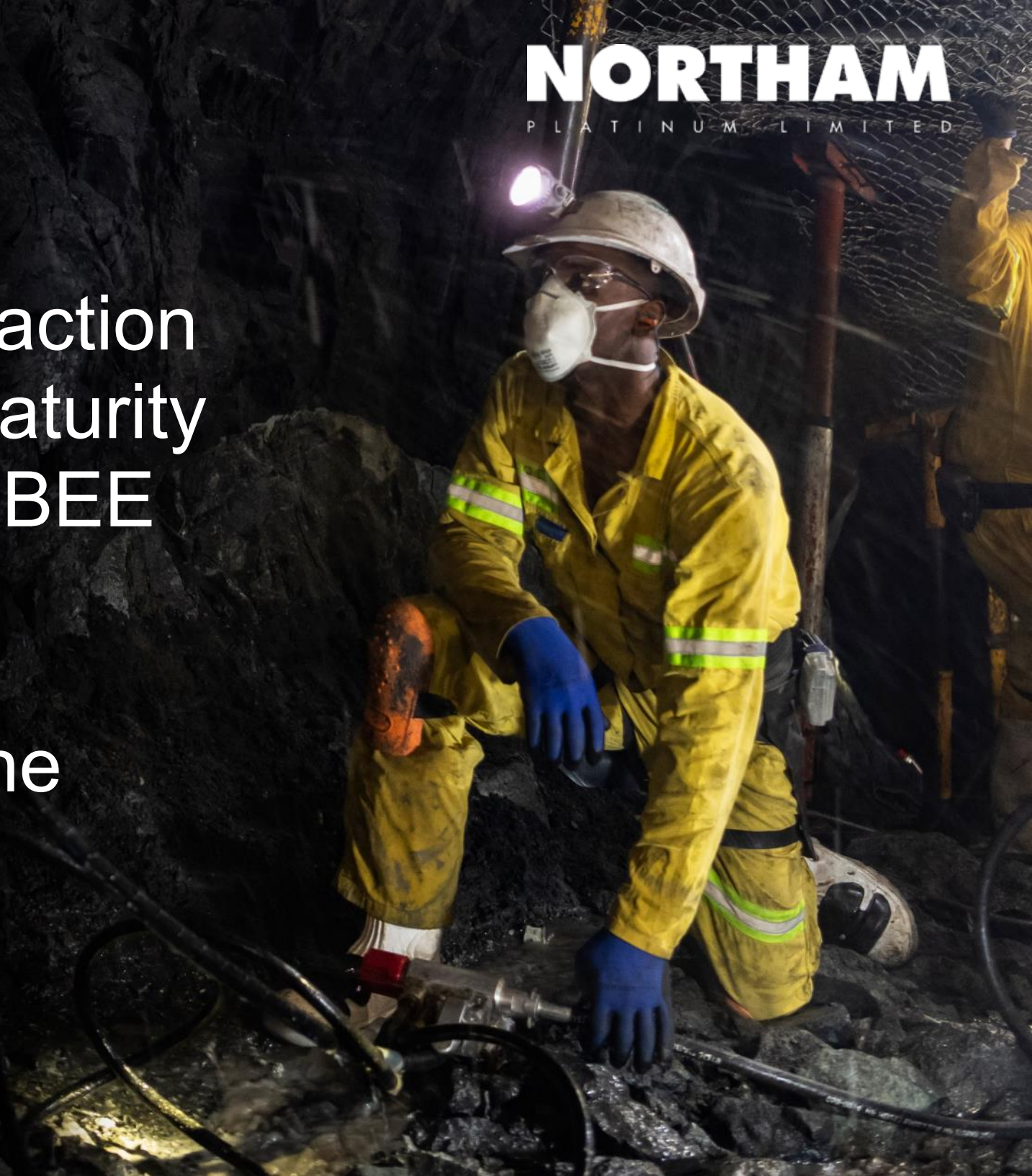


Proposed transaction  
to accelerate maturity  
of the Zambezi BEE  
transaction and  
extend HDP  
ownership for the  
next 15 years

smart platinum mining



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- Northam is pleased to announce the proposed:
  - early maturity of the BEE transaction initially concluded between Northam and Zambezi in May 2015; and
  - implementation of an extended BEE transaction for the next 15 years with an emphasis on Northam’s employees and host and affected communities.
- This presentation provides:
  - a brief overview of the Zambezi BEE transaction;
  - the key terms and features of the proposed acceleration of the Zambezi BEE transaction; and
  - the rationale for the extended BEE transaction.

## Section

# 1

# Zambezi BEE transaction

# Key highlights of the Zambezi BEE transaction in May 2015

Landmark  
**BEE transaction**  
in 2015



c. **31.4%**  
HDP ownership



**10 year**  
lock-in period



**R4.2bn**  
net capital raised to  
pursue growth initiatives



Communities,  
Employees and  
Strategic Partners

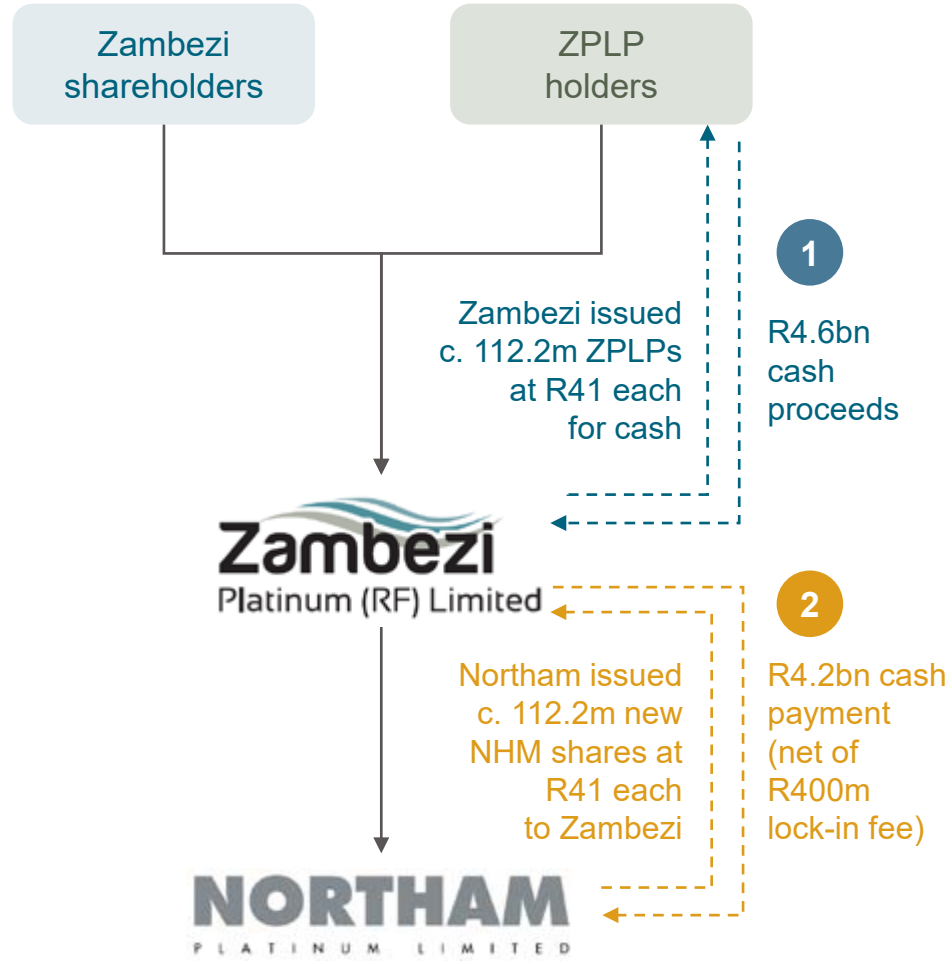


**ZPLP instrument**  
(funded by way of Zambezi  
issuing ZPLPs listed  
on the JSE)

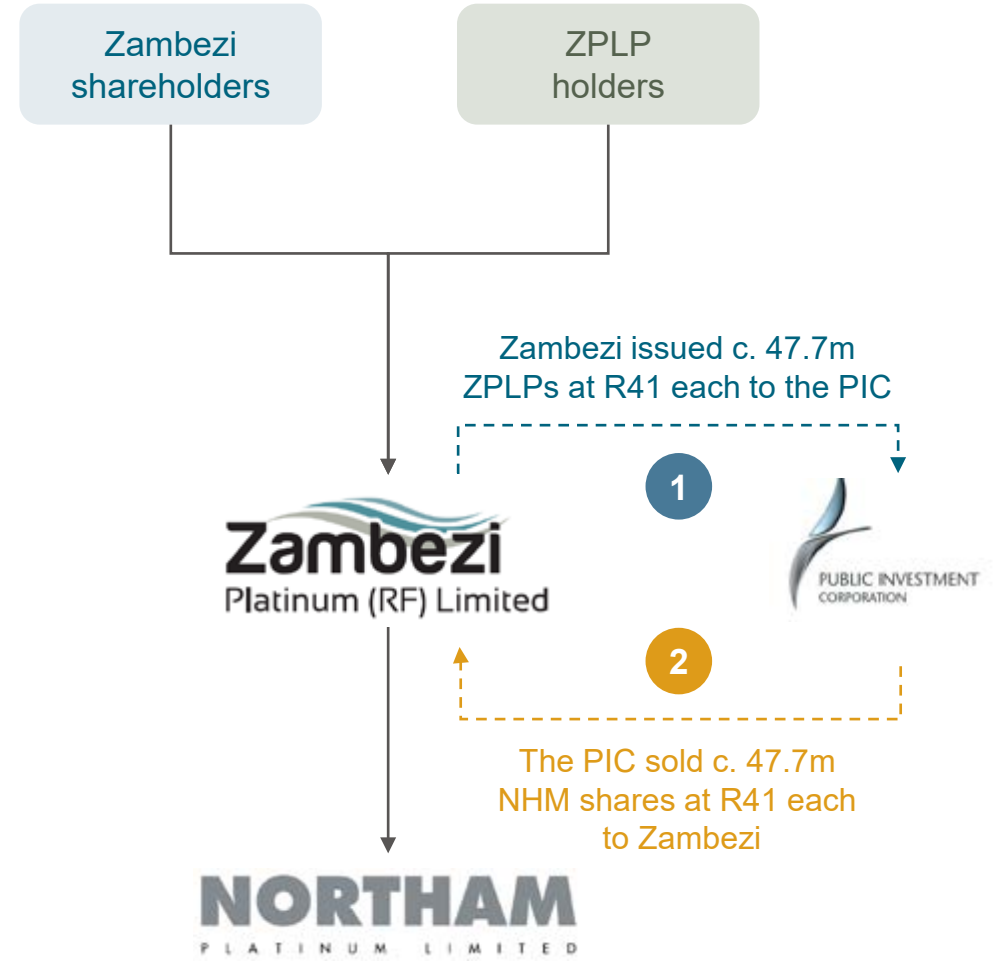


# Overview of the May 2015 Zambezi BEE transaction

## A Subscription for ZPLPs issued by Zambezi

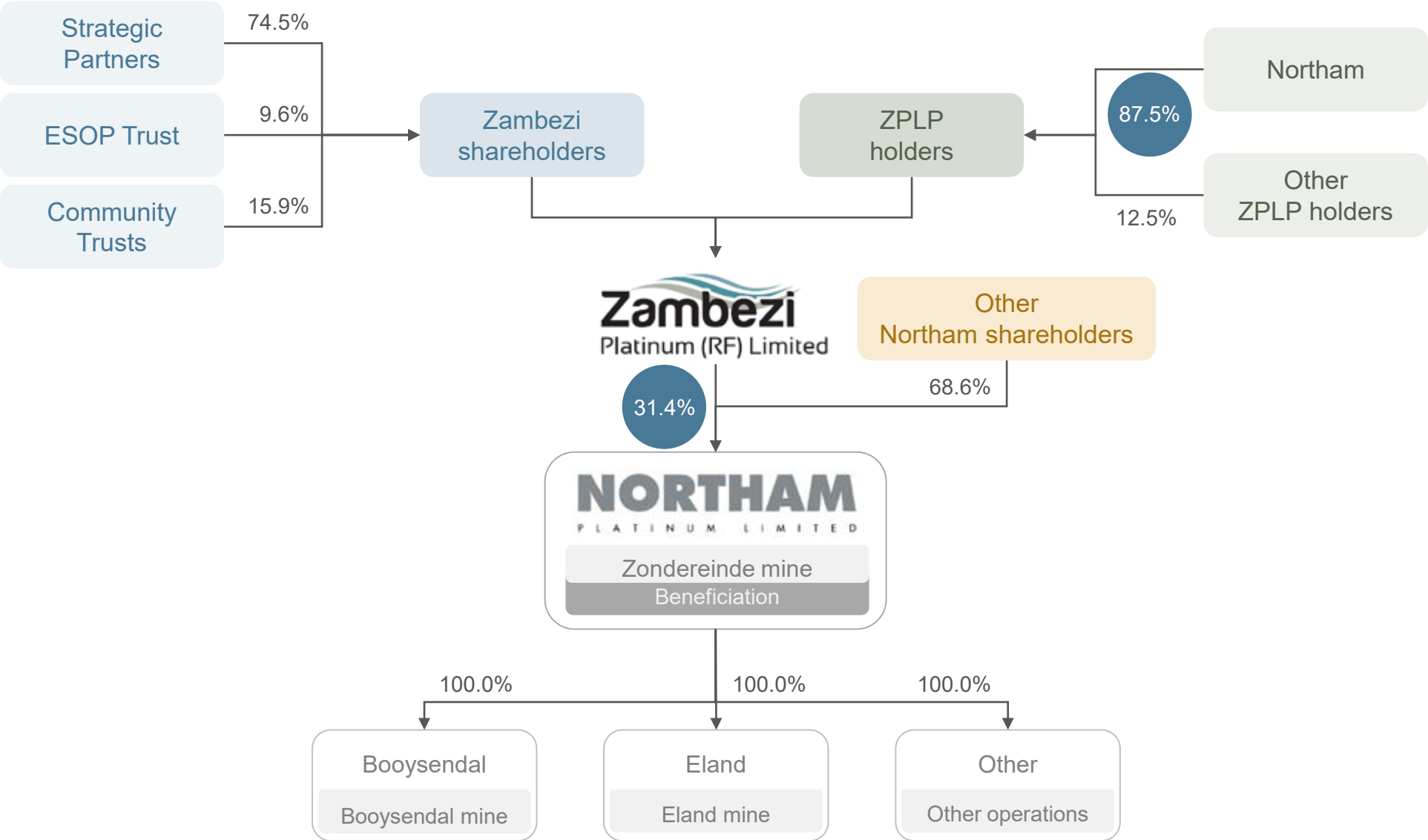


## B Exchange NHM shares held by the PIC for ZPLPs





# Current Northam group structure



# Potential for significant value unlock for BEE shareholders

c. **497%**  
growth in the Northam share price since inception of the Zambezi BEE transaction <sup>1</sup>

c. **R25.6bn**

gross value has been created in Zambezi as at 19 March 2021

Value of Northam shares held by Zambezi

- 159 905 453 Northam shares **R39.1bn**
- R244.76 (closing NHM share price on 19 March 2021)

Face Value of the Zambezi preference shares

- 159 905 453 ZPLPs **R13.5bn**
- R84.54 (Face Value on 19 March 2021)



# Key risks associated with the Zambezi BEE transaction's original maturity date

## Singularity risk

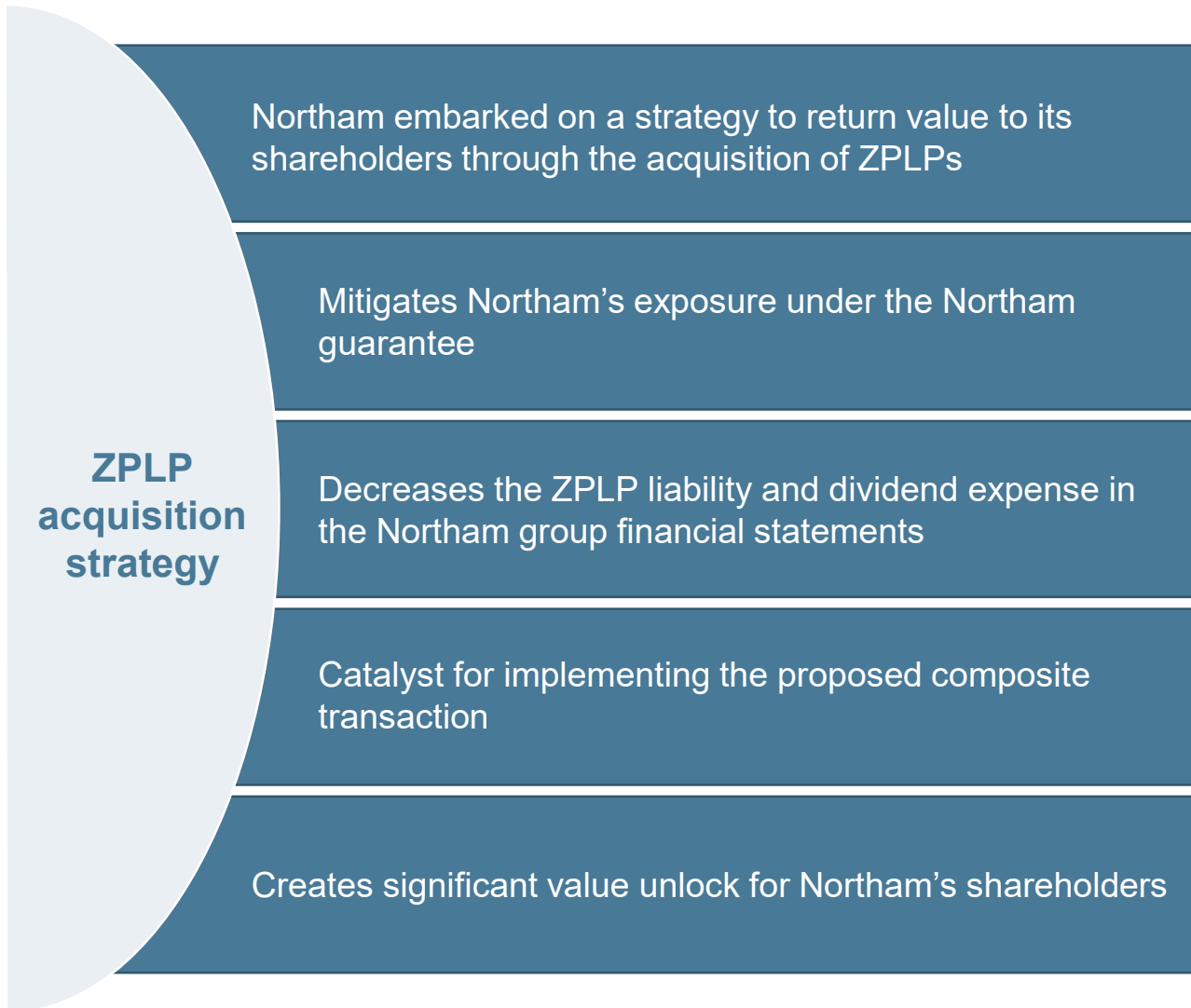
**Adverse market events** near or at maturity date could **erode value** in Zambezi and trigger a **claim under the guarantee** provided by Northam to ZPLP holders

## Sell-side pressure

**Large volume of Northam shares** potentially entering the market in future

## BEE risk

**No certainty** regarding compliance with **HDP ownership requirements** set out in the Mining Charter if not proactively addressed



## Significant value return to shareholders

**87.5%**  
ZPLP ownership

**c. 140m**  
ZPLPs acquired to date

**R12.1bn**  
Value returned to shareholders to date through ZPLP acquisitions

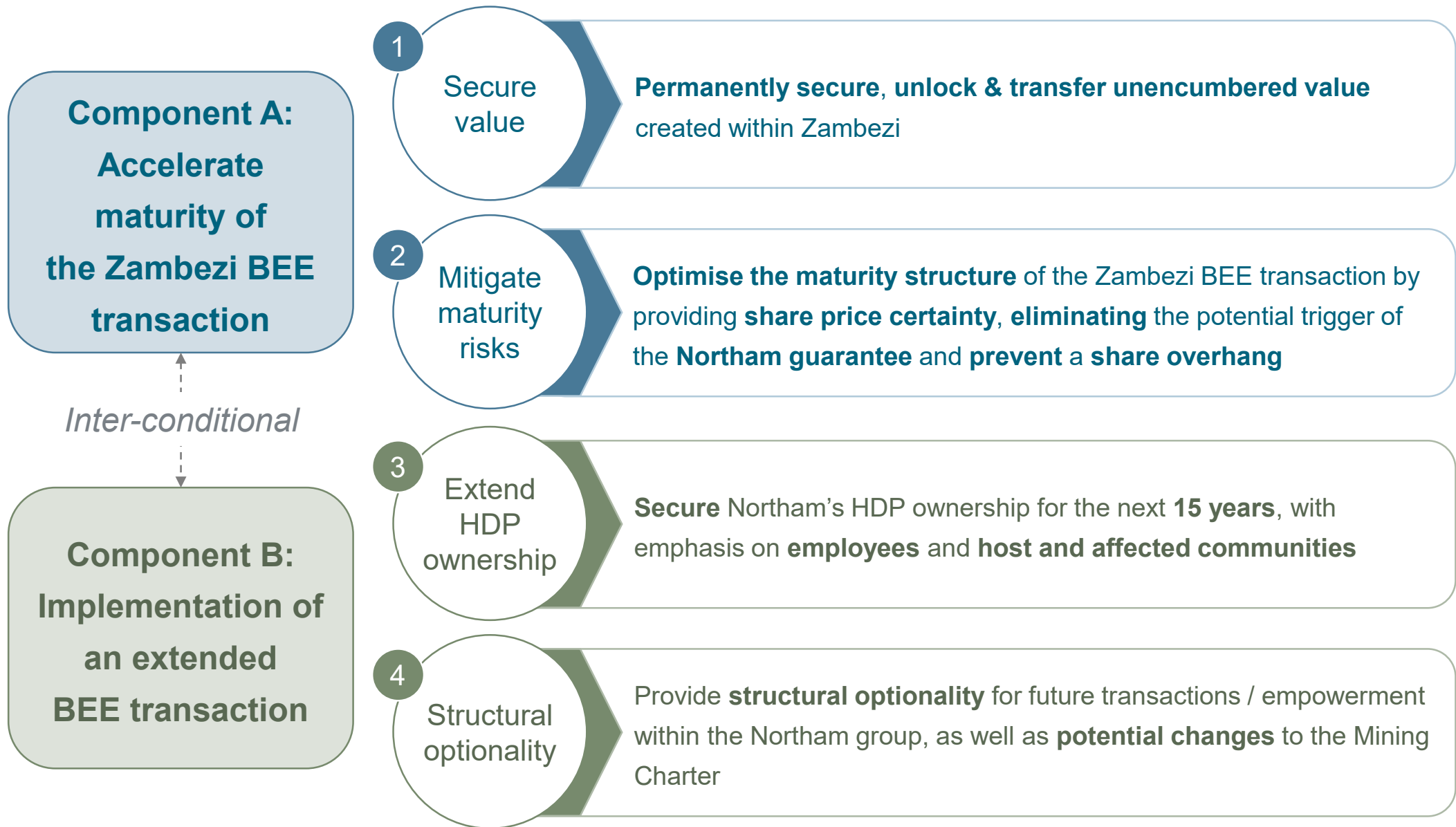
**R983m**  
ZPLP dividend expense saving to date

## Section

# 2

# Proposed composite transaction

# Key objectives of the proposed composite transaction



# Component A highlights <sup>1</sup>

**c. R26bn**

gross value unlock  
in Zambezi

**R5.3bn**

capital invested to  
buy-back Northam  
shares from Zambezi

**R4.8bn**

tax windfall for SARS <sup>2</sup>

**R2.0bn**

offer by Northam to  
purchase all remaining  
ZPLPs not held by  
Northam

**c. R13bn**

of pre-tax value  
transfer to  
Zambezi's  
shareholders

In excess of  
**25%**

share buy-back  
by Northam  
from Zambezi

**Extinguish**

the Northam guarantee  
(and any future  
overhang risk)

Conditional

***pro rata***  
**repayment**

of the lock-in fee  
by Strategic Partners, but  
with an "earn back" option

**Notes:**

1. Based on the closing Northam Share price as at 19 March 2021 and the transaction parameters detailed herein.
2. Estimate.

# Component B highlights

c. **26.5%**

effective HDP ownership in the Northam group

**R33.1bn**

share issuance to BEE participants <sup>1</sup>

**15** year

term of HDP ownership credentials secured, with an option to accelerate after 5 years

Close to

**10 000**

Northam employees, as well as host and affected communities that will participate in the extended BEE transaction

**New holding company**

established to enable flexibility for Mining Charter compliance

**Note:**

1. Based on the closing Northam Share price as at 19 March 2021 and the transaction parameters detailed herein.

## Section

# 3

## Component A

Accelerated maturity of  
the Zambezi BEE transaction



# Component A overview

## Acquisition and settlement of the ZPLPs

- Northam acquires the remaining ZPLPs at a **15.99%** premium to the ZPLP Face Value, for cash.
- Zambezi settles all ZPLPs with a premium amounting to approximately **11.11%**, through a transfer of Northam shares from Zambezi to Northam, valued at **R160** per Northam share.

## Significant buy-back of Northam shares from Zambezi

- Buy-back of Northam shares from Zambezi, valued at **R152** per Northam share.
- Proceeds used by Zambezi to settle taxes and transaction costs.

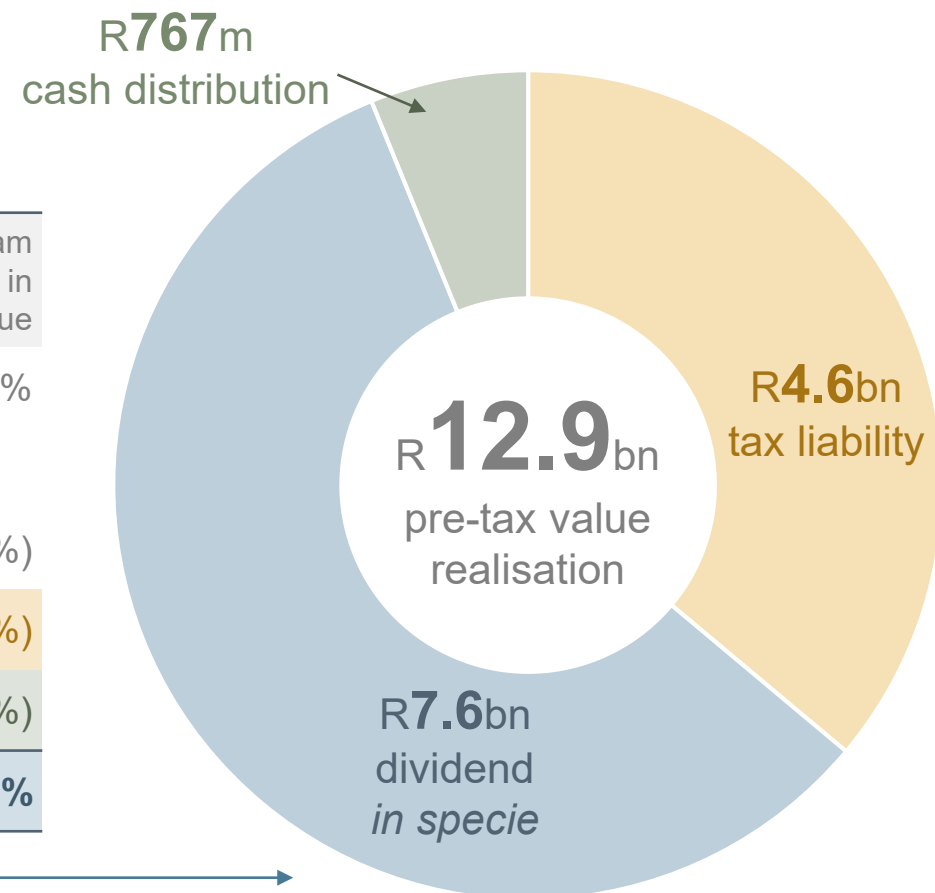
## Distribution of net value in Zambezi

- Distribution of net **unencumbered value** to Zambezi shareholders.
- Cash dividend and dividend *in specie* of residual Northam shares.

# R12.9bn value realisation for Zambezi shareholders <sup>1</sup>

## Northam shares distributed to Zambezi shareholders

Unit	No. of Northam shares	% of Northam shares in issue
Held by Zambezi	159.9m	31.4%
<i>Less:</i>		
Transferred to settle ZPLPs	(93.9m)	(18.4%)
Share buy-back (tax liability) <sup>2</sup>	(30.1m)	(5.9%)
Share buy-back (cash distribution)	(5.0m)	(1.0%)
<b>Distributed to Zambezi shareholders</b>	<b>30.9m</b>	<b>6.1%</b>



**Notes:**

1. Based on the closing Northam share price as at 19 March 2021.
2. Estimate.

# Significant reduction in NHM's issued share capital <sup>1</sup>

In excess of

**25%**

share buy-back  
by Northam from  
Zambezi

Northam shares transferred by Zambezi to settle ZPLPs

**93.9m**

Northam shares

**18.4%**

of Northam shares  
in issue

**R160**

settlement price per  
Northam share <sup>2</sup>

Northam shares bought back by Northam from Zambezi

**35.1m**

Northam shares

**6.9%**

of Northam shares  
in issue

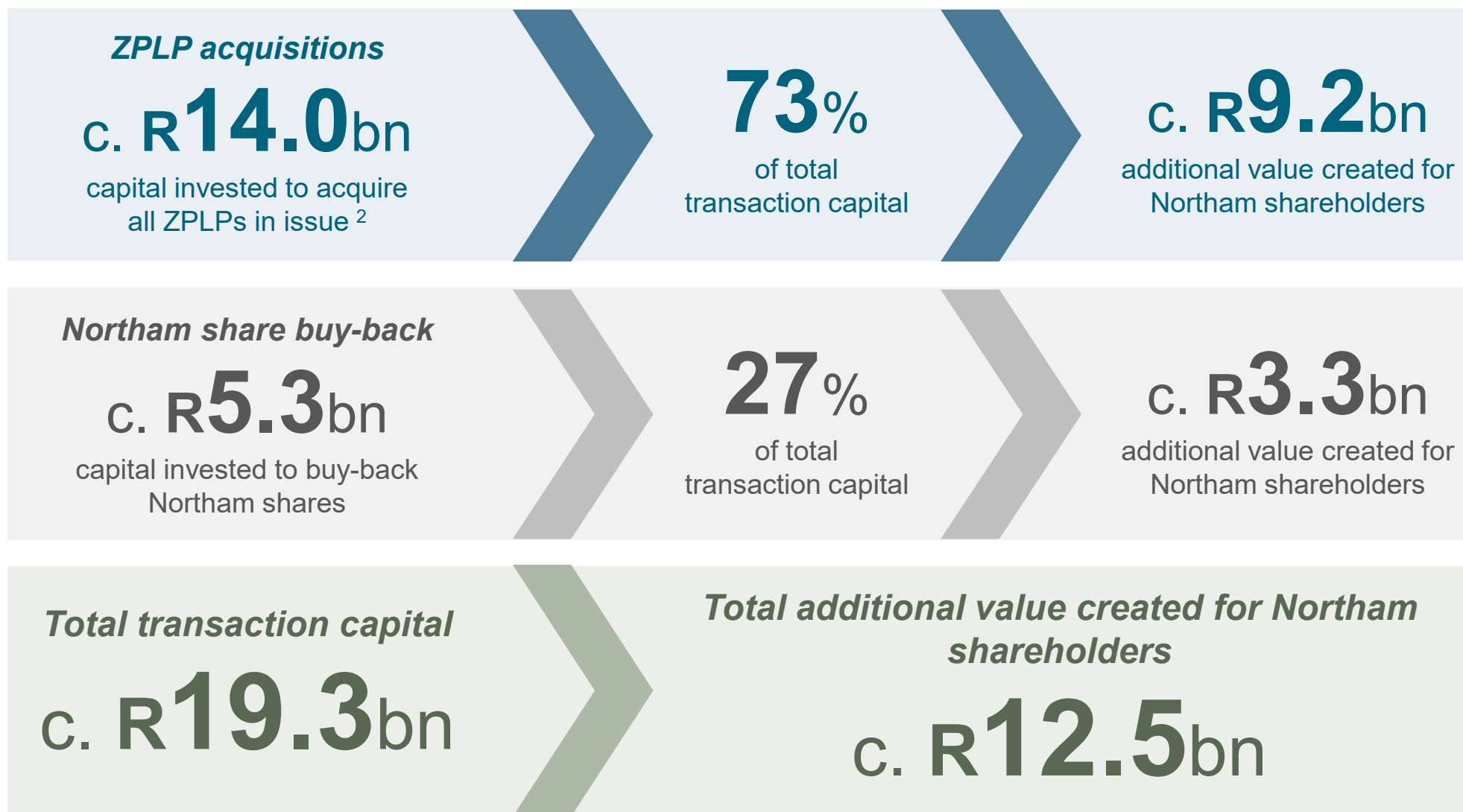
**R152**

buy-back price per  
Northam share

**Notes:**

1. Based on the closing Northam share price as at 19 March 2021.
2. ZPLPs will be settled at an 11.11% premium to Face Value, translating into a 10% discount to the settlement price.

# Transaction capital invested by Northam <sup>1</sup>



**Notes:**

1. Based on the closing Northam share price as at 19 March 2021 and the transaction parameters detailed herein.
2. Calculated as R12.09bn to date plus the R1.95bn offer.

# Voluntary extension of the management share incentive plan to retain key individuals

- At the request of shareholders, Northam introduced a share incentive plan on implementation of the Zambezi BEE transaction in 2015.
- The objective of the plan is to align the interests of Northam management and shareholders to May 2025.
- Maturity of the Zambezi BEE transaction will accelerate vesting under the share incentive plan.
- At the request of shareholders, Northam will propose an extension of the share incentive plan to May 2025, subject to shareholder approval (“**Extension**”).
- The proposed Zambezi and other related transactions will not be conditional upon shareholder approval of the Extension. The Extension will be a standalone resolution, which shareholders can vote on separately.

## Section

# 4

## Component B

Implementation of an extended  
BEE transaction

# Rationale for Component B

## Mining Charter compliance

- The introduction of Northam Platinum Holdings provides **flexibility to comply** with **current and future Mining Charter requirements**.

## Structural optionality for future transactions / empowerment

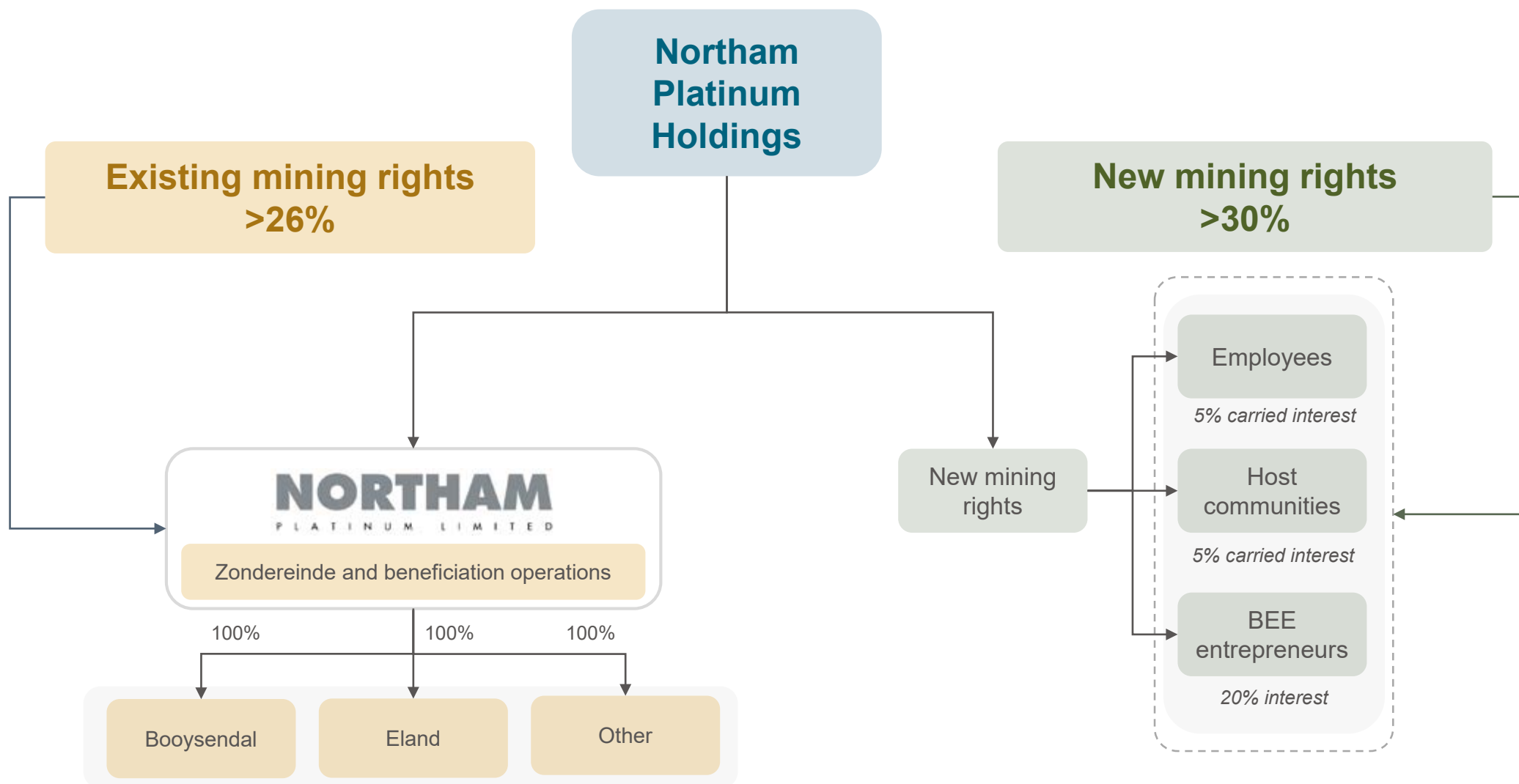
- **Northam** provides HDP ownership for **existing mining rights**.
- **Northam Platinum Holdings** is positioned as the group entity to provide HDP ownership for potential (future) **new mining rights**.

## Facilitate broad-based empowerment

- Participation by Northam's **employees** and host and affected **communities**.
- BEE participation on a **listed platform** (the BEE Segment of the JSE), providing liquidity for BEE participants.



# Structural optionality for future transactions / empowerment



# Illustration of Component B

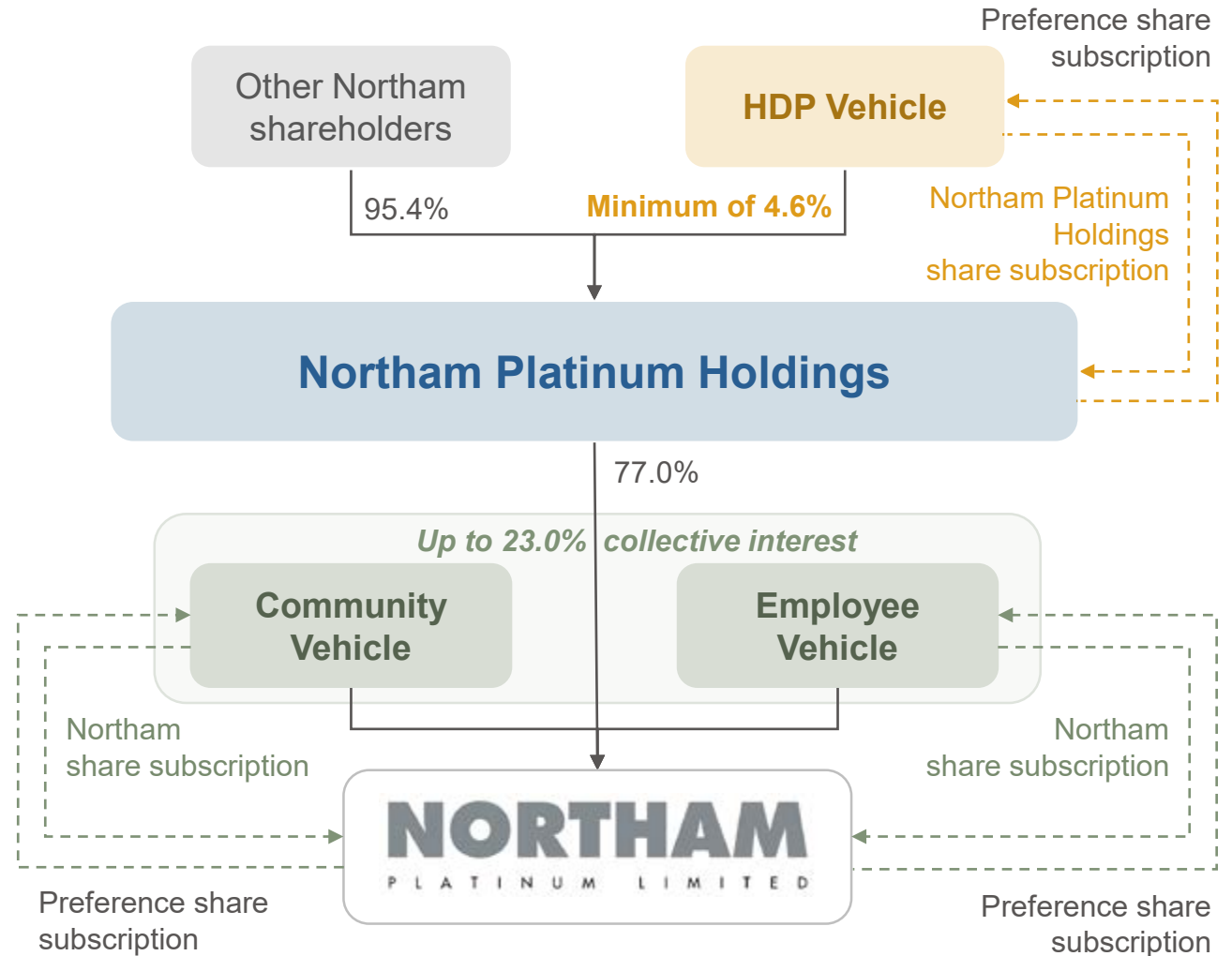
**c. 26.5%**

effective HDP  
interest in Northam

Northam Platinum Holdings will be  
listed on the JSE

Northam will be delisted  
from the JSE

HDP Vehicle will be listed on the  
BEE Segment of the JSE



# Transaction parameters / transaction funding

<b>Anticipated implementation date</b>	On or about the implementation date of Component A
<b>Introduction of Northam Platinum Holdings</b>	Acquisition of Northam shares <i>via</i> a share for share transaction on a 1:1 basis
<b>Empowerment term</b>	15 years, option for Northam to accelerate maturity from year 5 onwards, e.g. in the event of changes to HDP ownership requirements
<b>Northam share issue price</b>	Higher of the 30 day VWAP on the day prior to the subscription date and R225
<b>Funding instrument</b>	Preference shares attracting a coupon at a discount to Prime (low threshold for value creation)
<b>Trickle dividend</b>	At an indicative rate of 5% until the preference shares are fully settled
<b>Additional dividend yield for Northam</b>	Amounting to an indicative 35% of the net asset value created in the HDP, employee and community vehicles at the end of the empowerment term (minimise excessive value dilution associated with the low coupon)
<b>Annual cash payment, at Northam's election</b>	Up to R150m, in aggregate, to the community and employee vehicles, escalating annually at an indicative rate of 5%, facilitated by way of a loan advance from Northam
<b>Preference share settlement</b>	Outstanding preference shares are settled through a transfer of Northam / Northam Platinum Holdings shares by the BEE vehicles to Northam / Northam Platinum Holdings on maturity

Section

5

Next steps

# Shareholder support obtained to date

c. **58.2%**

*Support obtained from*

Northam  
shareholders <sup>1</sup>

c. **97.4%**

*Support obtained from*

ZPLP holders <sup>2</sup>

**74.5%**

*Support obtained from*

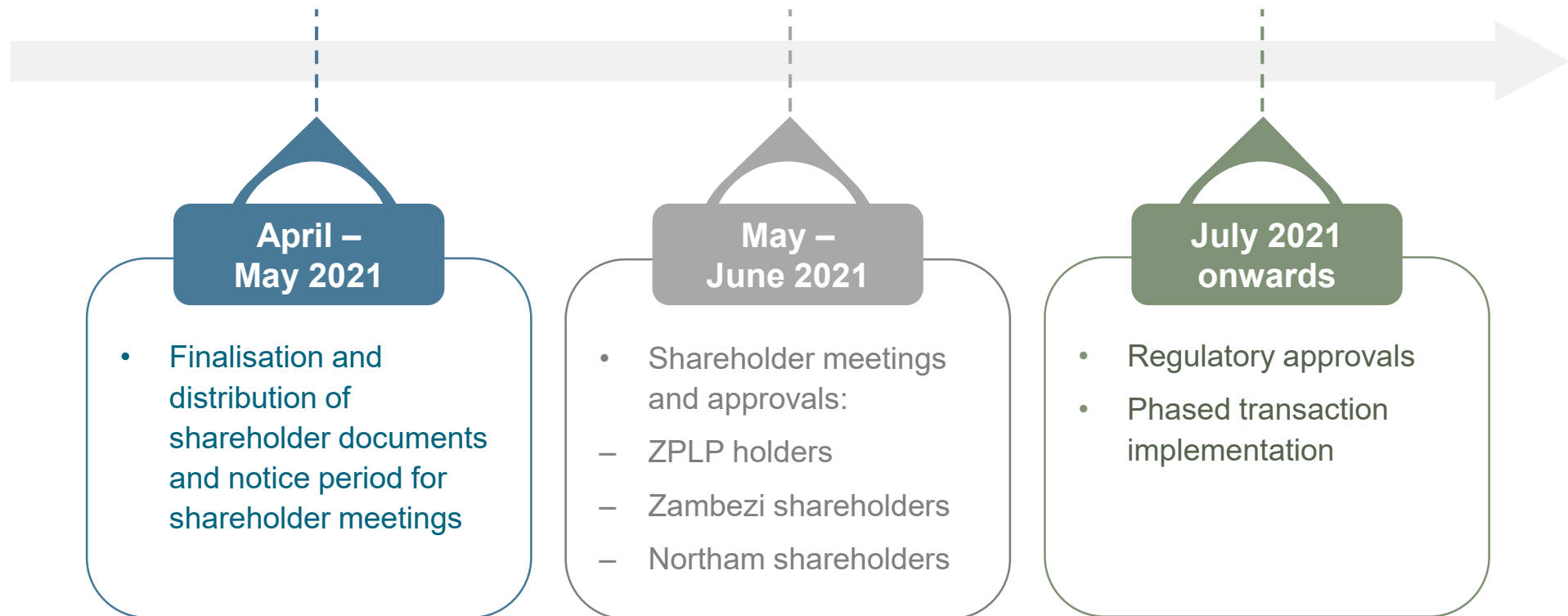
Zambezi  
shareholders

**Notes:**

1. Northam shareholder support amounts to c. 39% excluding Zambezi.
2. ZPLP holder support amounts to c. 79% excluding Northam.

## The timeline below is indicative

It is subject to timing associated with securing the necessary regulatory approvals



# NORTHAM

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[www.northam.co.za](http://www.northam.co.za)

## Shareholder information

Name	Northam Platinum Limited
Share code	NHM
ISIN code	ZAE000030912
JSE sector	Platinum
Shares in issue	509 781 212