

SOLID SUSTAINABLE GROWTH

NOTICE OF ANNUAL GENERAL MEETING
AND ABRIDGED ANNUAL REPORT 2019

Notice of the 2019 annual general meeting 01

Annexure 1 12
Summarised 2019 audited financial statements

Annexure 2 22
Details of directors

Annexure 3 26
Remuneration Report of the SEHR&T committee

Annexure 4 62
Stated capital, shareholding and directors' interest

Annexure 5 66
Financial assistance

Annexure 6 71
Events after reporting date

Form of proxy Insert

Administration and contact information 72

Northam Platinum Limited

(Registration number 1977/003282/06)
JSE share code: NHM ISIN code: 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: NHM008 Bond ISIN: ZAG000158858
Bond code: NHM009 Bond ISIN: ZAG000158866
Bond code: NHM010 Bond ISIN: ZAG000159229
Bond code: NHM011 Bond ISIN: ZAG000159237
Bond code: NHM012 Bond ISIN: ZAG000160136

Platinum group metals (PGMs) are known for their denseness, hardness and resistance to tarnishing.

They are electrically and thermally conductive and have catalytic properties which promote chemical reactions. They are among the rarest and most precious metals and have unique properties that make them essential in a number of industrial applications.

PGMs play an essential role in our day-to-day lives.

Growth for our investors ...

Returning value to investors through disciplined capital allocation.

Growth for our people ...

The growth of our business ensures meaningful employment for our people and creates opportunities for skills development and training for thousands of South Africans.

Growth for the future ...

We are growing our business safely and efficiently into a major producer of PGMs, while continuously moving down the cost curve, ensuring that Northam will be a long-life producer of PGMs.

smart platinum mining

Notice of the 2019 annual general meeting

("Northam" or the "group" or the "company")

Notice is hereby given in terms of section 62(1) of the Companies Act, No. 71 of 2008 (as amended), (the Companies Act) that the annual general meeting (AGM) of shareholders of Northam (notice) will be held at Northam, Building 4, 1st Floor, Maxwell Office Park, Magwa Crescent West, Waterfall City, Jukskei View, Midrand, South Africa on Thursday, 7 November 2019 at 12:00 for the following purposes:

Considering and, if deemed fit, adopting, with or without modification, the ordinary and special resolutions set out below:

Ordinary resolutions

1. re-electing and electing directors;
2. re-appointing independent external auditors;
3. re-electing and electing audit and risk committee members; and
4. endorsing the group remuneration policy and implementation report.

Special resolutions

5. approval of non-executive directors' fees;
6. approval of financial assistance; and
7. approval of general authority to repurchase issued shares.

Transacting any other business as may be conducted at an AGM.

Record dates

In terms of sections 59(1)(a) and (b) of the Companies Act, respectively, the board of directors of the company (board) has set the record date for the purpose of determining which shareholders are entitled to:

- receive this notice as Friday, 23 August 2019 (being the date on which a shareholder must be registered in the company's securities register in order to receive this notice); and
- participate in and vote at the AGM as Friday, 25 October 2019 (being the date on which a shareholder must be registered in the company's securities register in order to participate in and vote at the AGM). The last day to trade in order to be entitled to participate in and vote at the AGM will therefore be Tuesday, 22 October 2019.

Presentation of the consolidated audited group annual financial statements

The consolidated audited group annual financial statements for the year ended 30 June 2019, incorporating the reports of the auditors, the audit and risk committee, the directors and the social, ethics, human resources and transformation committee (SEHR&T), as approved by the board on 20 August 2019, are hereby presented to shareholders as required in terms of section 30(3)(d) as read with section 61(8)(a) of the Companies Act.

Note

At the AGM, the directors must, in terms of the company's memorandum of incorporation (MOI), the Companies Act and the JSE Limited (JSE) Listings Requirements (JSE Listings Requirements), present to shareholders the annual financial statements for the year ended 30 June 2019.

The summarised audited annual financial statements for the year ended 30 June 2019 are set out in Annexure 1 of this notice. The complete consolidated audited annual financial statements for the year ended 30 June 2019 and the 2019 annual integrated report are available at www.northam.co.za/investors-and-media/publications/annual-reports or can be obtained from the company's registered office on written request to the company.

Ordinary resolutions

Ordinary resolution numbers 1.1 to 1.5: retirement, re-election and election of directors

- 1.1 "Resolved that Mr DH Brown, who retires by rotation in terms of clause 33.5.1 of the MOI and being eligible and offering himself for re-election, be and is hereby re-elected as a director of the company."
- 1.2 "Resolved that Mr R Havenstein, who retires by rotation in terms of clause 33.5.1 of the MOI and being eligible and offering himself for re-election, be and is hereby re-elected as a director of the company."
- 1.3 "Resolved that Mr JG Smithies, who retires by rotation in terms of clause 33.5.1 of the MOI and being eligible and offering himself for re-election, be and is hereby re-elected as a director of the company."
- 1.4 "Resolved that Ms TE Kgosi, who retires by rotation in terms of clause 33.5.1 of the MOI and being eligible and offering herself for re-election, be and is hereby re-elected as a director of the company."
- 1.5 "Resolved that Ms AH Coetzee, who retires in terms of clause 33.5.4 of the MOI and being eligible and offering herself for election, be and is hereby elected as a director of the company."

Notes:

As envisaged in clauses 33.6 and 33.5.7 of the MOI, the board recommends, after taking into account each retiring director's past performance and contribution that the persons referred to in ordinary resolution numbers 1.1 to 1.5 be re-elected or elected, as the case may be, as directors at the AGM.

Summaries of the curriculum vitae of each of the persons referred to in ordinary resolution numbers 1.1 to 1.5 are set out in Annexure 2 of this notice.

Ordinary resolution number 2: re-appointment of independent external auditors

"Resolved that Ernst & Young Inc. (with the designated external audit partner being Mr Ebrahim Dhorat) be and are hereby re appointed as the independent external auditors of the group."

Note:

The audit and risk committee has evaluated the performance and independence of Ernst & Young Inc. and recommends their re-appointment as independent external auditors of the group. Further information on the evaluation of the independence and performance of the independent external auditor, Ernst & Young Inc., can be found on page 124 of the audit and risk report in the annual integrated report for the year ended 30 June 2019 available at www.northam.co.za/investors-and-media/publications/annual-reports

Ordinary resolution numbers 3.1 to 3.4: re-election and election of the members of the audit and risk committee

- 3.1 "Resolved that Ms HH Hickey, being eligible and offering herself for re-election, be and is hereby re-elected as a member of the audit and risk committee."
- 3.2 "Resolved that Mr DH Brown, being eligible and offering himself for re-election, be and is hereby re-elected as a member of the audit and risk committee, subject to his re-election as a director pursuant to ordinary resolution number 1.1."
- 3.3 "Resolved that Dr NY Jekwa, being eligible and offering herself for election, be and is hereby elected as a member of the audit and risk committee."
- 3.4 "Resolved that Mr JJ Nel, being eligible and offering himself for election, be and is hereby elected as a member of the audit and risk committee."

Notes:

The board recommends, after taking into account and evaluating the independence, past performance and contribution of each independent non-executive director during the financial year ended 30 June 2019, that the persons referred to in ordinary resolution numbers 3.1 to 3.4 be re-elected and elected, as the case may be, as members of the audit and risk committee at the AGM.

Summaries of the curriculum vitae of each of the persons referred to in ordinary resolution numbers 3.1 to 3.4 are set out in Annexure 2 of this notice.

Ordinary resolution numbers 4.1 and 4.2: endorsement of the group remuneration policy and implementation report

- 4.1 "Resolved, as a non-binding advisory resolution, that the group's remuneration policy as set out in the remuneration report of the SEHR&T committee be and is hereby endorsed."
- 4.2 "Resolved, as a non-binding advisory resolution, that the group's remuneration implementation report as set out in the remuneration report of the SEHR&T committee be and is hereby endorsed."

Notice of the 2019 annual general meeting

Notes:

The remuneration report of the SEHR&T committee (which includes the remuneration policy and implementation report) is set out in Annexure 3 of this notice.

The JSE Listings Requirements require and the KING IV™ Report on Corporate Governance for South Africa, 2016 (KING IV™) recommends that a company's remuneration policy and implementation report be tabled for separate non-binding advisory votes by shareholders at each AGM. This enables shareholders to express their views on the remuneration policy and the implementation report. Ordinary resolution numbers 4.1 and 4.2 are of a non-binding advisory nature only. However, the board will take the outcome of the non-binding advisory votes into consideration when considering amendments to the group's remuneration policy. Shareholders are reminded that in terms of the JSE Listings Requirements and KING IV™, should 25% or more of the votes cast be against one or both of these non binding ordinary resolutions, Northam undertakes to engage with shareholders as to the reasons therefor and undertakes to appropriately address legitimate and reasonable objections and concerns raised.

Special resolutions

Special resolution number 1: approval of non-executive directors' fees for the year ending 30 June 2020

"Resolved that the non-executive directors' fees (excluding Value Added Taxation (VAT)) for the year ending 30 June 2020 be increased on the following basis:

	% increase	Proposed 2020 fees per annum R	Approved 2019 fees per annum R
Board			
Board chairperson	8.0	469 800	435 000
Lead independent director	7.0	400 400	374 200
Board members	7.0	351 500	328 500
The above fees are fixed annual fees calculated on the assumption of 5 (five) board meetings per financial year and shall be payable notwithstanding that fewer board meetings may be held. Should more than 5 (five) board meetings be held, the following amount will be paid for each additional meeting attended by a director.	7.0	53 700	50 200

	% increase	Proposed 2020 fees per annum R	Approved 2019 fees per annum R
Audit and risk committee			
Committee chairperson	7.0	216 300	202 200
Committee members	7.0	169 900	158 800
The above fees are fixed annual fees calculated on the assumption of 5 (five) audit and risk committee meetings per financial year and shall be payable notwithstanding that fewer audit and risk committee meetings may be held. Should more than 5 (five) audit and risk committee meetings be held, the following amount will be paid for each additional meeting attended by a director.	7.1	21 000	19 600
Health, safety and environmental committee			
Committee chairperson	7.0	152 500	142 500
Committee members	7.0	115 100	107 600
The above fees are fixed annual fees calculated on the assumption of 4 (four) health, safety and environmental committee meetings per financial year and shall be payable notwithstanding that fewer health, safety and environmental committee meetings may be held. Should more than 4 (four) health, safety and environmental committee meetings be held, the following amount will be paid for each additional meeting attended by a director.	7.1	21 000	19 600
Social, ethics, human resources and transformation committee			
Committee chairperson	7.0	154 200	144 100
Committee members	7.0	115 100	107 600
The above fees are fixed annual fees calculated on the assumption of 4 (four) SEHR&T committee meetings per financial year and shall be payable notwithstanding that fewer SEHR&T committee meetings may be held. Should more than 4 (four) SEHR&T committee meetings be held, the following amount will be paid for each additional meeting attended by a director.	7.1	21 000	19 600

Notice of the 2019 annual general meeting

	% increase	Proposed 2020 fees per annum R	Approved 2019 fees per annum R
Nomination committee			
Committee chairperson	7.0	88 600	82 800
Committee members	7.1	54 400	50 800
The above fees are fixed annual fees calculated on the assumption of a single nomination committee meeting per financial year and shall be payable notwithstanding that fewer nomination committee meetings may be held. Should more than 1 (one) nomination committee meeting be held, the following amount will be paid for each additional meeting attended by a director.			
	7.1	21 000	19 600
Other board appointed committees			
Committee chairperson	7.0	128 600	120 200
Committee members	7.0	94 300	88 100
The above fees are fixed annual fees calculated on the assumption of 3 (three) other board appointed committee meetings per financial year and shall be payable notwithstanding that fewer other board appointed committee meetings may be held. Should more than 3 (three) other board appointed committee meetings be held, the following amount will be paid for each additional meeting attended by a director.			
	7.1	21 000	19 600
Ad hoc fees - per hour *	7.1	4 200	3 920

* **Note:** Ad hoc fees are provided for the remuneration of directors who perform ad hoc work for the company outside of the normal board or committee meetings. In this regard, it is proposed that the fee for such work be set at 1/5 (one fifth) of the other board appointed committee meeting attendance fees set out above. This is calculated based on an assumed average meeting preparation and attendance time of 5 hours."

Notes:

In terms of sections 66(8) and (9) of the Companies Act, and unless the company's MOI provides otherwise, remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the shareholders within the previous two years. The MOI does not prohibit the payment of such remuneration. The proposed remuneration set out above, if approved by shareholders, will be paid to the non-executive directors only, as they are not remunerated as employees, as is the case in respect of executive directors.

It is proposed that the remuneration payable to (i) non-executive directors be increased by an average of 7.0% per annum (F2018: 7.0%) and (ii) the chairman of the board be increased by 8.0% per annum (F2018: 8.0%).

All non-executive director remuneration will be payable quarterly in arrears. The annual fees set out above are calculated on the assumption that a certain number of board/committee meetings will be held in the financial year ending 30 June 2020 as set out above and shall be payable notwithstanding that fewer board/committee meetings may be held. If a non-executive director ceases to serve on a particular committee or as a non-executive director during the financial year, the annual fee payable to such director in respect of such office as set out above will be pro-rated to the proportion of the financial year for which such director held that office, calculated by rounding such period up to the nearest quarter, irrespective of the number of meetings held or attended by the director during such period. For the avoidance of doubt, any ad hoc or additional meeting fees payable to such directors pursuant to the approved fees set out above will not be affected by the pro-rating of the annual fee.

Special resolution number 2: approval of financial assistance in terms of section 45 of the Companies Act

"Resolved that the board be and is hereby authorised in terms of and subject to the provisions of section 45 of the Companies Act, to authorise the company to provide any financial assistance in any form or amount to any company or corporation which is or becomes related or inter-related to the company (as defined in the Companies Act), on the terms and conditions that the board may determine from time to time."

Notes:

This special resolution is required in terms of section 45 of the Companies Act in order to grant the board the authority to authorise the company to provide financial assistance by way of loans, guarantees, provision of security or otherwise, to any company which is related or inter-related to Northam.

The provision of financial assistance is necessary for the sustainability of the business of the group, taking into account that the financial performance of the operations is dependent on numerous external factors, which include the prices of platinum group metals, and the Rand/US Dollar exchange rate.

Notice of the 2019 annual general meeting

Further information on the proposed financial assistance is set out in Annexure 5 of this notice. For the avoidance of doubt, the approval of financial assistance set out in special resolution number 2 above is not restricted to the proposed financial assistance set out in Annexure 5, which serves merely as a non-exhaustive indication of the financial assistance currently envisaged by the board to be required to be provided by the company during the financial year ending 30 June 2020. This special resolution does not authorise the provision of financial assistance to a director or prescribed officer of the company.

Special resolution number 3: approval for general authority to repurchase issued shares

"Resolved that the company and each of its subsidiaries be and are hereby authorised, by way of a general authority, to acquire the company's issued shares upon such terms and conditions and in such amounts as the board may from time to time determine, subject to the MOI, the Companies Act and the JSE Listings Requirements, and provided that:

- a. any repurchase of shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter-party;
- b. this general authority shall be valid until the company's next AGM or for 15 months from date of passing of this special resolution, whichever period is the shorter;
- c. repurchases by the company and/or its subsidiaries in aggregate in any one financial year may not exceed 20% of the company's issued share capital of the relevant class of shares as at the date of passing of this special resolution or 10% of the company's issued share capital in the case of an acquisition of shares in the company by a subsidiary of the company;
- d. repurchases may not be made at a price greater than 10% above the weighted average of the market value of the shares for the 5 (five) business days immediately preceding the date on which the transaction is effected."

Notes:

This special resolution is required in terms of paragraph 5.67(B)(b) of the JSE Listings Requirements in order to give a general authority to the board to approve the acquisition of shares in the company by the company or by a subsidiary of the company, subject to the terms and conditions set out in this special resolution, which authority shall be used by the board at its discretion during the period for which the authority is given.

In terms of the JSE Listings Requirements, the company's issued shares may only be acquired by the company and/or any of its subsidiaries subject to the following:

- At any one time, the company may only appoint one agent to effect any repurchase.
- Resolutions by the board that it has authorised the repurchase, that the company and its subsidiaries have passed the solvency and liquidity test as envisaged in section 4 of the Companies Act and that, since the test was performed, there have been no material changes to the financial position of the group.
- Neither the company nor its subsidiaries may repurchase securities during a prohibited period as

defined in the JSE Listings Requirements unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been submitted to the JSE, in writing, prior to the commencement of the prohibited period. The company must instruct an independent third party, which makes its investment decisions in relation to the company's securities independently of, and uninfluenced by, the company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE.

Furthermore, an announcement complying with paragraph 11.27 of the JSE Listings Requirements will be published as soon as the company and/or a subsidiary of the company have cumulatively repurchased 3% of the initial number of shares of the relevant class in issue at the time that the general authority is granted and for each 3% in aggregate of the initial number of shares of that class acquired thereafter, containing full details of such acquisitions.

Statement by the board

In accordance with paragraph 11.26(d) of the JSE Listings Requirements, the board states that:

- i. the board continues to examine methods of returning capital to shareholders and accordingly believes it to be in the best interests of Northam that shareholders pass a special resolution granting the company and/or its subsidiaries a further general authority to acquire Northam shares. Such general authority will provide Northam and its subsidiaries with the flexibility, subject to the requirements of the Companies Act and the JSE Listings Requirements, to purchase shares should it be in the interest of Northam at any time while the general authority subsists;
- ii. having considered the effect of the maximum number of shares that may be acquired pursuant to the authority given under special resolution number 3, a resolution has been passed by the board confirming that the board has authorised the repurchase, that the company and its subsidiaries satisfy the solvency and liquidity test contemplated in the Companies Act, and that since the test was done there have been no material changes to the financial position of the group; and
- iii. having considered the effect of the maximum number of shares that may be acquired pursuant to the authority given under special resolution number 3, for a period of at least 12 months following the date of this notice:
 - the company and the group will be able to pay its debts as and when they become due in the ordinary course of business;
 - the assets of the company and the group will be in excess of the liabilities of the company and group, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;
 - the share capital and reserves of the company and the group will be adequate for ordinary business purposes; and
 - the working capital for the company and the group will be adequate for ordinary business purposes.

Notice of the 2019 annual general meeting

In terms of the JSE Listings Requirements, the following additional disclosures are made for purposes of special resolution 3:

Major shareholders: Refer to Annexure 4.

Stated capital of the company: Refer to Annexure 4.

Directors' responsibility statement: The directors, whose names are set out in Annexure 2, collectively and individually accept full responsibility for the accuracy of the information contained in this statement and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make this statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the notice contains all information required by law and the JSE Listings Requirements.

Material Change: Other than the facts and developments reported on in this summarised annual report, there have been no material changes in the affairs, financial or trading position of the company and its subsidiaries since the end of the financial period. The company's products are priced in US Dollars and therefore volatility in the Rand/US Dollar exchange rate could affect the company's revenues. For further information please refer to Annexure 6.

To transact any other business as may be conducted at an AGM

General

Approvals required for the resolutions

Each ordinary resolution contained in this notice requires the approval of more than fifty percent (50%) of the total voting rights exercised on such resolution by shareholders present or represented by proxy at the AGM.

Each special resolution contained in this notice requires the approval of at least seventy-five percent (75%) of the total voting rights exercised on such resolution by shareholders present or represented by proxy at the AGM.

Telephonic participation

For the benefit of shareholders who are unable to attend the AGM but wish to participate therein, a simultaneous audio link will be available at the following numbers:

South Africa: 010 500 4108
UK: 0 203 608 8021
International: +27 10 500 4108

The costs for use of the telephonic participation will be borne by the shareholder or proxy so utilising the telephonic participation.

Please note that whilst it is possible to participate in the AGM through this medium, there is no facility for electronic voting and, accordingly, shareholders and their proxies are advised to follow the instructions below in respect of proxies and voting.

Proxies

Dematerialised shareholders without "own name" registration

You must contact your broker or Central Securities Depository Participant (CSDP) and furnish them with your voting instructions. If you wish to attend, speak and vote at the AGM in person and/or appoint a proxy to represent you at the AGM, you will need to obtain a letter of representation from your broker or CSDP. Shareholders, who are unsure of their status or the action they should take, are advised to consult their CSDP, broker or financial adviser.

Certificated shareholders and dematerialised shareholders with "own name" registration

You may attend, speak and vote at the AGM in person. Alternatively, you may appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the company.

A proxy form is attached to this notice for use by certificated shareholders and dematerialised shareholders with "own name" registration only. To be effective, a proxy form must be executed in terms of the MOI and in accordance with the relevant instructions set out on the form, and must be lodged with **The Meeting Specialist Proprietary Limited (TMS)** at the JSE Building, One Exchange Square, 2 Gwen Lane, Sandown, 2196, South Africa or posted to **TMS**, PO Box 62043, Marshalltown, 2107, South Africa or e-mailed to proxy@tmsmeetings.co.za to be received by them by no later than 12:00 on Wednesday, 6 November 2019. Thereafter, a proxy form must be handed to the chairperson of the AGM before the appointed proxy may exercise any rights of the shareholder at the AGM. If required, additional proxy forms may be obtained from **TMS**.

Voting

On a show of hands, every shareholder of the company present in person or represented by proxy shall have only one (1) vote. On a poll, every shareholder of the company shall have one (1) vote for every share held in the company by such shareholder.

Proof of identification required

In terms of section 63(1) of the Companies Act, any shareholder or proxy who intends to attend or participate in the AGM must be able to present reasonably satisfactory identification at the AGM for such shareholder or proxy to attend and participate in the AGM. A bar coded identification document issued by the South African Department of Home Affairs, a driver's license or a valid passport will be accepted as sufficient identification.

By order of the board.

P B Beale
Company secretary

20 August 2019

Annexure 1

Summarised 2019 audited financial statements

The condensed results have been prepared under the supervision of the chief financial officer, AH Coetzee CA(SA).

These condensed financial information has been extracted from the audited annual financial statements, but is itself not audited. The directors take full responsibility for the preparation of this condensed report and that the financial information has been correctly extracted from the underlying audited annual financial statements.

The audited financial statements are available on the company's website at www.northam.co.za

Condensed consolidated statement of profit or loss and other comprehensive income

	30 June 2019	30 June 2018
	R000	R000
Sales revenue	10 649 506	7 552 181
Cost of sales	(8 239 481)	(6 728 867)
Operating costs	(7 607 161)	(6 318 000)
Concentrates purchased	(327 572)	(1 410 506)
Refining and other costs	(135 104)	(123 840)
Depreciation and write-offs	(487 165)	(441 865)
Change in metal inventories	317 521	1 565 344
Gross profit	2 410 025	823 314
Share of earnings from associate	11 153	4 162
Investment income	56 260	52 633
Finance charges excluding preference share dividends	(184 027)	(68 481)
Net foreign exchange transaction gains	10 411	2 368
Sundry income	77 472	217 005
Sundry expenditure	(357 713)	(380 944)
Profit before preference share dividends	2 023 581	650 057
Amortisation of liquidity fees paid on preference shares	(16 390)	(16 390)
Preference share dividends net amounts capitalised	(1 305 244)	(1 106 684)
Loss on derecognition of preference share liability	-	(8)
Profit/(loss) before tax	701 947	(473 025)
Tax	(641 854)	(231 973)
Profit/(loss) for the year	60 093	(704 998)
<i>Other comprehensive income</i>		
Items to be reclassified to profit or loss		
Exchange differences on translation of foreign operations	11 354	(364)
Total comprehensive income for the year	71 447	(705 362)

	30 June 2019	30 June 2018
	cents	cents
Earnings/(loss) per share – cents	17.2	(201.5)
Fully diluted earnings/(loss) per share – cents	17.2	(201.5)

Condensed consolidated statement of financial position

	30 June 2019	Restated* 30 June 2018	Restated* 1 July 2017
	R000	R000	R000
Assets			
Non-current assets	21 604 214	19 108 944	15 483 553
Property, plant and equipment	14 484 795	11 874 146	9 022 260
Mining properties and mineral resources	6 722 551	6 765 390	5 772 572
Investment held in escrow	16 841	-	-
Interest in associate	46 299	35 146	30 984
Land and township development	71 414	65 680	48 529
Long-term receivables	85 536	86 897	83 745
Investments held by Northam Platinum Restoration Trust Fund	120 080	110 626	102 233
Environmental Guarantee investment	42 043	68 899	68 104
Buttonshope Conservancy Trust	13 218	12 203	11 126
Long-term prepayments	563	89 608	336 409
Other financial assets	-	-	7 591
Deferred tax asset	874	349	-
Current assets	5 340 449	4 715 090	4 103 337
Inventories	3 762 675	3 386 795	1 729 102
Trade and other receivables	621 938	924 085	548 997
Cash and cash equivalents	950 315	388 702	1 786 865
Tax receivable	5 521	15 508	38 373
Non-current assets held for sale	-	-	49 222
Total assets	26 944 663	23 824 034	19 636 112

*Restated after the adoption of IFRS 15 Revenue from Contracts with Customers as well as the retrospective amendment of the mining properties and mineral resources relating to the Dwaalkop Joint Arrangement

Annexure 1
Summarised 2019 audited financial statements continued

	30 June 2019	Restated* 30 June 2018	Restated* 1 July 2017
	R000	R000	R000
Equity and liabilities			
Total equity	7 456 800	7 386 679	8 092 041
Stated capital	13 778 114	13 778 114	13 778 114
Treasury shares	(6 556 123)	(6 556 123)	(6 556 123)
Accumulated loss	(650 629)	(709 396)	(4 398)
Foreign currency translation reserve	10 990	(364)	–
Equity settled share-based payment reserve	874 448	874 448	874 448
Non-current liabilities	16 870 813	12 832 267	9 929 685
Deferred tax liability	1 419 467	824 794	585 883
Long-term provisions	679 459	640 128	304 829
Preference share liability	10 767 134	9 445 500	8 279 825
Long-term loans	140 510	182 063	249 428
Long-term share-based payment liability	160 746	78 999	88 639
Domestic medium-term notes	1 566 304	174 288	421 081
Revolving credit facility	2 137 193	1 486 495	–
Current liabilities	2 617 050	3 605 088	1 614 386
Current portion of long-term loans	33 837	24 540	13 434
Current portion of domestic medium-term notes	248 580	1 243 440	–
Short-term share-based payment liability	86 814	78 340	75 026
Tax payable	24 910	117	102 550
Trade and other payables	1 931 173	1 963 202	1 203 596
Provisional pricing derivatives	26 206	2 773	64 576
Bank overdraft	–	95 535	–
Short-term provisions	265 530	197 141	155 204
Total equity and liabilities	26 944 663	23 824 034	19 636 112

*Restated after the adoption of IFRS 15 Revenue from Contracts with Customers as well as the retrospective amendment of the mining properties and mineral resources relating to the Dwaalkop Joint Arrangement

Condensed consolidated statement of changes in equity

	Stated capital	Accumulated loss	Equity settled share-based payment reserve	Foreign currency translation reserve**	Total
	R000	R000	R000	R000	R000
Closing balance as at 30 June 2017	7 221 991	(4 398)	874 448	–	8 092 041
Impact of the adoption of IFRS 15*	–	–	–	–	–
Opening balance as at 1 July 2017	7 221 991	(4 398)	874 448	–	8 092 041
Total comprehensive income for the year	–	(704 998)	–	(364)	(705 362)
Loss for the year	–	(704 998)	–	–	(704 998)
Other comprehensive income for the year	–	–	–	(364)	(364)
Balance as at 30 June 2018	7 221 991	(709 396)	874 448	(364)	7 386 679
Impact of the adoption of IFRS 9	–	(1 326)	–	–	(1 326)
Opening balance as at 1 July 2018	7 221 991	(710 722)	874 448	(364)	7 385 353
Total comprehensive income for the year	–	60 093	–	11 354	71 447
Profit for the year	–	60 093	–	–	60 093
Other comprehensive income for the year	–	–	–	11 354	11 354
Balance as at 30 June 2019	7 221 991	(650 629)	874 448	10 990	7 456 800

* No adjustment required after the adoption of IFRS 15 Revenue from Contracts with Customers

** The foreign currency translation reserve has been created to account for the foreign exchange gain or loss on translation of a foreign operation (US recycling assets)

Condensed consolidated statement of cash flows

	30 June 2019	30 June 2018
	R000	R000
Cash flows from/(utilised in) operating activities	2 711 918	(342 232)
Profit/(loss) before tax	701 947	(473 025)
Adjusted for the following non-cash items as well as disclosable items		
Depreciation and write-offs	487 267	441 865
Changes in provisions	44 988	49 493
Changes in long-term receivables	16 312	(3 152)
Investment income	(56 260)	(52 633)
Finance charges excluding preference share dividends	184 027	68 481
Preference share dividends	1 305 244	1 106 684
Loss on derecognition of preference share liability	-	8
Amortisation of liquidity fees paid on preference shares	16 390	16 390
Movement in share-based payment liability	90 221	(6 326)
Share of earnings from associate	(11 153)	(4 162)
(Profit)/loss on sale of property, plant and equipment	(6 635)	4 706
Net foreign exchange difference	(10 411)	(2 368)
Amortisation of security of supply contribution	(29 314)	(7 792)
Other	(7 656)	(5 982)
Change in working capital	(47 856)	(1 547 247)
Movement relating to land and township development	(5 734)	(17 151)
Interest income received	49 969	61 058
Dividend income received	3 398	-
Tax (paid)/refund received	(12 826)	28 921

	30 June 2019	30 June 2018
	R000	R000
Cash flows utilised in investing activities	(2 686 063)	(3 580 937)
Property, plant, equipment, mining properties and mineral reserves		
Additions to maintain operations	(221 791)	(385 609)
Additions to expand operations	(2 277 100)	(3 036 727)
Disposal proceeds	26 099	5 133
Investment held in escrow	(16 841)	-
Amounts paid in terms of long-term prepayments	(212 817)	(202 691)
Additional investment made in associate/cash calls	-	(1 347)
Refunds received on the cancellation of the Environmental Guarantee investment policy	66 424	-
Payments made and movements on the investments held by the Environmental Guarantee investment	(39 568)	(795)
Increase in investments held by the Northam Platinum Restoration Trust Fund	(9 454)	(8 393)
Increase in investment held by the Buttonshope Conservancy Trust Fund	(1 015)	(1 077)
Proceeds received from the sale of the non-current asset held for sale	-	50 569
Cash flows from financing activities	615 004	2 421 486
Interest paid	(410 455)	(158 170)
Draw down on revolving credit facility	850 000	2 000 000
Repayment of revolving credit facility	(200 000)	(500 000)
Issue of domestic medium-term notes	1 650 000	1 000 000
Repayment of domestic medium-term notes	(1 250 000)	-
Issue of long-term loans	-	100 000
Repayment of long-term loans	(9 400)	(9 400)
Transaction fees paid	(15 141)	(9 267)
Acquisition of Zambezi Platinum (RF) Limited preference shares	-	(1 677)
Increase/(decrease) in cash and cash equivalents	640 859	(1 501 683)
Net foreign exchange difference on cash and cash equivalents	16 289	7 985
Cash and cash equivalents at the beginning of the year	293 167	1 786 865
Cash and cash equivalents at the end of the year	950 315	293 167

Chief executive officer, Paul Dunne's thoughts on the 2019 financial year



Paul Dunne
Chief executive officer

Q You embarked on a strategy with the funds generated through the Zambezi Platinum (RF) Limited transaction in 2015. In terms of executing this strategy, where are you in the process?

A We have a four phase strategy. In 2015 we raised money and we solved for empowerment simultaneously – that's what the Zambezi transaction represents. We applied some of the money through an M&A phase (i.e. the Western extension at Zondereinde, Everest, Eland, the US recycling business) which is complete. The third phase is project execution - we are busy. The fourth phase, which is yet to come but will start to materialize in the coming year, is returning value to shareholders. This is a very important phase. The way Zambezi is structured gives us a very obvious and powerful way to return value to shareholders through the purchase of the Zambezi preference shares.

Q You refer to returning value to shareholders, what does this entail?

A We believe an appropriate net debt position would be one times EBITDA and we're effectively approaching that level now. Any free cash over and above that point will be used to return value to shareholders and again, we will do that through a repurchase of the ordinary shares or purchase of the Zambezi preference shares or a combination of the two. The ratio of debt to EBITDA will be forward looking.

Q Northam talks about 'solid sustainable growth'. Please explain this within the context of the business performance over the last year.

A We have some strong views on what makes a good mining company. One of them is a very important one – the quality and quantity of the ore body and, how that translates into value. This is not a one-day

game. It is a long, rigorous, disciplined approach to making value from the potential value which is the ore body. Northam has experience in how to do that. We own and operate very good quality ore bodies and long-life ore bodies - sustainable ore bodies. Sustainability is an extremely important word in the mining context. We want to create sustainable production platforms for very long periods of time and that is why the ore bodies we target, either through the ones we already own or the ones we purchase, must have the ability to produce a long-life production platform.

Q Three main highlights from the past year that are relevant at each of the three mines.

A 1. We transformed Zondereinde through the acquisition of the Western extension, but we also accessed the Western extension in the past year – quite substantially and successfully. The development rates are quite astounding. One of the important reasons why that is so, is the quality of the ground is top-class. It really is excellent. Not just from a grade or metal content point of view, but from a competence point of view and the development rates show this. Our teams can mine – if we present them with sufficient quality and quantity of ore body – our teams will deliver for us. That is what we are endeavoring to do and that is what we have done with respect to the Western extension, and so far, we've been successful.

2. What we have managed to do with Booyensdal is a tremendous conversion of resources to reserves through the Booyensdal South project. This was enabled through the purchase of the infrastructure at Everest and combining that with our own ore body unlocking incredible value. We now have a fully-fledged mine at Booyensdal

South and the project execution risk is reducing rapidly. The application of capital will also reduce now and the cash flow will follow. We're really proud of what we've achieved in a very short time.

3. The third thing is the recent approval of Eland which will obviously, from an execution point of view, start coming through next year. Eland has been a couple of years in planning and it's been very well thought through. Again, it's founded on a very attractive purchase price a couple of years ago when we secured a large ore body with a world class infrastructure already built. But the purchase wasn't for the infrastructure, it was for the ore body. It's a shallow, large relatively untouched piece of ground.

We are building long-life assets and diversifying our operational footprint which is risk mitigating in itself.

When it comes to safety, it goes without saying – it is non-negotiable. We develop things safely, that's inherently what we do – safe sustainable production.

Unfortunately we did have one serious accident during the year. We deeply regret the passing of Mr Stepher van Niekerk in October 2018. Mr van Niekerk was involved in a surface construction accident at the Zondereinde concentrator. Despite this setback, all operations have shown an improvement in the lost time injury frequency rate over the past year.

Q How is innovation playing a role in your project execution?

A I will point to the fact that historically, Northam has been an innovator. Why do I say that? Well, if you look at Zondereinde it's the only hydro-powered platinum mine that also applies backfill as primary support. These are very powerful innovations; the

technology remains cutting edge even though it's been applied at Zondereinde for a long time. Again, inside the culture of the company there is a preparedness and the ability to take measured risk when it comes to the application of new technology. In recent times we've demonstrated this with the rope conveyor at Booyensdal. We're going to apply hydro power at Eland and we're going to trial, with some degree of measured risk, the Mobile Tunnel Borer machine, MTB as it's called, which is much shorter than the classic tunnel boring machine and more flexible.

Q Please explain how Northam's approach to Environmental, Social and Governance (ESG) is a necessity for solid sustainable growth and long-term value creation.

A We don't operate in isolation. We're very conscious of the pressing issues with respect to ESG.

Governance: Northam is a very well-managed company and we're transparent in what we do. We have a strong board, they are aligned with the strategy, diverse and highly experienced. We have strong governance and controls in place through the CFO's office. The disclosure we provide on a six month and annual basis clearly demonstrates this and we will continue in that way. Therefore, I don't see too many issues from the governance element of ESG to be concerned about at this stage.

Environmental: The world is extremely conscious of global warming and health issues around the industrialisation that's happened over hundreds of years now. The suite of metals we produce are green metals. They are used in greening applications and have enormous environmental application.

Northam has a strong entrepreneurial culture. We are quick, we take good solid decisions pretty quickly and we follow through. This is the nature of the company – it's the way we do things.

We are a mining company and inherently we have an impact on the environment. We have two primary approaches we take to address our environmental impact: we minimize and we offset. We minimize our impact; we are conscious of the impact we make and where we cannot avoid an impact, we off-set and preserve. Offsetting and preservation is an important leg of the strategy to mitigate unavoidable impacts.

This has been exemplified through the Buttonslope Conservancy Trust.

Social: Social issues in South Africa are becoming extreme, unfortunately. Particularly in the areas in which we operate. Small towns and rural areas are impoverished often with failed local government structures resulting in severe under delivery of services and a general lack of economic opportunity. The outcome of that is severe unemployment in particular amongst the youth. In our areas of operation, youth unemployment is in excess of 50%. When centres of economic activity are created, such as a mine in a rural area, we experience community protests because people want jobs. At Booyensdal, there are 300 000 people within our recognized communities. We have just built a mine that will employ an additional 2100 people. The order of magnitude is over a hundred times greater. We are currently engaging with government as there are some unrest issues symptomatic of the problem. We will play our part but what we are demanding now is action from government to play their part, in particular in respect of the rule of law.

Northam is pulling its weight as a company. Where many peers are reducing employment, Northam is creating thousands of new sustainable jobs and that is something our

country so dearly needs.

Q There has been a lot of price movement in the PGM market in the last couple of months, where do you see the market going and will Northam's operations benefit from this?

A We see a great future for these metals. They are fundamentally industrial metals. They do have a precious metal aspect through jewellery and investment but primarily the suite of metals is industrial. Industrial demand is where we derive, in our view, most of our pricing signals and it looks to us that the industrial sector is returning to health.

We believe that dollar pricing will continue to be led by palladium in the immediate future. Rhodium will follow because the 6's legislation (Euro VI, China VI) focuses on CO₂ and NO_x however, it is biased towards the control of NO_x and the only true solution for that is rhodium. Rhodium has already been thrifted as much as it can be and if you want to control more of the NO_x you need to put more rhodium in. Rhodium is a thin market and most of the world's rhodium comes from South Africa and specifically from the UG2 ore body. Most of our growth comes from UG2 ore bodies.

In the immediate future unfortunately, platinum will remain soft. If we see economic substitution of platinum for palladium then of course platinum could do very well.

Q What do you believe are the biggest challenges facing Northam and the industry over the next 12 months? How is Northam addressing these challenges?

A We've covered most of the issues under the social element of our ESG story. Management and heads of operations in the various areas need to be quite attuned to these issues alongside production and safety. We are a large user of energy and we are required to use two hard independent

supplies to each shaft. There is only one company that can supply this - Eskom. Zondereinde has two very large vertical shafts. We depend heavily on Eskom and our greatest fear is non-availability of power. We got to stage 4 load shedding earlier in the year. If we had gone one more stage up it would start to affect mining operations directly because of the risk to people underground. If you are in a situation where you may not have power, you cannot take the risk of putting a shift down. If we are in trouble, our supplier base is in trouble and that can affect the economy heavily.

Q What are your key focus areas for the coming year?

A 1. Returning value to shareholders

2. Project execution

3. Booyensdal wage negotiations

4. Growing our margin and maintaining our relative cost position. Our best protection is in fact the stretch in the cost curve and we need to operate well into the lower half.

Q You've been with Northam for about 6 years – what makes the company unique to you?

A It is the people that make the business. Mining is not a one-man game and it's important we have the right teams in place. Northam is a very special company and it's got very special people; together we are a strong team.

Paul Dunne
Chief executive officer

20 August 2019

Details of directors



KB Mosehla (47)

Non-executive chairman

CA (SA)

Joined the board in August 2015

Mr Mosehla is the chief executive of Mosomo Investment Holdings Proprietary Limited, a director of Malundi Resources (RF) Proprietary Limited, MC Mining Limited and Tembisa Provincial Tertiary Hospital. He is also chairman of Zambezi Platinum (RF) Limited (Zambezi Platinum) and has a 10% indirect interest in SMS Mining Holdings Proprietary Limited, a contractor to Northam.

Member of the investment committee and the nomination committee.



R Havenstein (63)

Lead independent director

MSc (Chemical Engineering); BCom

Joined the board in July 2003

Mr Havenstein serves on the board of Murray and Roberts Holdings Limited and is chairman of Omnia Holdings Limited. He was previously the CEO of Anglo American Platinum Limited, prior to which he was an executive director of Sasol Limited, responsible for Sasol Chemical Industries.

Member of the investment committee.

Chairman of the health, safety and environmental committee and the nomination committee.



DH Brown (57)

Independent non-executive director

CA (SA)

Joined the board in November 2017

Mr Brown is currently the CEO of MC Mining Limited, where he previously held the position of chairman.

He was appointed to the Vodacom Group Board in 2012, where he is the chairman of the audit, risk and compliance committee and a member of the remuneration committee. Mr Brown is also on the board of Resilient Reit Limited, where he is the chairman of the audit committee and a member of the remuneration and the investment committees. He is the former CEO of Impala Platinum Holdings Limited (Implats) and was a member of the Accenture South Africa advisory board.

Member of the audit and risk committee and chairman of the investment committee.



CK Chabedi (51)

Independent non-executive director

MSc (Mining Engineering); MDP; Pr. Eng; MSAIMM

Joined the board in June 2009

Mr Chabedi has over 25 years' experience in mining and is currently a senior lecturer in the School of Mining Engineering at the University of the Witwatersrand. He is a former non-executive director of Mvelaphanda Resources Limited. Mr Chabedi's mining experience includes over 12 years' in both opencast and underground mines. He also has over 12 years' experience in academia.

Member of the health, safety and environmental committee, the investment committee and the social, ethics, human resources and transformation committee.



AH Coetzee (39)

Chief financial officer

CA (SA)

Joined the board in November 2018

Ms Coetzee joined the company in 2015 as the group financial controller. She has more than ten years' experience in and exposure to the mining and manufacturing industries which includes the auditing of large, listed and multi-locational companies at Ernst & Young Inc., where she was an associate director.

She is also a director of Zambezi Platinum.



PA Dunne (56) (British)

Chief executive officer

BSc (Hons); MBA

Joined the board in March 2014

Prior to joining Northam, Mr Dunne was employed by Implats as an executive director responsible for all mining, concentrating and smelting operations at the group's Rustenburg and Marula mines. Mr Dunne is also a director of Zambezi Platinum.

Member of the health, safety and environmental committee.



HH Hickey (65)

Independent non-executive director

CA (SA)

Joined the board in January 2016

Ms Hickey currently serves as an independent director on the boards of African Dawn Capital Limited, Barloworld Limited, Cashbuild Limited and Pan African Resources Plc. She has over 35 years' of experience in auditing, risk management and governance and is a former chair of the South African Institute of Chartered Accountants.

Chairman of the audit and risk committee.



NY Jekwa (Dr) (44)

Independent non-executive director
MBA (Finance); MBBCh (Bachelor of Medicine and Bachelor of Surgery); MIODSA
Joined the board in November 2017

Dr Jekwa is an independent non-executive director of Ascendis Health Limited. She was previously a director on the board of Coast2Coast and held senior positions in corporate finance and M&A activity at both Nedbank Corporate and Investment Bank and at Rand Merchant Bank. Before working in corporate finance, she held a number of senior medical positions in South Africa and the United Kingdom. She serves on the Rhodes Scholarship Selection committee and is proactively involved in community upliftment programmes.

Member of the audit and risk committee and the social, ethics, human resources and transformation committee.



MH Jonas (59)

Independent non-executive director
BA (History and Sociology)
Joined the board in November 2018

Mr Jonas is chairman elect of the MTN Group Limited and an independent non-executive director of Sygnia Limited. He is one of four independent presidential investment envoys, appointed by President Cyril Ramaphosa to attract investors to South Africa. Mr Jonas served as deputy finance minister of the government of South Africa from 2014 to 2017 and was a member of the National Assembly until April 2017. Before his appointment to national government, Mr Jonas played a key leadership role in the Eastern Cape. He served as a Member of the Executive Council for finance, economic development, environmental affairs and tourism in that province. He has also served as CEO of the Eastern Cape Development Corporation and the Centre for Investment and Marketing. Mr Jonas is a former chairperson and non-executive director of the Public Investment Corporation.



TE Kgosi (65)

Independent non-executive director
BCom (Hons)
Joined the board in November 2004

Ms Kgosi is a former cluster manager of materials management, responsible for Gauteng and North West operating units in supply chain operations, Eskom Group Commercial. She has extensive experience in the banking sector mainly in a treasury operations environment, having held positions at a number of South Africa's main banking groups as well as Credit Suisse First Boston (NY).

Member of the nomination committee.

Chairperson of the social, ethics, human resources and transformation committee.



TI Mvusi (63)

Independent non-executive director
BA; ELP, MAP and PDP
Joined the board in January 2016

Mr Mvusi currently holds the position of chief executive: group market development at Sanlam Limited (Sanlam) and acting CEO of Sanlam Corporate. He has served on the board of Sanlam since 2009, and holds a number of Sanlam group directorships and is also a non-executive director of Umso Construction Proprietary Limited. Prior to joining Sanlam, he was the general manager of Gensec Property Services Limited and was a marketing manager at Franklin Asset Management Limited.



JJ Nel (47)

Independent non-executive director
CA (SA); CFA (AIMR); AMP (INSEAD)
Joined the board in November 2018

Mr Nel is currently a non-executive director of Mimosa Holdings (Pvt) Limited and Mimosa Investment Limited, which own and manage the Mimosa Platinum mine in Zimbabwe. He is also a non-executive director of DRDGOLD Limited. Mr Nel held the position of divisional CEO for Sibanye-Stillwater Limited (Sibanye-Stillwater), where he headed the PGM division of Sibanye-Stillwater following that company's acquisition of Aquarius Platinum Limited (Aquarius) in 2016. Prior to this, Mr Nel served as CEO of Aquarius from 2012 to 2016. Mr Nel has more than 18 years' experience in mining and mining finance.

Member of the audit and risk committee.



JG Smithies (74) (British)

Independent non-executive director
BSc (Mining Engineering); BSc (Chemistry)
Joined the board in January 2017

Mr Smithies spent the major part of his career at Implats, where he held a number of senior management positions including that of director of operations and CEO, before retiring from Implats.

Member of the health, safety and environmental committee.

Annexure 3

Remuneration report of the SEHR&T committee

“The social, ethics, human resources and transformation committee* (the committee) is pleased to present its remuneration report for the financial year ended 30 June 2019. The remuneration report sets out the activities of the committee and the outcomes of the application of the remuneration policy during the reporting year. It also details the main elements of the remuneration policy that will apply in F2020. This report is prepared in alignment with the requirements of the KING IV Report on Corporate Governance for South Africa, 2016 (KING IV™) and the relevant practice notes.”

*For the committee composition, terms of reference and attendance register, refer to the social, ethics, human resources and transformation committee report on page 118 of the annual integrated report 2019

PART 1 Background statement

Dear Shareholder,

As the chairperson of the committee, I am pleased to present the Northam Platinum Limited (Northam) remuneration report for the financial year ended 30 June 2019.

As members of this committee, it is our responsibility to ensure that Northam has the appropriate fixed and variable remuneration policies and practices in place to attract, motivate and retain the best talent at all levels of our organisation. The committee also ensures that these policies and practices provide the right incentives to ensure the delivery of Northam’s strategic objectives over the short-, medium- and long-term. Variable remuneration in particular is based on clear measures and stretched targets, which, if met, will not only enhance shareholder value but ultimately result in value creation for all stakeholders.

We are furthermore committed to ensuring that executive remuneration is fair, responsible and appropriate in the context of general market conditions, company performance, industry pay levels, the economic outlook and overall employee remuneration.

Internal and external factors that influenced remuneration during the year under review

Internal factors

Talent retention and management succession planning



Our response

Invest in experienced talent and leverage their experience to upskill new talent, thereby facilitating the transfer of knowledge and succession planning.

Ensure that clear talent retention and development strategies are in place.

Through fixed and variable remuneration, the group aims to attract, retain, incentivise and reward talent at all levels, particularly those employees with scarce or critical skills.

Our response

See KPIs considered
.....
See Part 2 of this section

Performance against our identified key performance indicators (KPIs) for incentive structures during F2019 and for the coming year F2020



External factors

Income inequality in South Africa



Our response

Ensure the lowest-paid employees are remunerated well in excess of the minimum wage.

Ensure the highest salary increase percentages awarded to lower-paid employees.

Benchmark the group remuneration policies and practices with listed peers.

Gender pay gap



Our response

We are committed to gender equality and equal pay for equal work.

Key areas of focus and decisions taken during the year under review

Remuneration policy implementation

- Provided oversight of the implementation of the remuneration policy for all employees of the group. The committee not only considered the remuneration of executive management but also all levels of employees – ensuring that our people are remunerated fairly for their individual contributions to the group’s overall performance
- Reviewed and approved the basic remuneration package ranges for all employees graded within the Paterson D band and above
- Reviewed and approved the mandate provided to management with regards to the negotiation of remuneration and benefits of all other employees. During the year under review, a three-year agreement was negotiated at Zondereinde mine with the representative union, the National Union of Mineworkers. Refer to Human capital for further details on the wage negotiations
- Reviewed and approved changes in the rules of medical and retirement schemes applicable to employees, where such rules require the approval of the employer, other than in terms of centralised bargaining arrangements
- Reviewed the remuneration report for board approval

Succession planning

- Ensured proper succession plans are in place, particularly at senior management level

Performance measures

- Determined and agreed on the key performance indicators (KPIs) used, the relative weighting of each KPI and the associated targets per KPI for both the short-term (STI) and long-term (LTI) performance incentives
- Reviewed the share incentive plan (SIP) performance targets, with regards to safety, and implemented a fatality penalty, which will impact the number of shares vesting to employees when there is a fatality at any of our operations

Group risks considered in setting STI and LTI KPIs



Executive management

- Reviewed and approved exit arrangements for AZ Khumalo (former CFO) who left the group during the year
- Approved the remuneration of executive management member AH Coetzee (CFO), who was appointed during the year
- Approved the annual increase for PA Dunne (7.5%) and AH Coetzee (5.0%) for F2020

Malus and clawback

- Implemented a malus and clawback policy in keeping with emerging corporate governance best practice. This policy will adjust (malus) or recover (clawback) unvested "at risk" remuneration where there is reasonable evidence that an executive director has materially contributed to, or been materially responsible for, the need for the restatement of financial results for reasons including:
 - Personally acting fraudulently or dishonestly or in a manner that adversely affects the reputation of the group or which is characterised as a gross misconduct
 - Directing an employee, contractor or advisor to act fraudulently, dishonestly or to undertake other misconduct
 - Breaching fiduciary duties/obligations through error, omission or negligence
 - Receiving an LTI award as a result of an error in the calculation of a performance measure

There are no other proposed remuneration policy changes for the F2020 financial year. However, the committee has the discretion to, in consultation with the board, change both the formula and targets prospectively of any of the variable remuneration elements.

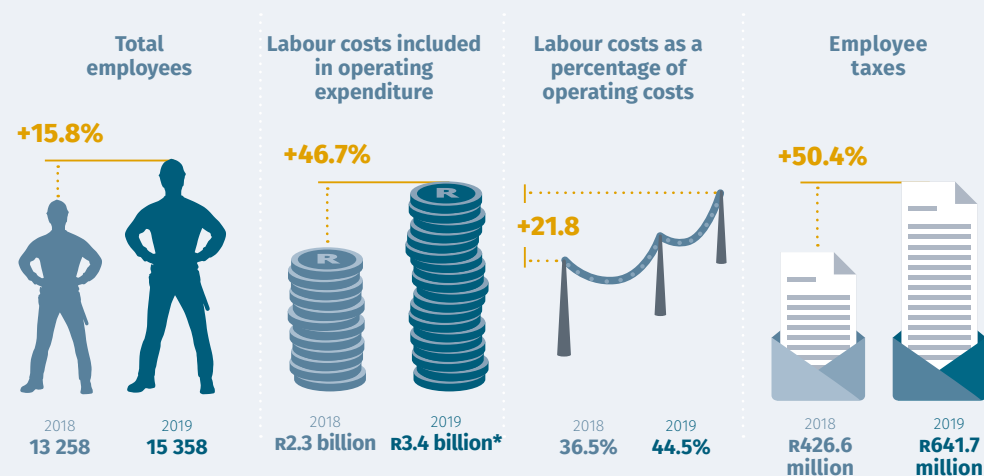
Factors considered in determining salary increases, bonus payments and share allocations during the year under review.

	2019	2018	Variance %
Safety (LTIIR)	0.93	1.00	7.0%
Number of fatalities	1	2	50.0%
Equivalent refined metal from own operations (oz 4E)	519 954	483 941	7.4%
Cash cost per equivalent refined oz 4E (R/oz)	13 907	12 909	(7.7%)
Consumer price index (CPI)	4.6%	4.6%	-

The group delivered strong financial results, which were underpinned by:

- Record operating profit of R2.4 billion (F2018: R823.3 million)
- Normalised headline earnings of 270.1 cents per share, an increase of 226.6% over prior year (F2018: 82.7 cents per share)
- An increase of 7.4% in the groups production with equivalent refined metals increasing to 519 954 oz 4E (F2018: 483 941 oz 4E)
- EBITDA increasing by 138.2% to R2.6 billion (F2018: R1.1 billion) with the net debt to EBITDA ratio improving to 1.1:1 (F2018: 2.4:1)

Number of employees and labour costs



*Labour costs in terms of the contracting mining at Booyssendal operation were previously included in contractor costs and not in labour cost

Consultants used during the year under review

The group's auditors, Ernst & Young Incorporated, have not provided advice to the committee. However, at the request of the committee, they conducted certain verification procedures on performance and retention shares granted and vested during the year under review.

No further advice has been obtained, nor have any other independent advisors been used by the committee during the year under review.

Shareholder engagement and voting

Management has direct interaction with our major institutional shareholders at least twice a year, where any issues or concerns relating to remuneration can be raised and discussed. Representatives of Zambezi Platinum (RF) Limited, our 31.4% BEE shareholder, are also represented on the Northam board.

The F2018 remuneration policy and the implementation report were tabled for separate non-binding advisory votes by shareholders at the annual general meeting (AGM) held on Tuesday, 6 November 2018, and were endorsed by 89.2% and 88.3% of our shareholders respectively. The votes were based on a 93.7% shareholder participation rate.

In the event that 25% or more of the votes exercised are against either Part 2 or Part 3 of this report, the board and this committee will take measures to engage proactively with shareholders and ascertain the reasons for their dissenting votes. Legitimate and reasonable objections and concerns raised will be appropriately addressed. This may include amending the remuneration policy and/or adjusting the remuneration governance and/or processes.

At the aforementioned AGM, a special resolution with regards to financial assistance to executive directors and/or prescribed officers was put forward, which was endorsed by 88.4% of our shareholders, based on a 93.7% shareholder participation rate. However, we did receive negative feedback with regards to the proposed financial assistance in the form of loans, pursuant to the Northam 2020 accommodation strategy. In response thereto, no loans were granted to any executive director, and financial assistance will no longer be provided to executive directors and/or prescribed officers going forward.

Areas of focus for F2020



Wage negotiations

F2020 will be the first year in which formal wage negotiations are entered into with the recognised union at our Booyssendal mine. Previously the mining contractor was responsible for wage negotiations with the workforce. These negotiations and their outcomes will be a focus for the committee.



Remuneration benchmarking

Remuneration benchmarking for executive and non-executive directors against industry peers. The group makes use of a remuneration expert when benchmarking remuneration.



Value for stakeholders

Continue to assess the key performance indicators underpinning management's remuneration, in order to ensure that value is created for all stakeholders.



Malus and clawback

Monitor the implementation of the malus and clawback policy approved in June 2019.

Conclusion

Overall, the committee is satisfied that the F2019 remuneration policy achieved its stated objectives for the year and that the committee has considered and discharged its responsibilities in line with its terms of reference, statutory responsibilities and KING IV™ during the year under review.

We aim to continuously improve our remuneration practices and accordingly, we welcome any comments that you may have on our report or any concerns regarding the remuneration policy or the implementation thereof. We look forward to receiving your support on the resolutions for both the remuneration policy and implementation report at the AGM on 7 November 2019.

On behalf of the committee.

TE Kgosi

Chairperson

20 August 2019

PART 2 Overview of the main provisions of the remuneration policy

The remuneration policy will be put forward for a non-binding advisory vote at the shareholders' annual general meeting on 7 November 2019.

The remuneration policy is designed to support the group's strategic goals, aligning the interests of employees and executives with those of shareholders and all other stakeholders.

It is not intended to be a "one-size-fits-all" set of rules and procedures, but rather to serve as the basis for a flexible approach to the variable and changing needs of a dynamic and competitive mining employment environment.

Guiding remuneration principles

- Attract, motivate and retain core skills such as artisans, engineers and management
- Offer remuneration packages that are competitive, fair and reasonable in all respects for all employees, regardless of job title and grading
- Conduct regular reviews of working conditions, salaries and wages throughout the group
- Ensure compliance with all statutory and regulatory requirements and commitment to applying best practice guidelines in all aspects of remuneration and benefits
- Link executive remuneration to the group's performance with appropriate performance targets, designed to facilitate the achievement of the strategic goals and objectives of the group
- Provide an appropriate mix of short- versus long-term and fixed versus variable remuneration
- Align remuneration with the interests of stakeholders

Measuring performance

Our vision is to grow the business into a long-life major producer of PGMs and to do this safely and efficiently while continuously moving down the cost curve.

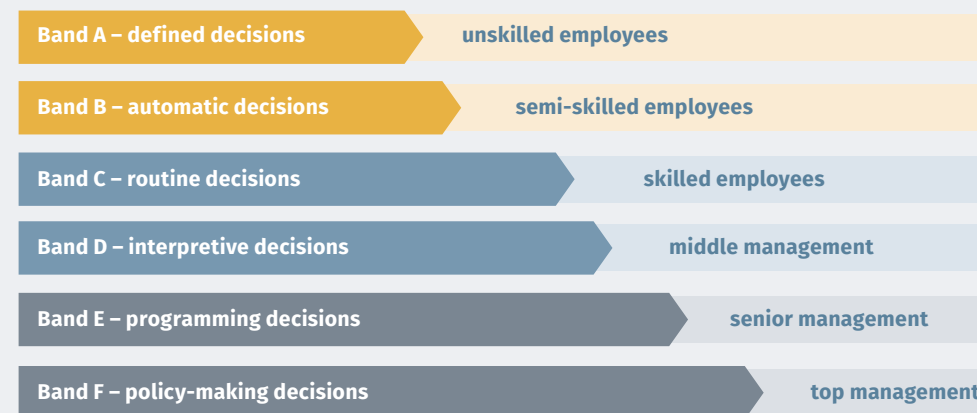
Our remuneration policy is therefore focused on the following performance elements:



Variable remuneration, which includes short- and long-term incentives, is based on these elements, thereby facilitating the achievement of our strategic goals and ultimately the creation of shareholder value.

Employee bands

The Paterson system grades roles according to the number of decisions an employee is required to make and is widely used in the mining and manufacturing industries.



Governance over remuneration

The board

Review and approve the remuneration of the CEO and CFO.

Together with management and the social, ethics, human resources and transformation committee, annually review the succession plans for senior management across operations.

Social, ethics, human resources and transformation committee

Provide oversight of the implementation of the group remuneration policy, including reviewing management remuneration.

Recommend and propose increases for non-executive directors' fees for shareholder approval.

Shareholders and other stakeholders

Provide feedback on executive remuneration and the governance thereof during periodic engagements with management.

This feedback is reviewed and discussed by the social, ethics, human resources and transformation committee. Any concerns or issues are followed up and, where required, are rectified.

Remuneration elements at a glance

	Fixed			Variable				
	Annual salary	Medium-term incentive (MTI)	Short-term incentive (STI)	Variable long-term incentive (LTI) awarded under the share incentive plan (SIP)		Lock-in and incentive mechanism (LIM) relating to Zambezi Platinum (RF) Limited		
				25% retention shares	75% performance shares	Long-term BEE transaction incentive (BIP)	Short-term BEE transaction cash incentive bonus (CIBB)	
Who	All employees other than unionised employees*	All employees within the Paterson D upper band and above	All employees	All employees within the Paterson D lower band and above		CEO, executive commercial (EC) (formerly the CCO), CG, EHR, GMs at Booysendal and Zondereinde		Who
Format	Basic rate of pay (BRP) including a 12.5%* pension contribution benefit, which is referred to as the total guaranteed package (TGP)	Retention payment equal to 20% of the annual BRP accumulated monthly over 12 months and paid two years after the accumulated year	Annual bonus based on operational performance targets within the control of management	Annual retention shares with no performance targets	Annual performance shares with both operational and market performance targets	Aggregate of 5 million Northam shares conditionally awarded through the creation and awarding of 5 million BEE conditional shares under SIP	Participants will receive up to 30% of their cost to company remuneration, excluding performance bonuses, subject to the fulfilment of the CIBB performance conditions	Format
What	Cash	Cash	Cash	Northam share price used to determine cash payout		Upon vesting, BEE conditional shares may be settled through cash or shares at the election of the committee	Cash	What
When	Monthly	Granted annually, vesting after two years	Biannually for employees graded Paterson D upper band and above, based on targets set by the committee Quarterly for all other employees, based on set production and safety targets	Granted annually, vesting after three years		Vesting in May 2025	Annually	When

*Unionised employees' pension contributions is 13.95%, in line with agreements with unions

Remuneration elements at a glance

	Fixed			Variable				
	Annual salary	Medium-term incentive (MTI)	Short-term incentive (STI)	Variable long-term incentive (LTI) awarded under the share incentive plan (SIP)		Lock-in and incentive mechanism (LIM) relating to Zambezi Platinum (RF) Limited		
				25% retention shares	75% performance shares	Long-term BEE transaction incentive (BIP)	Short-term BEE transaction cash incentive bonus (CIBB)	
How Measures, weightings and payouts	Market rate, individual performance, internal pay equity, experience and critical skills	No performance element associated with the retention bonus On retirement or retrenchment, all accumulated bonuses are payable to employees on a proportional basis, according to the number of months in service, in line with the same percentages as the SIP rules Any employee who is discharged or resigns before the MTI bonus becomes payable, forfeits the total amount accumulated	Targets set per operation by the committee and board. These include safety, unit costs, development metres and production volumes Corporate office (including executive directors) and group services bonuses are based on the combined performance of the operating mines If less than 90% of a target is achieved, no bonus is paid. From 90% achievement, 5% of the guaranteed salary is paid, with a maximum of 125% of the guaranteed salary paid for an achievement of 110% or more of target	Award subject to employees remaining in service for the duration of the three-year vesting period	Targets set per operation by the committee and board. These include safety, unit costs, development metres and production volumes Corporate office (including executive directors) and group services bonuses based on the combined performance of operating mines Maximum award largely depends on the operational performance of the group. If targets are met, the award can be up to 135% of BRP. If performance targets are not met, no performance shares will vest	Vesting subject to Zambezi Platinum (RF) Limited fully settling preference share liability together with all tax liabilities. Current Northam strike price required using prevailing prime rate = R202.02 per share Subsequent to year-end the prime interest rate changed and the strike price required changed to R199.28 per share	Participants will receive: <ul style="list-style-type: none"> 15% of BRP if 60-day volume weighted average price (VWAP) of share at the condition date is equal or greater than the redemption amount per preference share at year-end. Representing a strike-price of R69.79 per share at year-end Additional 15% BRP if the total value of the shares held by Zambezi at the condition date (using the 60-day VWAP) is sufficient to fully settle the redemption amount and Zambezi's tax liabilities arising from the settlement of the redemption amount at year-end. Representing a strike price of R78.10 per share at year-end 	How Measures, weightings and payouts
Why	Competitive levels of fixed remuneration attract and retain talent	To attract and retain core skills	To retain and motivate employees	Creates alignment between management and shareholder interests by linking long-term remuneration to operational KPIs and the share price		Retention of key individuals in the group. Aligns participants' long-term interests with those of shareholders	Retention tool that financially penalises recipients who leave the group	Why
PROPOSED CHANGES FOR F2020	None	None	None		A malus and clawback provision has been implemented in June 2019 for executive directors		None	PROPOSED CHANGES FOR F2020

*Unionised employees' pension contributions is 13.95%, in line with agreements with unions

Fixed remuneration detail

Basic rate of pay (BRP) – guaranteed salary

Non-union-affiliated employees	Allowances and benefits
<p>Executive directors (executives) and members of the management team are employed in terms of their contracts of employment and the remuneration practices and benefit schemes applicable to their job grades.</p> <p>Employment contracts are entered into on a permanent basis as a general principle (ie for an indefinite period), except where fixed-term or short-term temporary contracts are required for specific projects.</p> <p>Guaranteed salaries are reviewed annually, with annual increases effective on 1 July of every year, except with the promotion of individuals, in which case increases may be implemented during the year.</p> <p>Annual increases are based on group performance, affordability and individual performance, and taking general inflation into account.</p> <p>Non-union-affiliated employees have job profiles that stipulate the key performance areas of their positions, which serve as the basis for performance assessment and the measurement of performance-linked salary increases and bonuses.</p>	<p>Executive directors and all employees on a Paterson E level and above receive death and disability cover insurance, with specific conditions attached.</p>
Union-affiliated employees	Allowances and benefits
<p>For union-affiliated employees, guaranteed salary levels depend on the outcome of wage negotiations with the representative union.</p> <p>Refer to details of the wage agreements disclosed as part of the Human capital section of our integrated annual report 2019.</p>	<p>Various allowances and benefits are paid to union-affiliated employees depending on their position.</p> <p>Specific consideration is given to lower-paid workers.</p>

No provision is made for special retirement benefits for employees other than the standard benefits in terms of the group's recognised retirement funds, with the exception of certain employees who were in service with the group on 31 December 1998. In respect of these employees, a contribution is made to a post-retirement provident fund cover to post-retirement healthcare.

These contributions cease when the employee leaves the service of the group. All components of the group's remuneration policy and procedures are subject to regular internal and external audit, as well as routine monitoring by the South African Revenue Services.



The social, ethics, human resources and transformation committee is satisfied that the group is compliant with all applicable remuneration regulations

Lock-in and incentive mechanism (LIM) detail

The implementation of the Zambezi Platinum (RF) Limited BEE transaction resulted in a number of significant benefits for the group, including compliance with the required empowerment criteria in terms of the Mineral Petroleum Resources Development Act, No 28 of 2002 and the Mining Charter, as well as a significant cash injection to fund both mergers, acquisitions and organic growth.

However, the guarantee provided by Northam to the holders of the preference shares issued by Zambezi Platinum (RF) Limited may result in a dilution for Northam shareholders, eroding shareholder value as a result.

A number of our shareholders expressed concerns regarding this dilution risk that the guarantee holds and recommended that the group appropriately incentivise management to mitigate the specific risks associated with the guarantee provided.

In response, Northam shareholders approved a modification to the rules of the SIP, and the committee implemented the LIM in 2016. Of the 95.1% of shares that voted at the 2016 AGM, 77.7% of the shareholders approved the LIM at the time.

The LIM addresses both the short-term and long-term concerns of shareholders by incentivising management to consistently maintain the Northam share price above the related preference share liability over the 10-year lock-in period.

The LIM aligns the interests of management with those of the Northam shareholders and comprises short-term (CIBB) and long-term (BIP) elements.

Since the inception of the LIM incentives, no payment has been made to senior management or executive directors.

Long-term BEE transaction incentive plan (BIP)

The BIP aligns the long-term interests of the participants with those of Northam shareholders through equity participation. It forms part of the SIP and will reward management for the successful delivery and implementation of the group's BEE transaction.

Participation with the BIP is limited to key members of current and future executive management teams including the chief executive officer (CEO), executive commercial (EC), chief geologist (CG), chief technical officer (CTO), executive officer HR (EHR) and senior general managers (GMs) of Booyendal and Zondereinde mines (participants).

The position of the CTO has not been filled and remains subject to employing a suitable candidate. Should the position not be filled, no shares will be issued.

Annexure 3
Remuneration report of the SEHR&T committee continued

In terms of the BIP, a maximum aggregate of 5 (five) million BEE conditional shares could be awarded. The following number of shares has been issued to date to the individuals listed below:

	Number of shares	Number of shares
	2019	2018
CEO	1 500 000	1 500 000
CFO	–	700 000
EC	500 000	500 000
CG	500 000	500 000
EHR	500 000	500 000
GM Booyesendal	200 000	200 000
GM Zondereinde	200 000	200 000
Total number of BEE conditional shares issued	3 400 000	4 100 000

During the year, the former CFO's BIP shares lapsed in relations to the terms and conditions of the rules, when he left the employment of Northam. See Part 3 of this report.

The aggregate number of shares issued represents less than 1% of the total issued share capital of the group, and may be settled in cash or shares at the election of the social, ethics, human resources and transformation committee or the committee responsible for administering the SIP at that time.

Vesting

Vesting will be subject to the satisfaction of the performance condition that Zambezi Platinum (RF) Limited:

- fully settles the preference share liability (requiring a Northam share price of R149.36 per share using the prevailing prime rate)
- fully settles all tax liabilities or makes adequate provision for all tax liabilities arising from the settlement of the redemption amount (requiring a Northam share price of R202.02 per share at the year-end, using the prevailing prime rate)
- (subsequent to year-end the prime interest changed and the share price required to settle the preference share liability now requires a Northam share price of R147.42 per share and a share price of R199.28 per share to fully settle all tax liabilities) on the basis that no guarantee liability will arise and no member of the group will be required to give any direct or indirect financial assistance for the purpose of, or in connection with, the settlement of the redemption amount

In the event that the share price is not at R199.28 per share at the redemption date, these shares will not vest, and no value will accrue to the participants.

In the event that the preference shares are redeemed before the expected redemption date (18 May 2025) and if the performance conditions are satisfied at that time, the shares will vest pro rata to the number of years of the performance period (commenced on 18 May 2015) that have been completed at that time.

In the event that Northam undergoes a change of control, all the shares that have not vested will vest in full at that time, irrespective of whether the performance conditions have been met or not.

Short-term cash incentive bonus in respect of the Zambezi Platinum (RF) Limited transaction (CIBB)

The CIBB is intended to comprise an incentive and a retention mechanism in the short- to medium-term, and further aligns management's interests with those of Northam's shareholders.

Participants in the CIBB will include the participants of the aforementioned BIP and may include, from time to time, other employees of the group deemed to be critical to the group's operations and strategy. Participants in the CIBB, other than BIP participants, must be recommended for participation to the scheme by management and is subject to approval by the committee.

Payments under the CIBB will be made annually, subject to the fulfilment of the CIBB performance conditions, as set out below, as at the 31st trading day following the publication of the company's financial results for each financial year (condition date).

Participants will receive, on an annual basis, 15% of their cost to company remuneration, excluding performance bonuses, if the value of a share (calculated as the 60-day volume weighted average price (VWAP)) at the condition date, equal to or greater than the redemption amount per preference share.

Furthermore, participants will receive, on an annual basis, an additional 15% of their cost to company remuneration, excluding performance bonuses, if the aggregate value of the shares held by Zambezi Platinum (RF) Limited at the condition date (using the 60-day VWAP) is sufficient to, in addition to fully settling the redemption amount, fully settle or make adequate provision for all of Zambezi Platinum (RF) Limited's tax liabilities arising from settlement of the redemption amount, on the basis that no guarantee liability will arise and no member of the group will be required to give any direct or indirect financial assistance for the purposes of or in connection with the settlement of the redemption amount.

This will effectively incentivise the achievement of the CIBB performance conditions on an annual basis.

No CIBB payment will be made unless the CIBB performance conditions are achieved in that year.

The CIBB acts as a robust employee retention mechanism. In the event that a CIBB recipient leaves the employ of the group within the 12-month restraint period of receiving a CIBB payment for reason of a fault termination (resignation or dismissal), that person will be required to repay the company, before the deduction of PAYE, the pro rata amount of the CIBB received (calculated according to the number of months remaining in the restraint period) (CIBB refund). The CIBB refund dissuades CIBB participants from leaving the employ of the group by financially penalising them should they leave.

The CIBB will be terminated upon settlement or lapse of the BIP.

Employee participation schemes

Toro Employee Empowerment Trust

The Toro Employee Empowerment Trust is an employee profit scheme for eligible employees (Paterson C band employees and below) at the Zondereinde mine, in terms of which 4% of the mine's after-tax profits are contributed to the Toro Employee Empowerment Trust. Eligible employees receive payment at the end of a five-year cycle. The first and second payments were made in 2013 and 2018 respectively.

Contributions to the Toro Employee Empowerment Trust will be made for the life of mine and a minimum payout of R15 000 per Zondereinde mine employee has been guaranteed per five-year cycle.

BEE shareholding in Northam

Northam employees (Paterson C band employees and below) own 3% of the issued share capital of Northam via the shareholding of Zambezi Platinum (RF) Limited.

This is in addition to the 4% share of the Zondereinde mine after-tax profits that are contributed to the Toro Employee Empowerment Trust for the benefit of Zondereinde employees.

Service contracts of executive directors

Name	Notice period
PA Dunne (CEO)	12 months
AH Coetzee (CFO)	6 months

Change of control and termination conditions:

Remuneration policy component	Change of control (as defined in the Companies Act, No 71 of 2008 and the Companies Regulations and any amendments thereto)	Fault termination (resignation or dismissal)	No-fault termination
TGP	Lump sum compensating payment equal to twice the then TGP	All amounts due and payable with regards to the employee's total cost package will be paid to them	All amounts due and payable with regards to the employee's total cost package will be paid to them

Remuneration policy component	Change of control (as defined in the Companies Act, No 71 of 2008 and the Companies Regulations and any amendments thereto)	Fault termination (resignation or dismissal)	No-fault termination
STI – annual bonus	The average of the short-term incentive bonuses paid by the group during the previous two years (ie two years of STI bonuses paid divided by two)	No amount will be paid to an employee on a fault termination	Generally, no payment is made with regards to STI (annual bonuses), but the committee may review this on a case-by-case basis
STI – CIBB	No further amounts will be paid to an employee and the CIBB refund will not be applicable	No amount will be paid to an employee on a fault termination	No amount will be paid to an employee on a no-fault termination
MTI	All accumulated amounts will become payable to employees	No amount will be paid to an employee on a fault termination	Generally, no payment is made with regards to MTI, but the committee may review this on a case-by-case basis
LTI – SIP retention shares	Full vesting	No amount will be paid to an employee on a fault termination	Full vesting
LTI – SIP performance shares	Full vesting, irrespective of whether the performance conditions have been met or not	No amount will be paid to an employee on a fault termination	Full vesting, irrespective of whether the performance conditions have been met or not
LTI – SIP BIP shares (BEE conditional shares)	Full vesting, irrespective of whether the BIP performance condition has been met or not	No amount will be paid to an employee on a fault termination	Vesting in terms of the rules of the SIP BIP at a % of the original number of SIP BIP shares awarded. The BIP award retained in these instances will remain subject to the performance conditions and will only vest and be settled on the vesting date, which is May 2025, together with BIP awards held by other participants

External appointments and directorships

Executive directors are not permitted to hold external directorships or office without the approval of the chairman of the board.

The CEO and CFO currently hold no other listed company directorships, apart from Zambezi Platinum (RF) Limited, Northam's BEE shareholder.

Non-executive directors' remuneration

Non-executive directors are appointed in terms of the company's Memorandum of Incorporation (MOI) and confirmed at the first AGM of shareholders after their appointment. Thereafter at each AGM directors comprising one third of the aggregate number of directors (excluding executive directors) or, if their number is not 3 (three) or a multiple thereof, then the number nearest to but not less than one third of the aggregate number of directors (excluding executive directors) shall retire from office in terms of clause 33.5.1 of the MOI.

Non-executive directors are paid on a quarterly basis, based on fees as approved by the shareholders at the AGM.

Fees paid relate to the directors' roles and committee membership. A fee applies for any additional meetings over and above the set number of meetings. Fees are reviewed by the committee annually.

Consideration is given to industry remuneration levels of non-executive directors, as well as the need to retain the experience and expertise that the current non-executive directors contribute to the Northam board.

During the F2020 year, a full benchmarking exercise will once again be performed to compare the non-executive directors' remuneration with that of other non-executives in the industry.

Shareholders are referred to special resolution number 1 of this notice for details of the proposed F2020 non-executive directors' fees, which will be submitted for approval by shareholders at the November 2019 AGM.

Non-executive directors do not participate in any other company benefits, whether short-, medium- or long-term and they are not employees of the company.

Non-executive directors fees paid during F2019 are disclosed in Part 3 of this report.

Below is an illustrative total reward composition for executive directors for the F2020 year for the following:

- Minimum guaranteed payment
- At threshold
- Maximum payment

These illustrative examples are again based on the single-figure basis as prescribed in KING IV™.

Guaranteed payment – at a minimum

	TGP						Total 30 June 2020
	Basic salary (BRP)	Benefits and allowance	STI performance bonus	MTI retention bonus	LTI reflected	STI CIBB	
	R000	R000	R000	R000	R000	R000	R000
PA Dunne (CEO)	8 290	1 036	–	1 658	1 969	–	12 953
AH Coetzee (CFO)	3 905	488	–	781	820	–	5 994

Guaranteed payment – at threshold

	TGP						Total 30 June 2020
	Basic salary (BRP)	Benefits and allowance	STI performance bonus	MTI retention bonus	LTI reflected	STI CIBB	
	R000	R000	R000	R000	R000	R000	R000
PA Dunne (CEO)	8 290	1 036	8 290	1 658	7 876	1 244	28 394
AH Coetzee (CFO)	3 905	488	3 905	781	3 280	586	12 945

Guaranteed payment – maximum payment

	TGP						Total 30 June 2020
	Basic salary (BRP)	Benefits and allowance	STI performance bonus	MTI retention bonus	LTI reflected	STI CIBB	
	R000	R000	R000	R000	R000	R000	R000
PA Dunne (CEO)	8 290	1 036	10 363	1 658	10 632	2 487	34 466
AH Coetzee (CFO)	3 905	488	4 881	781	4 428	1 172	15 655

PART 3 Implementation of remuneration policy for the current financial year ended 30 June 2019

The implementation report will be put forward for a non-binding advisory vote at the annual general meeting on 7 November 2019.

The executive directors' remuneration for the year ended 30 June 2019, based on a single-figure basis (income statement impact) as recommended by KING IV™ is as follows:

	Basis salary (BRP) plus 12.5% pension contribution classified as the total guaranteed package (TGP)		STI performance bonus**	MTI retention bonus***	LTI reflected	Separation payment	Total 30 June 2019	30 June 2018
	Basic salary (BRP) R000	Benefits and allowance* R000						
PA Dunne (CEO)	7 712	964	7 272	1 542	6 345	–	23 835	25 417
AZ Khumalo (CFO#)	1 387	–	–	–	10 688	11 512	23 587	12 207
AH Coetzee (CFO, effective 1 November 2018)	2 479	310	2 338	496	2 073	–	7 696	–
	11 578	1 274	9 610	2 038	19 106	11 512	55 118	37 624

* Consists of pension contributions calculated at 12.5% of basic salary

** STI Performance bonus, based on F2019 performance against set targets of which only a part was paid during F2019

*** MTI retention bonus representing 20% of the basic salary accrued during the current year, only paid out after two years if the employee is still in service

#AZ Khumalo, the former CFO was only in office for 4 months from 1 July 2018 to 31 October 2018

During the year under review, AZ Khumalo stepped down as the CFO, effective 31 October 2018, and AH Coetzee was appointed, effective 1 November 2018, with an annual basic salary of R3.7 million and a guaranteed pension fund contribution of 12.5%. The basic salary disclosed above for AH Coetzee is based on a pro rata basis for a period of eight months.

AZ Khumalo received a payment as part of a voluntary separation agreement, as detailed below.

In accordance with the SIP rules, the 267 200 unvested performance and retention shares held by AZ Khumalo vested, as a result of his no-fault termination. A share price of R40.00 per share was used in the calculation to determine the payout.

AZ Khumalo's 700 000 shares relating to the BEE conditional shares however lapsed, due to him leaving the employment of the group before the vesting date, and therefore no benefits accrued to him thereunder.

	R000
A once-off cash payment, which included an amount in lieu of three months' termination notice, as per AZ Khumalo's contract of employment and all accrued outstanding leave balances, as well as a separation payment	9 767
MTI – all outstanding retention amounts due and payable	1 745
Separation payment	11 512
LTI – all outstanding performance and retention shares, consisting of 267 200 shares vested at R40.00 per share and settled in cash	10 688
BEE conditional shares issued in accordance with the LIM	–
	22 200

For remuneration actually paid (cash) in terms of the Companies Act, No 71 of 2008 as amended, please refer to the directors' report included in the annual financial statements, available at www.northam.co.za.

STI performance bonus (F2019)

The short-term bonus scheme is based on a weighted combination of key performance indicators with stretched targets, which are largely under the control of management. By offering bonuses, the committee intends to incentivise management in areas that they are able to influence.

The targets set are a weighted combination of safety performance, linear metres achieved, square metres mined, total tonnes milled, metal produced and unit cash costs. A personal performance rating is also incorporated. The personal performance rating incorporates transformation targets as per the Mining Charter.

The following key performance targets have been set for the STI bonus scheme for the current and next financial year:

Zondereinde	Unit	F2020	F2019	Achievement	Weighted score*
		weighting	weighting	actual vs target	
	%	%	%	%	%
Safety	LTIIR	30	30	101.5	32.0
Linear metres (development metres)	m	15	10	109.0	11.9
Square metres	m2	10	10	102.8	11.2
Tonnes milled	t	10	10	99.9	9.4
Equivalent refined metal from own operations	Pt oz	15	15	100.6	15.0
Cash cost per equivalent refined Pt oz	R/Pt oz	15	15	93.2	5.0
Personal performance	Rating	5	10	100.0	10.0
		100	100		94.5

Annexure 3
Remuneration report of the SEHR&T committee continued

Boysendal	Unit	F2020	F2019	Achievement	Weighted score*
		weighting	weighting	actual vs target	
		%	%	%	%
Safety	LTIIR	20	20	155.0	25.1
Linear metres (development metres)	m	15	25	98.0	20.0
Square metres	m2	25	15	108.0	17.3
Tonnes milled	t	15	10	105.0	11.4
Equivalent refined metal from own operations	Pt oz	10	10	98.0	8.0
Cash cost per equivalent refined Pt oz	R/Pt oz	10	10	89.0	2.3
Personal performance	Rating	5	10	100.0	10.0
		100	100		94.1

*The weighted score is based on a sliding scale dependent upon achievement against the targets

Corporate office and group service staff (including executive directors) share 50/50 in the weighted score of Zondereinde and Boysendal and therefore the net equal weighting percentage achieved amounted to 94.3% of BRP.

Eland has been included in the performance targets for F2020, with the following weightings:

Eland	Unit	F2020 weighting
		%
Safety	LTIIR	20
Tailings storage facility: chrome recovery at 8%	%	15
Tailings storage facility: PGM recovery at 15%	%	15
Linear metres (development metres – barrel development)	m	20
Total metals in concentrate produced from own operations	oz 4E	5
Absolute cash costs including capital and operational costs	R	20
Personal performance	Rating	5
		100

Going forward, corporate office and group service staff (including executive directors) will share 45/45/10 in a weighted score between Zondereinde (45%), Boysendal (45%) and Eland (10%). This split will be reviewed annually as Eland grows to production profile.

The annual STI bonuses accrued as a percentage of the basic salary (BRP) to executive directors were as follows for 30 June 2019:

	STI performance bonus	Basic salary (BRP)	STI performance bonus as a percentage of basic salary (BRP)
	R000	R000	%
PA Dunne (chief executive officer)	7 272	7 712	94.3
AH Coetzee (chief financial officer)*	2 338	2 479	94.3

*AH Coetzee was appointed on 1 November 2018 as an executive director, and the BRP disclosed is for a period of eight months. The annualised BRP amounts to R3.7 million

STI performance bonuses paid are linked to company performance only to ensure that the employees focus their efforts on creating shareholder value.

MTI retention bonus (F2019)

The medium-term incentive retention bonus has a vesting period of two years and is offered annually. On joining, the first retention bonus paid to an employee is after two years' service and is calculated pro rata, depending on which month of the year the employee joined the group.

The annual MTI retention bonuses accrued to executive directors were as follows for the year ending 30 June 2019:

	MTI retention bonus	Basic salary (BRP)	MTI retention bonus as a percentage of basic salary (BRP)
	R000	R000	%
PA Dunne (CEO)	1 542	7 712	20.0
AH Coetzee (CFO)*	496	2 479	20.0

*AH Coetzee was appointed on 1 November 2018 as an executive director, and the BRP disclosed here is for a period of eight months. The annualised BRP amounts to R3.7 million

The MTI retention bonus paid, as disclosed in the directors report, relates to the BRP of the executives during the F2017 year.

LTI

The LTI reflected as part of the single figure remuneration has been calculated as follows:

- The F2016 SIP Performance share awards with a performance period ending on 11 November 2018 has been calculated by taking the VWAP at 11 November 2018 (R41.03) multiplied by the actual vesting percentage (76.2%). Therefore the LTI calculated for performance shares are the actual number of performance shares vested in November 2018 multiplied by the VWAP at the vesting date
- The F2019 SIP retention share awards granted during the year has been calculated as the number of retention shares, multiplied by the 30-day VWAP as at 31 October 2018 (R39.66). For LTI calculated relating to retention shares, the number of retention shares granted during the year was used multiplied by the VWAP at grant date

PA Dunne	Award year	Number of awards	Value per award	Vesting %	LTI reflected
					R000
SIP: performance shares	F2016	144 500	R41.03	76.2%	4 517
SIP: retention shares	F2019	46 100	R39.66	100.0%	1 828
Total					6 345

AH Coetzee	Award year	Number of awards	Value per award	Vesting %	LTI reflected
					R000
SIP: performance shares	F2016	41 200	R41.03	76.2%	1 288
SIP: retention shares	F2019	19 800	R39.66	100.0%	785
Total					2 073

The LTI annual share awards for the financial year 30 June 2019, and the performance outcomes for the F2016 share awards (the performance period of which ended on 11 November 2018) are set out on the following pages.

Performance and retention shares awarded in November 2018 (F2019), which will vest on 31 October 2021:

	Performance awards	Retention awards	Total awards	Value on award date*	% of BRP
	Number of shares	Number of shares	Number of shares	R000	%
PA Dunne (CEO)	138 400	46 100	184 500	7 317	95%
AH Coetzee (CFO)	59 300	19 800	79 100	3 137	84%

*30-day VWAP as at 31 October 2018 (including that date) multiplied by the number of shares awarded, determined at R39.66 per share

The following performance criteria and targets have been approved to apply to the November 2018 awards, for the three-year rolling period F2019, F2020 and F2021:

Zondereinde

Factor	Targets/Criteria	% weighting
Safety (LTIIR)	An improvement of 10% on the previous financial year's safety record, which will be measured in F2021 compared to F2020	30%
Equivalent refined metal from own operations (oz 4E)	Achieving the budgeted equivalent refined production over the three-year vesting period	30%
Cash cost per equivalent refined oz 4E (R/oz)	Achieving the budgeted cash cost over the three-year vesting period	20%
Absolute total shareholder returns (group)	Exceeding the weighted average cost of capital, determined as 18.5%	10%
Relative shareholder returns (group)	Exceeding the platinum index return of the JSE on an absolute basis	10%
		100%

Booyensdal

Factor	Targets/Criteria	% weighting
Safety (LTIIR)	An improvement of 10% on the previous financial year's safety record, which will be measured in F2021 compared to F2020	25%
Metals in concentrate produced (oz 4E)	Achieving the budgeted concentrate production over the three-year vesting period	35%
Cash cost per 4E in concentrate produced (R/oz)	Achieving the budgeted cash cost over the three-year vesting period	20%
Absolute total shareholder returns (group)	Exceeding the weighted average cost of capital, determined as 18.5%	10%
Relative shareholder returns (group)	Exceeding the platinum index return of the JSE on an absolute basis	10%
		100%

Annexure 3
Remuneration report of the SEHR&T committee continued

Exceeding the proposed performance criteria and targets requires considerable effort, and will have a direct impact on the group's profitability.

Corporate office and group service staff (including executive directors) share 50/50 in the weighted score of Zondereinde and Booyensdal.

The measurement of the performance criteria will be calculated at the end of each three-year financial rolling period over which the shares vest, by applying the achievement percentages below in respect of the individual criteria against the performance shares awarded:

Achievement	% shares to vest
Achieve an aggregate score of less than 90%	Nil
Achieve between 90% and 100% of target	100%
Achieve between 100% and 105%	125%
Achieve in excess of 105%	135%

An achievement of less than 90% of target results in no shares being allocated (vested) at all.

LTI awards granted in November 2015 vested on 11 November 2018 (F2019)

The performance conditions used to determine performance conditions with regards to the LTI awards granted in November 2015 were as follows:

Factor	Targets/Criteria	Zondereinde % weighting	Booyensdal % weighting
Safety LTIIR	An improvement of 10% on the previous financial year's safety record	25%	20%
Estimated recoverable metals 4E	Achieving the budgeted metal production	25%	30%
Unit cash costs	Achieving the budgeted unit cost	20%	20%
Absolute total shareholder returns (group)	Weighted average cost of capital (14.7%) plus 1.3%	15%	15%
Relative total shareholder returns (group)	Exceeding the platinum index return of the JSE on an absolute basis	15%	15%
		100%	100%

Performance LTI payments are linked to company performance as well as the share price performance to ensure that the employees focus their efforts on creating shareholder value.

Zondereinde	F2016 achievement	F2017 achievement	F2018 achievement	Total	Vesting allocation	Weighted vesting	
Factor	% weighting	%	%	%	%	%	
Safety LTIIR	25%		113%	113%	135%	33.75%	
Fatality impact	50% deduction from the safety allocation due to 2 fatalities during F2018						(16.88%)
Production	25%	97%	93%	104%	98%	25.00%	
Unit cash costs	20%	105%	95%	97%	98%	20.00%	
Absolute total shareholder returns (group)	15%			88%	0%	0.00%	
Relative total shareholder returns (group)	15%			117%	135%	20.25%	
	100%					82.12%	

Booyensdal	F2016 achievement	F2017 achievement	F2018 achievement	Total	Vesting allocation	Weighted vesting
Factor	% weighting	%	%	%	%	%
Safety LTIIR	20%		85%	85%	0%	0.00%
Production	30%	103%	108%	84%	97%	30.00%
Unit cash costs	20%	107%	103%	90%	99%	20.00%
Absolute total shareholder returns (group)	15%			88%	0%	0.00%
Relative total shareholder returns (group)	15%			117%	135%	20.25%
	100%					70.25%

Annexure 3
Remuneration report of the SEHR&T committee continued

During the year under review, the committee approved a penalty in recognition of a fatality, which impacts on the safety portion of participants' performance shares allocated. This is to be applied as follows going forward:

Number of fatalities	% impact on safety shares
1 (one)	25% less safety shares
2 (two)	50% less safety shares
3 (three) or more	No safety shares

Corporate office and group service staff (including executive directors) share 50/50 in the weighted score of Zondereinde and Booyensdal and therefore achieved an allocation of 76.2%.

The following amounts were paid out to executive directors relating to the November 2015 performance and retention shares that vested in November 2018:

	Performance awards	Performance awards	Performance awards	Retention awards	Total awards	Value of payment*
	Number of shares	% performance shares vesting	Total number of shares	Number of shares	Number of shares	R000
PA Dunne	144 500	76.2%	110 087	48 700	158 787	6 515
AH Coetzee	41 200	76.2%	31 388	13 900	45 288	1 858

*VWAP on 11 November 2018, last trading day preceding day of the 3 year anniversary of the award, determined as R41.03 per share, multiplied by the number of shares awarded.

Lock-in and incentive mechanism (LIM) – short-term annual incentive (CIBB)

The requirements for the short-term annual incentive relating to the BEE transaction was not met in F2018, and no payment was made to senior managers and executive directors in respect of the previous financial year.

	R per share
60-day VWAP share price as at 30 June 2018	36.35
Share price at year-end	36.68
Required share price for CIBB payment of 15% of BRP	61.04
Required share price, including settlement of the tax liability, for CIBB payment of 30% of BRP	66.82

No payment will be made for the F2019 year, as the requirements for the CIBB were not met during the current financial year; see below:

	R per share
60-day VWAP share price as at 30 June 2019	59.25
Share price at year-end	59.00
Required share price for CIBB payment of 15% of BRP	69.79
Required share price, including settlement of the tax liability, for CIBB payment of 30% of BRP	78.10

Comprehensive table of LTI – outstanding and unvested awards

In line with the requirements of KING IV™, an analysis of all long-term incentives held as at 30 June 2019 is set out below:

	Award year	Vesting date	Opening number of shares	Number of shares granted during the year	Number of shares forfeited during the year	Number of shares vested/exercised during the year	Closing number of shares	Value of receipts	Value of MTI/estimated closing fair value
			1 July 2018				30 June 2019	R000	R000
PA Dunne									
MTI retention bonus	F2018	June 2020							1 422
MTI retention bonus	F2019	June 2021							1 542
LTI retention shares	F2016	November 2018	48 700	–	–	(48 700)	–	1 998	–
LTI retention shares	F2017	November 2019	42 900	–	–	–	42 900	–	2 455
LTI retention shares	F2018	November 2020	46 200	–	–	–	46 200	–	2 644
LTI retention shares	F2019	November 2021	–	46 100	–	–	46 100	–	2 638
LTI performance shares	F2016	November 2018	144 500	–	(34 413)	(110 087)	–	4 517	–
LTI performance shares	F2017	November 2019	127 200	–	–	–	127 200	–	7 278
LTI performance shares	F2018	November 2020	137 000	–	–	–	137 000	–	7 839
LTI performance shares	F2019	November 2021	–	138 400	–	–	138 400	–	7 919
BEE conditional shares issued in accordance with the LIM	F2017	May 2025	1 500 000	–	–	–	1 500 000	–	88 500
Total			2 046 500	184 500	(34 413)	(158 787)	2 037 800	6 515	122 237

Annexure 3
Remuneration report of the SEHR&T committee continued

	Award year	Vesting date	Opening number of shares	Number of shares granted during the year	Number of shares forfeited during the year	Number of shares vested/exercised during the year	Closing number of shares	Value of receipts	Value of MTI/estimated closing fair value
AH Coetzee									
MTI retention bonus	F2018	June 2020							409
MTI retention bonus	F2019	June 2021							496
LTI retention shares	F2016	November 2018	13 900	-	-	(13 900)	-	570	-
LTI retention shares	F2017	November 2019	9 200	-	-	-	9 200	-	526
LTI retention shares	F2018	November 2020	10 400	-	-	-	10 400	-	595
LTI retention shares	F2019	November 2021	-	19 800	-	-	19 800	-	1 133
LTI performance shares	F2016	November 2018	41 200	-	(9 812)	(31 388)	-	1 288	-
LTI performance shares	F2017	November 2019	27 100	-	-	-	27 100	-	1 551
LTI performance shares	F2018	November 2020	30 900	-	-	-	30 900	-	1 768
LTI performance shares	F2019	November 2021	-	59 300	-	-	59 300	-	3 393
Total			132 700	79 100	(9 812)	(45 288)	156 700	1 858	9 871

- The MTI is calculated using the annual BRP for that particular year multiplied by 20%, which is only paid two years subsequent to the date when it accrues, with no performance conditions attached
- LTI retention shares' estimated fair value is determined using 100% of the number of retention shares outstanding multiplied by the 30-day VWAP of the share price at year-end, which amounted to R57.22 per share
- If the LTI performance shares vest within the next 12 months, an estimation is made of the percentage at which the performance shares will vest multiplied by the 30-day VWAP closing share price; if the LTI performance share vest after a period of 12 months the full number of performance shares will be multiplied by the 30-day VWAP closing share price
- The fair value of the LIM shares is calculated using the closing share price at year-end multiplied by the full value of the number of BIP shares outstanding. The mechanics of these 10-year BEE transaction incentive BIP shares are fully explained on page 39 of this report. The performance conditions for these shares is based on an "all or nothing" contingency. At the estimated target Northam share price of R202.02 per share

in May 2025, this would save Northam shareholders a dilution of value, hence the incentive for management to perform by growing the business of Northam and thus its share price. In six years (May 2025), a once-off payout can only be made if the share price of Northam is at an estimated target price then of at least R202.02 (that is 10 years after the inception of the BEE transaction). Below that share price there will be no payment due, hence these shares had no value on the award date. The BIP was approved by shareholders in 2016. The closing share price of Northam as at 30 June 2019 was R59.00 per share

- Subsequent to year-end the prime interest rate changed and the Northam share price is now required to be R199.28 per share for the conditions of the LIM to become effective

Below are details of AZ Khumalo's separation payment relating to his LTI incentives:

	Award year	Vesting date	Opening number of shares	Number of shares granted during the year	Number of shares forfeited during the year	Number of shares vested/exercised during the year	Closing number of shares	Value of receipts	Estimated closing fair value (using the closing share price value)
AZ Khumalo									
			1 July 2018				30 June 2019	R000	R000
LTI retention shares	F2016	November 2018	24 350	-	-	(24 350)	-	974	-
LTI retention shares	F2017	November 2019	20 900	-	-	(20 900)	-	836	-
LTI retention shares	F2018	November 2020	22 100	-	-	(22 100)	-	884	-
LTI performance shares	F2016	November 2018	72 250	-	-	(72 250)	-	2 890	-
LTI performance shares	F2017	November 2019	62 000	-	-	(62 000)	-	2 480	-
LTI performance shares	F2018	November 2020	65 600	-	-	(65 600)	-	2 624	-
BEE conditional shares issued in accordance with the LIM	F2017	May 2025	700 000	-	(700 000)	-	-	-	-
Total			967 200	-	(700 000)	(267 200)	-	10 688	-

If a participant's employment with Northam is terminated prior to the vesting date by reason of a no-fault termination, then all retention and performance shares that have not vested shall, irrespective of the extent to which the performance conditions have been met, vest on the date of termination of employment.

In respect of the LIM shares (BEE conditional shares), if the date of termination of employment occurs prior to or on 18 May 2020, then all such BEE conditional shares that have not vested will lapse immediately on the date of termination of employment.

Annexure 3
Remuneration report of the SEHR&T committee continued

An analysis of all long-term incentives held as at 30 June 2018 follows:

	Award year	Vesting date	Opening number of shares	Number of shares granted during the year	Number of shares forfeited during the year	Number of shares vested/exercised during the year	Closing number of shares	Value of receipts	Estimated closing fair value (using the closing share price value)
			1 July 2017				30 June 2018	R000	R000
PA Dunne									
LTI retention shares	F2015	November 2017	37 900	-	-	(37 900)	-	1 986	-
LTI retention shares	F2016	November 2018	48 700	-	-	-	48 700	-	1 786
LTI retention shares	F2017	November 2019	42 900	-	-	-	42 900	-	1 574
LTI retention shares	F2018	November 2020	-	46 200	-	-	46 200	-	1 695
LTI performance shares	F2015	November 2017	112 400	-	(702)	(111 698)	-	5 853	-
LTI performance shares	F2016	November 2018	144 500	-	-	-	144 500	-	5 300
LTI performance shares	F2017	November 2019	127 200	-	-	-	127 200	-	4 666
LTI performance shares	F2018	November 2020	-	137 000	-	-	137 000	-	5 025
LIM shares	F2017	May 2025	1 500 000	-	-	-	1 500 000	-	55 020
Total			2 013 600	183 200	(702)	(149 598)	2 046 500	7 839	75 066

	Award year	Vesting date	Opening number of shares	Number of shares granted during the year	Number of shares forfeited during the year	Number of shares vested/exercised during the year	Closing number of shares	Value of receipts	Estimated closing fair value (using the closing share price value)
			1 July 2017				30 June 2018	R000	R000
AZ Khumalo									
Options		12 October 2017	62 500	-	-	(62 500)	-	233	-
Clawback rights options		12 October 2017	2 450	-	-	(2 450)	-	25	-
LTI retention shares	F2015	November 2017	37 900	-	(18 950)	(18 950)	-	993	-
LTI retention shares	F2016	November 2018	48 700	-	(24 350)	-	24 350	-	893
LTI retention shares	F2017	November 2019	20 900	-	-	-	20 900	-	767
LTI retention shares	F2018	November 2020	-	22 100	-	-	22 100	-	811
LTI performance shares	F2015	November 2017	112 400	-	(56 670)	(55 730)	-	2 926	-
LTI performance shares	F2016	November 2018	144 500	-	(72 250)	-	72 250	-	2 650
LTI performance shares	F2017	November 2019	62 000	-	-	-	62 000	-	2 274
LTI performance shares	F2018	November 2020	-	65 600	-	-	65 600	-	2 406
LIM shares	F2017	May 2025	700 000	-	-	-	700 000	-	25 676
Total			1 191 350	87 700	(172 220)	(139 630)	967 200	4 177	35 477

Annexure 3
Remuneration report of the SEHR&T committee continued

Non-executive directors' fees

Below is an analysis of non-executive fees in respect of board and board committee services for the 2019 financial year.

	Board	Audit and risk committee	Health, safety and environmental committee	Investment committee	Social, ethics, human resources and transformation committee	Nomination committee	Ad hoc fees	Additional meetings held during 2018 – approved at the November 2018 AGM	Total
	R000	R000	R000	R000	R000	R000	R000		R000
KB Mosehla	435	–	–	88	–	90	–	47	660
R Havenstein	374	146	142	88	–	122	39	47	958
DH Brown	329	159	–	120	–	–	–	–	608
CK Chabedi	329	–	108	88	127	–	–	65	717
HH Hickey	329	202	–	–	–	–	–	47	578
NY Jekwa	329	13	–	–	107	–	–	–	449
MH Jonas*	219	–	–	–	–	–	–	–	219
TE Kgosi	329	146	–	–	164	90	56	18	803
TI Mvusi	329	–	–	–	–	–	–	–	329
JJ Nel*	219	13	–	–	–	–	–	–	232
JG Smithies	329	–	108	–	–	–	–	–	437
	3 550	679	358	384	398	302	95	224	5 990

*MH Jonas and JJ Nel were appointed as independent non-executive directors, with effect from 6 November 2018

Remuneration payable in terms of non-executive director's fees will be in proportion to the period during which the office of the non-executive director or such director's relevant role on the board or a committee thereof, has been held during the financial year, irrespective of the number of meetings held.

In terms of section 66(8) and (9) of the Companies Act, remuneration may only be paid to directors for their services as a director in accordance with a special resolution approved by the shareholders and if not prohibited in the company's Memorandum of Incorporation (MOI). The MOI does not prohibit the payment of such remuneration.

Shareholders are reminded that a request was made for the approval of payments to non-executive directors for the attendance of meetings during the 30 June 2018 financial year in excess of the anticipated number of meetings as listed below:

	Number of meetings anticipated for 2018	Actual number of meetings held during 2018	Proposed fee per additional meeting approved at the November 2018 AGM
Board meetings	5	6	R 46 900
Social, ethics, human resources and transformation committee meetings	4	5	R 18 300

Accordingly, at the forthcoming AGM, shareholders will be requested to consider special resolution number 1 providing for the increase in the non-executive directors' fees for the year ending 30 June 2020, as set out in this notice.

Shareholder engagement

We value our continued engagement with various stakeholders and we endeavour to maintain our relationships in order to continue to receive constructive feedback and input.

This remuneration report was approved by the board of directors of Northam Platinum Limited on 20 August 2019.

On behalf of the committee.

TE Kgosi
Chairperson

20 August 2019

Stated capital, shareholding and directors' interest

Stated capital

There were no changes during the financial year ended 30 June 2019 to the authorised or issued stated capital of the company. The authorised stated capital of the company as at 30 June 2019 amounted to 2 000 000 000 shares (2018: 2 000 000 000 shares) at no par value. The issued stated capital of the company remained unchanged at 509 781 212 shares (2018: 509 781 212 shares).

Northam is a fully empowered company, with historically disadvantaged South African (HDSA) ownership levels in the company standing at 31.4%, following the conclusion of a R6.6 billion black economic empowerment (BEE) transaction by Northam (BEE transaction), which included the successful raising of R4.6 billion. The BEE transaction was approved by shareholders in March 2015. In terms of the BEE transaction, Northam issued 112 195 122 Northam shares, equivalent to 22.0% of Northam's issued share capital, to Zambezi Platinum (RF) Limited (Zambezi) in May 2015. These shares were supplemented by additional Northam shares, equivalent to 9.4% of Northam's issued share capital, being sold to Zambezi by the Public Investment Corporation SOC Limited (PIC), a long-standing Northam shareholder. Zambezi holds 159 905 453 Northam shares in total representing 31.4% of the total issued Northam shares.

Zambezi shareholders comprise a range of HDSA stakeholders including an employee trust, two community trusts, a women's group and a core of strategic partners. Participants are bound to a 10-year lock-in period from May 2015. Zambezi financed the acquisition of shares in Northam through a preference share arrangement, with the shares being listed on the exchange operated by the JSE in May 2015.

As Zambezi is consolidated in Northam's results in terms of IFRS, the 159 905 453 Northam shares held by Zambezi are treated as treasury shares for accounting purposes.

Repurchase of issued shares

At the annual general meeting (AGM) held on 6 November 2018, shareholders approved a special resolution granting a general authority for the repurchase of ordinary shares by the company (or any one of its subsidiaries), subject to the JSE Listings Requirements and the provisions of the Companies Act. No shares were repurchased in the current or prior financial year. Such general authority is valid until the company's next AGM or for 15 months from the date of the aforementioned resolution (which 15 month period expires on 6 February 2020), whichever date is earlier.

Approval to renew this general authority will be sought at the AGM to be held on Thursday, 7 November 2019.

The reason for this special resolution is to grant a general authority for the acquisition of the company's ordinary shares by the company, or by a subsidiary or subsidiaries of the company. The effect of such a special resolution, if passed, will be to authorise the company or any of its subsidiaries to acquire ordinary shares issued by the company subject to the provisions of the company's MOI, Companies Act and the JSE Listings Requirements.

The directors believe that the company should retain the flexibility to take action if future acquisitions of its shares were considered desirable and in the best interests of the company and its shareholders.

Directors' interest

According to information available to Northam after reasonable enquiry, the interests of the directors and their families in the shares of Northam as at 30 June 2019 were as follows. All direct beneficial holdings were acquired in the open market.

	Direct beneficial holding	Indirect beneficial holding	Total
PA Dunne	41 050	–	41 050
KB Mosehla	–	64 000	64 000
KB Mosehla*	–	5 116 974	5 116 974
CK Chabedi*	–	204 000	204 000
TE Kgosi*	–	635 000	635 000
	41 050	6 019 974	6 061 024

* Pursuant to the Northam BEE transaction, Mr Chabedi, Ms Kgosi and Mr Mosehla acquired a beneficial interest in the ordinary stated capital of Zambezi Platinum (RF) Limited. This resulted in them and their associates acquiring an effective interest in Northam shares.

The following directors held preference shares in Zambezi as at 30 June 2019, purchased in the open market.

	Direct beneficial holding	Indirect beneficial holding	Total
AH Coetzee	15 800	–	15 800
KB Mosehla	–	17 200	17 200
	15 800	17 200	33 000

There have been no changes in these holdings from 30 June 2019 to the date of the annual financial statements.

The analysis of shareholders as at 30 June 2019 was as follows:

Shareholding range	Number of shareholders		Total of shareholding		Percentage holding (%)	
	2019	2019	2019	2019	2019	2019
1 – 5 000	4 196		3 146 850		0.62	
5 001 – 10 000	219		1 630 714		0.32	
10 001 – 50 000	346		8 211 183		1.61	
50 001 – 100 000	99		7 152 829		1.40	
100 001 – 1 000 000	239		77 351 815		15.17	
1 000 001 and more	65		412 287 821		80.88	
	5 164		509 781 212		100.00	

Geographical analysis of shareholders	Total shareholding		Percentage holding (%)	
	2019	2019	2019	2019
Australasia		76 905		0.01
Europe and United Kingdom		7 988 139		1.57
North America		36 041 387		7.07
Far East		111 119		0.02
South Africa		465 563 662		91.33
		509 781 212		100.00

Major shareholders	Number of shares		Percentage holding (%)	
	2019	2019	2019	2019
Zambezi Platinum (RF) Limited		159 905 453		31.37
Coronation Asset Management		141 243 662		27.71
Public Investment Corporation		49 133 979		9.64
Fairtree Capital		20 187 523		3.96
Kagiso Asset Management		16 182 779		3.17

Shareholder spread	Number of shareholders		Percentage holding (%)	
	2019	2019	2019	2019
Public		5 159		67.44
Zambezi Platinum (RF) Limited		1		31.37
Directors		4		1.19
		5 164		100.00

Financial assistance

Under the Companies Act, inter-group loans, guarantees and other financial assistance require approval of shareholders by way of a special resolution.

Section 45 of the Companies Act applies to financial assistance provided by a company to any related or inter-related company or corporation, a member of a related or inter-related corporation, and to a person related to any such company, corporation or member.

Section 45 of the Companies Act provides, inter alia, that the particular financial assistance must be provided only pursuant to a special resolution of shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board is satisfied that: (i) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test (as contemplated in the Companies Act); and (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

As part of the normal conduct of the business of the company and its subsidiaries or associates, the company, where necessary, usually provides guarantees and other support undertakings to third parties on behalf of its local and foreign subsidiaries in which the company or members of the group have an interest. The company would like the ability to provide financial assistance, if necessary, in accordance with section 45 of the Companies Act. Furthermore, it may be necessary for the company to provide financial assistance to any of its present or future subsidiaries.

It is difficult to foresee the exact details of financial assistance that the company may be required to provide in the future. It is essential, however, that the company is able to effectively organise its internal financial administration.

Below is a non-exhaustive estimate of the financial assistance which is expected to be required for the F2020 year (proposed F2020 financial assistance). Shareholders should, however, bear in mind that not all unforeseen circumstances can be anticipated and that the financial assistance as noted below could be underestimated due to unforeseen circumstances, or that the terms and conditions associated with the financial assistance could be amended.

Financial assistance to subsidiary companies

At the date of this report, Northam had granted the following loan facilities to its subsidiaries as at 30 June 2019 and envisages the following loan facilities to be granted for the F2020 year:

Owner	Approved facility 2019 R000	Estimated changes in the coming year F2020 R000	New estimated loan facility to be granted F2020 R000	Balance 2019 R000
Booysendal Platinum Proprietary Limited	1 000 000	500 000	1 500 000	546 469
Eland Platinum Proprietary Limited	500 000	1 000 000	1 500 000	470 598
Mining Technical Services Proprietary Limited	120 000	30 000	150 000	8 669
Mvelaphanda Resources Proprietary Limited	80 000	70 000	150 000	–
Norplats Properties Proprietary Limited	150 000	–	150 000	57 148
Total loan facilities	1 850 000	1 600 000	3 450 000	1 082 884

Owner	Approved facility 2019 USD000	Changes in the coming year F2020 USD000	New loan facility to be granted F2020 USD000	Balance 2019 R000
Northam Platinum Investments (US) Inc. and subsidiaries	50 000	–	50 000	27 453
Total loan facilities	50 000	–	50 000	27 453

Certain loans provided by Northam to its subsidiaries in the year ending 30 June 2019 were initially provided on the basis that they would not accrue interest. However, it has subsequently been agreed that such loans will accrue interest at prevailing market rates with effect from 1 July 2018.

Annexure 5
Financial assistance continued

Below are the various guarantees in issue as at 30 June 2019, together with the additional guarantees which Northam envisages to be required to be provided for the F2020 year:

	Current guarantee 2019	Additional amount to be guaranteed in the coming year F2020	Total guarantee to be granted F2020
	R000	R000	R000
Northam Platinum Limited guarantee to Zambezi Platinum (RF) Limited	7 535 944	–	7 535 944
Booyesendal Platinum Proprietary Limited guarantees to providers of capital	5 000 000	4 000 000	9 000 000
Eland Platinum Proprietary Limited guarantees to providers of capital	3 000 000	6 000 000	9 000 000
Northam Platinum Limited subordination agreement to Mvelaphanda Resources Proprietary Limited	80 000	70 000	150 000
Total guarantee	15 615 944	10 070 000	25 685 944

Booyesendal Platinum Proprietary Limited (Booyesendal) as well as Eland Platinum Proprietary Limited (Eland) have guaranteed any amounts due but not paid by Northam in terms of the Nedbank revolving credit facility. In addition, Booyesendal has also guaranteed any amount due but not paid by Northam in terms of the R2.0 billion domestic medium-term note programme.

The company is considering options to increase the domestic medium-term note programme from R2.0 billion to R5.0 billion in the coming financial year.

The redemption of the preference shares is secured by a financial guarantee from Northam ("Northam Guarantee"). In terms of the Northam guarantee, Northam will be responsible for the payment of all amounts which Zambezi has contracted but failed to pay in terms of the preference share terms – either by means of a cash payment or the issue of a determinable number of Northam shares to the preference shareholders, or a cash and Northam share combination.

Northam has provided a guarantee with regards to Mvelaphanda Resources Proprietary Limited (Mvelaphanda) negative equity. The guarantee will remain in full force and effect as long as the liabilities of Mvelaphanda exceeds its assets.

Zambezi Platinum (RF) Limited

Zambezi was established as a special purpose vehicle by Northam, with the principal objective of ensuring Northam's BEE compliance. Zambezi was incorporated on 2 June 2014. Zambezi was created for the purpose of assisting Northam to comply with the HDSA ownership requirements set by the Mining Charter at the time.

Zambezi holds 159 905 453 Northam shares, which amounts to approximately 31.4% of the total issued ordinary stated capital of Northam.

Zambezi is a ring-fenced entity created for the specific purpose of raising funds and holding Northam shares. As such, Zambezi will not be conducting any other business activities until the expiry of the lock-in period (which is 10 years from May 2015). At the end of the 10 year period, Zambezi is required to redeem the Zambezi preference shares for cash or Northam shares. All amounts payable to the holders of the Zambezi preference shares are guaranteed by Northam in terms of the BEE transaction agreements. Further, Northam is required to settle the operational expenses of Zambezi, subject to certain limitations.

Zambezi's prospects are therefore limited in nature in that they are dependent on the prospects of Northam and the returns attributable to the Zambezi preference shares fluctuate only in accordance with prevailing interest rates. Various characteristics of the Zambezi preference shares, such as the Northam guarantee and redemption payment structure, provide the holders with additional certainty regarding the recoverability of their dividends and capital.

However, the Zambezi preference shares retain equity risk as a result of their redemption being ultimately supported by the value of Northam shares and/or Northam's ability to continue as a going concern. The Zambezi preference shares therefore present their holders with a combination of the risks and rewards associated with equity and debt instruments.

Northam's prospects for growth and continued profitability are subject to various external and internal factors which cannot be accurately predicted, forecasted or controlled by Zambezi as an investor in Northam.

The redemption of the Zambezi preference shares is planned to occur through cash accumulation from dividends received from Northam, and after the 10 year lock-in period, the possible sell-off of Northam shares into the market to realise the capital value, to redeem the Zambezi preference shares. In the event that this is not sufficient to settle the liability, it is secured by the Northam guarantee.

Should a liability arise under the Northam guarantee, Northam may settle this liability by capitalising Zambezi with cash and/or Northam shares before the redemption amount becomes due or make payment directly to the Zambezi preference shareholders. The manner of settlement is not contractually specified. Therefore, should the Northam share price not increase in value from the 10 year lock-in period, there could be a significant dilution in value for all Northam shareholders, should additional shares be issued to the Zambezi preference shareholders.

Included in the financial results of Northam is a guarantee of R7.5 billion, based on the initial recognition fair value.

As at F2019 year-end, Northam owned 4 230 819 (2018: 4 230 819) Zambezi preference shares. See note 8 of the audited annual financial statements for the year ended 30 June 2019.

Subsequent to the F2019 year-end, 1 477 639 Zambezi preference shares were acquired.

Booyesendal Platinum Proprietary Limited (Booyesendal)

Northam currently has finance facilities available in the form of a revolving credit facility of R3.5 billion (2018: R3.0 billion) and a general banking facility of R500 million (2018: Rnil) with Nedbank Limited, and has issued R1.8 billion (2018: R1.4 billion) on the debt capital market. Booyesendal has signed a letter of guarantee with regards to these facilities and in respect of notes issued under the domestic medium-term note programme.

Annexure 5 Financial assistance continued

Any amendments to the revolving credit facility, the general banking facility or any applicable pricing supplement in respect of notes issued under the domestic medium-term note programme and any new applicable pricing supplement in respect of notes that may be issued under the domestic medium-term note programme will be required to be guaranteed by Booyensdal.

During the next financial year (F2020), ongoing capital expenditure will be incurred with regards to the development of Booyensdal South and additional funding may be required by Booyensdal from Northam.

Northam reserves the right to charge interest at prevailing market rates on any loan balance. Any outstanding loan will be repayable on demand.

Eland Platinum Proprietary Limited (Eland)

Northam currently has finance facilities available in the form of a revolving credit facility of R3.5 billion (2018: R3.0 billion) and a general banking facility of R500 million (2018: Rnil) with Nedbank Limited. Eland has signed a letter of guarantee with regards to these facilities.

Any amendments to the revolving credit facility or the general banking facility will be required to be guaranteed by Eland.

Financial assistance will be required by Eland from Northam to restart operations in the next financial year (F2020), as further detailed in the announcement published on 26 June 2019.

Northam reserves the right to charge interest at prevailing market rates on any loan balance. Any outstanding loan will be repayable on demand.

Norplats Properties Proprietary Limited (Norplats)

Norplats is a company which holds and operates one of Zondereinde mine's employee home ownership projects (Mojuteng project) in the town of Northam, assisting Northam to comply with its homeowner strategy designed to meet legislative requirements.

Financial assistance may be required by Norplats from Northam for purposes of the Mojuteng project from time to time.

Northam reserves the right to charge interest at prevailing market rates on any loan balance. Any outstanding loan will be repayable on demand.

Mvelaphanda Resources Proprietary Limited

On 25 September 2014, Northam confirmed that it will ensure that Mvelaphanda would meet its financial obligations as and when they fall due as the company's liabilities exceeded its assets. The guarantee will remain in full force and effect as long as the liabilities (including contingent liabilities) exceed its assets, fairly valued, and will lapse forthwith upon the date that the assets, so valued, exceed its liabilities.

Mvelaphanda currently has negative equity and this is forecasted to be continued for the foreseeable future.

Mining Technical Services Proprietary Limited (MTS)

MTS provides consulting services to the group. These services are charged out to the various operations. Northam previously provided a loan to MTS for the investment in SSG Holdings Proprietary Limited.

Northam reserves the right to charge interest at prevailing market rates on any loan balance. Any outstanding loan will be repayable on demand.

US operations

The US operations, known as Northam Recovery Services, have been refurbished and the business is currently involved in sourcing, processing and sampling salvaged catalytic converters, on a trial basis, from a select group of suppliers with the PGM bearing material from these recycled converters being processed at the Zondereinde metallurgical facility. Once the trial process is bedded down, Northam Recovery Services will be in a position to start commercial operations in a very important segment of the market.

Financial assistance will be required by Northam Recovery Services from Northam to purchase material from third party customers on a commercial scale. Any loan balance advanced will accrue interest at the South African prime interest rate, with no fixed terms of repayment.

Solvency and liquidity test

The Northam board has considered the proposed F2020 financial assistance and all reasonably foreseeable financial circumstances of Northam as at the date of such consideration and are satisfied that (i) immediately after providing the proposed F2020 financial assistance, Northam will satisfy the solvency and liquidity test (as contemplated in the Companies Act) and (ii) the terms under which the proposed F2020 financial assistance is proposed to be given are fair and reasonable to Northam and its subsidiaries.

Annexure 6

Events after reporting date

There have been no events subsequent to the year-end, which require additional disclosure or adjustment to these financial results, other than what has been disclosed in the financial statements.

Administration and contact information

NORTHAM PLATINUM LIMITED

(Registration number 1977/003282/06)
JSE share code: NHM ISIN code: ZAE000030912
Debt issuer code: NHM
Bond code: NHM002 Bond ISIN:ZAG000129024
Bond code: NHM006 Bond ISIN:ZAG000158577
Bond code: NHM007 Bond ISIN: ZAG000158593
Bond code: NHM008 Bond ISIN:ZAG000158858
Bond code: NHM009 Bond ISIN:ZAG000158866
Bond code: NHM010 Bond ISIN: ZAG000159229
Bond code: NHM011 Bond ISIN: ZAG000159237
Bond code: NHM012 Bond ISIN: ZAG000160136

REGISTERED OFFICE

Building 4, 1st Floor
Maxwell Office Park
Magwa Crescent West
Waterfall City
Jukskei View, 2090
South Africa

PO Box 412694
Craighall, 2024
South Africa

Telephone: +27 11 759 6000
WEBSITE: www.northam.co.za

COMPANY SECRETARY

PB Beale
Building 4, 1st Floor
Maxwell Office Park
Magwa Crescent West
Waterfall City
Jukskei View, 2090
South Africa

E-mail: trish.beale@norplats.co.za

BANKERS

Standard Bank of South Africa Limited
30 Baker Street
Rosebank, 2196
South Africa

PO Box 61029
Marshalltown, 2107
South Africa

Nedbank Group Limited
135 Rivonia Road
Sandton, 2196

P O Box 1144
Johannesburg, 2000
South Africa

AUDITORS

Ernst & Young Inc.
102 Rivonia Road
Sandton, 2146
South Africa

Private Bag X14
Sandton, 2146
South Africa

FORMS OF PROXY

The Meetings Specialist Proprietary Limited
JSE Building, One Exchange Square
2 Gwen Lane, Sandown, 2196
South Africa

P O Box 62043
Marshalltown, 2107
South Africa

E-mail: proxy@tmsmeetings.co.za

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
South Africa

PO Box 61051
Marshalltown, 2107
South Africa

SPONSOR AND DEBT SPONSOR

One Capital
17 Fricker Road
Illovo, 2196
South Africa

PO Box 784573
Sandton, 2146
South Africa

INVESTOR RELATIONS

LC van Schalkwyk
Telephone: +27 11 759 6000
E-mail: leon.vanschalkwyk@norplats.co.za

R&A Strategic Communications
PO Box 1457
Parklands, 2121
South Africa

Telephone +27 11 880 3924
E-mail: marion@rasc.co.za

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