zambezi Board**") is supportive of the Transaction.

2. SALIENT TERMS OF THE TRANSACTION RELEVANT TO THE PREFERENCE SHAREHOLDERS

As set out in the Northam Announcement, the Transaction will be implemented in sequential steps. The key components of the Transaction, including the salient terms thereof, that are relevant to the Preference Shareholders, are as follows:

2.1. The Zambezi Scheme

- 2.1.1. Northam will make an offer to the Preference Shareholders to acquire the remaining cumulative, non-participating preference shares in the issued share capital of Zambezi (“**ZPLPs**”) not already held by Northam, for a cash consideration per ZPLP amounting to the initial subscription price per ZPLP 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**”).
- 2.1.2. The ZPLP Offer will be implemented by way of a scheme of arrangement to be proposed by the Zambezi Board between Zambezi and the Preference Shareholders in terms of section 114(1) read with section 115 of the Companies Act, No. 71 of 2008 (“**Companies Act**”), (“**Zambezi Scheme**”).
- 2.1.3. Following implementation of the Zambezi Scheme, Northam will be the sole Preference Shareholder.
- 2.1.4. The tax and other implications of the Zambezi Scheme for the Preference Shareholders are dependent on the individual circumstances and jurisdictions applicable to each Preference Shareholder. It is recommended that Preference Shareholders seek appropriate professional advice in this regard.

2.2. ZPLP Delisting and ZPLP Term Amendments

- 2.2.1. Simultaneously with the Zambezi Scheme, the Zambezi Board will propose:
 - 2.2.1.1. a delisting of the ZPLPs from the exchange operated by the JSE in terms of paragraph 1.17 of the JSE Debt Listings Requirements (“**Debt Listings Requirements**”), (“**ZPLP Delisting**”); and
 - 2.2.1.2. certain amendments to the rights and privileges attaching to the ZPLPs as set out in Zambezi’s memorandum of incorporation in terms of paragraph 6.56(b) of the Debt Listings Requirements in order to enable the implementation of the Transaction (“**ZPLP Term Amendments**”).
- 2.2.2. Implementation of the ZPLP Delisting and the ZPLP Term Amendments will only become effective if the Zambezi Scheme is implemented and will therefore only affect Northam as the sole Preference Shareholder following implementation of the Zambezi Scheme.

3. CONDITIONS PRECEDENT

Implementation of the Transaction (including the Zambezi Scheme, the ZPLP Delisting and the ZPLP Term Amendments) will be subject to the fulfilment or waiver of certain conditions precedent including, *inter alia*, the conditions set out below. The full conditions precedent will be set out in the Circular (as defined in paragraph 7 below).

- 3.1. 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 ordinary shareholders and Preference Shareholders (“**Zambezi Shareholders**”).
- 3.2. The Transaction Conditions and the Extended BEE Transaction Conditions (as set out in the Northam Announcement) are timeously fulfilled or waived, save for the conditions relating to the Zambezi Scheme and the Repurchase (as defined in the Northam Announcement) being implemented.
- 3.3. 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.

4. **RATIONALE FOR THE ZPLP OFFER AND ZPLP DELISTING**

- 4.1. The ZPLP Offer Consideration represents a 15.99% premium to the prevailing Face Value.
- 4.2. The ZPLP Offer Consideration will be settled in cash, as opposed to a distribution of ordinary shares in the issued share capital of Northam held by Zambezi to the Preference Shareholders on maturity of the Northam BEE Transaction.
- 4.3. Following implementation of the Zambezi Scheme, Northam will be the sole Preference Shareholder and a listing of the Preference Shares on the JSE would no longer be necessary.

5. **PREFERENCE SHAREHOLDER SUPPORT**

As at the date of this announcement, support has been obtained from Preference Shareholders in respect of the Preference Shareholder resolutions required to implement the Transaction (“**ZPLP Resolutions**”) representing 97.4% of all the ZPLPs eligible to vote on the ZPLP Resolutions, inclusive of 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.

6. **INDEPENDENT EXPERT REPORT**

Mazars Corporate Finance Proprietary Limited has been appointed as the independent expert to prepare a report in relation to the Zambezi Scheme in accordance with sections 114(2) and 114(3) of the Companies Act (“**Report**”). A copy of the Report will be included in the Circular.

7. **CIRCULAR**

A circular pertaining to the Zambezi Scheme, the ZPLP Delisting and the ZPLP Term Amendments will be distributed to Zambezi Shareholders in due course (“**Circular**”). Preference Shareholders are advised to refer to the Circular for the full terms and conditions of the Zambezi Scheme, the ZPLP Delisting and the ZPLP Term Amendments.

Johannesburg
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