

Protecting our
people and our
company whilst
maintaining our
growth strategy

Annual integrated report 2020

smart platinum mining



Introduction

We bring this year's annual integrated report to stakeholders in a landscape dominated by a global pandemic and the impact it has had on both our personal and professional lives.

Whilst we wrestle with constant change, our focus has been on protecting our people, as well as preserving our company position and our future prospects within the PGM sector.

The following report sets out our performance during the F2020 year, together with short, medium and long-term plans, measures and objectives that remain intact despite the challenges we all face.



Our focus has been on protecting our people, as well as preserving our company position and our future prospects.



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Our investment case – five reasons to invest in Northam

Northam is a fully empowered, integrated producer of platinum group metals (PGMs), following the conclusion of an empowerment transaction in 2015. This has allowed us to embark on a four-phase growth strategy, investing significant financial resources to safely, efficiently and sustainably increase our PGM production against the sector trend of depleting supply.

Our growth strategy is underpinned by a belief in the metals we produce and is well advanced, thanks to thorough planning and swift execution. We have entered the fourth phase of this strategy and are now returning meaningful value to our shareholders.

Our operational assets

Our assets and infrastructure are world class and our mining methods are tailored to optimally extract and beneficiate our large, long-life ore bodies. We own 100% of all our major centres of operation, comprising the Zondereinde, Booyssendal North, Booyssendal South and Eland mines, as well as our US recycling operation.

We beneficiate and sell final metal, thereby benefitting from the full mine to the market value chain.

Diversified centres of operation	Quality long-life assets	Innovative technologies
4 mines	241.9 Moz 4E total Mineral Resources	Mining methods are tailored to their respective ore body
5 concentrators	740m average Mineral Reserve depth	Booyssendal commissioned the first aerial rope conveyor system in Southern Africa
2 smelter furnaces	4.1g/t average 4E mill feed grade	Eland commissioned a first of its kind Mobile Tunnel Borer to optimise reserve build-up
1 US recycling operation	50/50 conventional/mechanised mining ratio	Zondereinde pioneered hydro-powered technology in mining and the use of backfill as primary support

Our empowerment

Our unique, long-term empowerment structure provides security of tenure over our mineral rights. This mutually beneficial empowerment structure injected R4.6 billion of cash into Northam in 2015, providing a solid financial platform to accelerate our growth strategy.

31.4%
empowerment shareholding through Zambezi Platinum (RF) Limited

Our management and our people

At Northam, it is our people that make our business successful and we believe that we have an exceptional team that optimises our world-class assets.



Experienced

Our board and executive management team are highly experienced across multiple disciplines and have an excellent track record of effectively and responsibly directing and managing our operations, whilst growing the business and successfully delivering on all projects.



Innovative

We embrace a culture of innovation, demonstrated through our empowerment transaction, our ability to take measured risk when it comes to the application of new technology and our track record of smart acquisitions. The purchase of the Zondereinde Western extension and the Everest mine unlocked significant synergistic benefits, whilst that of Eland provided group optionality.



Decisive and swift

We have a strong and cohesive team that assesses risk and return, making swift but measured decisions on which we follow through. This is the nature of our business – it is the way we do things, and our track record demonstrates this.

Our financial position

Since F2015, we have invested R12.9 billion to fund our profitable and modular growth strategy. This work is well progressed and is yielding both production growth and internal optimisation benefits. In addition, in these times of economic uncertainty associated with the COVID-19 pandemic, our disciplined approach to modular growth projects and capital allocation has allowed us to suspend some capital projects without significantly compromising current cost benefits or future optionality. This has strengthened our ability to both generate and preserve cash, enhancing our sustainability within what is a relatively constrained primary supply sector. Consequently, we are able to raise external funding at progressively attractive borrowing rates. These factors have positioned us to weather these current uncertain times whilst continuing to execute our strategy. Returning value to our shareholders is core to this strategy, and we commenced this in earnest in F2020 through the purchase of Zambezi Platinum (RF) Limited (Zambezi) preference shares.

Key financial data for our F2020 year are set out below.

R17.8 bn

F2020 revenue

R6.0 bn

F2020 EBITDA

33.8%

F2020 EBITDA margin

0.56

Net debt to EBITDA

R4.0 bn

Total available banking facilities

R4.0 bn

F2020 free cash flow generated

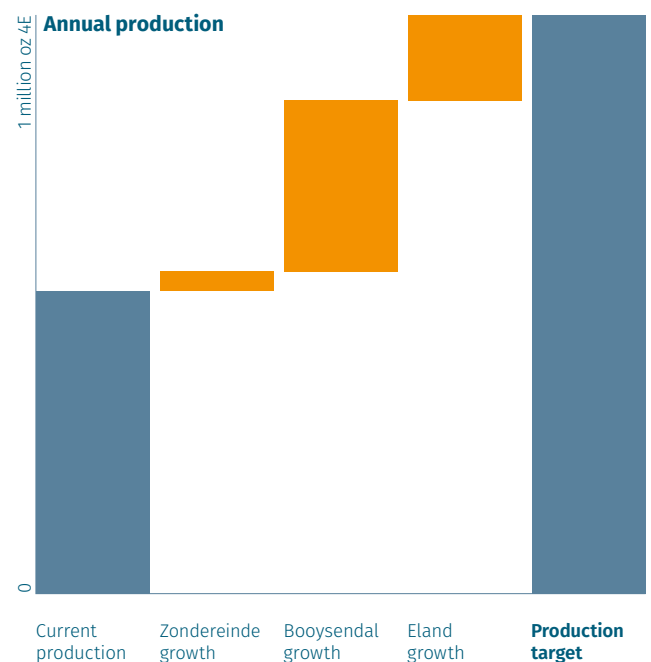
Our growth

Our growth projects are well progressed, with relatively low execution risk. Our medium-term annual production target remains 1 million oz 4E. A temporary pull-back of specific capital growth projects in these uncertain times will result in a short delay to achieving this target. The extent of this delay depends upon the extent and nature of disruption related to COVID-19, which has an impact on both demand and primary supply.

The long-term fundamentals for our basket of metals remain strong. Our robust financial position and the structure of our growth programme ideally positions Northam to benefit from this.

Medium-term annual production targets:

Zondereinde	350 000 oz 4E
Booysendal	500 000 oz 4E
Eland	150 000 oz 4E



At the heart of our business

Our purpose as a business is to maximise stakeholder value over time.

In order to do this, we must maintain:

Our **ongoing viability** during the current global economic disruption associated with COVID-19

Continued **profitable growth down the cost curve** to our medium-term annual production target of 1 million oz 4E

Four pillars of value underpin this purpose, these are:

Assets

Our mining and processing assets are world class

Empowerment

Our empowerment credentials secure our tenure and license to operate

Management and people

Our management team is strong

Financial position

Our financial management and position are robust

Our purpose guides our strategy, behaviours and actions towards delivery of long-term value. We are aware that operating a successful and sustainable business requires the effective integrated management of a number of internal and external factors.

These include:

- The technical challenges of hard rock mining and Mineral Resource management;
- Our impact on the natural environment;
- The broader economy and society;

- The health, well-being and personal development of both our employees and the broader communities in which we operate.

We know that we have a responsibility and an opportunity to contribute to these and this must be central to our business response. This is sustainable development. It is at the heart of successful mining and mineral production. We believe that this approach is not only desirable but also achievable.

Our vision

is to be the reliable PGM producer of choice for customers, employees, regulators, the communities in which we operate and ultimately, our shareholders.

Our basis of preparation

Compliance and reporting guidelines ^{MI}

Northam Platinum Limited (Northam or the group or the company) is listed on the securities exchange operated by the JSE Limited (JSE) in South Africa. This Annual Integrated Report for the period ended 30 June 2020, the company's notice of annual general meeting (AGM) and the audited annual financial statements are published in compliance with the JSE Listings Requirements and the provisions of the South African Companies Act No. 71 of 2008.

In compliance with paragraph 7.F.6 of the JSE Listing Requirements Northam is in compliance with the provisions of the Companies Act No.71 of 2008 and the relevant laws governing its establishment, specifically relating to its incorporation. Furthermore, Northam is operating in conformity with its memorandum of incorporation.

Northam is committed to reporting in line with the King Report on Corporate Governance for South Africa, 2016 (King IV™). The application of these guidelines is reviewed in the Corporate governance section of this report.

In our financial disclosure, the annual financial statements are reported in terms of the International Financial Reporting Standards (IFRS), the interpretations issued by the IFRS Interpretations Committee, the South

African Institute of Chartered Accountants (SAICA), the Financial Reporting Guidelines as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements, the Companies Act and the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves 2016 (the SAMREC Code (2016)).

Northam's financial year runs from 1 July to 30 June. In this 2020 financial year (the F2020 reporting period), Northam has continued with its integrated approach to reporting, as first embarked upon in F2012. This approach seeks to present stakeholders with a holistic overview of the group's financial and non-financial performance, using the Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) and the standards of the Global Reporting Initiative (GRI) as the basis for determining the report content. The report has been prepared in accordance with the GRI Standards Core option. This holistic overview provides a summary of the business, its performance and the value it creates for stakeholders as well as an assessment of the group's governance, economic, social and environmental impacts and performance during the reporting period.

Material issues ^{MI}

In formulating our strategy and determining our strategic priorities, we continue to consider those issues that are most material to the business and stakeholders, which influence the sustainability of our business and the social, economic and physical environments in which we operate and which fundamentally influence the assessments and decisions of stakeholders.

[See material issues on page 32.](#)

Auditing and assurance

Northam's internal and external auditing functions are critical areas of governance. The internal audit function is outsourced to KPMG Services Proprietary Limited (KPMG). KPMG's chief task is to examine and evaluate the group's systems of internal control in the mitigation of business and financial risks.

The group's consolidated and separate annual financial statements have been audited by the external auditor Ernst & Young Incorporated. The independent auditor's report can be found in the annual financial statements.

Ernst & Young Incorporated were engaged to provide a limited assurance report for certain non-financial key performance indicators which are highlighted with an 'LA' throughout

Integrating the capitals and material issues

We use the capitals concept to convey quantitative and qualitative information. The International Integrated Reporting Framework defines capitals as stocks of value that are affected or transformed by the activities and outputs of an organisation. In this report, we have focussed on financial, human, social, natural, manufactured and intellectual capital.

The degree and nature of the impact that our material issues have upon our business and the various capitals have also been considered throughout the report.

Reference to the respective capitals or material issues are indicated by the icons listed below:



Intellectual



Manufactured



Social



Financial



Human



Natural



Material issue



The primary purpose of our annual integrated report is to explain how we create value for all stakeholders over time, by providing a combination of quantitative and qualitative information.

the report. The independent assurance report is included in this report.

Reporting parameters and definitions

The consolidated annual financial statements include the group's subsidiaries, joint arrangements and associates. The non-financial disclosure relates to all wholly owned operations.

Except where specifically stated otherwise, Northam reports on Mineral Resources, Mineral Reserves, production and ore grades in terms of platinum, palladium, rhodium and gold content. This is expressed as 4E. Production and grades are also reported in terms of 6E, which includes ruthenium and iridium.

The definitions of time periods within this report are:

- **Short-term:** within a period of 12 months
- **Medium-term:** 1–5 years
- **Long-term:** longer than 5 years

Both ZAR and R signify rands, the South African currency. USD refers to the United States dollar and € to the euro.

Financial and non-financial reporting indicators are defined in a glossary on page 138 of this report.

Forward-looking statements

This report contains certain forward-looking statements with respect to Northam's financial position, results, operations and business.

These statements and forecasts involve risk and uncertainty as they relate to events and depend on circumstances that occur in the future. There are various factors that could cause actual results or developments to differ from

those expressed or implied by these forward-looking statements. Consequently, all forward-looking statements have not been reviewed or reported on by the group's auditors.

Forward-looking statements compiled by Northam at the time of releasing our F2020 results, on 28 August 2020, were informed by the group's business plans and economic forecasts that were finalised and approved by the company's board of directors in June 2020. This was before the ultimate economic impact of the COVID-19 pandemic became apparent. Some of these forward-looking statements may not be achievable in the current environment. Should there be any changes to financial guidance provided on 28 August 2020, these will be reported via announcements from the Securities Exchange News Service (SENS).

Directors' responsibility

The board acknowledges its responsibility for ensuring the integrity of this integrated report. The board has considered the operating context, strategy and value creation model. This report, in the board's opinion, addresses all the issues that are material to, or could have a material effect on, the group's ability to create value. The report fairly presents the integrated performance of the group and was approved by the board on 18 August 2020.

Reference to other reports

Our integrated report is supplemented by our full suite of online publications, which cater for the diverse needs of our broad stakeholder base as part of our comprehensive integrated reporting.

These can be accessed through the company website at www.northam.co.za

Our 2020 reporting suite



Annual integrated report
30 June 2020



Corporate governance report
30 June 2020



Remuneration report
30 June 2020



Annual financial statements
30 June 2020



Mineral Resources and Mineral Reserves statement
30 June 2020



Summarised financial results and group statistical information for the year ended 30 June 2020



Notice of annual general meeting and abridged annual report
30 June 2020

How COVID-19 has impacted Northam

The COVID-19 pandemic is having an unprecedented impact on the world, both socially and economically and we have entered extremely uncertain times.



This has affected Northam and we have responded to it.

Management swiftly developed a decisive, detailed and immediate action plan to minimise, as far as possible, the impact of the COVID-19 pandemic on our operations and employees.

Socially, the health and well-being of our employees, as well as that of our host communities is a key concern for the group.

Economically, we are a business that sells our products into a global market that is currently subject to metal price and demand uncertainty.

This uncertainty has the potential to impact the group's liquidity.

In compliance with the South African national lockdown, the company suspended all but our essential operations from midnight on Thursday, 26 March 2020, until Monday, 20 April 2020. After this we commenced a phased and controlled restart, in line

with regulations relating to Section 27(2) of the Disaster Management Act, 2002.

This phased restart is still in progress. It has required significant procedural health-related interventions and has negatively impacted production volumes. This has flowed through to unit costs, profitability and ultimately the company's cash position.



Our people

Pay

We have committed to protecting the jobs of all of our employees as far as possible.

All of our operational and financial interventions have been aimed at meeting this commitment.

To assist and support our employees, we have paid our people throughout the national lockdown, including those not yet called back to work during the phased restart. This included paying basic salaries, full medical cover, pension contributions and living out allowances. In addition, those not at work were deemed to be absent with permission, such that their leave and sickness allowances were not impacted.

Health and well-being

During the restart process, in the interest of protecting all of our employees, safety measures and protocols were enacted and strictly enforced by Northam. These followed the prescripts of the amended recommendations from the World Health Organisation (WHO) and the National Institute for Communicable Diseases (NICD) and are in line with the procedures for the restart of operations developed for the mining industry through the Minerals Council South Africa, in consultation with the Department of Mineral Resources and Energy.

These include:

- Detailed risk assessments dealing specifically with the risk of COVID-19, especially during the phased restart, were undertaken. Recommendations from these have been implemented proactively and updated on an ongoing basis;
- Rigorous screening and testing programmes were implemented; including body temperature screening at all strategic access points;
- Comprehensive training, as well as the roll-out of COVID-19 awareness and communication programmes;
- Dedicated hand-sanitising points were established throughout the operations;
- Disinfection of vulnerable areas such as turnstiles, offices, kitchens, canteens and other areas;
- Biometric access controls were suspended for the time being (and replaced with other interim access control measures), to further reduce transmission risk;
- 24/7 operational clinics are available to all employees;
- Quarantine facilities are available for employees who have tested positive for COVID-19;
- Transport assistance is provided to returning workers;
- All employees are issued with the appropriate Personal Protective Equipment (PPE), including masks and gloves, on an ongoing basis;
- In addition, flu vaccine injections have been made available to all employees. This is aimed at reducing the risk of employees falling ill with the flu, which is one of the infections which may compromise the immune system response;
- Higher risk employees, those over 55 and/or with certain medical conditions received additional screening and attention and in some cases, were given flexible working arrangements.



Operations

Lockdown and phased restart impacted F2020 and will impact F2021

The suspension of normal operations, together with the phased restart has had a significant negative impact on production volumes. The impact on equivalent refined metal production for F2020 is estimated to be a reduction of 108 685 oz 4E.

Due to the phased restart, we have down-scaled our F2021 business plan production estimate. Revised own production estimates from our operations are:

- **Zondereinde** – 290 000 equivalent refined oz 4E;
- **Booysendal** – 330 000 oz 4E in concentrate; and
- **Eland** – 50 000 oz 4E in concentrate.

These reductions have negatively impacted the current year, as well as the F2021 forecasted unit costs.



Projects

Reduced cash outflow

In order to reduce cash outflow, we immediately limited the scope or postponed specific capital projects:

- A number of projects at Booysendal South (BS) were suspended or postponed, with the ramp-up at BS4 limited in scope and development at the Central Merensky module suspended;
- Portions of the 3 shaft access project at Zondereinde have been postponed, but reaming of the completed pilot hole will progress; and
- The Eland ramp-up has been postponed for 12 months.

The modular structure of our growth program facilitated this rapid response, which is aimed at minimising its impact on the medium-term production growth targets.

We are reassessing our market view on an ongoing basis and will review this capital expenditure pull-back accordingly.



Financial

Strict cash preservation to support the long-term future of the company is a priority

Actions taken in this regard include:

- The short-term pull back in capital expenditure;
- Restructuring of the company's domestic medium-term note (DMTN) program, to both raise additional capital as well as to push out repayment commitments to longer time horizons;
- Ensuring that we have R4.0 billion in available banking facilities through our existing revolving credit facility (RCF) and general banking facility (GBF).

We are a company that is financially well positioned to withstand the potential negative impacts of the COVID-19 pandemic. We still believe strongly in the fundamental value of our scarce and special metals and the world's long-term need for them. Our greatest defence against challenging economic times is safe, cost effective production and doing this consistently.



Communities

Our operations and social interventions result in significant local economic stimulation

The Northam group operates in some of the least economically developed areas of the country and is conscious of our social responsibility as a corporate citizen. We have good relationships with our host communities and our growth strategy has resulted in significant local economic stimulation. This includes the creation of thousands of new sustainable jobs which offer growth and development opportunities within these communities, as well as the Local Economic Development as defined in the South African National Framework for Local Economic Development 2018-2028 (LED) and Corporate Social Investment (CSI) projects we pursue through our Social and labour plans as contemplated in part II of the Mineral and Petroleum Resources Development Act (Act 28 of 2002) regulations (SLPs). We have continued to progress these SLPs and general social relief programmes throughout the period.

In addition, and through the Zambezi Platinum (RF) Limited structure, the group has established two community trusts, the Northam Booysendal Community Trust and the Northam Zondereinde Community Trust. These trusts represent the interests of identified communities local to the Booysendal and Zondereinde mines.

These two trusts have mandates that include investment in community development activities for the benefit of their respective communities, with particular focus on infrastructure, education and health.

The President has called on business to contribute to the Solidarity Fund. This is a fund into which South African businesses, organisations, individuals and members of the international community can contribute. We are of the view that assistance through our existing Community Trusts would better serve the needs of our host communities. To this end Northam has donated the sum of R1.0 million to each of the Northam Booysendal Community Trust and the Northam Zondereinde Community Trust to assist communities in efforts to combat the spread of the COVID-19 virus, to help track its spread, to care for those who are ill and to support those whose lives are disrupted.

Our reporting framework

We have integrated our appreciation of capital inputs into our reporting framework, considering a range of operational commitments that define our approach as a responsible business.

Capitals

Components

Management

 Intellectual Operating our mines requires a range of particular skills and technologies, and this intellectual capital input is only made possible by the skills and competencies inherent in our human capital.	- Intangible value of the business, covering knowledge, innovation and key industry relationships - Structural organisation, including intellectual property and expertise needed to carry out specialist processes	Managing risks and opportunities See p 34 Governance and ethics framework See the Corporate governance report Material issues See p 32
 Manufactured Our manufactured capital inputs include the specialised plant, machinery, equipment and infrastructure necessary for us to conduct our business.	- Our three mining operations and US recycling operation are all wholly owned and provide the group with geographical and operational diversification Ongoing investment in our assets and infrastructure to sustain them for the future	
 Financial We allocate financial capital responsibly to fund and sustain our operations, fund environmental rehabilitation and mine closure, grow our business and return value to shareholders.	- Effective and efficient working capital management Liquidity management (cash and cost management as well as the efficient use of capital) Funding mechanisms and facilities Returning value to shareholders	
 Human We rely on a developed, skilled and productive workforce in order to optimise their performance and contributions to achieve our strategic objectives.	Our workforce, consisting of 15 953^{1A} (F2019: 15 358) permanent employees and contractors Experienced management team and board of directors	
 Social Stakeholder relationships, including those with the communities in which we operate, are critical to our sustainability and we recognise the role that mines play in building a strong and thriving society and financial ecosystem.	- Longstanding relationships with key stakeholders which are essential to preserving our social licence to operate - Track record of local community development and recruitment - Preferential and local procurement	
 Natural This includes the impact we have on natural resources as a result of our operations and business activities.	- Mineral Resources and Mineral Reserves Energy management Water management Environmental management	

This report addresses the information requirements of long-term investors whilst also providing information relevant to the way we create value for all key stakeholders in the short to medium-term.

Focus

Philosophy

Drivers



Strategy

p 48

Our long-term strategic vision is to safely and efficiently grow the business into a long-life, major producer of PGMs, operating in the lower half of the sector cost curve.

Realise continued growth through the **effective deployment and allocation of capital**.



Performance

p 22

Our key performance indicators over the past five years are evidence of our sustainable growth strategy.

Execute key projects in order to increase production, move down the cost curve, optimise cash conversion and improve safety.



Value

p 66

We measure our performance by how our activities create value for all of our stakeholders.

Generate significant returns for stakeholders through our operations.



People

p 82

Our greatest source of value to our productivity and profitability is our people, who contribute to achieving our business objectives.

Ensure that **diversity and inclusion** are part of our daily life.

Implement **reward and recognition** practices that are fair.

Implement **skills and capability** programmes for current and future needs.

Ensure our **employee relations** are conducted in a culture of fairness and respect.



Community

p 98

Our social strategy focusses on the social and economic upliftment of our host communities.

Alleviate social challenges with our **Enterprise and Supplier Development (ESD) programme**.

Community development using socio-economic insights. Develop communities and employees through our **Social and Labour Plans (SLPs)**.

Drive **social upliftment** through the implementation of focussed procurement practices.



Safety, health, wellness and environment

p 110

Northam's environmental strategy and management focusses on key value levers which are water, climate change, energy, land stewardship, rehabilitation, biodiversity, waste and emissions.

Consider and limit the **impact of mining** on the natural environment.

Create an environment that promotes **safety, health and wellness**.

Chairman's statement

Northam's integrated reporting journey is based on the principle of continuously improving communication with all the group's stakeholders, and our story seeks to provide scope, depth, quality and relevant information.

Brian Mosehla
Chairman





We believe in our country,
our company, our people
and our product.

It is with pride that I am able to provide an introduction to the Northam Annual Integrated Report 2020.

Northam's integrated reporting journey is based on the principle of continuously improving communication with all the group's stakeholders, and our story seeks to provide scope, depth, quality and relevant information.

This relevancy is derived from those concerns that are most important to group's stakeholders. Essentially, these concerns are deemed to be the material issues that influence the sustainability of our business and the social, economic and physical environments in which we operate and which ultimately and fundamentally influence the assessments and decisions of stakeholders.

From the inception of this journey, Northam management has always sought to establish and develop relationships with our stakeholders that are collaborative and based on the beliefs of partnership and cooperation. It is perhaps instructive that the company's strategic growth path was borne out of the need for inclusivity and participation in a sector which has, for more than a century, been the bedrock of this country's economic development.

In these uncertain times, caused by the most serious global public health crisis in a century, it is these partnerships and a collaborative approach with government departments – notably the national and provincial Departments of Health and the Department of Mineral

Resources and Energy – that have stood Northam in good stead. Our lean and experienced executive management team was quick to deal with the onset of the COVID-19 crisis, and remains vigilant and responsive.

Management's approach during these challenging times has been three-pronged, and has focussed on the following areas:

- Reducing contamination amongst employees and communities as far as possible;
- Avoiding job losses; and
- Maintaining the company's liquidity.

This report deals comprehensively with the steps taken by our executive and operational management teams to protect our workforce and their communities. Since 26 March 2020, management has had to virtually re-engineer all their workplaces in order to avoid a social health disaster, whilst keeping a cautious watching brief on the company's financial fundamentals.

Attention to cash preservation, in pursuit of the overarching goal of maintaining liquidity, has been elegantly achieved by the following interventions:

- Reducing capex on certain projects in the short-term;
- Restructuring the company's DMTN programme to successfully increase capital availability whilst relaxing payback requirements with longer time horizons; and

- Ensuring constant access to R4 billion in banking facilities through revolving credit facilities and a general banking facility.

A milestone in the group's de-risking strategy was the achievement, in the second half of the year, of reaching the target of acquiring a total of at least 40% of all the Zambezi preference shares in issue. This target was reached approximately halfway through the 10-year structure, with the Zambezi preference shares falling due in 2025, thereby reducing dilutionary exposure at the time that the preference shares mature.

It is a credit to executive management that they have successfully steered the group into a very strong financial position, despite the lockdown and constraints to production as a result of the impact of COVID-19.

2020 has been a watershed year. My thanks go to my fellow directors for their counsel and support. On behalf of the board, I would like to acknowledge the anxieties, efforts and hardships of each and every employee, their families and their communities who have demonstrated enormous adaptability and courage in these unsettling times.

Brian Mosehla
Chairman

18 August 2020

Q&A with the chief executive officer of Northam

This has been a record year for Northam, both financially and in terms of returning value to shareholders.

Paul Dunne

Chief executive officer



Q

What have been the key highlights of the past year?

A

COVID-19 has dominated the second half of the year, affecting our people as well as our production and financial performance.

Despite this difficult operating environment, our growth strategy remains on track. In addition, this has been a record year for Northam, both financially and in terms of returns to shareholders. To date, we have achieved this through the purchase of 46.7% Zambezi Platinum (RF) Limited preference shares (ZPLPs), which has returned R5.6 billion of value.

We have made progress on our various growth projects at the operations. Booysendal South is ramping up, the Western extension at Zondereinde is delivering significant tonnages and our metallurgical expansion programme is on track.

In response to the uncertainty created by the COVID-19 pandemic, we have trimmed our capital spend by pulling back on some aspects of the Central Merensky module at Booysendal and portions of the 3 shaft project at Zondereinde. We have also delayed the mining build-up at Eland.

Q

What has been the impact of the COVID-19 pandemic on the business and what do you expect going forward?

A

The lockdown and phased restart had a severe impact on production and is expected to continue to impact the first half of F2021.

Our management team moved swiftly and decisively in developing and implementing an action plan aimed at protecting the health and well-being of our employees and host communities, ensuring a safe restart of operations and managing our cash position. All these interventions were aimed at protecting our long-term sustainability whilst maintaining strategic optionality.

At the board level, executive directors have foregone a salary increase this year, whilst non-executive directors have donated their fee increases to our community trusts. In addition, the company has made donations to the rural regions of our country to assist in the fight against COVID-19.

Whilst continuing to look after the health and well-being of our people and host communities, we need to drive operational normalisation. This is in the interests of all stakeholders and will be achieved using risk-mitigating measures

such as protecting the health and wellness of our employees, strongly managing our financial reserves, maintaining effective lines of communication with all stakeholders and focussing on what we do best, which is safe, productive mining.

Q

You have consistently highlighted your focus on employees' health and well-being – can you elaborate on this?

A

The broader health and wellness of our employees, as well as that of our host communities, is one of our key concerns.

The mining industry as a whole has maintained strong health programmes over many years. Our collective achievements in managing HIV and tuberculosis, together with occupational health matters, attest to this.

We have drawn on this experience in our recent response to COVID-19.

Q&A with the chief executive officer – continued

Safety in the workplace has always been our first priority. It is pleasing for us to be able to show continuing improvement in our overall safety performance. Also pleasing has been our achievement of five million fatality free shifts at Booysendal. More importantly for Booysendal, we have not had a single fatal accident since the start of mining operations over 10 years ago.

Sadly, at Zondereinde, we lost one of our employees, Mr Batswana Solomon Kalaote, in a fall-of-ground accident in December. We extend our sincere condolences to his family, friends and team members. Accidents of this nature are preventable and management has undertaken appropriate corrective measures to avoid a repeat.

Q
How will capital spend impact your million ounce target?

A
As part of our COVID-19 mitigation plan, we reduced cash outflow by temporarily trimming certain capital growth projects. The structure of our capital programme allowed this without significant impact on our medium-term production target of 1 million ounces. As the market absorbs the impact of COVID-19, and we obtain greater price certainty, we will individually reassess each of our growth projects during the coming year.

Nevertheless, the company remains in a strong position to deliver safe production growth down the cost curve.

Q
What are your views on the PGM market in the short to medium-term?

A
Interpreting the market for our metals within the current disruption is difficult. However, it is our considered opinion that, as a consequence of COVID-19, the market for palladium has moved closer to balance; that of rhodium remains in deficit; and, whilst platinum is in surplus, it is being viewed as an investment case offering good value. Industrial demand for all metals remains robust and on a regional basis, Chinese purchases remain strong. Palladium remains the metal of choice in gasoline vehicle autocatalysis for the foreseeable future, although there may be potential for some platinum substitution in the medium-term. Rhodium will continue as the only viable solution for NOx suppression.

These are very special metals and it is our belief that prices for our basket will remain strong throughout the coming decade. A greener, cleaner world needs platinum group metals.

Q
Returning value to shareholders is part of your strategy – what is your current position, taking into account the impact of COVID-19?

A
We remain single-minded in our commitment to returning value to shareholders, and will continue to do so, despite the current turmoil.

We have previously stated that the board currently views the purchase of ZPLPs as our preferred method for achieving this. We have done well so far, securing 46.7% of the preference share structure.

However, all options for returning value to shareholders are now open to us and the board will continue to review this over time.

Q
How has the relationship between business, government and unions evolved?

A
Our relationships with government, especially the DMRE, as well as with organised labour, are very important to us. These relationships have moved significantly closer through the COVID-19 pandemic.



We remain single-minded in our commitment to returning value to shareholders, and will continue to do so, despite the current turmoil.

Minister Mantashe's collaborative approach has been critical in this regard. We hope that all parties will continue to move the industry forward whilst we tackle pressing issues with respect to policy and legislative certainty.

Relations with organised labour have matured through ongoing, robust dialogue. This has led to a five-year wage and working conditions agreement having been settled at Booyssendal in December.

Q

What are your key focus areas for the coming year?

A

Our strategy is unchanged. We will continue to focus on:

- Returning value to shareholders;
- Project execution; and
- Growing our margin and improving our relative cost position in the sector. We need to operate in the lower half of the cost curve.

In addition, over the short-term, we need to continue to drive towards operational normalisation as safely and efficiently as possible under difficult and unusual circumstances.

Q

You have been at Northam for six years now; what does the future hold for you?

A

There is much still to do at Northam. We set out a 10-year strategy back in 2015, so we're only halfway in turning this strategy to account.

We have assembled the asset base necessary to deliver on this strategy. We are starting to return value and we will deliver significant value to our loyal shareholders over the next five years.

I will be here for the duration, board and shareholder willing.

Q

What is next for Northam?

A

We've done what we said we would do and you can expect more of the same going forward.

Paul Dunne

Chief executive officer

18 August 2020

Company overview

Northam is an independent, fully empowered, integrated PGM producer. All operating mines and the recycling operation are wholly owned.

Our medium-term target is to produce **1 million oz 4E per annum.**

MI Due to the current impact and medium-term uncertainty surrounding COVID-19, we are delaying some of our growth projects and have reduced our F2021 production targets. This position will be reassessed as greater market clarity becomes available.





Zondereinde mining operations

An established, conventional, long-life operation mining the UG2 and Merensky ore bodies.

290 000 oz 4E
forecast production for F2021*

350 000 oz 4E once the Western extension has been fully developed.

>30 yrs
life of mine

The acquisition of the Western extension provides access to additional Merensky and UG2 resources, and increases the life of mine to more than 30 years.

4%
of after-tax profits

Toro Employee Empowerment Trust profit share scheme.

Location:

On the northern portion of the western limb of the Bushveld Complex near the town of Thabazimbi.

Mineral Reserves and Mineral Resources:

Reserves: 13.3 Moz 4E
Resources: 104.0 Moz 4E

Developments:

Due to the impact of COVID-19, the Western extension access project has been partially suspended, whilst the deepening project is being temporarily limited to currently accessed mining levels.

Further brownfields expansion is possible.

* equivalent refined metals from own operations
** in concentrate production including third party material



Booyssendal mining operations Comprising North and South mines

Established and expanding shallow, mechanised, room and pillar mining complex.

330 000 oz 4E
forecast production for F2021**

500 000 oz 4E from Booyssendal North and South mines at steady state.

>25 yrs
life of mine

Booyssendal's current operations.

Significant potential for production growth and extension.

Booyssendal South project

Certain modules postponed for the time being.

Location:

Near the town of Mashishing (formerly Lydenburg) in the southern compartment of the eastern limb of the Bushveld Complex.

Mineral Reserves and Mineral Resources:

Reserves: 13.4 Moz 4E
Resources: 109.6 Moz 4E

Developments:

The extensive ore body lends itself to brownfields expansion opportunities, which are currently being established.

Further expansion is possible.



Eland mining operations

A shallow hybrid mine currently in development with planned steady state of 150 000 oz 4E per annum.

50 000 oz 4E
forecast production for F2021**

Treating surface sources through the concentrating plant.

Development of Kukama shaft commenced. Development rate significantly reduced whilst COVID-19 uncertainty remains.

Mineral Reserves and Mineral Resources:

Reserves: 3.0 Moz 4E
Resources: 19.3 Moz 4E

Other operations

50%
interest in the Dwaalkop Joint Venture with Sibanye-Stillwater Limited

Northam's attributable Mineral Resources:

8.9 Moz 4E

33.7%
interest in SSG Holdings Proprietary Limited

which provides security and facility services to the group.

US recycling operation (wholly owned):

Our approach to recycling continues to be careful and measured in light of recent events.

Metallurgy

Zondereinde metallurgical operations:

Northam's activities are integrated. From underground mining through to concentrating, smelting and base metal removal. Precious metal refining is outsourced.

Heraeus Deutschland GmbH & Co. KG:

Toll refining through a long-term agreement with Heraeus Deutschland GmbH & Co. KG (Heraeus).

Heraeus is a registered member of the London Platinum and Palladium Market and has London-Zurich 'Good Delivery' status for metal production. The refinery in Hanau is subject to strict European Union materials handling protocols. Product transportation is also strictly defined by international aviation regulations.

In-house marketing department:

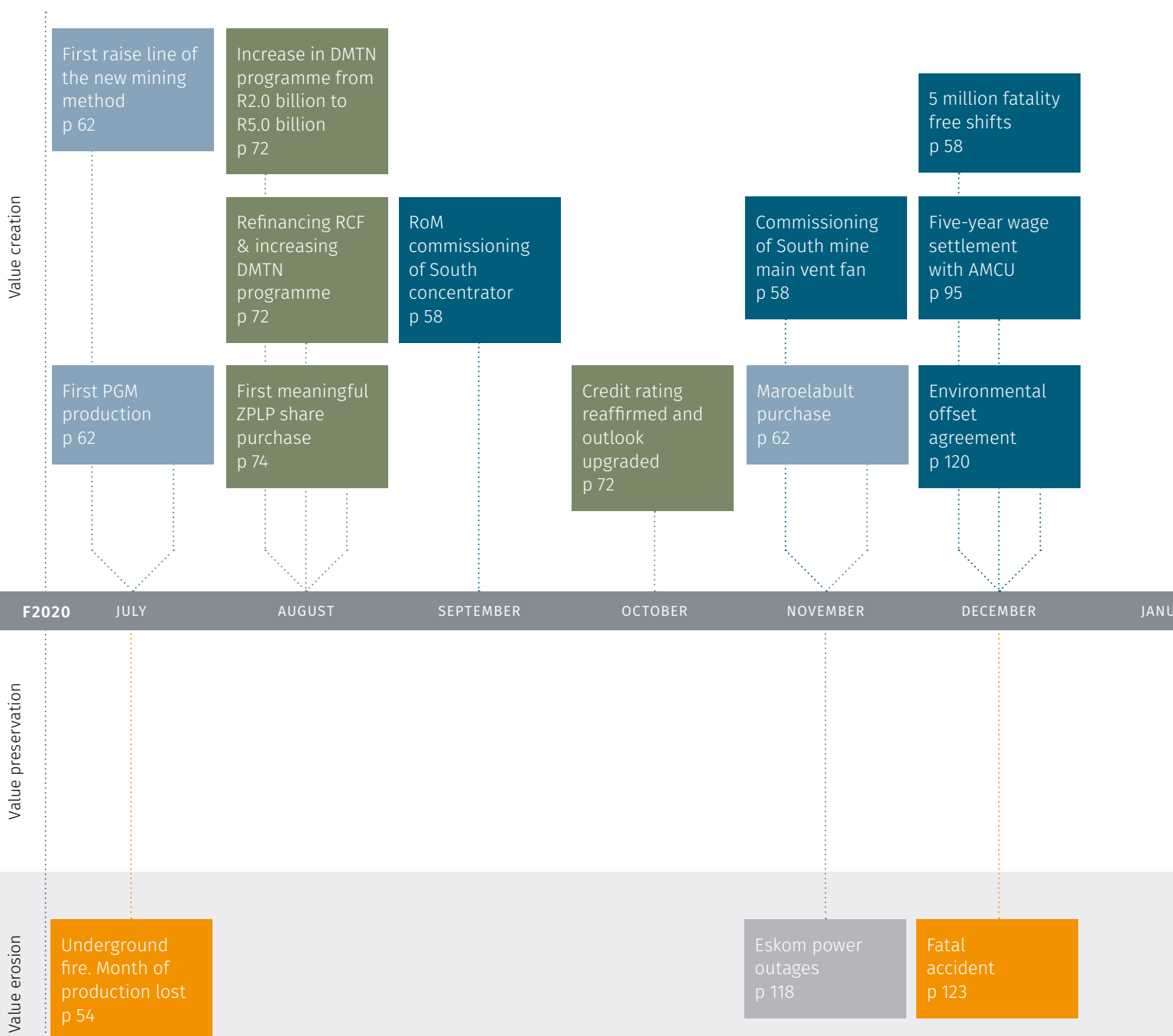
PGMs are sold on international markets where the metal prices are determined by global supply and demand and are US dollar-denominated. The metal is sold in sponge or ingot form to customers across the globe.

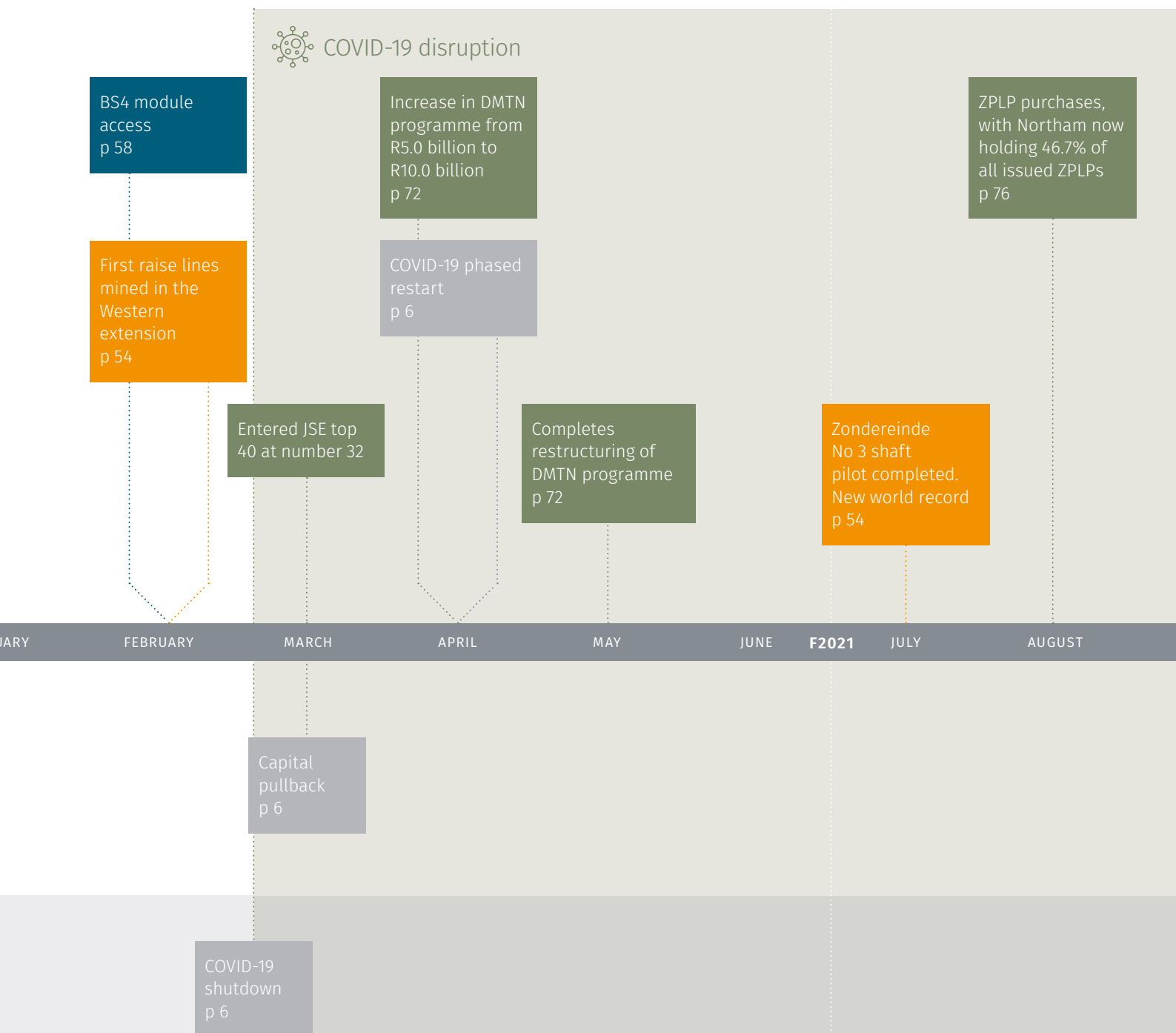
Northam's in-house marketing department is responsible for the marketing and sales of products domestically and internationally.

The year at a glance

An opportunity to look back on the key events of the year that influenced our growth as well as our target milestones to 2025. We have also provided an indication of the perceived effect of each event on the business to aid the appreciation of value creation, preservation and erosion over the period.

■ Zondereinde ■ Booyensdal ■ Eland ■ Group ■ All operations





Our business model

Our value chain focusses on combining our inherent asset value with positive market dynamics, whilst pursuing clear capital priorities and driving efficient project delivery.

We have deployed our business model over the past five years to deliver Northam's transformation (see under flaps).

Driven by

Our purpose

By promoting our vision to be a reliable PGM producer of choice to all stakeholders, our purpose-led business model guides our strategy, behaviours and actions.

See our purpose and vision on page 2 and 3.

Operating a successful and sustainable business requires the effective integration and management of a number of internal and external factors.

Impacted by

Our material issues

Production performance: It is the role and responsibility of executive management to set realistic strategic targets for the business, whilst it is the role of operational management to meet these targets.

Safety performance: We continually seek to reduce injuries by employing effective technologies, communication and training, as well as reinforcing operational standards and responsibilities.

Project execution: The group has a large capital expansion programme in place to secure its future through the establishment of long-life, low-cost operations.

Maintaining our social licence to operate: Given its influence on our licence to operate, we aim for full compliance with the legal framework of the South African Government.

Environmental impact: We make every effort to minimise our environmental impact; we seek to strictly comply with all environmental legislation and where possible we set aside land for biodiversity conservation.

Stakeholder engagement: We recognise that stakeholders have expectations for credible and effective engagement. We understand and manage these expectations.

Exchange rate and commodity price volatility: Results in significant financial exposure for the group.

We monitor the impact of market dynamics on our business including; commodity prices, exchange rates and product demand.

COVID-19: COVID-19 has had an impact on the health of our employees, our ability to operate, the broader economy and demand for our product.

See material issues on p 32.

How we add value

Capital allocation

Capital raising and empowerment

The Zambezi transaction in 2015 not only empowered our group (31.4% BEE shareholding) and secured our tenure and licence to operate, but it also injected R4.6 billion of capital into the group, allowing us to commence with our 10-year growth strategy.

Furthermore, our growth trajectory has allowed us to raise further funding through the roll-out of a domestic medium-term note (DMTN) programme, increase our RCF and obtain a GBF.

Asset acquisition

We embarked on a focussed acquisition programme in 2015, targeting operations and Mineral Resources with synergistic and optionality benefits.

The acquisitions of the Everest mine in 2015 and the Western extension Mineral Resource block in 2018 unlocked major synergistic benefits with the Booyssendal and Zondereinde mines.

Eland mine afforded us a world-class UG2 Mineral Resource with associated infrastructure, situated in a strategically important area of the Bushveld Complex.

The US recycling operation gave us a footprint to explore the recycling market.

Infrastructure and expansion

We have developed our assets in a modular fashion to minimise capital risk. In doing so, we have targeted synergistic enhancement and increased mechanisation to grow production whilst lowering operational risk and enhancing our relative position on the industry cost curve, thereby strengthening our sustainability.

People and commitments

The health, well-being and personal development of both our employees and the broader communities in which we operate is a core principle of our business model. Over the past five years, we have created over 5 897 new, meaningful, sustainable and direct jobs.

Our procurement spending focusses on the communities where we operate, therefore the economic multiplier into these historically disadvantaged areas is significant.

Our SLP, CSI and LED programmes are developed in collaboration with communities and local authorities in order to ensure the maximum positive benefit.

Project execution **Leadership and culture** **Entrepreneurism**

Our group culture embraces innovation, which includes deep thinking, strong decision-making and rapid delivery, as evidenced in our track record, including the structure of our empowerment transaction and the acquisition of strategically beneficial assets during the down cycle as well as the planning, scheduling and delivery of our production growth projects.

Experience

Our board and executive management team are highly experienced and prudent. They have an excellent track record of effective and responsible management and delivery on projects. Refer to the résumés of the board and executive committee members on page 126 and 128 of this report.

Risk management

Risk management is a cornerstone of our strategy. Liquidity management has afforded our operational teams the headroom to function, whilst geographic diversity, capacity enhancement and increased mechanisation have reduced group operational risk. Refer to the managing risks and opportunities section on page 34 of this report.

Governance

We are committed to good corporate governance facilitated by ethics, transparency and accountability. Refer to the Corporate governance report on our website www.northam.co.za

Activities **Underground mining**

We have three centres of mining operation: Booyssendal, Eland and Zondereinde mines. We currently operate five mining modules. This will grow to nine modules over the coming five years; five of these will be fully mechanised, three will operate a semi-mechanised system and one will continue as a conventional mine.

Concentrating

We operate five concentrators that separately process UG2 and Merensky ores from our mining modules, as well as third party materials. These have installed feed capacity of over 10 million tonnes per annum.

Smelting

Our downstream processing facility located close to our Zondereinde mine includes a smelter complex that comprises two smelter furnaces with a current installed capacity of 35 MW. These have associated concentrate drying plants and matte convertors that produce feed for our base metal refinery.

Base metal removal and refining

Also located at the Zondereinde processing facility, the base metal refinery produces copper plate, nickel sulphide and a final precious metal concentrate containing PGMs, gold and silver. This is toll-refined to individual metals by our refining partner, Heraeus.

Commitments **Social licence to operate**

We meet defined targets as encapsulated in both the Mining Charter and our environmental obligations.

Safety and well-being of our employees

We are committed to a safe working environment and aspire to eliminate injuries in the workplace. The annual trends in our group safety statistics attest to this commitment. Health and wellness are the most important contributors to our goal of zero harm.

Outcomes

Capex spent since F2015

R12.9 bn

Returning value to shareholders:
Zambezi Platinum (RF) Limited
preference shares (ZPLPs)

**46.7% ownership
to date****R5.6 bn value returned to shareholders**

F2020 production of
total refined metal

563 977 oz 4E**F2019: 571 028 oz 4E**

F2020 unit cash cost per
equivalent refined Pt oz

R29 281/Pt oz**F2019: R22 847/Pt oz**

F2020 operating profit

R5.3 bn**F2019: R2.4 bn**

Our strategy so far

Efficient capital allocation and returning value to shareholders 

Northam has pursued a unique strategy, investing during the market down cycle and reaping the benefits of its project execution through growth in our Mineral Reserves and metal production. 

2015 2016 2017

Capital raising and empowerment Zambezi Platinum (RF) limited transaction (empowerment), revolving credit facilities, general banking facility and DMTNs

Acquisitions Everest, Zondereinde Western extension, Eland, US recycling operation and Maroelabult assets

Project execution Booyseindal complex, Zondereinde Western extension, 2nd smelter furnace, Eland and US re

Investment in our growth strategy  

R9.5 bn
invested in Northam's
production growth since
F2015*

R1.8 bn
on acquisitions
since F2015

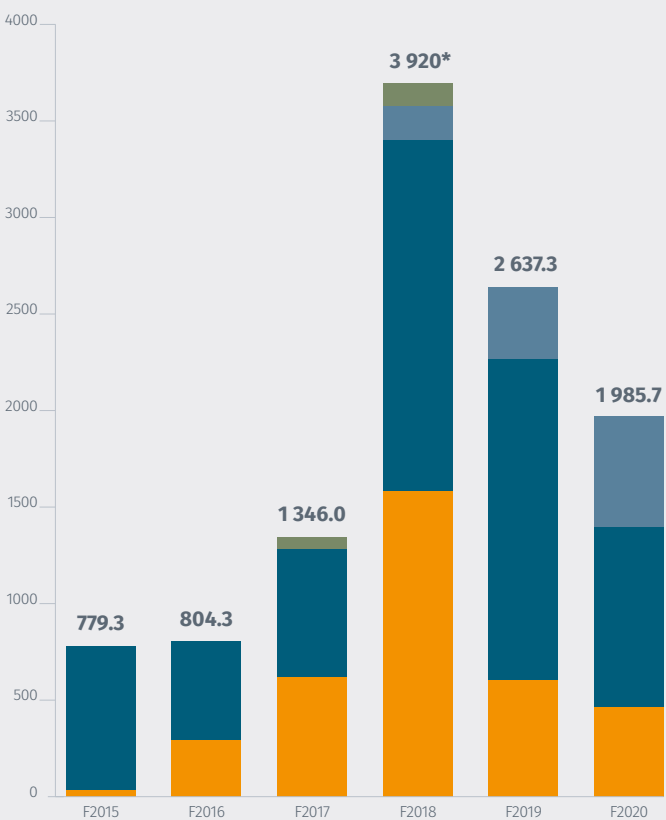
R12.9 bn
on capex
since F2015

R2.4 bn
total capital spend
for F2020

R2.4 bn
forecast capital spend
for F2021

10.7 Moz 4E
growth in Mineral
Reserves since 2015

Acquisitive and expansion capex: Rm 
F2015 to F2020

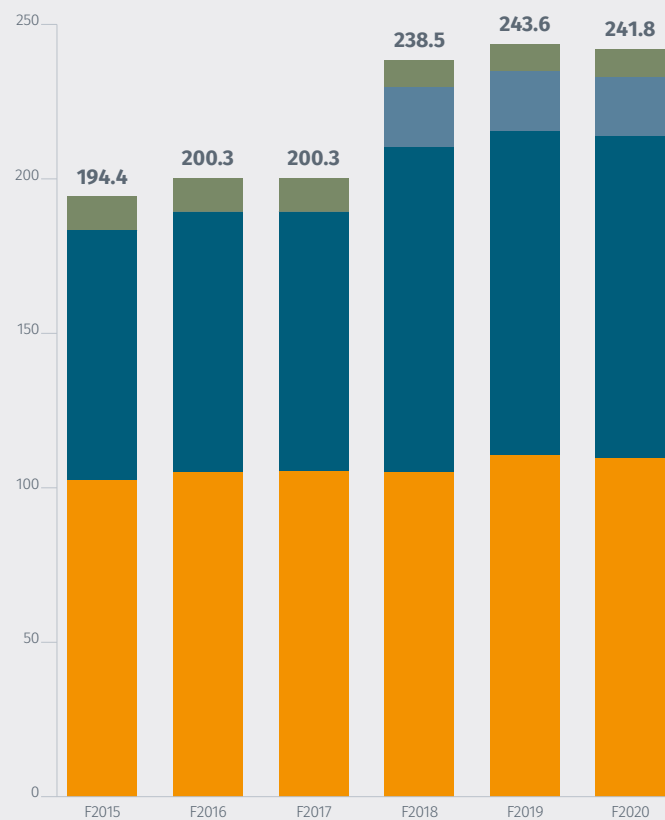


 Zondereinde  Booyseindal  Eland  Other

* Includes a contribution of Euro 20.0 million towards construction of smelter furnace 2 from Heraeus Deutschland GmbH & Co KG

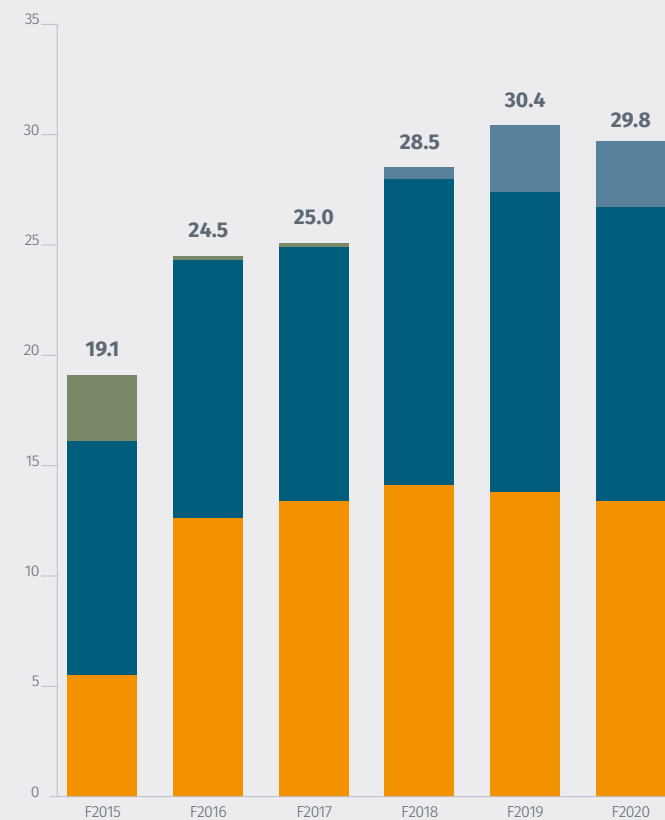
Mineral Resources growth 

**Total Mineral Resources (including Mineral Reserves):
Moz 4E**
F2015 to F2020



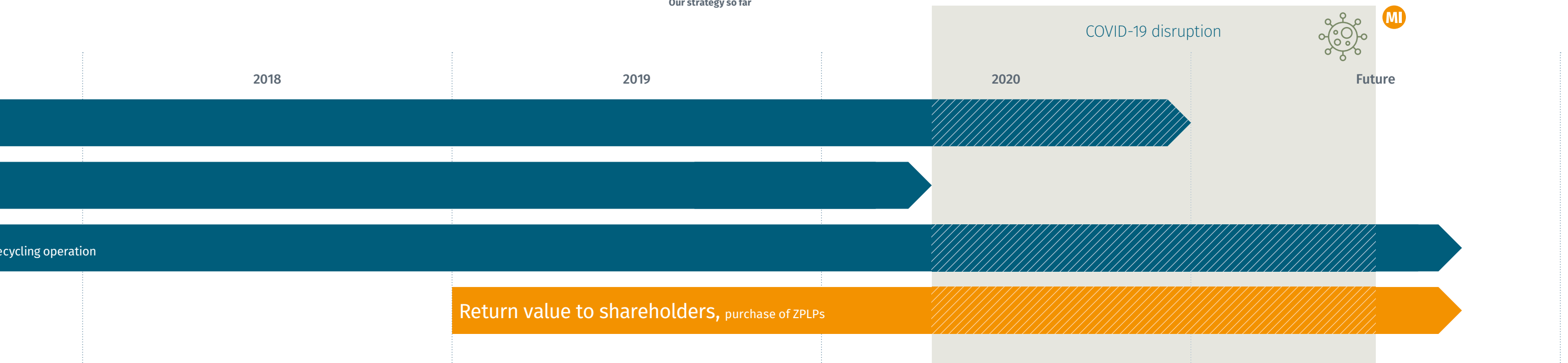
 Zondereinde  Booyseindal  Eland  Other

Total Mineral Reserves: Moz 4E
F2015 to F2020



* Excludes sustaining capex

Our strategy so far



Production growth

▲36.4%

increase in the group's equivalent refined metal from own operations since F2015

Group

▼0.9%

F2019: 519 954 oz 4E
As a result of COVID-19

Boysendal

▲10.0%

F2019: 217 483 oz 4E

Zondereinde

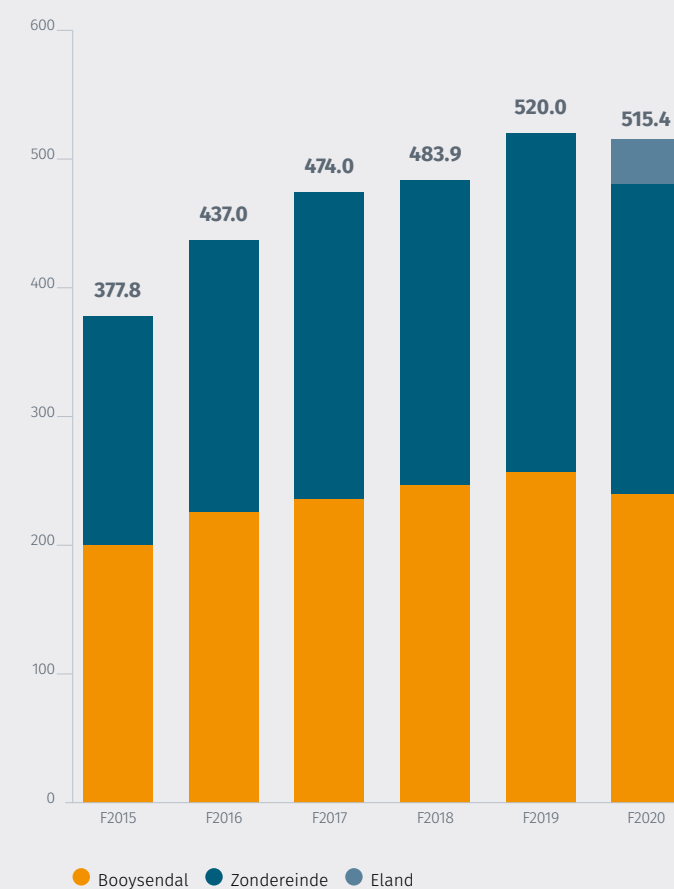
▼19.4%

F2019: 308 466 oz 4E

Eland

▲100.0%

F2019: 0 oz 4E

Equivalent refined metal from own operations: Koz 4E
F2015 to F2020Returning value to shareholders
(via purchases of preference shares)

46.7%

ZPLP ownership to date

Employees

5 897

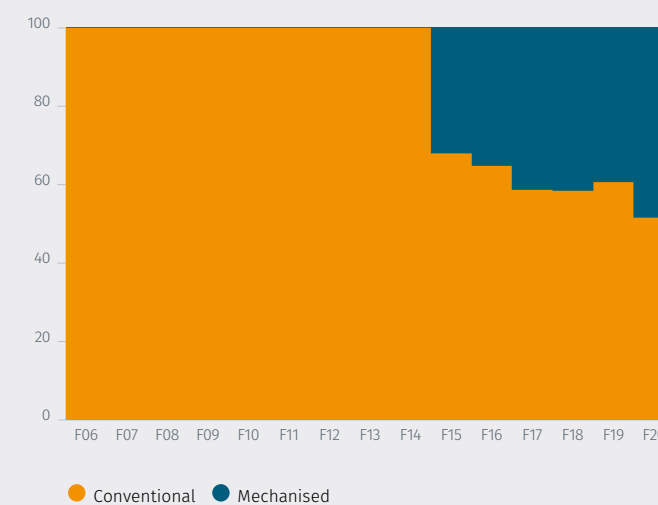
new jobs created since F2015

Safety

1 fatality^{'LA'}

occurred at Zondereinde in December 2019

Group position and outlook

Conventional/mechanised mining split
% oz production

R3.7 bn

spent on employee costs during F2020

0.78 LTIIR^{'LA'}improvement compared to prior year
F2019: 0.93 LTIIR

R148.8 m

Spent on employee training during F2020

5 million

Fatality free shifts at Boysendal in December 2019

Stakeholder engagement

As a responsible corporate citizen, we understand that we operate within a multifaceted economic, legislative and social environment. It is therefore crucial that we engage with all our stakeholders to understand and respond to their concerns, needs and opinions, in order to ensure the ongoing sustainability of our business.

MI

Investors and providers of funding

Appraisal of capital deployment, progress on growth strategy and operational performance



p 25

Unions

Robust and mature relations with organised labour contributes to broader employee engagement



p 29

Communities

Working with local communities strengthens our ability to deliver social upliftment



p 26

Suppliers of goods and services

Inclusivity, transformation and transparency underpin our procurement approach



p 30

Government

Government sets the legislative framework within which we operate



p 27

Customers

We have long-standing associations and relationships with our customer base



p 31

Employees

Employee buy-in is imperative to a safe, healthy and productive working environment



p 28

Industry associations

We contribute and actively participate in various industry associations



p 31



Investors and providers of funding ^F

Why we engage

Equity and debt investors provide the financial capital that has, and will continue to, enable the ongoing development of our growth strategy. Mining is a capital-intensive business with relatively long time horizons to achieving financial returns and it has a commensurate risk profile. Investors therefore need to place significant trust in management to deliver appropriate returns.

We understand that shareholders are traditionally the last in line to earn any returns. We have therefore structured our strategy to include returning value to shareholders at the first appropriate

opportunity. This has manifested through our purchase of R5.6 billion of Zambezi Platinum (RF) Limited preference shares to date.

Understanding and responding to the concerns and views of our investors is critical, as is appraising them of how capital is deployed, how our growth strategy is evolving and how the operations are performing.

How we engage

- Statutory reporting through interim and annual reports
- Announcements on the Stock Exchange News Service (SENS)

- Media releases
- Annual general meetings (AGMs)
- Investor roadshows, conferences and site visits
- Our largest shareholder, Zambezi, which holds 31.4% of our equity, is also our strategic BEE partner. Zambezi has three representatives on the Northam board of directors, enabling open communication of their opinions and any concerns

Interactions during the financial year

Key issues raised	Our response
Disciplined capital allocation and potential value leakage or dilution in the event that Northam is required to execute the guarantee for redemption of Zambezi Platinum (RF) Limited preference shares in May 2025	The long-term success of the business depends on achieving an optimal balance between growth, sustainable operations and returning value to the providers of capital. Management carefully considers the appropriate allocation of capital in these areas to achieve the group's strategic objectives. There are a number of ways that value can be returned to shareholders, including cash dividends, share buy-backs and the purchase of Zambezi Platinum (RF) Limited preference shares (ZPLPs). The Northam board deemed the purchase of ZPLPs to be the most efficient and beneficial way of returning value to shareholders, as it was in effect a share buy-back and reduces the risk associated with the Northam guarantee provided to Zambezi Platinum (RF) Limited. To date, Northam has acquired 46.7% of the issued ZPLPs for R5.6 billion.
Update on growth strategy	The group has a large, modular capital expansion programme to secure its future through the creation of long-life, low-cost operations. Prior to the COVID-19 lockdown, projects were progressing on schedule and on budget. Due to the uncertainty related to the COVID-19 lockdown, this modular approach allowed us to suspend and postpone some capital projects without significantly compromising current cost benefits or future optionality. Successful project execution is key to creating a sustainable business for the long-term benefit of all our stakeholders.
Market demand certainty	We have developed long-standing, robust relations with our customers. This gives us strong demand-side intelligence, which informs our outlook and strategic planning.
Ongoing disclosure of pertinent technical and financial information	We have expanded our interim and annual financial and operational reporting, to a level that has sufficient detail for investment decisions and shows a consistent, comparable approach.
Risk mitigation measures	Our risk identification and mitigation processes have been strengthened over the past five years. These are disclosed in our expanded integrated reporting suite.

Stakeholder engagement – continued



Communities

Why we engage

Socio-economic issues in South Africa are extreme, particularly in the areas where we operate our mines. Small towns and rural areas are largely impoverished, with weak local government structures resulting in failing basic services and a general lack of economic opportunities. This has led to unemployment, particularly amongst the youth, which has in turn resulted in communities expressing their frustrations through protest and other civil action. Our operations are significant centres of economic activity in these areas. Our employees reside in these regions and we procure contracted services from these communities.

In addition, we invest significantly in LED programmes through our SLPs, as further discussed under the Government stakeholder section.

As a result of our prominent position in the areas near to our operations, we sometimes become focal points for protesting communities.

How we engage

- We make use of working forums involving local government, traditional leaders, business forums, community councils and individuals
- Local communities, via the Zondereinde and Booyensdal Community Trusts, hold a 5% shareholding in Northam through the Zambezi ownership structure. Quarterly trustee meetings are held in which community concerns are aired and infrastructure, healthcare, educational needs and current projects are discussed
- At Booyensdal, the mine leases surface freehold from the Bakoni Ba Phetla Communal Property Association. This benefits the

community financially and affords them a further communication channel

- In response to the heightened financial stresses associated with COVID-19, we have donated R2.0 million collectively to the two community trusts

Interactions during the financial year

Key issues raised	Our response
Expectations associated with community development projects	Potential projects are identified through existing and recognised community structures and local Integrated Development Plans (IDPs) approved by the respective local municipality. Prioritised projects are included in our SLPs, which are aligned to communities' needs.
Disputes and dissent within local coalition government and ageing infrastructure hindering the development of housing projects local to Zondereinde	Ongoing engagements are held between the Thabazimbi Local Municipality and the Zondereinde mine to identify areas of collaboration in order to pursue company-sponsored housing developments.
Local procurement spend	Companies from local communities are supported through Enterprise and Supplier Development (ESD) programmes to increase local procurement spend. An example of this is the inclusion of local business in the development of the Lefika housing project local to Zondereinde.
High unemployment rate in communities around our operations	Our stakeholder engagement departments have developed local recruitment mechanisms to ensure that local communities are prioritised when there are vacancies to be filled. In addition, there are cadetship programmes to train unemployed local people in the basic skills required by the mining industry. This is to assist them in recruitment when opportunities arise, whether at our operations or with other mining companies in the region.



Government and regulatory authorities

Why we engage

Government sets the legislative framework within which we operate and provides, through state-owned enterprises (SOEs), some of the basic services required by our operations.

We operate under licence at our mines. Maintaining these licences to operate is critical to the sustainability of our business. This is dependent, in part, upon our compliance to the Mining Charter and our performance relative to our SLPs. Agreement to, as well as monitoring of, performance against SLPs is controlled by the Department of Mineral Resources and Energy (DMRE). Our SLPs are developed internally, but are influenced by and aligned to programmes such as local municipality IDPs in order for them to have the greatest positive impact. SLP initiatives include programmes for water and sanitation reticulation and treatment, the electrification of villages and the construction and upgrade of healthcare and educational facilities, both in areas local to the operations as well as in labour-sending areas. These projects are advanced using contractors from these communities, which multiplies the benefits accrued. The development and

implementation of these projects requires significant coordination through a practical working relationship with many different government departments to align the projects with needs and overcome the many regulatory challenges.

Northam is committed to the stewardship of the environment surrounding our operations. Achieving this requires strong relationships with, amongst others, the Department of Water and Sanitation (DWS) and various arms of local and provincial government. One example of this was the establishment of the Buttonshope Conservancy Trust in 2011, to oversee the development and ongoing management of environmental offset areas associated with the development of the Booyssendal mine. Trustees include representatives from the Mpumalanga Tourism and Parks Association (MTPA) – a branch of the Mpumalanga provincial government.

How we engage

- Formal reporting and consultation with various branches of government are used, via the relevant departments. Our primary

interaction is with the DMRE, on matters relating to permitting and safety and health, through the regional offices and the office of the principal inspector

- We engage with SOEs, such as Eskom, through the large power user customer relations executives, to manage matters such as disruption to our operations associated with periods of interrupted power supply
- Regular meetings with the trustees of the Buttonshope Conservancy Trust

Interactions during the financial year

Key issues raised	Our response
DMRE audits of SLP performance. Concerns regarding pace of project implementation of SLP projects at Zondereinde mine	Detailed project plans with defined timelines have been communicated to the DMRE, highlighting milestones and critical paths of the various projects that had been agreed upon between the company, the local municipality and the DMRE.
Community and skills development	Amendments and variations to SLP commitments, including budget, project scope and timelines were submitted to the DMRE and approved in terms of section 102 of the Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA). These were also communicated to all other relevant stakeholders. For example, the extension of the Zondereinde life of mine by more than 20 years, together with the movement in retirement age for bargaining unit employees from 60 to 63, reduced the immediate need to train employees in portable skills to be utilised post retirement. These skills ensure continued participation in economic activity.
Safe restart of operations post COVID-19 lockdown	We worked with government to facilitate a safe restart of our operations in line with all regulations.

Stakeholder engagement – continued

Employees **Why we engage**

People make our business. Our employees provide human and intellectual capital by contributing their skills, abilities and knowledge to the economic processes of the company, thereby creating value.

Mining in South Africa is particularly labour intensive. The buy-in of employees to the business imperatives of a safe, healthy and productive working environment is critical.

How we engage

- Regular management interaction and clear communication structures
- Information is disseminated through our training interventions, internal newsletters and communiques
- Concerns are addressed through employee representative forums
- Employees are shareholders in the company through the Northam Employee Trust, which holds 3% of the Northam group. This affords employees an additional channel for communication with the company

Interactions during the financial year

Key issues raised	Our response
Communication during the COVID-19 lockdown	Communication with employees during the prevailing global COVID-19 pandemic is paramount. An internal COVID-19 task team was established to centrally coordinate our protocols and responses. The task team also ensured that at all times employees were in the communication loop and aware of the latest company developments. The dissemination of information has been vital in coordinating the transitions from and then back to normal operations. In addition, communication with organised labour unions helped to spread information to employees. The internal briefing system was an additional channel used by the operations' general managers. At our request, our medical services provider has supplied a vital communication and medication provision service during this time. They are in constant communication with all their members, especially those with chronic conditions. This is to ensure compliance to medication schedules and to arrange for medication delivery where required.
Northam Employee Trust trustee training	Following the transition from a contract mining to an owner-operator model at the Booyssendal mine, employees were transferred from contractors to permanent staff. Subsequent to this transition, the Association of Mineworkers and Construction Union (AMCU) emerged as the majority union. The AMCU on-mine branch representatives were trained as trustees to participate in the employees' trust.
Fair employment practices	Northam implements fair employment practices in line with the basic labour rights of the Fundamental Rights Convention of the International Labor Organization (ILO). The company's board, through the social, ethics, human resources and transformation (SEHR&T) committee, plays a vital role in monitoring this, and the company's code of ethics safeguards this. All employees are required to adhere to this code of ethics and we communicate this through refresher training and general communiques, for example information boards and newsletters. We further have a whistle-blowing and ethics hotline which is accessible to all employees.



Why we engage

Organised labour represents employees' interests. Northam recognises employees' rights in the workplace, notably the right to freedom of association and collective bargaining. These rights are governed by South African labour legislation and are subject to provisions contained in the substantive agreements we have with organised labour. Northam is committed to engaging in good faith with unions representing our employees, in order to reach agreement on matters important to both the company and our employees. Our substantive agreements prescribe that registered unions obtain organisational and bargaining rights at 15% and 30% representation respectively within a particular bargaining unit.

It is therefore key to our broader engagement with employees that we foster a robust and mature working relationship with the various unions that are active across our operations.

How we engage

- We interact in collaborative engagement with union branch representatives at the operational level through various working forums, and facilitate and participate in training workshops with them to engender common understanding. We further have *ad hoc* interaction at regional and national levels, as and when required
- Negotiations regarding wages and working conditions are dealt with at an operational level. The unions representing the main bargaining units are the National Union of Mineworkers (NUM) at Zondereinde and Eland mines, and AMCU at Booysendal. We believe that our ongoing dialogue outside of wage bargaining has strengthened our mutual understanding and relationships. This has yielded positive results in recent times, with three and five-year wage agreements settled at Zondereinde

and Booysendal respectively. In addition, we believe that our relatively smooth transition from a contract mining to owner-operator model at Booysendal in F2018 was in part the result of our robust and mature relationship with AMCU

Interactions during the financial year

Key issues raised	Our response
Wage negotiations at Booysendal	Wage negotiations were cordially settled, and a five-year wage and conditions of service agreement are in place.
Perceived inequity in opportunities and racial diversity not acknowledged	Our diversity training workshops focus on gender and racial diversity. This matter was also referred to workplace forums. Accessible dispute resolution processes are in place.
Returning employees to work in an orderly and safe manner post the COVID-19 lockdown	Transitions from and to normal operations during the COVID-19 crisis have required ongoing communication with the various unions. There was significant engagement between our operational management, organised labour unions, industry body the Minerals Council South Africa (Minerals Council), the DMRE, local government and various emergency services. This led to a set of safety protocols being developed and implemented to ensure a safe return to work.

Stakeholder engagement – continued



Suppliers of goods and services

Why we engage

A significant portion of our operating costs are spent on procured goods and services rendered to our business. Our approach to procurement is underpinned by the notions of inclusivity, transformation and transparency, as stipulated by the country's Mining Charter. Our procurement practice supports historically disadvantaged persons (HDPs) and compliant suppliers who meet the requirements of our vendor governance systems. This approach has led to significant growth in HDP procurement over the past five years. Our Enterprise and Supplier Development (ESD) initiatives have further resulted in substantial spending on goods and services procured from companies local to and owned by the

communities surrounding our operations. These initiatives have doubled the number of community-based companies in our vendor database.

The ESD initiatives have required significant communication with our existing goods and services providers and potential new providers.

How we engage

- We hold regular open days during which procurement opportunities are identified and shared, and training is provided on vendor administration and governance, as well as skills development and the mentoring of local entrepreneurs

Interactions during the financial year

Key issues raised	Our response
Suspension of certain supply contracts as a result of COVID-19	The COVID-19 crisis required the suspension of certain supply contracts. This process was distressing for all parties and we maintained open lines of communication with our suppliers to reduce uncertainty and to give all parties the best chance of managing through the crisis.
Supply chain disruptions linked to COVID-19 prior to the lockdown period, particularly concerns pertaining to the continuity of supply of major commodities such as grinding media, spare parts for mechanised mining equipment and chemical reagents	A survey gauging the exposure of our suppliers of major commodities to import disruption, particularly from China, was issued to 84 of our major suppliers. The responses from our suppliers indicated that our supply chain has very limited exposure to Chinese goods, and our suppliers who have exposure to foreign content had contingency plans in place.
Measuring and monitoring of local content in supplied goods, as prescribed in the Mining Charter	Together with our peers in the mining industry, through the Minerals Council, we have embarked on a process of establishing the local content of key mining commodities from our suppliers. This is an ongoing process.
Volatile currency rate of exchange (RoE)	The contractual agreements entered into with our suppliers are structured to accommodate quarterly reviews and the adjustment of the RoE component of the prices of goods.
Managing expectations from our local, community-based suppliers and entrepreneurs in terms of procurement	Identifying and setting aside opportunities to enhance LED through preferential procurement is a priority, along with the leveraging of our ESD programmes to grow the number of local, community-based entrepreneurs conducting business with us. Both initiatives are ongoing.



Customers

Why we engage

We have long-standing associations and relationships with our customer base. We sell most of our PGMs through offtake agreements with a limited number of large customers. Heraeus, which refines our product on a toll basis, is one of them. Our buyers are mainly industrial companies, and in the case of the automotive sector, suppliers of catalysts and catalytic components as opposed to the car manufacturers themselves. This affords them deep insight into the demand side of the broader PGM market. Our customers are

very important to us. It is critical to understand their needs in order for us to remain a reliable supplier and for us to retain their trust as an ethical operator. The recent COVID-19 pandemic has brought the significance of these relationships to the fore. All parties, both on the supply and demand side, are affected, and ongoing communication has been key to coordinating our responses.

Our chrome product is sold through a single third party via a guaranteed offtake and security of supply

contributions agreement. This ensures sales and revenue, even during depressed market conditions. As a large metals trader, their market insights are significant.

How we engage

- We make use of regular communication via telephone and video conferencing
- We arrange roadshows, conferences and site visits

Interactions during the financial year

Key issues raised	Our response
Availability of metal	We have proven ourselves to be a reliable, consistent supplier of quality metal product over many years. We have kept our customers informed of our growth strategy and ongoing progress against this. In addition, we partner with some customers in research and development programmes, strengthening our relationships and product offering.



Industry associations

Why we engage

Industry associations promote the industry, as well as market development activities that are important to ongoing demand for our products.

How we engage

- Northam contributes to and actively participates in the World Platinum Investment Council (WPIC), the Platinum Guild International (PGI) and the International Platinum Group Metals Association (IPA). In addition, Northam contributes to an industrial research and development

programme directed by our refining partner and customer, Heraeus

- We are an active member of the Minerals Council, which is a mining industry employers' organisation that supports and promotes the South African mining industry

Interactions during the financial year

Key issues raised	Our response
Membership sustainability in view of cost and current economic pressures	Membership is subject to annual review. There is frequent dialogue with the leadership of industry bodies.
Issues affecting the South African mining industry	Our membership of the Minerals Council allows us to contribute to collective responses from the industry.

Material issues

Our material issues are as follows:

Material issue	Description	Interested and affected stakeholders	Associated principle risks	Committee
Managing production and performance to ensure the successful execution of our business strategy	It is the role and responsibility of executive management to set realistic strategic targets for the business, whilst it is the role of operational management to meet these targets. The success of this strategy affects shareholders and stakeholders alike.	- Investors and providers of funding - Employees - Customers - Suppliers of goods and services - Communities - Government and regulatory authorities	- Operational performance - Energy supply	- Management review committees - Executive committee - Health, safety and environmental committee - Board of directors
Continuing to improve the safety performance and the health and wellness of our employees	It is our aim to improve the safety performance and the health and wellness of all employees. We do this by continuously seeking to reduce injuries, applying appropriate technologies, communicating and training, as well as reinforcing operational standards and responsibility.	- Employees - Suppliers of goods and services - Communities - Government and regulatory authorities	Health and safety performance	- Management review committees - Executive committee - Health, safety and environmental committee - Social, ethics, human resources and transformation committee - Board of directors
Effective project execution	The group has a large capital expansion programme in place to secure its future through the creation of long-life, low-cost operations. Successful project execution is key to creating a sustainable business for the long-term benefit of all stakeholders.	- Investors and providers of funding - Employees - Customers - Suppliers of goods and services - Communities - Government and regulatory authorities	- Growth project execution and the development of new operations - Operational performance	- Management review committees - Executive committee - Investment committee - Board of directors
Maintaining our legislative and regulatory compliance, focussing on the Mineral and Petroleum Resources Development Act No. 28 of 2002 (MPRDA) and the Mining Charter	We recognise that we do business within the legal framework of the country. We aim for full compliance with the laws of the land. Given its influence on our licence to operate, the most relevant aspects of legislation for Northam and its operations are the MPRDA and the associated Mining Charter.	- Investors and providers of funding - Employees - Customers - Suppliers of goods and services - Communities - Government and regulatory authorities	- Social licence to operate - Health and safety performance	All
		See stakeholder engagement section	See managing risks and opportunities section	See Corporate governance report

Material issue	Description	Interested and affected stakeholders	Associated principle risks	Committee
Managing the environmental impact of our operations and conserving natural resources	We make every effort to minimise our environmental impact; we seek to comply strictly with all environmental legislation and where possible we set aside land for biodiversity conservation. We make the optimal use of and conserve our natural resources.	- Investors and providers of funding - Communities - Government and regulatory authorities - Employees	- Energy supply - Water supply - Social licence to operate	- Management review committees - Executive committee - Health, safety and environmental committee - Board of directors
Maintaining constructive communication channels with all our stakeholders	We recognise that stakeholders, be they shareholders, employees, communities or government, have certain expectations of the group, not all of which may be appropriate or possible to meet. We understand and manage these expectations through credible and effective engagement with stakeholders.	- Investors and providers of funding - Employees - Customers - Suppliers of goods and services - Media - Communities - Government and regulatory authorities	- Employee relationships - Community relations - Social licence to operate	- Audit and risk committee - Social, ethics, human resources and transformation committee - Health, safety and environmental committee - Board of directors
Liquidity management to mitigate market volatility	- Exchange rate and commodity price volatility results in significant financial exposure for the group - In addition, Northam is a public company listed on the JSE. Market sentiment impacts share price which determines company value. This influences availability and cost of funding	- Investors and providers of funding - Suppliers of goods and services	- Exchange rate and commodity price volatility - Liquidity management	- Audit and risk committee - Board of directors
COVID-19	COVID-19 has had an impact on: - The health of our employees - Our ability to operate - The broader economy and demand for our product; it has brought about financial uncertainty	All	- Exchange rate and commodity price volatility - Social licence to operate - Growth project execution and the development of new operations - Health and safety performance - Liquidity management - Employee relationships - Community relations - Operational performance	All
		See stakeholder engagement section	See managing risks and opportunities section	See Corporate governance report

Managing risks and opportunities

Northam's risk management approach is aligned to the group's purpose and strategy.

An entity must take risks in order to take advantage of opportunities, which will lead to growth and an increase in value for all stakeholders. What is important is understanding and managing these risks within acceptable tolerance.



Northam's risk management philosophy is underpinned by:

The group's ability to identify risks which impact performance

The group's ability to tolerate and accept a certain amount of risk in order to achieve its strategic goals

The development of a risk register and the attachment of weightings and significance to the identified risks

Constant evaluation and re-rating of identified risks

Mitigation of identified risks

Risk identification

Northam has a mature and comprehensive enterprise risk management framework. This guides management's decision-making process in pursuit of our business and operational objectives. This ensures that associated risks and opportunities are timeously identified, evaluated and, where necessary, appropriate response strategies determined.

In addition to the identified risks, there is the potential for unforeseen and unexpected significant events (often termed "black swan events") with severe economic and social consequences that have the potential to disrupt the normal course of business. These crises could result in the realisation of all, or a combination of, the individual identified risks in the group.

See [Risk management case study – COVID-19 on the following page](#).

Risk appetite

Tolerance for uncertainty within well-defined risk appetites is key to executing our business strategy, which is predicated on strong and responsible growth in profits. We are willing to take certain risks, whilst operating within the bounds of strong expertise.

We optimise returns on a risk-adjusted basis by focussing on the risks where the long-term expected return more than compensates for the risk taken and the cost of capital.

We consider this within the context of consequence severity, likelihood, any relevant internal or external factors influencing the risk and the status of management's actions to mitigate or control the risk. A scale is used to help determine the limit of appetite for each risk, recognising that our risk appetite may change over time.

Our risk appetite for catastrophic and operational risks is very low. Deficiencies in controls that have safety implications are therefore not tolerated. Our internal audit programmes regularly evaluate these controls with technical experts at the operations. The results of these audits inform management's response to any issues identified. Additional mitigation is enacted should implications exceed tolerance.

Enterprise risk management

Management is responsible for monitoring progress on actions to mitigate key risks and to determine if any such risks fall outside the limits of our risk appetite. This is underpinned by a combined assurance model and includes a clear articulation of our risk strategy. The mature enterprise risk management system ensures disciplined, risk-based decision-making in the group and active control over the risk exposures that could have an impact on earnings and capital.

If a risk exceeds our appetite, it will threaten the achievement of our objectives and may require a change in strategy. Risks that approach the limit of the group's risk appetite may require management's actions to be accelerated or enhanced to ensure that risks remain within appetite levels.

A risk register details the assessment of both the likelihood of logged risks occurring and their potential impact on our business. Identified risks are constantly re-evaluated and the risk register is updated accordingly.

The risk management process is continuous. Key risks, together with their associated mitigation measures, are reported to each of the board subcommittees and the board on a regular basis.

Risk and reward are inherently linked.

Enterprise risk management is therefore important to influence decision-making, to ensure that risks are appropriately evaluated and mitigated, where possible.

Business and operational uncertainty carry both risks and opportunities. This requires a fine balance based on the organisational objectives.

Northam's enterprise risk management framework provides management with a governance tool to make informed decisions and to deal with uncertainty and the associated opportunities and challenges in our business.

The identification of risks enables management to focus their efforts and activities on mitigating actions.

Risks identify exposure to uncertainty, which has the potential to erode shareholder value.

Opportunities are exposure to circumstances that have the potential to enhance shareholder value.



Risk management case study

COVID-19

The current COVID-19 pandemic and global socio-economic disruption may be deemed a black swan event.

Risk identification

The board and management team have kept a watching brief on the globally developing COVID-19 pandemic. Protocols have been developed timeously for steering the group through the national lockdown, as well as the subsequent phased and controlled restart of operations. These protocols are continually reassessed and amended as new information becomes available.

Risk management

Our approach to COVID-19 risk management focussed on:

- Reducing contamination amongst employees and communities as far as possible
- Avoiding job losses
- Maintaining the company's liquidity

This resulted in the following interventions to date.



Operations

The company suspended all but essential services from midnight on Thursday, 26 March 2020 in compliance with the national lockdown.

The lockdown had a significant impact on our production, operational performance, the health and safety of our employees and, consequently, the liquidity of the group.

We restarted operations in a controlled and phased manner from Monday, 20 April 2020. This was initially at reduced capacity, in line with the amendments to the regulations relating to Section 27(2) of the Disaster Management Act No. 57 of 2002. Ramp-up to normal levels commenced from 1 June 2020.

Employees

A key priority for Northam is, and always will be, the ongoing care and well-being of our employees. This principle informed our approach to the operational restart, as well as our longer term planning and production.

At all of our operations we implemented appropriate, stringent and extensive practical measures to reduce exposure to and the spread of COVID-19 amongst our workforce and to ensure and monitor safe working practices and protocols. These measures followed the prescripts of the amended disaster management regulations and were in line with the procedures for the restart of operations developed for the mining industry through the Minerals Council, in consultation with the Department of Mineral Resources and Energy.

Another priority is the preservation of jobs and this informed our planning response.

Financial reserves

We have protected our financial reserves as far as possible by reducing capital outflow, strengthening our debt facilities and improving operational profitability.

See [How COVID-19 has impacted Northam on page 6](#) for more detail.

Communication and stakeholder engagement

We have maintained regular and open lines of communication with our stakeholders, and in particular our customers, with whom we have long-standing relationships, in order to protect our sales pipeline.

See [stakeholder engagement on page 24](#).



A key priority for Northam is, and always will be, the ongoing care and well-being of our employees.

Principal risks

The COVID-19 pandemic is having a wide-ranging impact on the global economy. Despite our interventions, it is still uncertain how large an influence it will have on the group in the long-term.



We indicate which of our identified risks are heightened as a result of the COVID-19 pandemic with this icon.

Exchange rate and commodity price volatility (external risk)



Exchange rate and commodity price volatility results in significant financial exposure for the group. Northam is a price taker, with no ability to influence the price of our commodities or the exchange rate offered. Platinum Group Metals (PGMs) are priced in US dollars, whilst operating costs are denominated in ZAR.

This risk is not wholly within the control of the group. Its risk rating has increased in the current reporting period due to economic uncertainty related to the COVID-19 pandemic.

Risk/impact	Opportunity
- Lower commodity prices, or strengthening of the ZAR, could reduce ZAR-denominated revenue - Weak demand for PGMs, as a result of a depressed global economic environment, could have a negative impact on the prices of PGMs - Without a commensurate reduction in unit costs, lower commodity prices would compromise profitability, affecting cash flows and resulting in going concern and impairment risks	- Higher commodity prices, or weakening of the ZAR, could improve ZAR-denominated revenue - Stricter emissions legislation in the largest automotive markets, a focus on NOx reduction, high gasoline penetration in the light duty vehicle market (both in China and increasingly in Europe) are leading to a higher demand for our products, supporting the prices of PGMs - Insufficient project capital spend from the PGM mining sector over the past 10 years, together with production stoppages in South Africa, are leading to reduced primary supply. This supports the prices of PGMs
Response	Risk governance responsibility
- Northam is an unhedged producer with a view to maximise shareholder exposure to both exchange rate and dollar-denominated commodity prices - A pricing committee oversees price forecasts. Projected exchange rates and prices are included in the monthly cash flow forecasts - Northam has adequate funding in place to support its operations in the short to medium-term - Should commodity prices stay lower for longer, specific projects could be postponed or halted to preserve cash - The group's growth strategy is focussed on growing production down the cost curve by developing new, shallow, mechanisable ore bodies and optimising existing operations	- Audit and risk committee - Board of directors
Risk appetite	
Currently within the risk appetite, but potential to exceed it should commodity prices be severely impacted as a result of the COVID-19 pandemic on the global economy	

Social licence to operate



Compliance to the Mineral and Petroleum Resources Development Act, the associated Mining Charter, and environmental and other relevant legislation is imperative in the mining industry. Compliance enhances Northam's reputation as an employer, corporate citizen and environmental custodian. This ensures our social licence to operate.

This risk is mainly within the control of the group. Its risk rating has increased with the increase in legislation relating to the COVID-19 pandemic.

Risk/impact	Opportunity
- Penalties relating to non-compliance - Withdrawal of mining licences and other permits - Negative impact on reputation which is likely to affect Northam's rating as a sound investment opportunity - Increased risk of protest action, boycotts and negative public exposure	Ongoing adherence to relevant laws and regulations enhances Northam's reputation, improving our rating as a sound investment opportunity
Response	Risk governance responsibility
- Ongoing monitoring of legislative requirements and updates, and maintaining compliance - Active membership of the Minerals Council, which represents the mining industry in matters of national interest - Value sharing and contribution to socio-economic upliftment in our communities - Open, honest, continuous and effective stakeholder engagement	- Management review committees - Executive committee - Health, safety and environmental committee - Social, ethics, human resources and transformation committee - Audit and risk committee - Board of directors
Risk appetite	
Within risk appetite	

Principal risks – continued

Growth project execution and the development of new operations 

The group's growth strategy is focussed on growing production down the cost curve by developing new, shallow, mechanisable ore bodies and optimising existing operations.

This risk is mainly within the control of the group. Despite the work stoppages associated with the COVID-19 pandemic, its risk rating has decreased in the current reporting period due to our projects being further along their respective critical paths.

Risk/impact	Opportunity
■ The risk exists that growth projects and new developments underperform and do not meet the cost of capital requirements ■ This could pose a threat to the group's sustainability ■ Potential to compromise profitability and cash generation ■ Increasing going concern and impairment risk, negatively affecting the relative cost position of the group	■ Delivering ahead of schedule and/or below budget improves investment returns and would further enhance the market perception of Northam as a company that delivers on its plans ■ The Booyseendal South project provides the group with the opportunity of increased shallow, mechanisable production and lowering costs, with a short ramp-up period ■ The project pipeline of the group will provide the opportunity to generate economies of scale and additional profitability
Response	Risk governance responsibility
■ Experienced and competent project teams are in place to oversee each of the major pipeline projects currently underway ■ Suspension/slowing down of certain growth projects ensures cash preservation during uncertain times ■ A comprehensive project approval process is in place and governs every stage, from approval to commissioning. This includes future scenario planning ■ Material project risks are comprehensively assessed and, where possible, mitigated before each project proceeds to its next phase ■ Should commodity prices stay lower for longer, specific projects could be postponed or halted to preserve cash ■ There is a continued focus on cost control by all operations within the group through reporting and monitoring	■ Management review committees ■ Executive committee ■ Investment committee ■ Board of directors
Risk appetite	
■ Within risk appetite but as a result of the global economic uncertainty, this risk will be closely monitored to ensure appropriate cash preservation as required	

Health and safety performance



Underground mining is inherently hazardous and risky and our growth strategy requires increasing numbers of new employees across all operations. This inevitably increases the risk related to complying with the requirements of health and safety.

A key priority for Northam is, and always will be, the ongoing care and well-being of our employees.

This risk is mainly within the control of the group. Its risk rating has increased in the current reporting period due to the COVID-19 pandemic.

Risk/impact	Opportunity
- Failure to ensure the health and safety of employees could result in occupational diseases, injuries or even fatalities. This is likely to affect morale and will ultimately result in reputational damage - Associated downtime is costly and has an adverse impact on profitability	- Increasing mechanisation moves labour away from the mining face, reducing the potential for injury - Improved employee health can result in increased labour productivity
Response	Risk governance responsibility
- Focus on compliance with health and safety regulations, operating procedures and standards - Compulsory, continuous safety training and effective on-site management and supervision - Compulsory use of personal protective equipment (PPE), including protective equipment required in terms of COVID-19 regulations - Focus on developing mechanisable ore bodies for increased safety and employing technology for improved working conditions - Continuous health checks of employees, with a strong focus on prevention	- Management review committees - Executive committee - Health, safety and environmental committee - Board of directors
Risk appetite	
This risk will be closely monitored as a result of the COVID-19 pandemic	

Liquidity management



Prudent liquidity management is facilitated by maintaining sufficient cash and available funding through adequate uncommitted credit facilities. Insufficient financing to fund operational and expansionary aspirations would impact shareholder value.

This risk is mainly within the control of the group. Its risk rating has increased in the current reporting period due to the economic uncertainty related to the COVID-19 pandemic.

Risk/impact	Opportunity
- Insufficient liquidity to meet liabilities as they become due and payable - Insufficient free cash flow for return of value to shareholders - Inadequate free cash flow for capital or sustainability projects, resulting in compromised profitability and jeopardising sustainability, which poses a going concern risk - Breach of financial covenants	- Sufficient liquidity provides flexibility to return value to shareholders - Effective liquidity risk management improves credit ratings, leading to reduced borrowing costs

Principal risks – continued

Liquidity management – continued



Response	Risk governance responsibility
▪ The group applies prudent liquidity risk management and has uncommitted credit facilities available ▪ To preserve cash flow, various capital projects can be suspended or postponed and the overall capital budget can be minimised as far as possible ▪ Policy principles on net debt to EBITDA ratio inform borrowing and spending decisions ▪ Regular reviews of capital allocations ▪ Regular forecast and cash flow updates prepared and reviewed ▪ Maintain continual focus on cost and capital discipline	▪ Management review committees ▪ Executive committee ▪ Audit and risk committee ▪ Board of directors
Risk appetite	
▪ Within risk appetite, but as a result of the global economic uncertainty, this risk will be closely monitored to ensure cash preservation if required	

Employee relationships 

Northam has a large labour workforce and its productivity and morale can significantly impact the group's production.

This risk is within the control of the group. Its risk rating has decreased in the current reporting period due to the wage settlement at Booyssendal and management's response to the COVID-19 pandemic.

Risk/impact	Opportunity
Workforce strikes as a result of labour-related issues could result in: ▪ Work stoppages and a negative impact on employees and production ▪ Workplace injuries and potential loss of life due to violence ▪ Damage to infrastructure and equipment ▪ Reduced morale and reputational damage	▪ Sound labour relations will result in unimpeded production ▪ Low staff turnover leads to improved team dynamics and productivity
Response	Risk governance responsibility
▪ Close monitoring of labour relations ▪ Open channels of communication with employees and unions in place ▪ Management intervention on labour-related issues ▪ Insurance policies in place in the event of damage or production losses	▪ Management review committees ▪ Executive committee ▪ Social, ethics, human resources and transformation committee ▪ Health, safety and environmental committee ▪ Board of directors
Risk appetite	
▪ Within risk appetite, but requires close monitoring	

Community relations (external risk)



South Africa has many social challenges and these manifest in part through community unrest. These same communities are home to our employees. They benefit from a significant portion of our procurement spend, as well as from the various community upliftment projects contained in our social and labour plans.

This risk is not wholly within the control of the group. Its risk rating has increased in the current reporting period due to economic uncertainty related to the COVID-19 pandemic.

Risk/impact - Breakdown in stakeholder relations resulting in community unrest, which could impact production - Production stoppages and negative impact on profitability - Damage to infrastructure and equipment - Local community's over-reliance on mines for economic benefits	Opportunity Strong relations with local communities enables us to direct community upliftment programmes, enabling the development of both a skilled labour pool and sustainable service-providing companies
Response - Continuous engagement and open channels of communication with stakeholders and a review of stakeholder requirements - Community upliftment programmes in place through the Booyendal Community Trust and the Zondereinde Community Trust - Management intervention on community-related issues - Insurance policies in place in the event of damage or production losses	Risk governance responsibility - Management review committees - Executive committee - Social, ethics, human resources and transformation committee - Board of directors
Risk appetite Within risk appetite, but potential to exceed it, depending on the general economic environment in South Africa	

Operational performance



Underground mining carries a high fixed proportion of total costs, production volumes drive unit costs and ultimately profitability for the group.

This risk is not wholly within the control of the group. Its risk rating has increased in the current reporting period due to work stoppages and the phased and controlled restart of operations related to the COVID-19 pandemic.

Risk/impact - Underperformance of operational assets results in production targets not being met - This compromises profitability and jeopardises sustainability, which poses a going concern risk and negatively impacts cash flows - Negative affect on the group's cost position relative to its peers	Opportunity - Mining costs are driven by crew productivity and efficiency - Revenue enhanced by higher metal recovered per unit area mined, higher crew productivity and efficiency. This, combined with improved metal recovery per unit area mined, will positively impact profitability - Mechanisation improves productivity
Response Over and above the group's growth projects, there is: - Focus on productivity and efficiencies - Continuous cost containment and monitoring - Ongoing internal optimisation initiatives - Continuous production reviews and interventions where required	Risk governance responsibility - Management review committees - Executive committee - Board of directors
Risk appetite Within risk appetite	

Principal risks – continued

Fraud, including cyber risk (external risk) 

Bribery, collusion with suppliers, misappropriation of funds, employee dishonesty and general misuse of company assets for personal gain have a negative impact on the company. Similarly, Northam's dependence on its information systems to ensure business continuity increases the risk of financial, operational or reputational damage in the event of the failure of the information technology (IT) systems.

This risk is partly within the control of the group. Its risk rating has increased in the current reporting period due to economic uncertainty related to the COVID-19 pandemic.

Risk/impact ▪ Reputational damage ▪ Non-compliance with laws and regulations resulting in the possibility of fines and penalties ▪ Risk of legal action against Northam ▪ Unauthorised use of confidential/sensitive information or loss of critical information/assets ▪ Potential financial loss	Opportunity ▪ None
Response ▪ Internal controls are reviewed continuously for weaknesses and possible improvements ▪ Internal and external audits are performed throughout the year to ensure strict adherence to policies and procedures ▪ Whistle-blowing/ethics hotline in place, together with incident reporting and investigation ▪ Segregation of duties together with supervisory controls in place. Regular verification of segregation of duties, access control and change management ▪ Regular review of approval framework ▪ Increased awareness campaigns of cyber threats for all IT users ▪ Regular reviews of firewalls and built-in security alerts, as well as disaster recovery and back-up plans in place ▪ Downstream operations of the group are not IT-dependent ▪ Code of ethics is in place and communicated across the group ▪ Physical security in place	Risk governance responsibility ▪ Audit and risk committee ▪ Board of directors
Risk appetite ▪ Within risk appetite	

Energy supply (external risk)



Northam obtains its bulk supply of energy from Eskom SOC Limited (Eskom), the South African national electricity supplier. Recent developments at Eskom have affected the reliability and sustainability of electricity supply. If this situation continues without any meaningful improvement, it will be very difficult for Northam to replace this bulk supply of energy.

Given the trebling of prices over the past decade, electricity is one of the key cost drivers for the group.

This risk is not wholly within the control of the group. Its severity rating has decreased in the current reporting period due to reduced economic activity as a result of the COVID-19 pandemic and the resultant reduction of strain on the national electricity grid.

Risk/impact	Opportunity
- Compromised safety of underground employees - Increased cost of production - Production downtime due to a lack of available electricity supply - Negative impact on profitability	None
Response	Risk governance responsibility
- At an operational level, there are effective processes and relationships in place to manage occasional shortfalls and supply interruptions - Northam's long-term energy strategy is based on energy efficiency rather than energy reduction, given the group's expansion strategy - Standby generators are in place at all mines to operate ventilation and people-conveyance systems, allowing workers to safely exit the underground workings	- Management review committees - Executive committee - Health, safety and environmental committee - Board of directors
Risk appetite	
Currently within risk appetite, but potential to exceed it due to the unreliability of power supply. This can have an impact on the safety of our workforce and our operations in general	

Water supply (external risk)

Northam's mining methods and processing facilities use large volumes of water.

This risk is partially within the control of the group. Its severity rating is unchanged since the previous reporting period.

Risk/impact	Opportunity
Constrained water supply could result in: - Operational downtime and loss of production - Increased cost of production - Compromised profitability - A negative effect on water-related licences	- Sound water management, ensuring ongoing production and enhancing our position relative to peers - Positive water balance from certain operations, allowing distribution to local communities
Response	Risk governance responsibility
- Water conservation and demand management programme(s) in place (water use licenses) - Optimised water use through recycling - Water management included in sustainability strategy - On-site water storage facilities	- Management review committees - Executive committee - Health, safety and environmental committee - Board of directors
Risk appetite	
Within risk appetite	

Our economic contribution

The investment we make helps to build the industry and ensures that the benefits are shared by our investors, employees, local communities and the country alike.

The financial impact of our business benefits the economy at all levels.

We contribute significant corporate, PAYE and mineral royalty taxes to the national fiscus.

Our procurement spend is focussed on the economies local to our operations and we preferentially employ from the communities surrounding our operations.

These two realities combined have a significant multiplier impact on what have been historically impoverished areas of South Africa.

In addition, our social spend is directed towards uplifting the health, well-being and education of these communities.

Our employees and their dependants benefit from comprehensive healthcare as well as meaningful assistance to home ownership.

Our operations, by their very nature, impact the natural environment. We are continually assessing and upgrading mitigation interventions within our current operations, and we plan and design new projects, such as the Booyseendal South mine, to minimise their environmental impact.

Capital allocation

Over the past five years we have spent R1.8 billion on asset acquisitions. The accumulated expenditure on developing these assets exceeds R9.5 billion. The majority of this expenditure has been counter cyclical, highlighting our belief in our country, our company, our people and our products. Over and above this, and aligned with our long-term strategy, we have also allocated capital to returning value to our shareholders. This has been through the acquisition of 46.7% of ZPLPs in issue.



Booyssendal North mine surface infrastructure

In the past 5 years ^H

5 897

new meaningful
direct jobs createdDuring F2020 ^S

R5.1bn

HDP spent
Refer page 104During F2020 ^S

R602.0m

local procurement
Refer page 104Tax incurred during F2020 ^F

R934.6m

Refer to the annual financial statements

During F2020 ^H

R3.7bn

employee costs
Refer to the annual financial statementsCreated the Buttonshope
Conservancy Trust ^N

Refer page 120

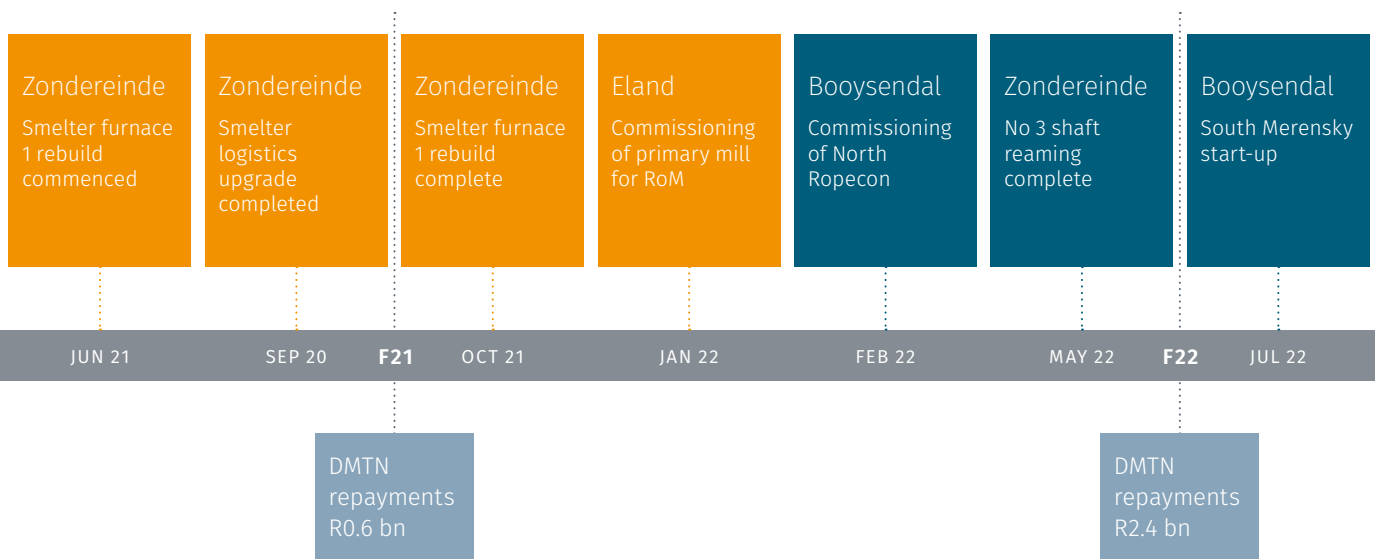
Promote home ownership
for all employees ^S

Refer page 108

Five-year outlook and how we measure our success

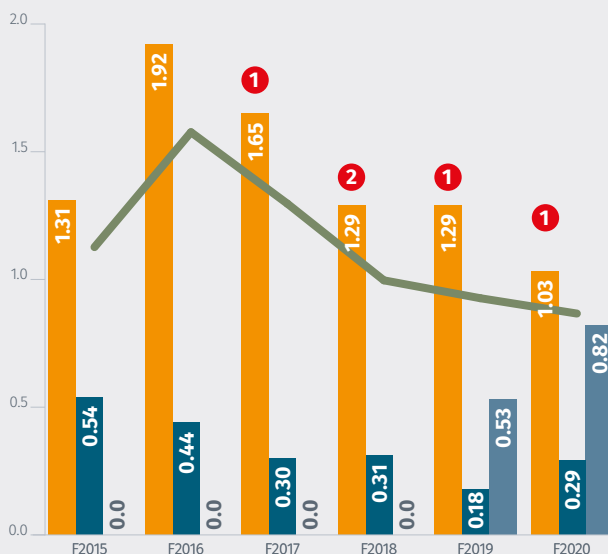
Five-year outlook

Metallurgical Mining Corporate DMTN



Safety

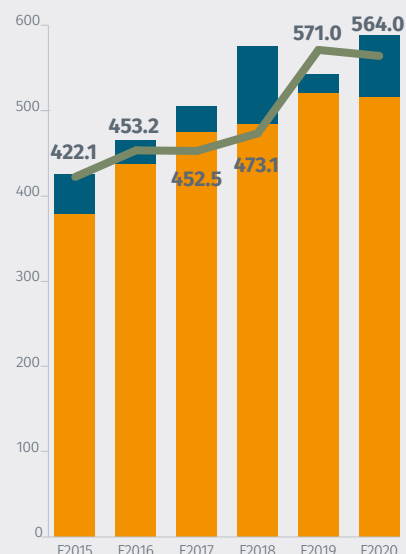
F2015 to F2020



● Zondereinde ● Booyensdal ● Eland
● Group LTIR (per 200 000 hours worked)
● Fatal accidents

Metal production

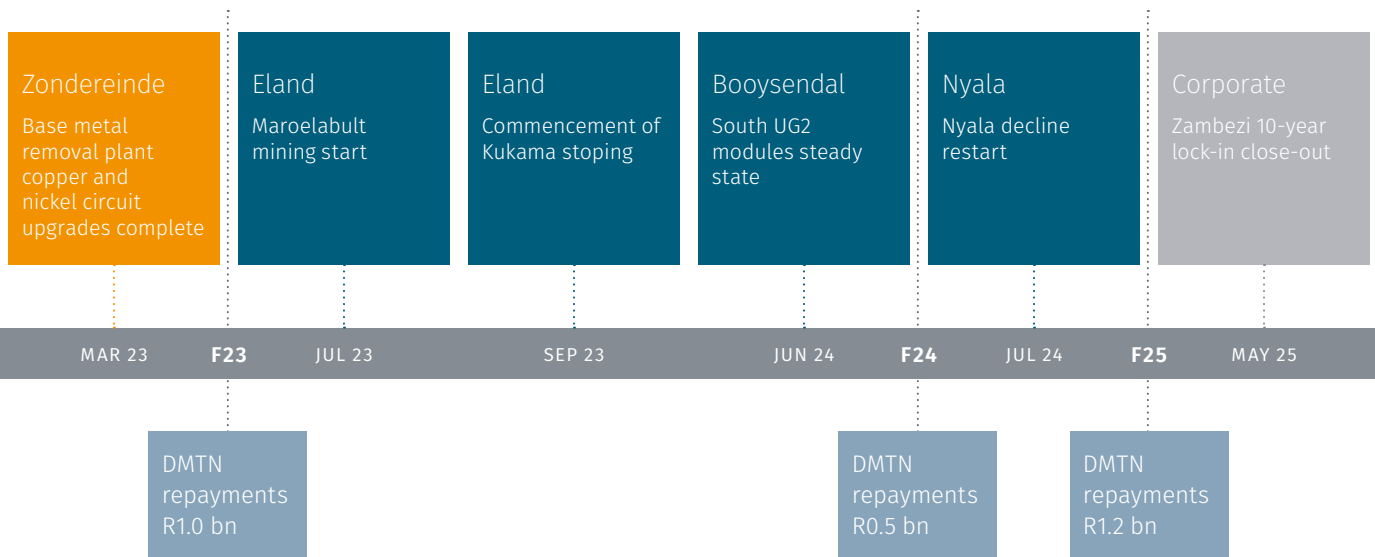
F2015 to F2020



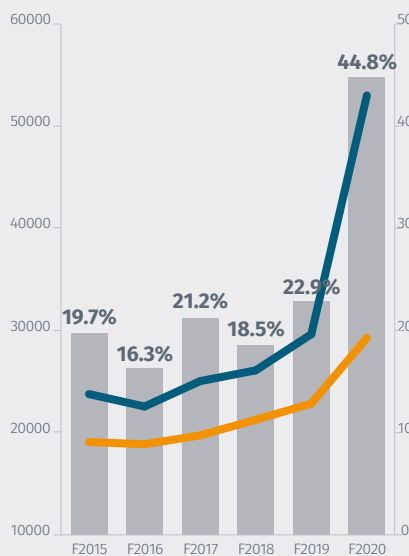
● Equivalent refined metal from own operations
● Equivalent refined metal from third parties
● Total refined metal produced



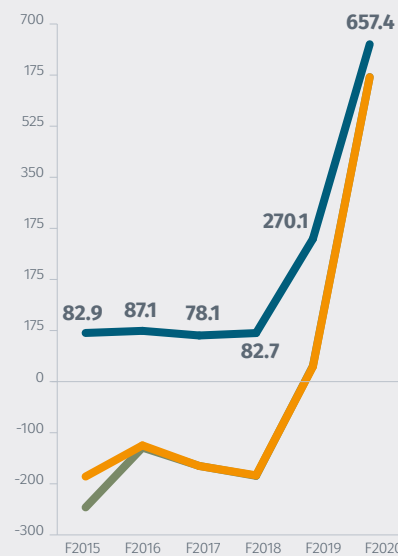
Our strategy remains in place and we are well on track to meet our 1 million oz 4E production target.



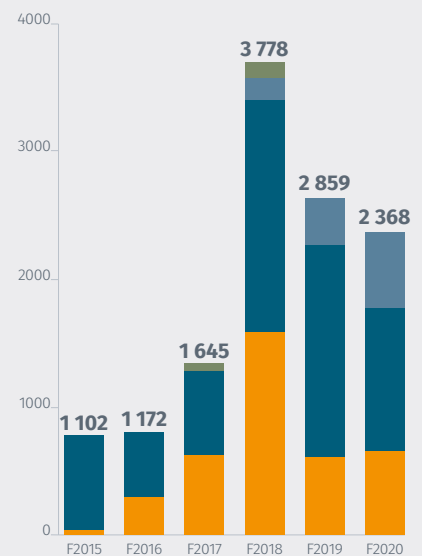
Revenue, cost, margin
F2015 to F2020



Earnings
F2015 to F2020



Capex
F2015 to F2020



● Cash margin per equivalent refined Pt oz
● Total revenue per Pt oz
● Cash cost per equivalent refined Pt oz

● Earnings/loss per share
● Headline earnings/loss per share
● Normalised headline earnings per share

● Zondereinde ● Booyssendal
● Eland ● Other

Mineral Resources and Mineral Reserves

Mineral Resources and Mineral Reserves are fundamental to the group's ability to operate.

Mineral Resources are the product of mineral assets and exploration processes.

241.85 Moz 4E

Group total Mineral Resources

F2019: 243.49 Moz 4E

Mineral Reserves are the outcome of mine planning and scheduling, as well as the application of capital.

29.75 Moz 4E

Group total Mineral Reserves

F2019: 30.34 Moz 4E

Core to the group's operational strategy of growth and productivity optimisation has been the strengthening of our Mineral Resources and Mineral Reserves base. This has been facilitated through the acquisition of quality assets in strategic locations, backed up by robust and exhaustive exploration, evaluation and planning processes following best practice. This is in line with the prescripts of the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (2016), the SAMREC Code (2016).

We consider the group's current Mineral Resources and Mineral Reserves to be of sufficient quantum and quality to support a sustainable production profile, in line with our strategic intent.

Summary Mineral Resources and Mineral Reserves statement 2020

Northam's attributable total Mineral Resources for 2020, expressed as in situ metal content, comprises 241.85 Moz 4E, a decrease of 1.64 Moz 4E on the previous year. The total metal content in Mineral Reserves comprises 29.75 Moz of 4E, a decrease of 0.59 Moz 4E from 2019.

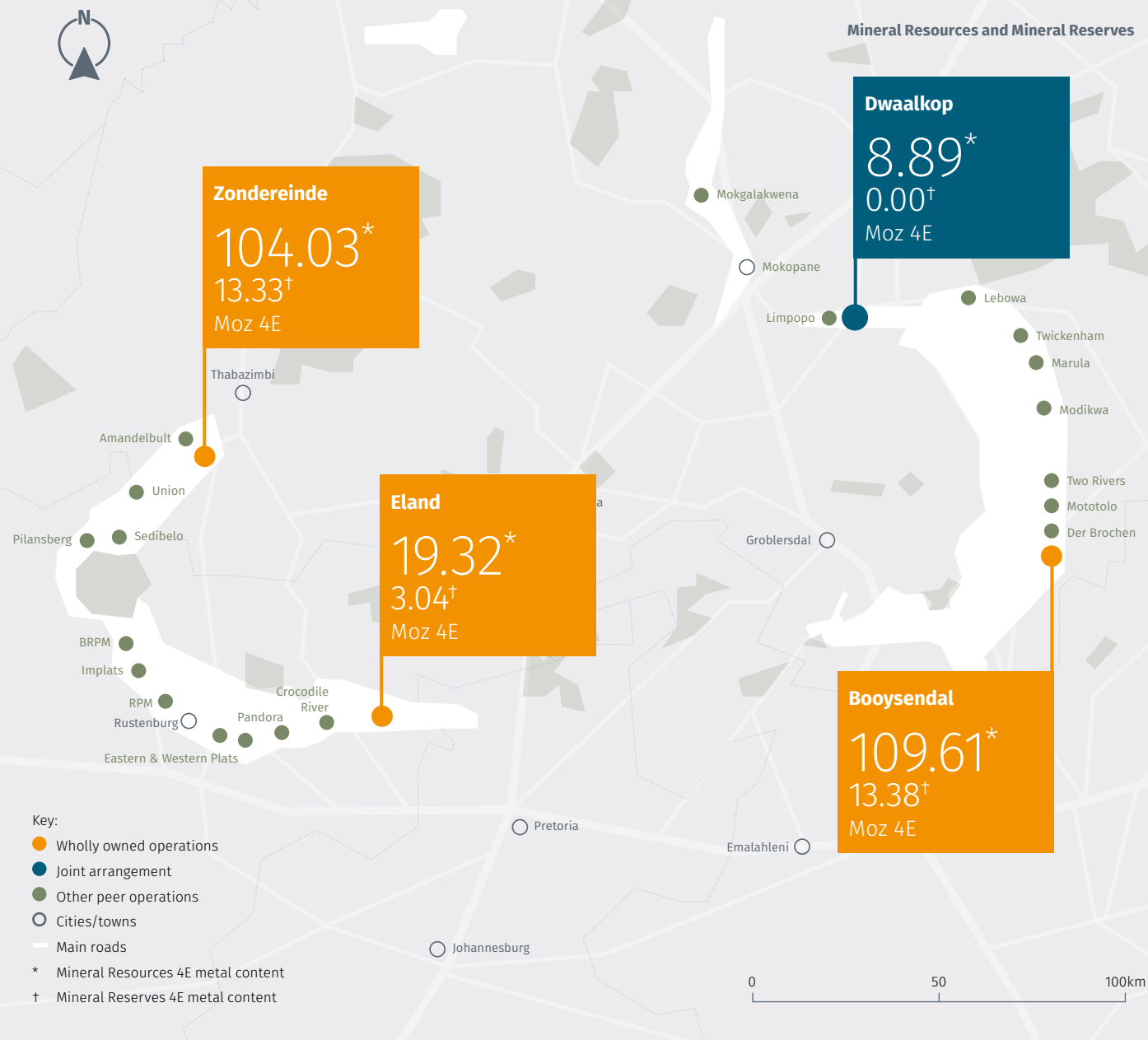
Northam's Mineral Resources and Mineral Reserves for its wholly owned Booysendal, Eland and Zondereinde platinum mines have been prepared by the group's Competent Persons using the guidelines of the SAMREC Code (2016). Similarly, the Mineral Resources for the Dwaalkop joint venture were prepared, assessed and have been reported by Sibanye-Stillwater Limited to be within the guidelines of the SAMREC Code (2016) as at 31 December 2019. The

total Mineral Resources and Mineral Reserves are as at 30 June 2020. The Mineral Resources (combined Measured, Indicated and Inferred) are reported inclusive of the Mineral Reserves (combined Proved and Probable) for 4E (combined platinum, palladium, rhodium and gold).

Mr Damian Smith, BSc (Hons), MSc, Northam's group geologist and lead Competent Person, takes full accountability for the reporting of the Mineral Resources and Mineral Reserves. The company declares that it has written confirmation from the lead Competent Person that the information disclosed in this report is compliant with the SAMREC Code (2016) and, where applicable, the relevant requirements of Section 12.13 of the JSE Limited Listings Requirements and those of Table 1 and that it may be

published in the form and context in which it was intended.

In 2019, Northam commenced an independent audit and review of its Mineral Resources and Mineral Reserves. A process and verification audit on the Booysendal mine was conducted in 2019, and on Eland mine in 2020. No substantial findings were identified at either operation, and the auditors, Pivot Mining Consultants, have endorsed the estimates of the Mineral Resources and Mineral Reserves of the Booysendal mine for 2019 and the Eland mine for 2020. Further independent audits of Zondereinde mine's Mineral Resources and Mineral Reserves are scheduled for the coming years.



Competent Persons for the compilation of Mineral Resources and Mineral Reserves are listed below:

Company	Operation	Mineral Resources	Mineral Reserves
Northam	Zondereinde	Mpumelelo Thabethe	Charl van Jaarsveld
	Zondereinde (Middledrift section)	Damian Smith	²
	Booysendal	Meshack Mqadi	Willie Swartz
	Eland	Paula Preston	Coenie Roux
	Northam Group	Damian Smith	Damian Smith
Sibanye-Stillwater	Dwaalkop	Andrew Brown ¹	²

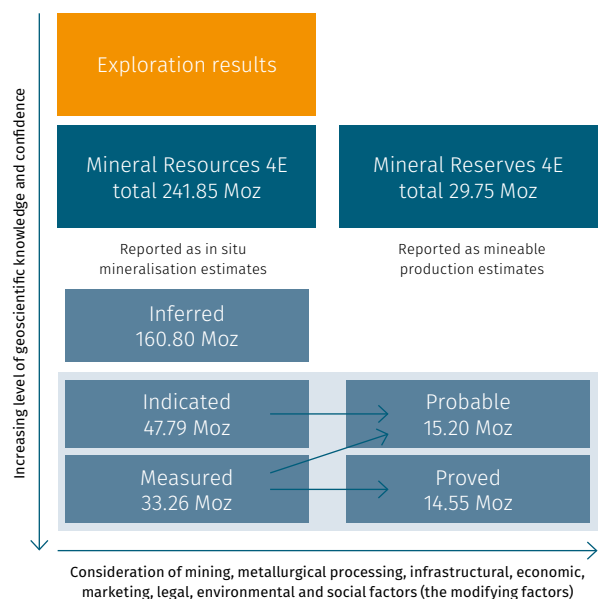
¹ Mineral Resources for the Dwaalkop joint venture are declared by Sibanye-Stillwater Limited. Northam has consent from Sibanye-Stillwater's lead Competent Person for their managed PGM operations and projects to publish the Mineral Resources as at 31 December 2019.

² No Mineral Reserves have been declared.

³ All Competent Persons other than Andrew Brown are employees of Northam Platinum Limited.

Further details can be found in the full Mineral Resources and Mineral Reserves statement, which is available on the company's website at www.northam.co.za

Northam's Mineral Resource and Mineral Reserve categorisation



Mineral Resources and Reserves – continued

Mineral Resources

Attributable total Mineral Resources 4E Moz



Annual net change in total Mineral Resources

4E Mineral Resources estimate (combined Measured, Indicated and Inferred)^{1,2,3,4,5}

Operation	30 June 2020 4E			30 June 2019 4E		
	Mt	g/t	Moz	Mt	g/t	Moz
Booyssendal	883.21	3.86	109.61	889.78	3.86	110.53
Dwaalkop ⁶	75.61	3.66	8.89	75.61	3.66	8.89
Eland	152.25	3.95	19.32	152.25	3.95	19.32
Zondereinde	540.98	5.98	104.03	544.22	5.99	104.75
Total	1 652.05	4.55	241.85	1 661.86	4.56	243.49

Changes to the Mineral Resources during the year

Northam's attributable Mineral Resources as at 30 June 2020, expressed as metal content, comprise 241.85 Moz 4E, a decrease of 1.64 Moz on the previous year. The changes were attributed mostly to mining depletions at the Booyssendal and Zondereinde mines, there being no changes to the Mineral Resources at the Eland mine and Dwaalkop prospect in 2020.

¹ Mineral Resources and Mineral Reserves estimates are reported on a Northam Platinum Limited attributable basis. These include those which are either from properties wholly owned by Northam or its wholly owned subsidiaries (Booyssendal Platinum Proprietary Limited and Eland Platinum Proprietary Limited), or from joint arrangements in which Northam holds an interest (this being the Dwaalkop joint venture, in which Northam holds a 50% stake).

² Mineral Resources and Mineral Reserves rest entirely within the Merensky and UG2 ore bodies of the Bushveld Complex, South Africa.

³ Mineral Resources are reported as in-situ estimates inclusive of Mineral Reserves.

⁴ PGM grade is expressed as 4E (combined platinum, palladium, rhodium and gold) grade; this being synonymous with 3PGE+Au.

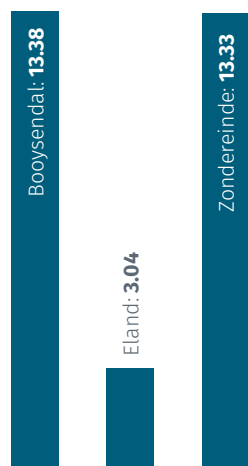
⁵ Rounding of numbers in the tables may result in minor computational discrepancies. Where this occurs, it is deemed insignificant.

⁶ Current Mineral Resources for Dwaalkop are quoted as at 31 December 2019, whilst those of the previous year are as at 30 September 2018. There are no Mineral Reserves declared for Dwaalkop.

Mineral Resources and Mineral Reserves

Mineral Reserves

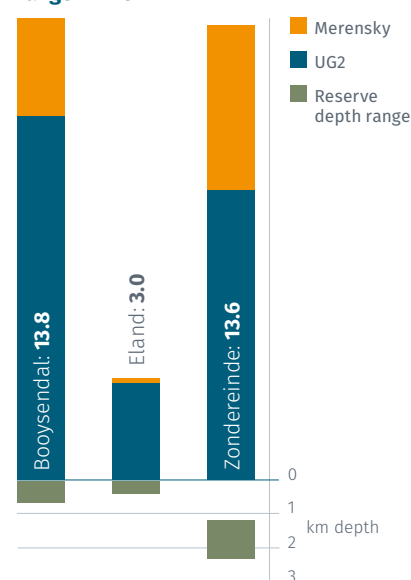
Attributable total Mineral Reserves 4E Moz



Annual net change in total Mineral Reserves 4E Moz



Total Mineral Reserves depth range 4E Moz



4E Mineral Reserves estimate (combined Proved and Probable)

Operation	30 June 2020 4E			30 June 2019 4E		
	Mt	g/t	Moz	Mt	g/t	Moz
Booyssendal	133.33	3.12	13.38	135.47	3.16	13.76
Eland	30.98	3.05	3.04	30.54	3.09	3.03
Zondereinde	87.98	4.71	13.33	89.74	4.70	13.55
Total	252.29	3.67	29.75	255.75	3.69	30.34

Changes to the Mineral Reserves during the year

Northam's attributable Mineral Reserves as at 30 June 2020, expressed as metal content delivered to concentrators, comprise 29.75 Moz 4E, a decrease of 0.59 Moz on the previous year. This is mainly due to the net effect of mining depletions at the Booyssendal and Zondereinde mines, a re-evaluation of Booyssendal North mine's Merensky mining cut, an extension of the Merensky Reef mine design at Booyssendal South mine, and a marginal increase due to re-evaluation of the Merensky open pit Mineral Reserves at Eland mine.

Zondereinde mine

The Western extension at Zondereinde is progressing well

Rationale

The acquisition of the Western extension in early 2018 provided Zondereinde with immediate access to an additional 3.6 km of mineable strike to the west of its existing underground operations.

Exploration data indicate that this section contains a PGM Mineral Resource of over 21 Moz 4E within both the Merensky and UG2 ore bodies. The Merensky Reef is predominantly of the high-grade P2 sub-type and the ground is unaffected by any significant structural breaks.

Progress and significant milestones during the reporting period

During the past year, 4 781 metres of access tunnels have been developed within the Western extension section, which is 907 metres above plan. Strike development has reached the third mining line, raises have been holed throughout most of the second mining line and over 150 000 tonnes of Merensky Reef have been extracted from the first mining line. Crew productivity is benefiting from the combination of very stable reef, good rock conditions and focussed logistics over the 10 mining levels.

A study investigating additional access requirements from surface is well progressed and is expected to be finalised before December 2020.

This includes the ultimate role of a vertical shaft, termed number 3 shaft, sited on the second mining line and being developed by raise-boring from surface concurrent to the feasibility study.

The 405 mm diameter pilot hole for number 3 shaft has been drilled from surface and was successfully holed into its receiving chamber underground on 18 July 2020. At a length of 1 382 metres, this is a world record depth for a raise-bore pilot hole. In addition, through the use of oil-well drilling technologies, lateral deflection – a critical success factor – was limited to less than half the diameter of the pilot hole. Reaming of the hole to a final diameter of 4.8 metres will commence in October 2020 and has an expected duration of 14 months to completion.

COVID-19 impact on the project

The COVID-19 lockdown and phased restart negatively impacted underground stoping and development within the Western extension, as it did to the entire Zondereinde mine. A total of 321 metres of potential development and approximately 60 000 tonnes of potential Merensky stoping were lost due to the stoppages.

A two-month delay to the number 3 shaft pilot drilling was offset by above-target advance ahead of the lockdown. Shaft development therefore remains on track.

Shaft reaming will continue; however, the group-wide capital pullback has led to a postponement of potential long-lead items related to equipping the shaft. These equipping requirements will only be finalised upon conclusion of the access feasibility study of the Western extension. As such, the potential impact of COVID-19 on this project is likely to be negligible. In the interim, shaft reaming as well as underground development and stoping continues unhindered.



4.8 m
diameter shaft
reaming in progress

<140 mm
deflection over
length of hole

1 382 m
world record length
for raise-bore pilot hole

21.5
Moz 4E
Western extension
Mineral Resources

Zondereinde mine

Zondereinde's production performance has been significantly impacted by COVID-19. However, progress on the Western extension and deepening sections bodes well for the future.

>30 yrs

Life of mine

104.0 Moz 4E

Total Mineral Resources

13.3 Moz 4E

Total Mineral Reserves

Mining method and features

Established conventional mine – traditional drill and blast narrow tabular reef mining on a standard breast layout. All mining was performed by a full suite of hydropowered equipment.

Major infrastructure

Underground workings are accessed from a twin vertical shaft system. The shafts are 90 metres apart and are interconnected at an intermediate pump chamber and on another six levels. Ore is transported to the main shaft ore-passes using battery powered locomotives pulling hoppers. Broken ore is transported to a conventional shaft ore-pass system, with separate rock-handling facilities for Merensky Reef, UG2 Reef and waste.

Surface infrastructure comprises two concentrator plants for Merensky and UG2 ore, a recently expanded smelter which houses two furnaces and a base metals removal plant.

The year in summary

Sadly, there was one fatal accident at Zondereinde during the year. Mr Batswana Solomon Kalaote, a jetting gun operator with 27 years of service with the company, lost his life in a mining-related accident. Our sincere condolences go to his family, friends and work colleagues.

Zondereinde's total injury incidence rate (TIIR) improved to 1.05 injuries per 200 000 hours worked (F2019: 1.42). Continuing to improve the safety performance and health and wellness of our workforce remains an important focus area for the business.

The lockdown, phased restart and general restrictions associated with COVID-19 during the second half of the financial year have had a negative impact on all production metrics.

The first half of the financial year saw production losses associated with an underground fire (in July 2019) and Eskom power outages (during November and December 2019). These losses, however, had been recovered through solid mining performance prior to the onset of COVID-19.

Equivalent refined metal from own operations decreased by 19.4% to 248 529 oz 4E (F2019: 308 466 oz 4E). This decrease, in the main, resulted from 17.2% lower combined milled tonnages. Merensky milled tonnages decreased by 16.4%, whilst UG2 ore milled decreased by 17.7%. UG2 milling exceeded that hoisted by 37 438 tonnes. In addition, 192 650 tonnes were removed under a third party ore sale agreement. This almost entirely depleted the UG2 stockpile.

Purchases of equivalent refined metal from external parties increased significantly to 59 320 oz 4E (F2019: 11 338 oz 4E), owing to high-grade material treated for a key customer.

Further good progress has been made on the deepening project, which is opening additional Merensky Mineral Reserves. The conveyor decline is currently between 17 and 18 levels and lateral development is well progressed on 17 levels. Development is close to the ore-pass positions, which represents a

significant milestone. Stoping is continuing on 16 level, which is being serviced by both the material and chairlift declines, which are equipped and commissioned.

Development within the Western extension section has progressed well on 3 to 12 levels. Footwall strike drives have advanced to the third mining line, raises have been holed on the second mining line and stoping is in progress on the entire first mining line. A total of 50 000 oz 4E per annum will ultimately accrue to Zondereinde's production profile from this expansion project. Pilot drilling for the number 3 vertical shaft has been completed and reaming of the hole to its 4.8 metre final diameter will be concluded during the coming calendar year.

The new furnace and drying plant at the Zondereinde metallurgical complex are producing and work is almost complete on material handling and logistical infrastructure upgrades to support our planned concentrate profile. The coming years will see work commence on capacity increases at both the original smelter furnace and the base metal removal plant.

Capital expenditure during the current year decreased to R648.4 million (F2019: R674.0 million). Expansionary project expenditure accounted for R462.0 million, whilst sustaining expenditure was R186.4 million. Expansionary expenditure related to the ongoing development of the deepening and the Western extension sections. This included pilot drilling for the planned number 3 shaft, together with various capacity and material handling improvements at the metallurgical complex. Total capital expenditure for F2021 is estimated at R1.1 billion.

The total operating costs at Zondereinde for the period amounted to R5.8 billion (F2019: R5.1 billion), a 15.0% increase. The combination of higher mining and concentrating costs, together with lower volumes, translated into a 33.4% increase in unit

Summary production and financial metrics for Zondereinde

		2020	2019	% variance
Square metres mined	m ²	286 944	377 439	(24.0)
Tonnes mined	t	1 955 629	2 455 614	(20.4)
Tonnes milled	t	1 676 124	2 023 828	(17.2)
Stockpile	t	91 958	237 250	(61.2)
Chrome concentrate produced	t	276 889	361 154	(23.3)
Equivalent refined metal from own operations	oz 4E	248 529	308 466	(19.4)
Equivalent refined metal from external parties	oz 4E	59 320	11 338	423.2
On-mine cash cost per tonne mined	R/t	2 253	1 661	(35.6)
On-mine cash cost per tonne milled	R/t	2 629	2 015	(30.5)
Cash cost per equivalent refined Pt oz	R/oz	32 183	24 124	(33.4)
Cash cost per equivalent refined 4E oz	R/oz	19 498	14 735	(32.3)
Cash cost per equivalent refined 6E oz	R/oz	16 790	12 677	(32.4)
Cash profit per equivalent refined Pt oz	R/oz	19 587	4 488	336.4
Cash margin per equivalent refined Pt oz	%	37.8	15.7	140.8
Cash profit per equivalent refined 4E oz	R/oz	10 356	2 896	257.6
Cash margin per equivalent refined 4E oz	%	34.7	16.4	111.6
Cash profit per equivalent refined 6E oz	R/oz	9 177	2 647	246.7
Cash margin per equivalent refined 6E oz	%	35.3	17.3	104.0
Expansionary capex	R000	461 976	605 556	(23.7)
Sustaining capex	R000	186 408	68 425	172.4
Total capex	R000	648 384	673 981	(3.8)

cash costs per equivalent refined platinum ounce, to R32 183/Pt oz (F2019: R24 124/Pt oz). The majority of this increase in unit cash costs can be ascribed to the disruption caused by COVID-19.

Booyseendal mine

Booyseendal South is on track, with the focus shifting to underground ramp up

Rationale

Booyseendal's Mineral Resource base is significant. Mine development, which commenced in 2010, focussed on the north-eastern portion of the property, with the North UG2, followed by the North Merensky modules. This was due to the generally challenging topography of the property, with best access and availability of sites for surface infrastructure to support underground mining located in the north-eastern portion.

The provision of additional surface infrastructure, including a large PGM and chrome concentrator, together with a tailings storage facility, was the key strategic driver for the acquisition of the Everest mine in 2015 from Aquarius Platinum Limited. This essentially unlocked the potential for mining in the southern portion of Booyseendal, and the Booyseendal South mine project commenced forthwith.

The current plan to develop three UG2 modules, together with a single Merensky module, unlocks Mineral Reserves of 8.2 Moz 4E, mineable for approximately 30 years. Furthermore, from F2023, the combined modules will annually produce in the order of 250 000 oz 4E in concentrate, doubling Booyseendal's current overall PGM production. In so doing, Booyseendal will have created around 5 500 meaningful, long-term jobs and will significantly benefit both the local and national economies.

Progress and significant milestones during the year

Focus has shifted to the underground development, equipping and stoping build-up at the BSU1 and BSU2 UG2 modules of the central UG2 complex.

During the past year, 2 533 metres of decline development has been achieved. This is 98 metres below plan, which is satisfactory given the COVID-19 lockdown delays. Underground conveyor and tip equipping is progressing on plan, which is assisting development and stoping build-up. Six stoping crews are currently operational. This will grow to 10 stoping crews by the end of F2021 and 16 stoping crews at steady state in F2023.

Surface infrastructure at the Central UG2 Complex nears completion. Key infrastructure, including surface conveyors, a crusher, the South aerial rope conveyor feed system, workshops and change houses, are commissioned and operating within design parameters. Final infrastructure, comprising shaft offices and the 132 kV sub-station, will be completed during August 2020.

The box cut for the Central Merensky module is ready for the development of the decline portals. The development of the portals has been delayed as part of group-wide capital trimming. Ore from the Central Merensky module, together with that of the North Merensky module, will ultimately feed onto the North aerial rope conveyor. Earthworks and civil construction for the Central Merensky rope conveyor feed silo will continue during the coming year.

Earthworks and civil construction of the North Merensky feed silo, drive station and towers for the North aerial rope conveyor are well progressed. Most tower bases are complete and the drive station and North feed silo will be ready in time for mechanical construction. This will start in January 2021, and the rope conveyor will begin transporting ore in December 2021.

Ore from the North Merensky module will then be transported to the South concentrator, permitting the phase two ramp up of North Merensky to approximately 50 000 oz 4E per year.

Access to the BSU4 module has been established. The construction of shaft head infrastructure was completed and the primary development of strike drives has commenced. This is the first phase of the module development and will provide through access for services between the existing North and South decline systems. This access will be completed during the coming year, following which, stoping ramp-up will progress to a steady state of around 25 000 oz 4E per year by F2023.

Concentrate handling and logistics upgrades have been progressing at the South concentrator. A new truck access and loading facility is nearing completion. This is necessary to handle PGM and chrome concentrate dispatches as mining ramps up. Studies surrounding increasing concentrator throughput, together with tailings handling, have been advanced and outcomes are positive for further organic growth from the Booyseendal South mine.

Booyssendal mine

2 533 m

decline development
in F2020 at
Booyssendal South

27 818
oz 4E

in concentrate produced
in F2020 at
Booyssendal South

4

mining modules at steady
state in F2023 at
Booyssendal South

8.2
Moz 4E

Mineral Reserves at
Booyssendal South

Booysendal mine

Overall, against the backdrop of the combined challenges of Eskom outages during the first half of the year, and COVID-19 during the second half, Booysendal has performed very well.

>25 yrs

Life of mine

109.6 Moz 4E

Total Mineral Resources

13.4 Moz 4E

Total Mineral Reserves

Booysendal South continued...

Overall, Booysendal South has moved beyond the critical project phases and we look forward to stopping ramp-up over the coming two years.

COVID-19 impact on the project

The COVID-19 lockdown and phased restart negatively impacted all workflows of the Booysendal South project. Underground development and equipping of the UG2 modules were delayed by approximately six weeks. This work was prioritised during the phased restart.

Construction of surface infrastructure at the Central complex was ahead of schedule and almost at completion. It was thus only slightly impacted.

The excavation of the Central Merensky box cut was delayed. A decision was taken to suspend underground development at Merensky as part of capital trimming. This reduced the criticality of box cut completion during the phased restart, allowing resources to be focussed on underground and surface work related to the UG2 modules. Work on the box cut resumed prior to year-end and this is now ready for portal and underground development.

Earthworks and the civil construction of the North aerial rope conveyor were prioritised during the phased restart. Mechanical construction using specialised crews from our Austrian supplier, Doppelmayr, was planned to commence midway through the first half of F2021. However, delays resulting from the lockdown have meant that we would only be able to commence this work towards the end of the first half. Given the uncertainty of international travel, mechanical construction is now scheduled to commence in January 2021. This will delay commissioning by approximately six months, to December 2021. Scheduling of the build-up and ore stockpiling for the North Merensky mine has been consequently adjusted.

Mining method and features

Shallow, mechanised mining using bord and pillar mining method. North mine established, South mine developing.

Major infrastructure

The Booysendal North mine comprises a UG2 and a Merensky module. A unique reverse decline at North UG2 mine connects the concentrator plant and other mine infrastructure situated on a plateau with the on-reef declines that access the underground mine and outcrop on the side of the valley. This design has helped to minimise the mine footprint.

There is one 200 000 tonnes per month capacity PGM concentrator plant on surface at the North mine, along with a dense media separation plant and a chrome spiral plant.

The South mine has a 250 000 tonnes per month capacity PGM concentrator, with a chrome spiral plant and associated tailings facilities, as well as normal mining infrastructure such as offices, workshops, stores and access to underground workings. An aerial rope conveyor system transports ore from the developing Booysendal Central UG2 mine over challenging topography, with minimal environmental impact. An additional rope conveyor will transport Merensky ore from the North and Central Merensky modules.

The year in summary

The good safety performance at Booysendal continues, with the mine exceeding 5 million fatality free shifts during the financial year and, more importantly, continuing to have incurred no fatal accidents since the mine's inception, over 10 years ago. The TIIR improved to 1.57 per 200 000 hours worked (F2019: 1.95).

Overall, against the backdrop of the combined challenges of Eskom outages during the first half of the financial year, and COVID-19 during the second half, Booyssendal has performed very well.

Production from Booyssendal North UG2 mine improved by 1.8% year-on-year to 2 284 767 tonnes (F2019: 2 243 924 tonnes), whilst 4E mill feed grade was maintained at 2.78 g/t. This is primarily owing to the ongoing improvement in mining productivity in this established module. Production from the North Merensky mine increased by 8.5% to 419 462 tonnes (F2019: 386 476 tonnes), whilst 4E mill feed grade dropped to 2.17 g/t (F2019: 2.37 g/t). This is the result of a ramp-up in decline development in order to prepare for the step up to phase two stoping levels following the commissioning of the North aerial rope conveyor during F2022.

Booyssendal South UG2 mine is ramping up to a planned steady state in F2023. Production this year grew by 159.4% to 471 690 tonnes (F2019: 181 853 tonnes) at the planned 4E mill feed grade of 2.17 g/t. This grade will improve as stoping tonnage grows.

Combined ore stockpiles, inclusive of capitalised ore stocks at Booyssendal South, grew to over 350 000 tonnes.

Total tonnes milled increased by 5.1% to 3 013 141 tonnes (F2019: 2 868 282 tonnes). Merensky throughput increased to 406 519 tonnes (F2019: 397 437 tonnes), aligned to mining production, whilst UG2 milling increased by 5.5% to 2 606 622 tonnes (F2019: 2 470 845 tonnes). Additional tonnes milled essentially came from Booyssendal South UG2 production. Both the North and South concentrators are operating well and showing year-on-year PGM recovery improvements.

The total operating costs at Booyssendal were R3.3 billion (F2019: R2.5 billion), a 31.6% increase. Volume growth, together with stores and power costs, as well as the fixed cost component of the currently under-utilised South concentrator, led to this increase. Higher production volumes resulted in a cash cost per platinum in concentrate produced increasing by 19.6% to

Summary production and financial metrics for Booyssendal

		2020	2019	% variance
Square metres mined	m ²	377 930	317 635	19.0
Tonnes mined	t	3 175 919	2 812 253	12.9
Tonnes milled	t	3 013 141	2 868 282	5.1
Stockpile	t	177 070	25 165	603.6
Chrome concentrate produced	t	432 990	390 698	10.8
Metal in concentrate produced from own operations	oz 4E	239 282	217 483	10.0
Metal in concentrate purchased from external parties	oz 4E	8 537	6 365	34.1
On-mine cash cost per tonne mined	R/t	931	796	(17.0)
On-mine cash cost per tonne milled	R/t	981	780	(25.8)
Cash cost per Pt oz in concentrate produced	R/oz	21 406	17 904	(19.6)
Cash cost per 4E oz in concentrate produced	R/oz	12 800	10 818	(18.3)
Cash cost per 6E oz in concentrate produced	R/oz	10 604	8 959	(18.4)
Cash profit per Pt oz in concentrate produced	R/oz	24 492	10 732	128.2
Cash margin per Pt oz in concentrate produced	%	53.4	37.5	42.4
Cash profit per 4E oz in concentrate produced	R/oz	14 683	6 484	126.4
Cash margin per 4E oz in concentrate produced	%	53.4	37.5	42.4
Cash profit per 6E oz in concentrate produced	R/oz	12 192	5 463	123.2
Cash margin per 6E oz in concentrate produced	%	53.5	37.9	41.2
Expansionary capex relating to Booyssendal North	R000	4 219	188 467	(97.8)
Expansionary capex relating to Booyssendal South	R000	929 370	1 472 030	(36.9)
Sustaining capex	R000	195 808	153 366	27.7
Total capex	R000	1 129 397	1 813 863	(37.7)

R21 406/Pt oz (F2019: R 17 904/Pt oz). This includes all fixed costs carried during the COVID-19 lockdown.

North mine capital expenditure dropped considerably to R200.0 million (F2019: R341.8 million). This was on the back of the completion of the deepening expansion project at North UG2 mine. Expansionary capital totalled R4.2 million, whilst sustaining capital totalled R195.8 million.

South mine capital expenditure was entirely expansionary and totalled R929.4 million (F2019: R1.5 billion). Surface infrastructure is near completion and underground equipping is in progress. Earthworks and civil construction of the North aerial rope conveyor are well progressed, and pre-payments for mechanical construction mean that this project is essentially paid for.

The F2021 capital expenditure for North mine will be entirely sustaining and is

estimated at R456.2 million. This is higher than our expected ongoing requirement, but is influenced by mechanical fleet replacements. South mine capital expenditure will be entirely expansionary and is estimated at R545.4 million, reflecting the near completion of surface infrastructure and pre-payment for the North aerial rope conveyor. Main workflows include underground mining and equipping at the Central UG2 complex, primary development at the BSU4 module and the mechanical construction of the North aerial rope conveyor system.

The Central Merensky module has been temporarily suspended as part of our capital trimming related to COVID-19 uncertainty. The box cut has been completed, therefore portal and decline development can commence immediately following the reinstatement of this project.

Eland mine

Focussing on UG2 underground development and reserve build-up

Rationale

Eland mine was acquired from Glencore in December 2017. The mine was on care and maintenance and had significant, quality infrastructure already in place. This included large PGM and chrome concentrators and tailings storage facilities, together with all necessary surface infrastructure to support underground mining. Two decline systems, Kukama and Nyala, accessed three mining levels on the UG2 Reef and were fully equipped. The mine hosts a Mineral Resource base of 19.3 Moz 4E, the majority of which resides within near-surface, thick, high-grade UG2. Eland had been developed for mechanised bord and pillar mining, but this was not appropriate for the dip of the UG2 Reef.

A feasibility study to restart UG2 mining as a hybrid of conventional breast stoping, with conveyor ore transport, was concluded in F2019. A six year ramp up to steady state annual production of 150 000 oz 4E was planned.

The re-processing of surface ore through the recommissioned secondary circuit of the concentrator, producing PGM and chrome concentrates, is being undertaken in parallel with underground mine development.

At steady state the mine will provide direct, meaningful, long-term employment for over 2 500 people.

Progress and significant milestones during the year

Decline development has progressed this year. The decline system has been

reconfigured, such that the three decline barrels are now located in stable norite rock of the immediate footwall to the UG2 Reef. In addition, decline conveyors and tips, together with water handling systems, have been extended to the bottom of the mine.

Decline development of 1 093 metres was achieved. This is 138 metres below plan, which was due to COVID-19 lockdown stoppages.

Strike tunnel development in the upper western portion of the mine has progressed, a reef raise was developed and stoping began on the UG2 Reef as part of a planned early mining demonstration. This is designed to test and refine blasting, support and ore handling systems ahead of full mine stoping ramp up.

An agreement to purchase the Maroelabult section of the Crocodile River mine from Barplats Mines Proprietary Limited, a subsidiary of Eastern Platinum Limited, was entered into during the year. The Maroelabult section lies immediately west of Kukama and strike development is in part aimed at connecting with the Maroelabult decline. This will enhance the provision of underground services, as well as the build-up of mineable Mineral Reserves.

The trialling of a mobile tunnel borer (MTB) was undertaken to test its suitability for advancing the decline system. The trial was successfully concluded and the MTB was contracted to develop one of the decline barrels, starting in January 2020. Capital

trimming following the onset of COVID-19 led to the decision to suspend mining build-up at the Kukama shaft for a period of 12 months. Decline development will continue, but at a reduced rate. As a result of this, the MTB contract was terminated and the machine was removed from the mine.

Despite the setback of capital trimming, underground tunnel development will continue. The decision to recommission the secondary concentrator circuit has enabled the mine to generate revenue, which is being used to fund this program.

Mine planning, incorporating Maroelabult, is progressing and this will reduce lead time to steady state.

COVID-19 impact on the project

The immediate and direct impact of COVID-19 was the stoppage of all underground development as well as concentrator activities for approximately one month during the lockdown. This was then compounded by the phased restart.

The decision at group level to reduce growth capital expenditure in the interests of cash preservation led to the suspension of stoping build-up at Eland for a minimum of 12 months. Primary development of the declines and western strike drives will, however, continue in order to minimise the impact on overall mine ramp up.



1093 m

decline development
in F2020

35 123
oz 4E

in concentrate produced
in F2020

250 ktpm

capacity concentrator

2

decline systems

Eland mine

Eland has outperformed in respect of PGM production during the year. Whilst stoping ramp up has been delayed by 12 months, decline development and build up of Mineral Reserves continues.

>30 yrs

Life of mine

19.3 Moz 4E

Total Mineral Resources

3.0 Moz 4E

Total Mineral Reserves

Mining method and features

Shallow conventional mining with mechanised ore transport, using breast stoping and underground conveyors.

Major infrastructure

Eland mine has existing surface infrastructure comprising; a 250 000 tonnes per month capacity concentrator with both PGM and chrome circuits, a large tailings storage facility (TSF), offices, change houses, medical station, training centre, laboratory and workshops. Two decline systems, Kukama and Nyala, have been pre-developed to lengths of 1 300 metres and 850 metres from surface access. These are equipped with underground dip and strike conveyors for ore transport, chairlifts for people transport, as well as electricity and water reticulation systems. The decline systems comprise two on-reef barrels and one approximately 25 metres below reef housing the dip conveyors.

The mine has been on care and maintenance since 2015. Hydro-mining and reprocessing of tailings from the TSF as well as other surface sources has commenced as has development and equipping of primary development.

The year in summary

Eland's TIIR improved to 2.27 per 200 000 hours worked (F2019: 2.63). Mine development is a phase during which safety management and systems are embedded. Mine management is focussing attention on this critical area.

Recommissioning of the chrome spirals and secondary PGM circuit in the concentrator were completed towards the end of F2019. This allowed the processing of just over 1 million tonnes of ore from surface sources, running at an average 4E mill feed grade of 2.73 g/t. This yielded 35 123 oz 4E in concentrate (F2019: 0 oz 4E), together with 72 924 tonnes of chrome concentrate (F2019: 12 676 tonnes).

Following the conclusion of a feasibility study during F2019, the board of directors of Northam approved the initiation of the development and stoping ramp-up of the Kukama shaft in parallel with processing operations. The refurbishment and recommissioning of fixed and mobile underground equipment was undertaken and the development of a revised underground mining layout commenced.

This entailed the reconfiguration of the three barrel decline system, such that all barrels are located in the immediate footwall to the UG2 Reef. Furthermore, strike development in the upper western portion of the mine was progressed, a reef raise was developed and stoping began on the UG2 Reef as part of a planned early mining demonstration.

The trialling of a mobile tunnel borer (MTB), to test its suitability for advancing the decline system, was undertaken. The trial was successfully concluded and the MTB was contracted to develop one of the decline barrels, starting in January 2020.

However, following the onset of COVID-19, capital trimming led to the decision to suspend the mining build-up at Kukama shaft for a period of 12 months. Decline development is continuing, but at a reduced rate. As a result of this, the MTB contract was terminated and the machine was removed from the mine.

An agreement to purchase the Maroelabult section of the Crocodile River mine from Barplats Mines Proprietary Limited, a subsidiary of Eastern Platinum Limited, was entered into during the year. An application for transfer of the mining rights is in process and this is expected to be finalised during the coming year. Maroelabult section lies immediately west of the Kukama shaft and its inclusion in the Eland mining right will have a number of synergistic benefits.

Capital expenditure for the year was R573.3 million (F2019: R371.2 million). Capital expenditure expected in F2021 is R308.9 million and is expected to be funded from internal cash flows from the sales of PGM and chrome concentrates. Work will focus on decline development at a reduced rate, together with the development of western strike drives towards the Maroelabult section and the continuation of the early mining demonstration. Work towards recommissioning the primary PGM circuit at the concentrator will commence towards the end of F2021, in anticipation of recommencing stoping build up.

Summary production and financial metrics for Eland

		2020	2019	% variance
Tonnes milled	t	1 063 139	–	100.0
Stockpile	t	37 209	29 110	27.8
Chrome concentrate produced and sold	t	72 924	12 676	475.3
Metal in concentrate produced from own operations and third party surface sources	oz 4E	35 123	–	100.0
Metal in concentrate purchased from external parties	oz 4E	1 660	1 051	57.9
Cash cost per Pt oz in concentrate produced	R/oz	29 395	–	100.0
Cash cost per 4E oz in concentrate produced	R/oz	21 347	–	100.0
Cash cost per 6E oz in concentrate produced	R/oz	19 009	–	100.0
Cash profit per Pt oz in concentrate produced	R/oz	8 409	–	100.0
Cash margin per Pt oz in concentrate produced	%	22.2	–	100.0
Cash profit per 4E oz in concentrate produced	R/oz	5 990	–	100.0
Cash margin per 4E oz in concentrate produced	%	21.9	–	100.0
Cash profit per 6E oz in concentrate produced	R/oz	5 318	–	100.0
Cash margin per 6E oz in concentrate produced	%	21.9	–	100.0
Expansionary capex	R000	573 280	371 201	54.4
Sustaining capex	R000	–	–	–
Total capex	R000	573 280	371 201	54.4

Chief financial officer's review

The sustainability of our business is dependent on the successful management and allocation of financial capital provided by shareholders, debt funders and generated from operational cash flows.

Record
operating profit

R5.3 bn

Record profit
after tax

R2.2 bn

Net debt

R3.3 bn

with net debt to
EBITDA ratio at 0.56

Record normalised
headline earnings

R3.4 bn

Record revenue

R17.8 bn

Return of
shareholder value

46.7%

Zambezi preference share
ownership to date

Overview

Despite the challenges of the COVID-19 pandemic, this has been a record year for Northam. We have commenced the fourth strategic phase by returning meaningful value to shareholders and we remain committed to returning further value going forward.

The group achieved record sales revenue, record operating profit and record EBITDA for the year. These record outcomes were achieved notwithstanding the impact of mine and production stoppages which occurred as a result of the COVID-19 induced lockdown. Prior and up to the commencement of the lockdown period, the group was on track to achieve record production from own operations during F2020.

We continue to deliver on our strategy of developing low-cost, long-life assets which are positioning the group for further strong financial performance even in subdued or potentially volatile commodity markets. The benefit of our growth strategy, initiated in 2015, is evidenced by some of the key financial highlights listed on the left.

For a more comprehensive overview of the group's financial position and performance, please refer to the annual financial statements available on our website at www.northam.co.za



Northam has had a record year. We have commenced meaningful return of value to shareholders and remain committed to this going forward.

Normalised headline earnings

Normalised headline earnings have been calculated taking into account the headline earnings adjusted for items relating to the 2015 Zambezi Platinum (RF) Limited BEE transaction. These include the preference share dividends associated with the BEE financing structure as well as the loss on derecognition of the preference share liability.

Stripping out the impact of the BEE transaction resulted in normalised headline earnings increasing to R3.4 billion (F2019: R1.4 billion), which equates to normalised headline earnings per share, based on the total number of 509 781 212 issued shares, of 676.3 cents (F2019: 270.1 cents). This is an increase of 150.4%.

Below is the calculation of normalised headline earnings and normalised headline earnings per share:

	30 June 2020 R000	30 June 2019 R000
Headline earnings	2 167 589	55 316
Add back:		
Amortisation of liquidity fees paid on preference shares	16 390	16 390
Preference share dividends	1 133 172	1 305 244
Loss on derecognition of preference share liability	130 628	–
Normalised headline earnings	3 447 779	1 376 950
Normalised headline earnings per share (cents)	676.3	270.1
Number of shares in issue including treasury shares	509 781 212	509 781 212
Earnings per share (cents)	620.0	17.2
Fully diluted earnings per share (cents)	584.7	17.2
Headline earnings per share (cents)	619.5	15.8
Fully diluted headline earnings per share (cents)	584.3	15.8

Normalised headline earnings per share

676.3 cents

Earnings per share

620.0 cents

Headline earnings per share

619.5 cents

Chief financial officer's review – continued

Revenue

Sales revenue increased by 67.3% from R10.6 billion in F2019 to R17.8 billion for the year. This increase is attributable to a 60.8% rise in the 4E basket price to USD1 764/oz (F2019: USD1 097/oz) and a 10.9% weaker ZAR/USD exchange rate realised.

Despite logistical hurdles associated with the COVID-19 pandemic, including border closures that made the distribution of refined metal challenging, the group maintained robust refined metal sales of 560 238 4E oz. This highlights the strong relationships that we have developed and maintained with our industrial customer base over many years.

The average US dollar sales prices achieved during the year under review improved for most metals. Palladium and rhodium both performed well, increasing by 52.4% and 169.8% respectively. Both these metals continued their upward trends subsequent to the financial year end.

Platinum however, making up roughly 60% of the sales volume of our precious metals 4E basket, continues to be the laggard. The average price achieved during the year was USD858/oz (F2019: USD824/oz), which impacted the 4E basket price achieved. Platinum now only contributes 28.0% (F2019: 46.3%) to the 4E basket. Any upward movement in the platinum price will have a positive impact on the profitability of the group.

The price received for our chrome concentrate decreased by 19.7% in US dollar terms and 11.2% in South African rand terms. The negative impact of prices was somewhat offset by volumes of chrome concentrate produced and sold, which increased to 782 803 tonnes (F2019: 764 528 tonnes). This resulted in the aggregate rand value of chrome concentrate sales decreasing by 9.1% to R599.8 million (F2019: R660.0 million).

Toll treatment charges relate to charges received for a once-off contract with a customer.

During the year, 192 650 UG2 stockpile tonnes were sold, fulfilling the terms of an ore sale agreement entered into with a third party during F2019.

Total revenue per platinum ounce sold increased by 78.8% from R29 640/Pt oz to R53 009/Pt oz.

Cost of sales and operating profit margin

A 51.8% increase in cost of sales and a corresponding 67.3% increase in revenue resulted in operating profit increasing from R2.4 billion in F2019 to R5.3 billion for the year under review, an all-time record high for the group. This translates to an operating profit margin of 29.8% (F2019: 22.6%).

Cost of sales includes all costs relating to the COVID-19 pandemic, which are estimated at approximately R977.2 million.

Movements of the individual elements making up cost of sales are discussed below:

- Mining costs increased by 26.2%. This is attributable to wage increases, a 7.3% net increase in the average number of employees and an increase in square metres mined, which was negatively impacted by the onset of the national lockdown. To assist and support our employees, we paid our people throughout the national lockdown, including those not yet called back to work during the phased restart. This included paying basic salaries, full medical cover, pension contributions and living out allowances. In addition, those not at work were deemed to be absent with permission, such that their leave and sickness allowances were not impacted
- Concentrating costs increased by 44.8% with the commissioning of the concentrators at Booyssendal South and Eland mine. Both these concentrators are not yet operating at full capacity, but carry a high associated fixed cost

Below is the % contribution of revenue in relation to the 4E basket:

	30 June 2020 %	30 June 2019 %
Platinum	28.0	46.3
Palladium	33.4	31.8
Rhodium	37.2	20.3
Gold	1.4	1.6
4E basket	100.0	100.0



We are committed to effective cost control and growing our production base down the cost curve, thereby creating long-term value for our shareholders.

- Smelter and base metal removal plant costs increased by 14.4% owing to both the increase in the electricity unit cost and the additional power consumption required for the treatment of concentrate received from Booyssendal South and Eland mine during the ramp up phases of these operations. In addition, R68.1 million was spent on essential maintenance. Furnace 1 is scheduled for a rebuild during the coming financial year
- Chrome processing costs were 7.6% lower than the previous year due to once off start up costs incurred at the Eland mine during the prior year
- Selling and administration overheads marginally increased by 0.4%. These include costs relating to the corporate office and group services, as well as all marketing costs incurred by the group. Northam currently contributes and actively participates in market development activities through the World Platinum Investment Council (WPIC), the Platinum Guild International (PGI) as well as the International Platinum Group Metals Association (IPA)
- Royalty charges, which increased by 149.5% are based on a number of inputs, including the ratio between revenue generated from own operations and custom material, EBITDA and capital expenditure incurred. Zondereinde mine no longer pays royalties at the minimum royalty rate, and has no further unredeemed capital expenditure to set off against mining income from own operations. However, Booyssendal mine still paid royalties at the minimum royalty rate of 0.5% based on revenue generated from own operations and the significant amounts of capital expenditure incurred. Overall, the royalty charge increased in line with the increase in revenue generated from own operations, taking into account available unredeemed capital expenditure
- Share-based payment expenses and profit share scheme costs relate to expenses incurred in respect of the group's employee share plan and contributions made to the Toro Employee Empowerment Trust. The share-based payment expense takes into account the number of outstanding performance and retention shares, which have increased in line with the increase in the number of qualifying employees, as well as the share price, which was the main contributor to the increase as a result of the higher share price at year end. The Toro Employee Empowerment Trust is an employee profit share scheme for Zondereinde employees based on 4% of after tax profit contributions from Zondereinde mine. During the year, contributions to the value of R84.6 million (F2019: R31.1 million) were made to the trust
- The cost of concentrates, metals and recycling material purchased increased by 651.1%. 4E volumes purchased increased by 212.9%, but these were preferentially of higher grade material and finished product, which carry higher premiums. This was, in part, in order to honour supply agreements resulting from changes to pipeline terms with our precious metal refiner
- Refining costs, including sampling and handling charges, increased by 32.3%, as a result of these costs being euro denominated
- With the increased capital base and additional capital expenditure incurred by the group, depreciation increased. Depreciation has also commenced on a number of components available as intended for use by management relating to Booyssendal South as well as Eland mine
- The change in metal inventory relates to the increase in the cost of production, mainly relating to purchased material, capitalised to the balance sheet.

Chief financial officer's review – continued

Taxation

Taxation was made up as follows:

	30 June 2020 R000	30 June 2019 R000
<i>Income tax</i>		
Current mining income tax charge	573 478	–
Current non-mining income tax charge	113 623	37 457
Adjustment in respect of current income tax of previous years	18 775	9 606
<i>Dividend withholding tax</i>		
Current year withholding tax	201	543
Prior year withholding tax	(323)	–
<i>Deferred tax</i>		
Current and prior year deferred tax charge	758 724	594 248
Total income tax expense reported in profit or loss	1 464 478	641 854

During the year under review, the group started paying tax on mining income as a result of the full utilisation of the unredeemed capital balance relating to Northam Platinum Limited, the statutory entity in which the Zondereinde mine is housed. Taxation on non-mining income comprises mainly toll treatment charges, interest and sundry income earned, which is taxed at the corporate tax rate of 28%.

Adjustments in respect of income tax in previous years relate to tax positions taken when tax assessments were submitted to the South African Revenue Service in 2018. These are in regard to the deductibility of interest expenses between mining and non-mining income when the group moved from a cash positive position to a net debt position. Any tax position taken by the group is supported by formal tax opinions from independent third parties.

Movements in deferred tax are mainly owing to capital expenditure still being incurred by the group.

The balance of unredeemed capital available for utilisation against future taxable mining profits in Booyssendal Platinum Proprietary Limited is approximately R5.0 billion (F2019: R7.1 billion). The utilisation of the unredeemed capital balance will depend on the profitability of

Booyssendal Platinum Proprietary Limited, which is in turn dependent on achieved metal prices and exchange rates.

The utilisation of a deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of taxable temporary differences. Therefore, to be prudent, no deferred tax asset relating to the temporary difference of R321.2 million has been raised relating to Eland Platinum Proprietary Limited. In addition, no deferred tax asset has been raised relating to the US recycling operation.

For a reconciliation of the standard rate of South African tax compared with that charged in the statement of comprehensive income, refer to the annual financial statements.

Working capital

Working capital management remains a priority. Working capital is still impacted by high inventory levels.

The valuation of inventory was impacted by purchased material not yet processed and sold, relating mainly to higher grade materials, which carry higher premiums.

Furnace 1 is scheduled to be rebuilt during the coming year which will impact the processing capacity of the group. The bulk of the purchased material will only be processed in the next financial year (F2022) and is therefore classified as non-current.

Going forward, normal pipeline inventory is considered to be approximately 165 000 4E ounces of metal. All inventory over and above pipeline material is considered excess inventory.

Trade and other payables was also impacted by the liability relating to the purchased material which was due and payable subsequent to year end.



All free cash flow generated will be utilised to return value to shareholders.

The group's free cash flow generated has been calculated as below

	30 June 2020 R000	30 June 2019 R000
Cash flows from operating activities	6 387 775	2 711 918
Less capital expenditure incurred during the year	(2 390 152)	(2 711 708)
Free cash flow generated during the year	3 997 623	210
Free cash flow utilised on returning value to shareholders	(3 691 507)	–
Residual free cash flow	306 116	210

Cash flow and net debt

Due to the significant amounts of capital incurred in the execution of the group's growth strategy, this year marks the first time since 2015 that the group has generated meaningful free cash flow after funding capital expenditure. This is despite the production losses incurred as a result of the COVID-19 pandemic and attests to the benefits of the groups' growth strategy.

Production growth and favourable rand denominated PGM prices are expected to positively impact free cash flow generation in F2021, taking into account the phased and controlled restart of operations in the coming year.

However, the group's future cash generation potential is vulnerable to exchange rate volatility, metal price fluctuations and production performance.

Adequate credit facilities are in place, through the available revolving credit facility (RCF), of R3.5 billion, together with the general banking facility (GBF), of R500.0 million. In addition, further funding is accessible by way of the domestic medium-term note (DMTN) programme of R10.0 billion, of which R5.6 billion had been placed at year end.

The group has a policy of not hedging against currency or metal price fluctuations in order to provide shareholders with the maximum potential for value creation.

The group's net debt position has been calculated as follows

	30 June 2020 R000	30 June 2019 R000
Cash and cash equivalents	2 160 956	950 315
Domestic medium-term notes issued net of transaction fees	(5 508 412)	(1 814 884)
Revolving credit facility utilised	–	(2 137 193)
General banking facility utilised	–	–
Net debt position	(3 347 456)	(3 001 762)
EBITDA	6 023 379	2 638 513
Net debt/EBITDA ratio	0.56	1.14

Northam adopts a prudent approach to managing its long-term funding facilities.

At the start of the global COVID-19 pandemic, management swiftly developed and implemented a decisive, detailed and immediate action plan to minimise the broader potential impacts of the COVID-19 pandemic and the associated global economic downturn. This was done to protect the company and all stakeholders as far as possible.

All financial measures implemented by management were aimed at strict cash preservation to support the long-term future of the company.

In light of this, and as part of our COVID-19 response measures, the group proactively implemented an action plan to preserve liquidity. This entailed a restructuring of the company's DMTN programme to significantly extend maturity dates of notes in issue, to raise some additional debt funding and to generally smooth the maturity profile of the various note series.

As part of these measures, the RCF was fully drawn down in order to provide the company with sufficient liquidity during the lockdown. Northam continued to pay basic salaries as well as full medical cover, pension contributions and living

out allowances. Over and above these costs, the company also incurred ongoing costs, with limited or no production.

The net debt position at the end of F2020 takes into account R2.4 billion spent on capital expenditure and R3.7 billion returned to shareholders by way of the purchase of Zambezi preference shares during the financial year.

Chief financial officer's review – continued

Banking facilities

During the year under review, Northam refinanced its R3.5 billion, 5 year RCF and R500.0 million GBF on more favourable terms, extending the maturity date of the RCF from 29 November 2021 to 5 September 2024. The interest rate on the previous R3.5 billion RCF was set at JIBAR plus 3.3%, whereas the interest rate on the new R3.5 billion 5 year RCF comprises JIBAR plus 2.1%, plus a utilisation fee of between 0.1% per annum and 0.5% per annum, dependent on the amount of the RCF drawdown. The effective interest rate on the new RCF therefore ranges between JIBAR plus 2.2% and JIBAR plus 2.6%. In addition, the interest rate on the GBF was reduced from prime less 1.5% to prime less 1.75%.

The reduced interest rates on the new RCF and GBF lowers the company's weighted average cost of debt funding.

Both these facilities were undrawn at year end.

Domestic medium-term note (DMTN) programme restructuring

The impact of the COVID-19 pandemic has created significant uncertainty in financial markets. This uncertainty regarding the impact of the pandemic flows through to commodity prices, exchange rates and, potentially, demand for PGMs. This may adversely impact the cash flow profile.

Cash preservation in these circumstances is critical.

In view of this, we restructured the maturities of our DMTN debt. Before the restructuring, DMTNs to the value of R4.7 billion (R925.0 million plus R3.8 billion) would have matured in F2021 and F2022 which could have placed stress on the group's liquidity over the short to medium-term.

The aim of the restructuring was to both preserve liquidity and reduce this potential stress, as well as to raise additional debt funding to further strengthen Northam's balance sheet and to provide positive signalling to the

market in respect of Northam's cost of borrowings and credit risk.

On the opposite page is a summary of Northam's DMTN debt maturity profile before the restructuring. The timeline illustrates the capital portion of DMTNs maturing in each financial year until F2025. As illustrated, a total of R925.0 million of DMTNs would have matured in F2021 and R3.8 billion of DMTNs would have matured in F2022. The R3.5 billion RCF and R500.0 million GBF are excluded from the maturity profile as these facilities could be refinanced as they mature.

The outcome of the restructuring of the DMTN debt was as follows:

- R2.2 billion of notes were moved out to longer maturity dates
- Additional liquidity of R940.6 million was created for the current calendar year
- An additional R410.7 million was raised
- Favourable interest rates were negotiated despite the COVID-19 environment

Also on the opposite page is a summary of Northam's DMTN debt maturity profile after the restructuring.

The timeline illustrates the capital portion of DMTNs maturing in each financial year until F2025. A total of R3.0 billion of DMTNs will mature in the next two financial years. The R3.5 billion RCF and R500.0 million GBF are excluded from the maturity profile as these facilities could be refinanced as they mature.

Restructuring of the DMTNs creates an overall smoother maturity profile over the next five years and moves maturing DMTNs to periods when cash flow is expected to be enhanced.

In terms of the DMTN programme memorandum, as amended and/or supplemented from time to time, the board of directors of Northam Platinum



The group had R4.0 billion of undrawn banking facilities available at year end.

Limited approved an initial increase in the nominal amount of the DMTN programme from R2.0 billion to R5.0 billion on 21 August 2019 and a further increase from R5.0 billion to R10.0 billion on 24 March 2020. This increase provides Northam with additional funding flexibility.

All notes have been issued under the R10.0 billion DMTN programme dated 3 August 2012.

Northam's credit rating

The credit rating agency, Global Credit Rating Co. (GCR), re-affirmed Northam's national scale long-term credit rating of A-(ZA). In addition, they revised Northam's short-term credit rating to A2(ZA) (in accordance with the changes in GCR's Rating Scales, Symbols and Definitions, May 2019), and upgraded the outlook to positive, on 18 October 2019.

The upgrade to a positive outlook acknowledges improving trends in Northam's earnings and production profile, as well as its conservative debt metrics. Moreover, the positive outlook reflects the likelihood of a future upgrade to Northam's credit rating should Northam continue to expand its production profile and operating cash flows in line with expectations, whilst maintaining financial discipline regarding expansionary capital expenditure and shareholder distributions.

DMTN maturity profile before the restructuring

F2021	F2022	F2025
Sep 2020 R500.0 million Apr 2021 R250.0 million May 2021 R175.0 million	Nov 2021 R2.6 billion Apr 2022 R550.0 million May 2022 R500.0 million Jun 2022 R100.0 million	Dec 2024 R500.0 million
R925.0 million	R3.8 billion	R500.0 million
Notes outstanding R4.3 billion	R500.0 million	RNil

DMTN maturity profile after the restructuring

F2021	F2022	F2023	F2024	F2025
Sep 2020 R5.1 million Feb 2021 R494.9 million Apr 2021 R123.4 million May 2021 R1.4 million	Nov 2021 R1.9 billion Apr 2022 R241.2 million May 2022 R173.0 million Jun 2022 R30.5 million	May 2023 R1.0 billion	May 2024 R450.0 million	Dec 2024 R500.0 million May 2025 R680.0 million
R624.8 million	R2.4 billion	R1.0 billion	R450.0 million	R1.2 billion
Notes outstanding R5.0 billion	R2.7 billion	R1.6 billion	R1.2 billion	RNil

Chief financial officer's review – continued

Zambezi Platinum (RF) Limited

In terms of Northam's BEE transaction implemented in 2015, Zambezi Platinum (RF) Limited (Zambezi) holds a 31.4% interest in Northam's issued share capital, representing 159 905 453 shares.

The transaction was financed by way of an issue of 159 905 453 listed Zambezi preference shares. Northam shareholders were able to subscribe to the Zambezi preference shares at an issue price of R41 per share. Subscription undertakings for the full value of the Zambezi preference shares were underwritten by Coronation Asset Managers Proprietary Limited and the Public Investment Corporation SOC Limited at a liquidity fee equal to 2.5% of the value of the preference shares. These preference shares are guaranteed by Northam and as a result consolidated into the Northam group results.

In terms of the preference share terms, the preference shareholders will be entitled to receive cumulative preference dividends equal to the South African prime interest rate plus 3.5% over the 10-year lock-in period. Should Zambezi receive any dividends from Northam, then 90% of such dividends will be utilised to settle the preference share dividend. If no dividends are paid by Northam, then the dividends on the preference shares will not become payable but will instead accumulate and become payable upon redemption of the preference shares.

The preference shares will be compulsorily redeemable on 17 May 2025, being the day immediately preceding the 10th anniversary of the issue date. The preference shares may only be redeemable before this date if Zambezi has accumulated cash from Northam dividends or upon the occurrence of certain events of default as envisaged in the terms of the preference shares.

Upon expiry of the 10-year lock-in period, the preference shares will be redeemed and the redemption amount (being the original issue price plus

accrued dividends) will be settled by Zambezi through the distribution of a sufficient number of Northam shares held by Zambezi (calculated in accordance with the preference share terms) to the holders of the preference shares and/or in cash held by Zambezi (if any).

The redemption of the Zambezi preference shares is secured by a guarantee provided by Northam in favour of the holders of the Zambezi preference shares. In the event that the Northam shares and cash (if any) held by Zambezi are not sufficient to settle the preference share liability, the guarantee may be called upon by the holders of the preference shares. If the guarantee is called upon, then Northam will be entitled to settle the preference share liability by making a cash payment directly to the holders of the preference shares and/or through the issue of new Northam shares to the holders of preference shares. The manner of settlement is at Northam's election.

The redemption price of the preference shares as well as any accumulated and unpaid preference dividends on the preference shares meet the definition of a financial liability and are accounted for as such in the statement of financial position of Zambezi and consolidated in the financial statements of Northam in terms of International Financial Reporting Standards. This means that the Northam group reflects the BEE equity issued shares as treasury shares and the Zambezi preference shares are reflected as a liability.

It is important to note that the preference share dividends will not be deductible for tax purposes in the accounts of Zambezi or Northam. These dividends will be taxed by way of a withholding tax once paid out to the holders of the Zambezi preference shares.

Dividends are capitalised to the outstanding capital balance as at 31 December of every year.

From the below it is evident that the investment in Northam Platinum Limited, as a result of the increase in Northam's share price is now sufficient to cover both the Zambezi preference share liability as well as the capital gains tax on the increase in the share price, therefore realising value for Zambezi ordinary shareholders.

Below is the net asset value of Zambezi at year end

	30 June 2020 R000	30 June 2019 R000
Investment held by Zambezi Platinum (RF) Limited in Northam Platinum Limited	18 581 014	9 434 422
Preference share liability included in Zambezi Platinum (RF) Limited	(12 592 218)	(11 159 368)
Deferred tax liability relating to capital gains tax payable in Zambezi Platinum (RF) Limited	(2 693 575)	(644 739)
Net asset/(liability) value of Zambezi Platinum (RF) Limited	3 295 221	(2 369 685)
Number of Northam Platinum Limited ordinary shares held by Zambezi Platinum (RF) Limited	159 905 453	159 905 453
Northam Platinum Limited closing share price at year end (share code: NHM)	R116.20	R59.00
Investment held by Zambezi Platinum (RF) Limited in Northam Platinum Limited	18 581 014	9 434 422



The increase in the Northam share price has realised value for Zambezi.

Below are a number of key statistics with regards to the BEE transaction and the Zambezi preference shares (ZPLP):

Northam's closing share price
30 June 2020

R116.20
/share

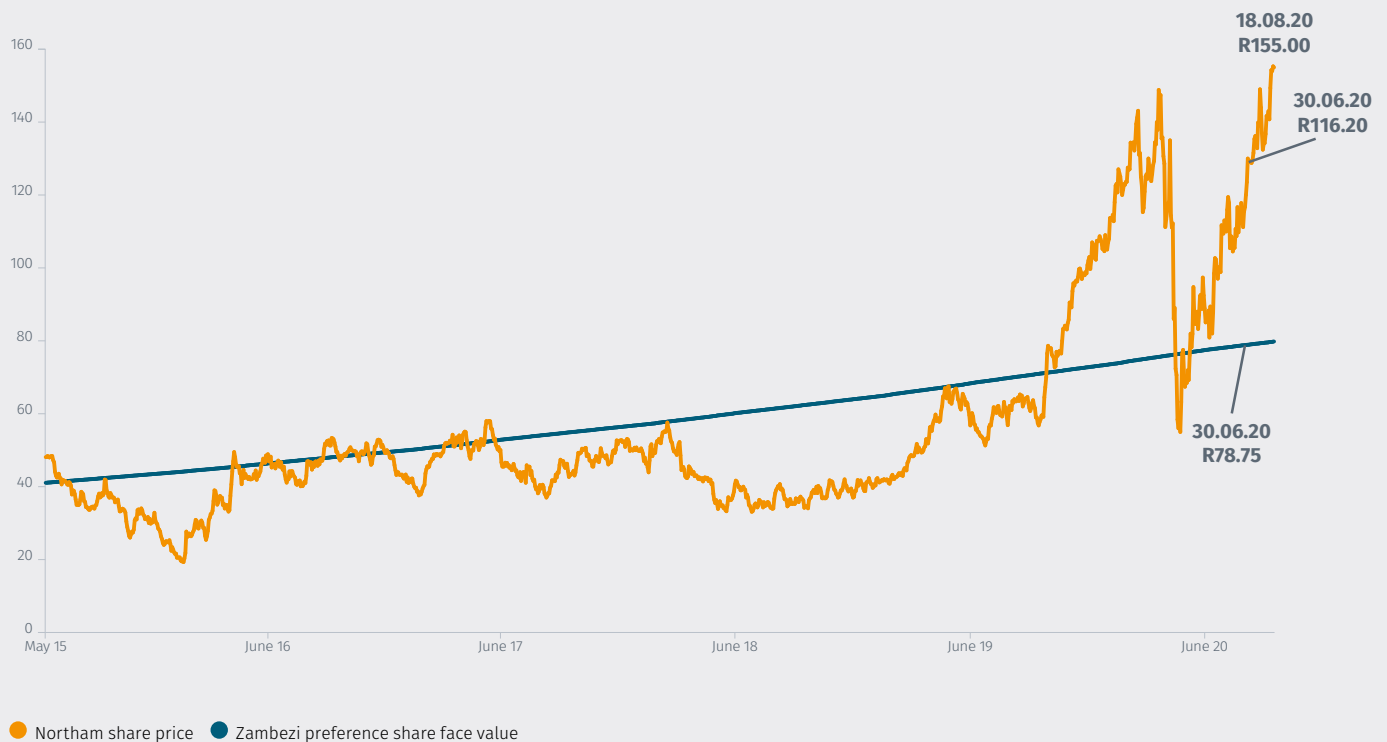
ZPLP face value
30 June 2020

R78.75
/preference share

Cover ratio

1.48
times

The chart below illustrates the movement in Northam's share price since inception of the Zambezi Platinum (RF) Limited BEE transaction on 18 May 2015 versus the face value of Zambezi preference shares until year end, 30 June 2020:



Northam's CAGR since
18 May 2015 to 30 June 2020

19.20%

ZPLP average preference
share dividend rate

13.51%

Chief financial officer's review – continued

Capital allocation and returning value to shareholders

The long-term success of the business depends on achieving an optimal balance between growth, sustaining operations and returning value to the providers of capital. Management carefully considers the appropriate allocation of capital in these areas to achieve the group's strategic objectives.

A key element of our strategy is the return of value created through the execution of our strategy to our shareholders.

There are a number of ways that value can be returned to shareholders. The board of directors of Northam (board) continuously assesses and evaluates the most appropriate mechanism to achieve this, taking into consideration the group's capital structure, the economic operating environment and capital commitments.

We believe that, to date, the most efficient mechanism for returning value has been through the purchase of Zambezi preference shares.

Northam's acquisition of Zambezi preference shares reduces the preference share dividend expense and liability included in the annual financial statements, as well as Northam's potential financial exposure under the guarantee it provided to holders of

Zambezi preference shares, should the guarantee be called upon. Furthermore, should Zambezi elect to redeem the Zambezi preference shares through a distribution of ordinary shares in Northam held by Zambezi, then the redemption of the Zambezi preference shares held by Northam at such time will result in a distribution of Northam shares to Northam, thereby reducing the number of Northam shares in issue.

Every Zambezi preference share that we purchase in the market therefore mitigates risks for shareholders at the end of the 10-year lock-in period, which ends in May 2025, and will reduce the number of Northam shares in issue should Zambezi redeem the Zambezi preference shares held by Northam through a distribution of ordinary shares to Northam.

Northam has purchased Zambezi preference shares in the open market.

Northam now holds 74 729 551 Zambezi preference shares, representing 46.7% of all preference shares in issue.

To date, Northam has returned R5.6 billion to shareholders by way of purchases of Zambezi preference shares and the average premium paid on these purchases has been 2.5%.

A further benefit, as noted above, is the reduction of the share dividend expense in the consolidated financial statements. During the year under review this impact amounted to R299.7 million. This benefit will increase in the future, as a result of the cumulative nature of these Zambezi preference shares.

With the acquisition of 46.7% of all Zambezi preference shares, consideration can now be given to other mechanisms for returning value to shareholders in the future.

Summary of the number of Zambezi preference shares held together with their fair value

	30 June 2020	30 June 2019
Number of Zambezi preference shares held by Northam at year end	53 595 254	4 230 819
Acquired subsequent to year end	21 134 297	-
Number of Zambezi preference shares held by Northam on publication date	74 729 551	4 230 819
Total Zambezi preference shares in issue	159 905 453	159 905 453
Percentage holding by Northam on publication date	46.7%	2.6%
Redemption price plus accumulated preference share dividends per Zambezi preference share at year end	R78.75	R69.79
Zambezi preference shares (preference share code ZPLP) closing share price	R81.00	R72.50



A key element of our strategy is the return of value created through the execution of our strategy to our shareholders.

Key accounting estimates, assumptions and judgements

The preparation of the annual financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent assets and contingent liabilities at the reporting date.

However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of assets or liabilities affected in the future.

The estimates and assumptions have been evaluated based on current information, historical trends and experience as well as management's expectations of future events that are believed to be reasonable under the current circumstances. However, the current COVID-19 pandemic and global socio-economic disruption has increased uncertainty in the assumptions and estimates applied.

Comprehensive information relating to the individual estimates, assumptions and judgements made by management, taking into account the current COVID-19 pandemic, have been included in the annual financial statements.

Dividends and other means of returning value to shareholders

There are a number of ways that value can be returned to shareholders. This includes cash dividends, but also includes share buy-backs or the purchase of the Zambezi preference shares.

The company's dividend policy is to consider an interim and final dividend at each reporting period. At its discretion, the board may consider a special dividend where appropriate and dependent on the perceived need to retain funds for expansion or operating purposes. The quantum of any dividend would ultimately be subject to expected future market and capital commitments at the time of consideration by the board.

During the year under review, Northam returned value to shareholders by acquiring 49 364 435 Zambezi preference shares for R3.7 billion.

Subsequent to year end an additional 21 134 297 preference shares were acquired for R1.7 billion. Northam now holds 46.7% of the total issued number of Zambezi preference shares.

The board has therefore resolved not to declare a final dividend for the current financial year (30 June 2019: RNil per share).

The board is of the view that at this time, the most efficient way to return value to shareholders is to purchase the Zambezi preference shares. This position will be reassessed at every reporting period going forward.

Going concern

Mining operations have a finite life and their profitability is influenced by both internal and external factors. Internal factors include, amongst other things, geological, technical and productivity aspects. External influences include economic factors such as commodity prices and exchange rates.

In addition, mining is a capital intensive business with relatively long time horizons. Commodity prices follow shorter period cyclical patterns. Therefore, capital allocation planning requires consideration of both short and long-term technical planning as well as that of the global economic outlook and cyclical commodity price variance. This manifests in conservative long-term price estimates and the incorporation of sensitivity analysis to increase confidence in financial viability even during depressed market conditions, as well as to moderate increasing estimate uncertainty over time.

To this end, the individual group operations undergo techno-economic studies on an annual basis in the form of Competent Person reports and new projects follow economic feasibility studies on both a standalone and integrated basis. These include consideration of the operations' ability to respond to changing circumstances, as well as the financial reserves required to sustain operations through adverse conditions, such as commodity price down-cycles or periods of reduced production or sales demand.

Chief financial officer's review – continued

This assists the group in managing its capital to ensure that it has the necessary reserves to sustain operations through adverse conditions, to maximise the return to shareholders through the optimisation of debt and equity balances, and to ensure that all externally imposed capital requirements are complied with. This enables it to continue as a going concern.

The real and potential impacts of the COVID-19 pandemic have been specifically considered in business planning and the going concern assessment. These impacts include:

- Reduced production due to work stoppages. Underground mining carries a large fixed cost component which accrues irrespective of production levels. As such, lower production negatively impacts unit production costs. In addition, lower units of production result in lower total revenue;
- Reduced sales demand leading to;
- Potentially lower sales volumes; and
- Poorer commodity prices, as well as;
- Lower liquidity in the debt market; which reduces the availability as well as increases the cost of debt.

These factors reduce operational cash flow, as well as the availability of debt funding. This depletes available sustaining financial reserves.

The lockdown enacted in South Africa on 26 March 2020 resulted in the suspension of normal operations. The phased restart of mining, announced on 16 April 2020, allowed for a controlled build-up to, initially, 50% and then 100% of normal production. This brought about significant production losses, resulting in reduced sales revenue and increased unit production costs.

Northam has developed a multi-pronged approach to mitigating the economic impacts of the COVID-19 pandemic. This is in order to protect financial reserves as far as possible by reducing capital outflow, strengthening our debt facilities and improving operational profitability. It includes:

- reducing planned capital expenditure through the suspension or slowing of a number of our expansion projects over the coming 24 months. We adopted a modular approach to the development of these projects and this has allowed us to timeously adapt without significantly compromising current cost benefits or future optionality;
 - at Booysendal South mine, ramp-up of the BS4 module will be limited and development of the Central Merensky module has been delayed;
 - at Zondereinde mine, portions of the Western extension access project (Number 3 shaft) have been delayed. However, pilot drilling of the planned raise bored shaft continued, as has underground reserve build-up;
 - the stoping ramp-up of Eland mine has been postponed for 12 months; and
 - in addition, further reduction in capital expenditure can be considered in the event of depressed market conditions.
- Reducing group operational unit costs by preferentially growing production at the lower-cost, mechanised, Booysendal mine;
 - during the coming 24 months, production of saleable 4E oz from Zondereinde mine is estimated at 290 000 oz for the coming year and 340 000 oz thereafter, whilst Booysendal mine production is expected to grow to 330 000 oz in the coming year and approximately 400 000 oz in the following year;
 - the PGM supply sector is relatively constrained. Operating lower on the industry cost curve improves our relative position in the sector. This, in turn, enhances our sustainability and increases our ability to raise debt funding where required.
- Substantially slowing US recycling operations as this significantly reduces associated working capital requirements. The company will however review this position at every reporting period going forward
- Increasing the DMTN programme from R5.0 billion to R10.0 billion
 - the company has issued R5.6 billion in DMTNs, allowing R4.4 billion of potential head room;
 - R624.8 million of the DMTN debt will mature in the coming year. This debt will be settled in full unless the maturity term is extended.
- Maintaining the RCF of R3.5 billion and the GBF of R500.0 million, both these facilities are with Nedbank and were not drawn down at year end

In addition, the company derives revenue from sales to a limited number of large customers with whom we have long-standing relationships. In respect of PGMs, our buyers are predominantly industrial companies. This reduces our exposure to demand in the automotive sector. Our chrome product is sold through a single third party via a guaranteed offtake and security of supply contributions agreement. This lowers down-side risk to sales and sales revenue, even during depressed market conditions.

The capital structure of the group consists of debt, which includes borrowings disclosed in the annual financial statements, issued capital, reserves and retained earnings. At year end the company had cash reserves of R2.2 billion, as well as R4.0 billion of available banking facilities.

The annual financial statements have been prepared using appropriate accounting policies, supported by reasonable and prudent judgements and estimates. We continue to monitor factors impacting price forecasts, which inform detailed cash flow estimates.

Based on the latest available information the board believes that the group will continue to have adequate financial resources and access to capital to settle its liabilities as and when they fall due, to continue operating for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going concern basis.

Outlook and key factors impacting future financial results

The following key factors could impact future financial results:

- **Normalisation of our operations** – Our operational focus is now on the safe and efficient normalisation of production. This will be concluded within the first half of the coming year;
- **Effective cost control** – Cost containment is essential to the group's sustainability. We continue to strive to maintain our relative position in the lower half of the industry cost curve;
- **Ensuring appropriate capital allocation** – The long-term success of the business depends on achieving an optimal balance between growth, sustainable operations and returning value to the providers of capital. Management carefully considers the appropriate allocation of capital in these areas to achieve the group's strategic objectives;
- **The impact of a volatile exchange rate and commodity prices on our business** – PGMs are priced in US dollars while operating costs are denominated in ZAR. Exchange rate and commodity price volatility results in significant financial exposure for the group. Northam is a price taker, with no ability to influence the price of our commodities or the exchange rate offered – therefore impacting cash flows and profitability.

The global economic outlook remains uncertain, resulting in volatile metal markets and exchange rates. The group's financial performance will depend on the exchange rate and commodity prices together with a stable operating environment. Management is confident that the group's strong financial position, prudent financial controls and the successful execution of our expansion strategy will place Northam in a position to take advantage of improved market conditions going forward.

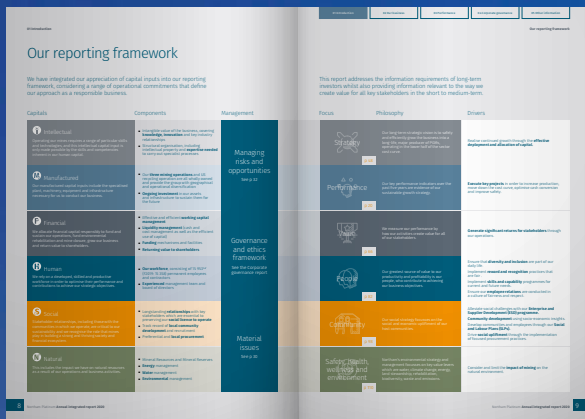
Allet Coetzee

Chief financial officer

18 August 2020

Sustainability framework

We have integrated our appreciation of capital inputs into our sustainability framework, considering a range of operational commitments that define our approach as a responsible business.





People

p 82

Our greatest source of value to our productivity and profitability is our people, who contribute to achieving our business objectives.

1. Ensure that **diversity and inclusion** are part of daily life p 86
2. Implement **recognition and reward** practices that are fair and transparent p 90
3. Implement **skills and capability** programmes for current and future business needs p 92
4. Ensure our **employee relations** are fostered in a culture of fairness and respect p 94



Community

p 98

Our long-term strategic vision is to safely and efficiently grow the business into a long-life, major producer of PGMs. The communities surrounding our operations are key to facilitating this vision.

5. **Contribute to community development** using socio-economic insights p 100
6. Strive to alleviate social challenges with our **ESD programme** p 101
7. Drive **social upliftment** through the implementation of focussed procurement practices p 104
8. Develop **communities and employees** by successfully executing our social and labour plans p 106



Safety, health, wellness and environment

p 110

Northam's safety, health, wellness and environment strategy focusses on key levers which are visible and felt safety leadership, climate change, energy, land stewardship, rehabilitation, biodiversity, waste and emissions.

9. Consider the **impact of mining** on the natural environment p 111
10. Create an environment that promotes **safety, health and wellness** p 122





Our people

Our greatest source of value to our productivity and profitability is our people, who contribute to achieving our business objectives.

Northam's mining activities seek to improve the lives of our employees and our host communities. We strive to create a safe and conducive working environment where each employee can reach their full potential. Northam

aspires to be the 'employer of choice' in every community where we operate. We believe that people are vital to our business, and a capable, diverse and confident workforce is essential in achieving our strategic objectives.

Our key focus points from last year

Progress against these objectives

Attracting and retaining committed people with the appropriate skills and capabilities to support our growth strategy as it continues to unfold

We have initiated a project to enhance our resourcing strategy through the implementation of a digital recruitment process. We utilise technology as a source to attract, assess, select and hire candidates. This includes leveraging job boards to career websites, and using mobile and social recruiting and online assessments. There is still some work to be done in this space, but our approach has assisted in attracting greater interest for our skilled occupations from a diverse pool of applicants. During F2020, Northam recruited 1 278 new job applicants and promoted 430 internal talent.

Aligning our operating structures with the business strategy

We have started a process to align operating structures with the objective of enabling a "way of work" that supports greater cross-functional operating. We established a group services department that focusses on transferring skills and serving the company in an effective and streamlined manner.

Focussing on employee engagement, empowerment and commitment

We updated our catalogue of human resources (HR) policies and practices, enabling us to work towards greater engagement and commitment of our workforce. Our integrated approach to employee engagement develops a deeper commitment from our employees. To this end, we hosted several interactive team building and recognition activities for exceptional performance during the year.



Whilst going back to basics, we are actively working and preparing for the work, workforce and workplace of the future.

Drill Rig Operator at
Booysendal Mine.

Human capital excellence

Northam has grown considerably in all aspects of the business over the past five years.

Since the inception of our growth strategy the workforce complement increased by 58.6%. In F2015, Northam's employee complement at its two operating mines, Zondereinde and Booysendal, numbered 10 056. This number currently stands at 15 953, comprising permanent and contractor employees at the Zondereinde, Booysendal and Eland operations.

Given this growth, and the emergence of Industry 4.0, the human resources team embarked on a digital journey that entails revising the way in which we integrate our assets with existing and future digital technologies. This process enables us to communicate, analyse and act upon information, be more flexible and

responsive, and make more intelligent, data-driven decisions in near real time.

This creates an opportunity for HR to play a new and vital role in shaping the way the business operates, how it accesses and develops talent, and how it services the business.

Leadership, unions and the workforce expect HR to lead this evolving digital transformation journey and to act as a trusted adviser to the business and all stakeholders.

In F2020, we engineered a fundamental shift in the way we structure, operate and approach technology. In order to deliver on the expectations that the business, unions and employees have of the HR function, we focussed on addressing legacy issues and went back to the basics whilst actively working on and preparing

the HR system, processes and structures to accommodate the work, workforce and workplace of the future.

The long-term success of this new way of work depends largely on the clear definition of our strategy and our continued transformation journey. Our HR strategy focusses on building a capable, diverse and confident workforce that will enable new ways of work, promote equality and enable trust and empowerment.

[See the strategic focus areas on pages 84-85](#)

Legislation

South African legislation and regulations govern our employment policies and practices, including the following:

- The Mine Health and Safety Act No. 29 of 1996
- The Employment Equity Act No. 55 of 1998
- The Skills Development Act No. 97 of 1998
- The Skills Development Levies Act No. 9 of 1999
- The Basic Conditions of Employment Act No. 75 of 1997
- The Labour Relations Act No. 66 of 1998
- The Minerals and Petroleum Resources Development Act No. 28 of 2002
- The Mining Charter
- Recognition and collective agreements

Employment

	2020	2019	2018	2017	2016
Permanent employees	9 761 ^{LA}	8 981	8 260	6 257	6 274
Contractors	6 192	6 377	4 998	6 148	5 038
Total employed	15 953 ^{LA}	15 358	13 258	12 405	11 312
Turnover rate %	4 ^{LA}	6	6	7	6
HDP in management %	60 ^{LA}	56	56	62	48
Women at mining %	15.2 ^{LA}	14	13	13	8
HDP at board level %	61.5	62	55	60	60

Our people – continued

Strategic focus areas

Capable

New ways of work that focus on effectiveness, efficiency, skill and capability

Diverse

Equality, inclusion and transformation

Confident

Accountability, trust and empowerment

- We empower our employees to acquire new skills and competencies, with the aim of improving their current skill set and also equipping them for the future
- Our work practices stimulate innovation and creativity which foster a special and unique organisational culture
- We manage our employees' performance to ensure optimised resource utilisation and skills development for now and for the future
- Learning and innovation are supported by our senior leaders
- We support research and development initiatives
- We believe that technological advancement supports our growth strategy

- We are mindful leaders who involve our people in decision-making
- We promote changed mindsets to address historic gender inequality and discrimination in the workplace
- We create a welcoming environment, a place where our employees want to be
- We have an attitude of leading people with respect and openly attending to conflict
- Communication is key to effective relations with our employees and communities

- Our vision inspires and motivates our employees to achieve personal and organisational objectives
- Our leaders are responsible for designing and executing our strategy, which is cascaded to operational and group levels
- Our leaders take responsibility for the structure of the organisation in such a way that it attracts the appropriate people
- We believe in fair pay structures
- We invest in developing our employees to grow their careers
- We recognise and reward our employees for excellence

Our people – continued

Diversity and inclusion

Northam believes that our female employees should have the same opportunities available to them as their male counterparts, and that they should be able to pursue these opportunities confidently and safely.

Northam fulfils the requirements of the Employment Equity Act No. 55 of 1998, the Skills Development Act No. 97 of 1998, the Promotion of Equality and Prevention of Unfair Discrimination Act No. 4 of 2000 and the Broad-Based Black Economic Empowerment Act No. 53 of 2003, amongst others, endorsed by government to reverse the legacy of discrimination and inequality.

Underpinning their importance, we believe that by valuing and actively driving diversity management, we are able to create and maintain a positive work environment where all our employees are valued, irrespective of their ethnic origins, beliefs and religion.

Employment equity progress

With the publishing of the Mining Charter III on 27 September 2018, new targets and measurement criteria were introduced into the mining industry, aimed at accelerating transformation and inclusiveness. Employment equity targets increased across all management levels, seeking greater representation of HDP and women. The Minerals and Petroleum Resources Development Act No. 28 of 2002 defines HDP as “any person, category of persons or community, association or juristic person disadvantaged by unfair discrimination before the Constitution took effect”. The measurement further requires that a company establishes measurable objectives for achieving

diversity and assesses such objectives and progress towards achieving them.

In addition, these targets should be in alignment with the country’s economically active population demographics at a national and/or provincial level.

In F2020, a total number of 1 100 employees recruited from our communities marks our dedication to developing and sustaining a workforce that represents the people living within our operating regions.

In F2020, 60%^{‘LA’} (F2019: 56%) of Northam’s management team were HDP.

76.4%

of employees HDP
F2019: 74.4

60%^{‘LA’}

of management HDP
F2019: 56

Our performance against the Mining Charter III

Occupational category	Historically disadvantaged persons		Historically disadvantaged females	
	Target	Actual	Target	Actual
Board	50	61.5	20	30.77
Executive management	50	50.00	20	0
Senior management	60	51.52	25	12.12
Middle management	60	63.28	25	22.03
Junior management	70	59.15	30	14.29
Core and critical skills	60	76.5	–	NA
Persons with disabilities	1.5	0.5	–	0

*The term HDP is used to exclude foreign nationals but includes white females



We promote changed mindsets to address historic gender inequality and discrimination in the workplace.



Nadia Uys, Senior Metallurgist at Zondereinde Smelter.

Women in mining

At Northam, our female employees play an active role in employment equity, training, and health and safety committees. Their commitment to health and safety during this year was commendable, and they have successfully launched the first “Women in Mining Safety Campaign” in the industry.

During F2020, Northam employed a total of 284 (F2019: 234) females in various occupational roles including mining, engineering and other professional occupations.

The contribution by women to production fosters stability and

teamwork in the workplace, whilst it also improves morale and well-being in the workforce.

In order to achieve greater gender diversity and participation by women in professional careers at all managerial levels, Northam’s bursary, internships and learnership allocations to women have grown by 21% from the previous year. In addition, Northam awarded 36% cadetship opportunities to female community members.

A total number of 604 females in F2020 (F2019: 426) were enrolled in various learning programmes across the group.

Statistics for women in mining F2020 (female participation by percentage)

36%

Cadetship

31%

Mining engineering

53%

Internship

41%

Integrated learning

35%

Engineering

50%

Postgraduate

Our people – continued



Women are real architects of society.

– Harriet Beecher Stowe

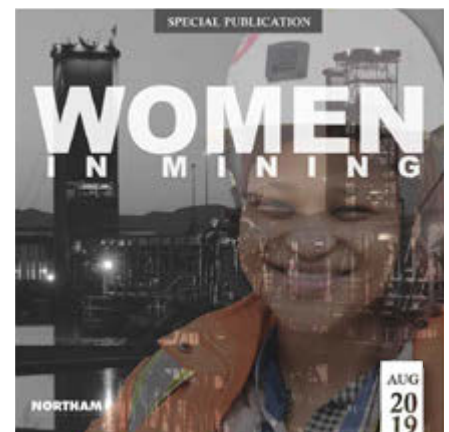


Zanele Keikabile, Coordinator Geology at the Women in Mining celebration event.

Women in Mining celebration event

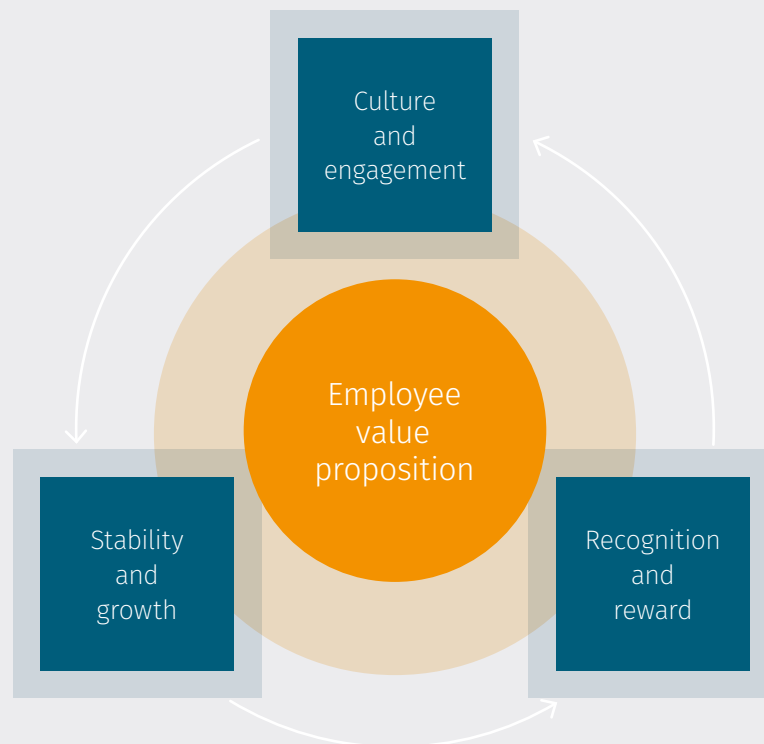
Northam Zondereinde hosted a Women in Mining celebration event in the spirit of Women's Month, which saw our women stepping out of their PPE and looking glamorous for the function that was held in August 2019.

The event encouraged women to recognise their worth and tackled issues that they face on a daily basis, at home and in the workplace. The HR Manager of Zondereinde Mine, Ncedisa Maqoma, was proud to launch the mine's first-ever Women in Mining special publication.



First female mine overseer

Sessy Sulman is evidence of the strides made in developing women employees at Northam. Sessy recently qualified for her Mine Manager's Certificate of Competency and is the first woman to be appointed as a mine overseer at the Zondereinde operation. She also featured on the cover page of our first Women in Mining special publication.



Employee value proposition

The growth of our business ensures meaningful employment for our people and creates opportunities for skills development and training for thousands of South Africans. Key stakeholders in our business include the communities where we operate. We recognise our responsibility to share the value we create at our mining operations, thereby contributing to the socio-economic upliftment of our communities.

Our employer brand is the cornerstone of our employee value proposition. It is designed not only to attract new talent, but also to retain and motivate existing employees. Our employee value proposition is a comprehensive set of offerings that is consistent with our strategic objectives and is unique by design. Our employee-centred approach enables us to not only attract top talent, but also to give existing employees the opportunity of developing and advancing in their professional and personal lives.

Culture and employee engagement

Our organisational culture is informed by a combination of our values, traditions, beliefs, interactions, behaviours and attitudes. A unique culture attracts talent, drives engagement, affects work satisfaction and positively influences performance.

As a group, we continuously strive to provide all our employees with the opportunity of initiating change and growing both personally and professionally.

We promote openness and encourage our employees to voice their opinions and live the values in which they believe. In doing this, we believe that we are creating an organisational culture that encourages respect, trust and teamwork.

Attributes to create an organisational culture:

Respect	Fairness
Trust	Integrity
Change	Adaptability
Team-focussed	Results-orientated
Accountable	Transformative
Engaged	Learning opportunities

We need engaged employees who are passionate about their jobs and are committed to the business. This is achieved when we align the goals of the business with our employees' goals, expectations and day-to-day work. We believe that the glue which holds the strategic objectives of the employee and the business together is frequent, effective communication that reaches and informs the employee at the level and practice of their job.

Our people – continued



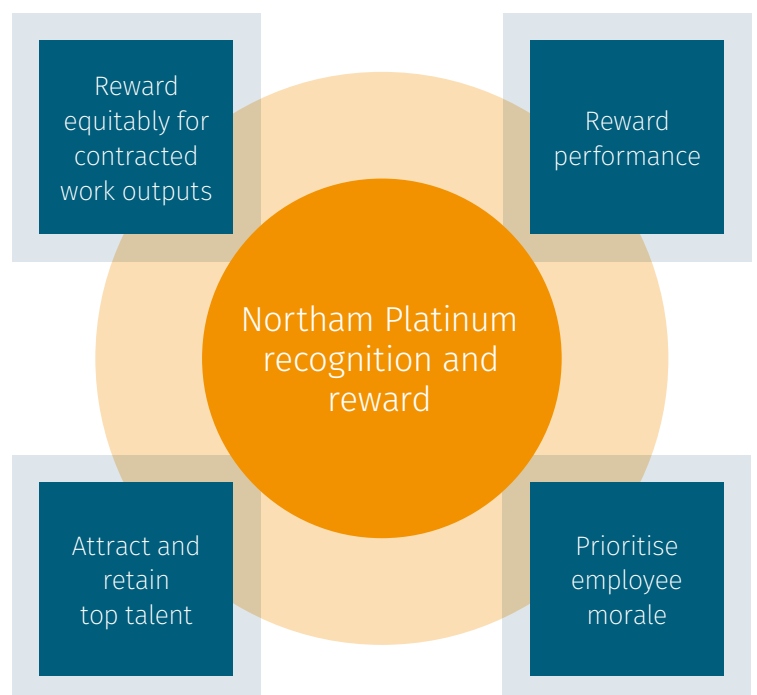
At the heart of value creation lie factors such as quality and stability of leadership, depth of talent, employee engagement, learning culture and other drivers of productivity, innovation and the employer brand.*

Employee inspecting the cutter disc on the mobile tunnel borer at Eland Mine.

Reward and recognition

At Northam, we believe that by recognising and rewarding our employees for their efforts, we create a positive workplace culture and employee experience, which boosts morale. This in turn fosters employee satisfaction with their jobs and workplace environment.

Our recognition and rewards programmes are designed to create value through the following HR focus areas:



* Source: The smarter annual report: How companies are integrating financial and human capital reporting, Creelman Lambert and McBassi & Co, 2014. Available at: https://creelmanlambert.files.wordpress.com/2014/11/the_smarter_annual_report-intro-summary.pdf

Employee recognition and reward measures

Plan type	Beneficiaries	What is it?	What value does it create?
Toro Employee Share Option Plan (ESOP)	Category 02–10 employees at the Zondereinde operation	■ Employees share in a percentage of profits after every five-year interval ■ Award based on the Zondereinde operation's profitability ■ Administered through a fully constituted trust	■ Provision of a real “cash-in-hand” benefit for employees ■ Fostering of a teamwork environment and improved employee morale ■ Additional financial resources for retirement planning
Northam share incentive plan	All managerial staff from middle management level and above	■ Retention and performance shares awarded on an annual basis ■ Shares vest every three years ■ Performance shares are subject to safety, financial and production conditions being met	■ Positive impact on company and individual performance ■ Retention of core leadership and critical skills ■ Driving a desired behaviour of cooperation both in operations and across the group ■ Driving the achievement of safety and production targets ■ Aim to keep a low cost curve ■ Recruitment of top-quality employees to drive Northam's growth strategy
Performance bonus schemes	Teams or group production bonuses	■ Awards are based on team/group safety and performance goals and objectives ■ Monetary rewards awarded at a given frequency to recognise employees' contributions	■ Demonstrates Northam's commitment to teams ■ Supports Northam's major safety and production initiatives ■ Reinforces teamwork, team identity and results
Cash voucher incentives	Award to individual or team/group	■ A reward to employees for improvements and innovative ideas in activities that they control ■ Immediate recognition given at the very moment that a valuable contribution is made by an employee	■ Encourages innovation, creativity and new ways of working ■ Effective in stimulating new ideas and problem-solving

Stability and growth

The growth of our business ensures meaningful employment for our people and creates opportunities for skills development and training for our employees and the communities where we operate.

We employ 15 953^{LA} permanent and contractor employees at our three operations. Our workforce has grown by 41% since F2016. A total of 595 new jobs were created during this financial year. With the extended life of mine at Zondereinde and Booyseindal and the production ramp-up at Eland, more job and career development opportunities will arise.

Outlook

The effects and impact of COVID-19 could point to prospects for a healthier work/life balance for many employees. This may include more flexible working hours and spaces, and incentives such as telecommuting or other forms of technology.

Our people – continued

Skills and capabilities

Employment equity progress

Investing in the development of our people forms part of our broader HR management strategy. This is based on three important interrelated constructs that include learning and development, career development and organisational development. These activities play an important role in shaping the behaviours of employees, thereby contributing to overall organisational effectiveness and productivity.

Northam's approach to the learning and development function seeks to align the business strategy with the learning and development strategy, and aims to identify those capabilities

required to contribute to the success of the organisation.

This approach has translated into a curriculum that systematically utilises every relevant and available learning method and technology. Our learning and development policy stipulates that emphasis be placed on the competence and competitiveness of employees as well as their personal development. These changes involved some risks and challenges which have since been successfully overcome. It has resulted in a reduction of time spent in training, enhanced the practical application of learning, and progressed record-keeping and reporting.

In F2020, the group spent a total of R145 million on training compared to R51m during F2019. This is equivalent to 4% of the total wage bill (F2019: 1.1%). The increase in total training can be attributed to the full roll-out of all learning and development programmes for internal and external training as well as the systematic start-up at Eland mine. Booyensdal has completed its first year as an end-to-end learning and development centre, following the change in its operating strategy.

During this reporting period, our learning programmes focussed on the following elements:

Programmed leadership development	Our leadership development roadmap connects the daily challenges our leaders face with the essential skills they need to be successful. Leadership development is offered at various managerial levels which include supervisory training in F2020 of 95 (F2019: 191), MBA programmes in F2020 2 and other leadership skills programmes in F2020 831 (F2019: 477).
Bursary programme	On completion of bursary programmes, graduates and diplomates can apply for an internship. Northam offered 39 bursaries in F2020 (F2019: 38) to employees and 14 to community members.
Internship and experiential learning programme	In support of our SLPs, we offered 64 internships in F2020 (F2019: 38) and 17 work-integrated learning programmes for learners (F2019: 29). Once completed, these interns are absorbed through our recruitment and selection practices. During F2020, the company absorbed 35.5% interns in permanent positions (F2019 3.4%).
Learnership programmes	At Northam, we offer formal learnership programmes in mining, engineering and mineral processing. In F2020, 44 learners (F2019: 118) were enrolled at various stages in learnership programmes. Of the total number enrolled, 14 engineering, 16 mining and 14 minerals processing learners completed their learnerships (F2019: 85 total completed learnerships). Most of these learners will be appointed to positions available within the company.
Cadetship programme	The purpose of our four months' mining cadetship programme is to absorb unemployed youths without mining experience into the requisite skills programme to ensure they are employable in the mining sector. Northam offered a total of 92 cadetship opportunities to community members in F2020 (F2019: 122).
Adult education and training programme	Before being absorbed into the AET programme, employees are assessed to ascertain their skills levels. The level of training is informed by this assessment. Upon completion, employees receive a nationally recognised statement of results. In F2020, a total number of 173 employees received AET training (F2019: 174), whilst 20 community members received AET training.
Portable skills training	At Northam, we use portable skills training for the upliftment of our communities. This training aims at improving their prospects, either through formal employment or through self-employment, and seeks to improve the quality of life in our outlier communities. A total number of 233 community members in F2020 received portable skills training.

“

We empower our employees to acquire new skills and competencies, with the aim of improving their current skill set and also equipping them for the future.



Tryphina Phathakga,
junior surveyor, Booysendal.

Case study

Northam Platinum is proud to unlock the potential of talented youth such as Tryphina Phathakge who joined the company as an intern in 2018 and quickly displayed all the attributes of hard work and resilience, recently landing herself the position of junior surveyor at the Booysendal operation. Tryphina grew up in Ga-Marishane Village where she knew

nothing about surveying as a career. Her passion for crunching numbers at Bopedi Baphedi High School led her to study Minerals Survey at the University of Johannesburg. Northam took her potential to the next level when it offered her an opportunity to enroll for an internship at the Booysendal operation.

Outlook

Globally, businesses are facing an external operating environment that is new, unfamiliar and challenging on many levels – scientific, technological, psychological and sociological. Our leadership development programmes are constantly being improved and adapted in order to support our succession planning and to develop the capabilities of our employees so that they are able to navigate the company through uncertain and unpredictable times, so that the sustainability of the business can be secured.

People are vital to our business and a capable, diverse and confident workforce is essential in achieving our strategic objectives.

Our people – continued

Employee relations

Our primary objective in employee relations is to promote and foster a culture of fairness and respect.

By valuing diversity Northam recognises the differences between people and see these differences as a valued asset for the business.

We have policies in place to handle discrimination based on race and gender; sexual harassment; workplace bullying; and intolerance of disability or religion.

During the financial year, Northam experienced no unprotected strike action. Labour relations at our operations are mature. The labour relations climate is calm, marked by stability and mutually respectful conduct.

Northam recognises four trade unions, as indicated in the table below:

Percentage of employees covered by collective bargaining agreements^{LA}

	AMCU	NUM	UASA	Solidarity
Booyssendal	79	–	–	–
Eland	–	66	–	18
Zondereinde	–	84	3	2

Human rights and code of ethics and conduct

Northam upholds the basic labour rights of the Fundamental Rights Convention of the International Labour Organization (ILO), through the implementation of fair employment practices.

In support of this, our policies and practices comply with South Africa's labour legislation and regulations, and provide for fair treatment of our employees, irrespective of their origin, race or gender. Furthermore, Northam's social, ethics, human resources and transformation committee plays a vital role in monitoring support and respect for the protection of internationally proclaimed human rights to ensure the company is not complicit in any infringements. Procedures are in place to deal with issues of discrimination and human rights transgressions.

Northam's code of ethics and conduct safeguards the rights of all employees to a working environment free of discrimination on the basis of race, gender, sexual orientation, religious belief, political affiliation, age or disability. Our code of ethics and conduct is available on our website at www.northam.co.za/governance/policies-andprocedures

All employees are required to adhere to the company's code of ethics and conduct. Managers are obliged to take reasonable steps to ensure that employees are aware of and uphold the guidelines set out in the code. The steps include the consistent demonstration of exemplary behaviour; activities that foster a culture in which employees understand their responsibilities and feel comfortable in raising concerns without

fear of retaliation or victimisation; ensuring that mandatory policies, standards and procedures are accessible and understood; and responding promptly to legitimate concerns. The group has a whistle-blowing and ethics hotline that is accessible to all employees.

“

Through collaboration with organised labour we see ourselves as mindful leaders who involve our people in decision making.

Recognition agreements

Booyseindal and Eland

The trade unions AMCU and NUM concluded recognition agreements with the Booyseindal and Eland mines. The agreements include the following:

- Joint commitment to industrial peace
- Safeguarding the interests of the company and of all the employees
- Parties engaging in an orderly manner and in compliance with labour laws and the agreement
- A commitment to apply the recognition agreement in good faith and in the spirit of mutual understanding and respect and to ensure that it is fully understood by their respective constituencies
- An agreement to consult timeously when either a dispute or a potentially prejudicial situation may arise which may affect the relationship and/or the operations of the company
- Supporting appropriate socio-economic strategies which add value to the employees, and the company's vision, values and business goals

Wage agreements

Booyseindal's five-year wage agreement

In December 2019, Booyseindal and AMCU, the representative trade union, concluded a five-year wage agreement. This is the first wage agreement since the owner-operator model was introduced at Booyseindal in F2018. The agreement secures five years of stability, achieved through a collaborative process of mutual respect and consideration.

Some key principles of the agreement include:

- An increase in all major components of remuneration
- Agreement to introduce a second medical aid scheme

Outlook

Zondereinde

Wage negotiations will commence in mid-2021. Key to a successful negotiation process is building the negotiating teams' capacity with a view to promoting robust negotiation and engagement. The aim is to ensure labour stability whilst concluding an equitable long-term and sustainable wage agreement.

Eland

Eland mine will review its wages and conditions of employment in the third quarter of 2021.

Our people – continued



Paul Dunne, Northam Platinum CEO
being screened upon arrival for work.

“

A leader is one
who knows the way,
goes the way, and
shows the way.

Managing organisations during the COVID-19 pandemic
– John C. Maxwell

Northam's response to COVID-19

On 12 March 2020, the World Health Organisation (WHO) confirmed the COVID-19 outbreak to be a public health emergency of international concern, declaring it a pandemic. Soon after, South Africa declared COVID-19 a national disaster. In response to the exponential increase in reported infections, South Africa united with governments across the world to concentrate on slowing the transmission of the disease by shutting down economic activity and restricting the movement of people. The net result of these interventions has stalled economic activity.

Northam's response to the pandemic has focussed on reducing the spread of the virus amongst our people and communities, re-enforcing our safety, health and well-being protocols, and avoiding job losses.

Economic and social impact

Like all markets, the mining industry has not been spared the massive production shutdowns and supply chain disruptions, with a significant decline of financial asset prices as the pandemic spread. The pandemic has driven down commodity prices and resulted in substantially lower prices per kilogramme during 2020. Despite this, all Northam's employees received full wages and benefits at the end of June 2020.

Northam is concerned about the communities who experienced heightened social, health and economic impact as a result of the pandemic. Amid the COVID-19 crisis, Northam provided water relief to informal settlements and donated face masks to a medical facility and the local South African Police Service.

Concern for our employees

As the mining sector gradually returns to economic activity, Northam developed a standard operating procedure (SOP) for its employees to return to work. This SOP is aligned to the Mineral Council's SOP, which is linked to the stipulations of the WHO, the National Institute of Communicable Diseases (NICD), the Department of Health and the Department of Mineral Resources and Energy. Northam has therefore carried out its mandate within the regulations to help "flatten the curve". The priority is that all operations do the following:

- Equip employees with the knowledge and means to be able to protect themselves and their families
- Put in place the systems and SOPs that apply best practice knowledge on hygiene and social distancing

- Screen and detect employees who are ill, and provide quarantine facilities where this is necessary
- Provide medical care for employees and, where possible, for families and communities

Engagement with representative trade unions in multi-stakeholder forums took place to draft and implement proactive COVID-19 strategies. Induction and training of our employees and strategic communication forms part of our continuous approach in fighting COVID-19.

Screening and testing for COVID-19

Our healthcare and safety teams are well equipped to deal with any possible outbreak. Returning employees are rigorously screened and, if required following NCID guidelines, tested for the virus. Northam detected its first positive case of COVID-19 at the Zondereinde operation after an employee returned to work from the province where he resides. The incident was handled in line with the guidelines from the NCID and Northam's SOP for dealing with the disease.

[See how COVID-19 has impacted Northam on pages 6-7](#)

In addition, Northam contributed to the increase in COVID-19 testing capacity in South Africa by donating a set of PCR equipment consisting of an extractor machine and Bio-rad real time PCR. The donation was made to the Ndlovu Research Group in rural Limpopo.

The PCR and extraction kit significantly increased the Ndlovu Research Groups COVID-19 testing capacity.

Outlook

The impact of the disease forced Northam to have a greater focus in protecting its human and financial resources whilst keeping a tight ship and managing the associated risks. In doing so, we believe that trusted, bold and courageous leadership is required to navigate us through a time of extreme intricacy, ambiguity and unpredictability. Our learnings will be factored into our plans for possible future pandemics. It is therefore critical for us to understand how to manage HR, risk and reputation whilst understanding the legal implications and what we need to do differently going forward.



Our communities

Our long-term strategic vision is to safely and efficiently grow the business into a long-life, major producer of PGMs. The communities surrounding our operations are key to facilitating this vision.

Our community landscape spans over three of the nine provinces in South Africa. (Refer to pages 16-17 and 100). This enables us to not only contribute to our host communities and labour-sending areas, but also the society and

community at large. We aspire to create value beyond compliance through sharing the benefits that we derive from our mining activities with the communities that we operate in.

Our key focus points from last year

Progress against these objectives

Our key focus points from last year

Continuing interventions and progress against these objectives.

Unrealistic and misaligned expectations associated with community development projects

Community projects have progressed with the support from local municipalities and aligning the projects to local economic development priorities. Our continuing joint efforts have progressed projects impacting on the communities within the area of the completed project.

SLP housing projects hindered by dissent within local coalition government and compounded by financial constraints

Historic SLP housing projects have been completed with new housing projects underway.

Inadequate local procurement spend

We continue to ring-fence procurement and services opportunities for local SMME's.

The supplier development programmes delivered in partnership with supplier and enterprise development specialists have started to impact the businesses of community members within the areas we operate. The skills acquired have also empowered local SMME's to compete for opportunities outside our operations and the immediate local community.

The high unemployment rate in the country frequently results in community protests and unrest

Our Stakeholder Engagement specialists continue to communicate and share existing employment opportunities with tribal authorities, municipalities, community forums, unemployment forums and local media channels.

In spite of the prevailing economic environment, given our growth strategy and the execution thereof, we have created 2 100 jobs during F2019 and 595 in F2020.

We are not able to meet all employment needs, however we contribute to job creation where opportunities to do so present themselves.

Communication is key to effective relations with our communities

Meaningful stakeholder engagement

How we create value for our communities:



Our communities – continued

Northam's community landscape

Northam's corporate responsibility covers increasing environmental and social impacts within our socio-economic scope. Our stakeholder engagement teams are equipped with the necessary core skills, allowing us to execute our key external activities successfully and effectively.

Our Booyendal mine is located near the town of Mashishing (formerly Lydenburg) on the eastern limb of the Bushveld Complex. Engagement with our surrounding communities is aligned to our Stakeholder Engagement Strategy and Plan (SEP) outlining our community consultation and engagement processes. The Booyendal mine has established a number of community engagement forums with its host and neighbouring communities. The forums include Community Property Associates (CPAs), executive structures, community leaders and traditional authorities. The main objective is to assist with the facilitation of open and transparent engagement. Furthermore, it aims to identify and solve community issues to ensure the successful execution of our commitment to SLPs. As such, the foundation of our SEP objectives are the following:

- Understanding key issues related to current and future projects and our stakeholders' needs
- Ensuring the application of best practice within our Stakeholder Relations Division
- Proactively identifying affected stakeholders and key influencers who might have an impact on our projects and activities
- Utilising effective communication structures to ensure project information is communicated regularly through transparent and appropriate consultation

- Continuously building mutually beneficial relationships with our stakeholders and fostering trust and respect
- Providing a platform where stakeholders are able to raise their concerns

Zondereinde mine, on the border of the Limpopo province in the northern end of the western limb of the Bushveld Complex, is located near the town of Thabazimbi. The stakeholders of the Zondereinde mine are dispersed across two geographical areas comprising 37 villages. Within this space there are two tribal authorities. They are in the Moses Kotane Local Municipality, namely the Bakgatla ba Kgafela and the BaPhalane ba Ramokoka. Furthermore, Zondereinde mine has a significant number of migrant labourers from the Eastern Cape, particularly the O.R. Tambo District Municipality, which qualifies it as a "mine community" and "labour-sending area". We believe that creating interdependent relationships with government, fellow corporate citizens and local communities translates into meaningful and solution-driven engagements. As such, the Zondereinde mine has established various engagement platforms that segment communities within their areas of need. Each of our communities has its own recruitment forum, which is jointly monitored by their respective municipal and tribal authority. Through

effective stakeholder engagement, the Zondereinde mine is able to create an externally conducive environment for the mine to operate, disseminating information and stimulating meaningful engagements between the mine and communities. This creates an enabling environment for the implementation of the mine's SLP programmes in the surrounding communities. The mine has not experienced community protests in the current financial year. The challenge of dissenting groups emerging in the various communities is a threat that has to date been managed effectively, with grievances being dealt with expeditiously and within the appropriate established structures.

Located in Brits, North West, our Eland mine is adjacent to the communities of Mmakau, Mothotlung, Damonsville, Oukasie and Bakgatla-Ba-Rampakong Land Claimants. Meaningful relations are established with the Madibeng Local Municipality, ward councillors and business forums in these communities. Quarterly meetings take place with our key stakeholders on issues related to our business, employment opportunities and community challenges. During August 2019, the company experienced community unrest related to the desperation caused by the high unemployment rate in surrounding communities. The company managed to address the issues effectively through the established forums.



We recognise our responsibility to share the value we create at our mining operations, thereby contributing to the socio-economic upliftment of our communities.

Uplifting our communities

Northam contributes to job opportunities in the areas where we operate, providing much-needed economic activity through employment and building relations with our mine communities.

In F2020, a total number of 595 new jobs were created directly by Northam and approximately 112 job opportunities were created to support our mine communities. The lack of education and training opportunities have affected not only the employability of many South Africans, but also restricted the skills supply pipeline for the mining industry. These shortfalls are particularly in Languages, Mathematics, Technology and Science, which are necessary for the workforce to understand and to use the latest production and information systems. Northam requires various skills for a range of activities, from conventional and mechanised mining to minerals processing and engineering skills. As such, in F2020, a total of 83 (F2019: 73) trainees were local people who received training on trades such as

electrical, boiler making and fitting and turning. Our cadetship programme aims to increase community employment opportunities through a four-month training programme which includes basic entry level skills training for mining and minerals processing. A total number of 76 community members in F2020 (F2019: 122) received cadet learnerships. The company also invests in literacy development and the education of our local communities. In F2020, a total number of 20 learners (F2019: 20) received adult education and training.

Outlook

We value our stakeholders and have a real concern for the people of the organisation and our communities. Northam has been dealing with the COVID-19 crisis in a way that ensures we engender our stakeholders' trust and full support through this time. We understand that collectively we will have to learn, unlearn and relearn in order to enhance the future in a responsible capacity.

In F2020, Northam spent R653.4 million on community development projects (F2019: R493.1 million)

Plan	Our focus	Expenditure F2020
Social and labour plans	Enhancing positive social impact by addressing the challenges facing Local Economic Development (LED) identified in our local government's Integrated Development Plans (IDPs).	R37.3 million ^{LA}
Enterprise and supplier development	Committing to the growth and sustainability of our local communities based SMME's through leveraging of supplier and enterprise development initiatives.	R609 million
Corporate social investment	Our approach to improving the social, environmental and economic well-being of our communities and broader society.	R7.1 million ^{LA}

Our communities – continued

Community development

It is a magical moment when mine management arrives at different schools in our mine communities to deliver school shoes and conduct official handovers.

The managers do not hold back from sharing words of wisdom and encouragement, motivating learners to not only take care of the shoes, but importantly also, to listen to their educators and seize the opportunity to study towards a brighter future. The annual School Shoe Donation Project has given birth to an annual School Jersey Donation Project, which sees to learners' winter warmth needs.

The HR manager of our Zondereinde operation, Ncedisa Maqoma, handing out shoes at a local school.



Mine community development

Northam's community-based solutions are developed on fundamental, universal and national socio-economic insights.

The Minerals and Petroleum Resources Development Regulations (MPRDA Regulations), makes provision for equitable access to, and sustainable development of, South Africa's mineral and petroleum resources. On 27 March 2020, the Minister of Mineral Resources and Energy published the Amendments to the MPRDA Regulations under GNR.420 in the Government Gazette 43127 (the "Amended Regulations").

The Amended Regulations include various condition changes that the Minister believes are necessary to promote the rights and interests of communities. Northam remains committed to investing in the livelihood of its communities, thereby providing them with safety, security, vitality, health services and infrastructural resources.

We are consistent with the United Nations' Global Sustainable Development Goals (SDGs), adopted by all member states of the United Nations in 2015 and the National Development Plan (NDP). The NDP resonates strongly, with the extensive focus areas of the SDGs addressing three dimensions of sustainable development that include poverty, inequality and unemployment and which are environmentally and socio-economically sustainable, providing for current and future generations.

The aims of the SDGs and the NDP are enabled through national policies and regulations.



Education is the most powerful weapon which you can use to change the world.

– Nelson Mandela

Our communities – continued



Local SMME owners at a certification ceremony after completing an SMME incubation programme offered by Northam Platinum in partnership with Moepathutsi Consulting.

Inclusive procurement, supplier and enterprise development

Northam's approach to procurement is based on the principles of inclusivity and transformation, in line with the country's Mining Charter. This approach extends to the group's procurement practices, which support HDSA compliant suppliers who meet the group's requirements in terms of its vendor administration and governance.

Figure 1:
Northam's consolidated HDP procurement spend – F2016 to F2020
Total discretionary spend (ZAR billion)

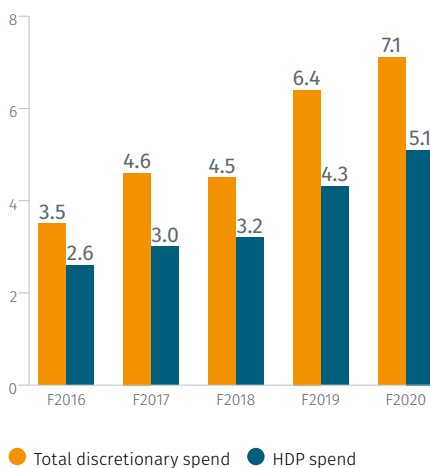
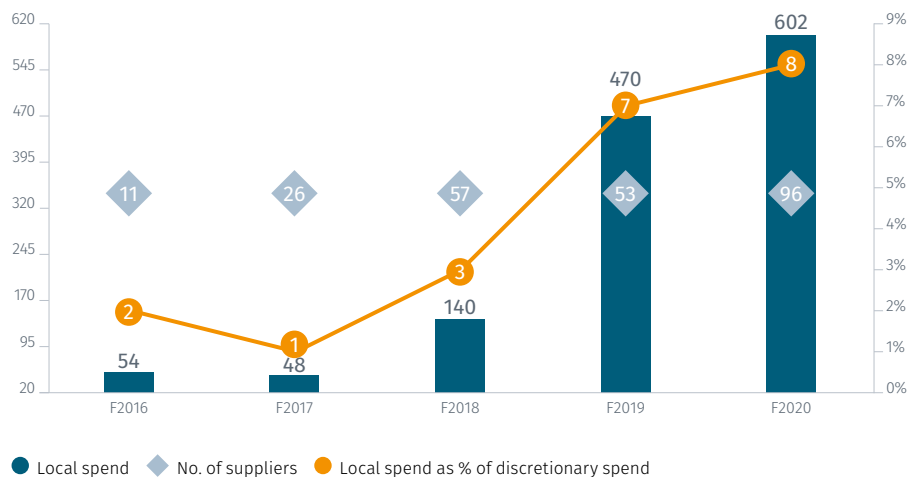


Figure 2:
Northam's consolidated local procurement spend – F2016 to F2020
Local spend (ZAR million)



Over the past five years, Northam continued to grow its HDSA procurement spend from R2.6 billion in financial year 2016, to R5.1 billion in financial year 2020.

By leveraging its Enterprise and Supplier Development (ESD) programmes, Northam procured goods and services to the value of R1.2 billion from its local community-based companies over the past five years. Over the same period, the number of local community-based companies registered on the group's vendor database increased from 11 in F2016 to 96 in F2020. This has contributed to the growth in local procurement spend from a base of R54 million in F2016 to R602 million in F2020, as depicted in Figure 2.

Notwithstanding the challenges associated with operating in rural communities – such as poor infrastructure, limited employment and employability, limited resources and skills shortages – Northam endeavours to alleviate the impact of these social

challenges with its Enterprise and Supplier Development (ESD) programme, which comprise a number of initiatives offered through ESD agents and sponsored by the company.

These initiatives include:

- The continuous identification of procurement opportunities for local, community-based suppliers
- Hosting regular open days for local, community-based suppliers, during which identified procurement opportunities are shared with the community, and details of the company's vendor administration and governance systems are shared
- An entrepreneur skills development and incubation programme, in which business owners/entrepreneurs of local SMMEs (small, medium and micro enterprises) are coached on tendering, pricing, invoicing, branding, and other capacity building initiatives. More than 100 local, community-based entrepreneurs attended this programme in F2020

- Mentoring of SMMEs
- Favourable invoice settlement terms for local SMMEs that are a part of the ESD programme

Northam is committed to increasing its local procurement spend through the development of its local, community-based SMMEs in line with the group's growth trajectory.

Eland Mine SD beneficiaries: provision of laundry services.



Our communities – continued

Social and labour plans

The MPRDA Regulations provide a number of mechanisms for realising transformative objectives. Of these mechanisms, the SLPs (social and labour plans) especially focus on development for employees and communities. Mining companies are compelled to submit an SLP to the Department of Mineral Resources and Energy (DMRE) as part of an application in obtaining a mining right. Contained in these SLPs are specific commitments made by the applicants that become legally binding on approval. Our SLPs include projects that focus on the following key elements:

Home ownership

Safety and security

Health services

Environmental management programmes

Education support

Infrastructure development

Preferential procurement programmes

In F2020, Northam spent R37.3 million^{LA} on community development projects. These projects included infrastructure development, education support and enterprise development.

Zondereinde is in the process of developing a new five-year cycle SLP for the period F2021 to F2026, which focusses on ensuring that mining activities continue to cater for the needs

of our communities. Although 90% of the existing SLP projects are successfully implemented, some project deliverables were delayed due to challenges experienced by our social partners and the limitation of economic activity during the COVID-19 pandemic. Key educational projects completed by Zondereinde this year include the refurbishment of the Mabogopedi Secondary School and the donation of computers to the Reoleboge Special Needs School. In caring for the safety and security of our communities, Zondereinde installed CCTV cameras at strategic areas in the town of Northam, complete with a mobile police unit.

Against its SLP commitments, Booysendal delivered on infrastructure development that included a water reticulation system and the electrification of Matshosho Village. Other infrastructure improvements cover the construction of a tar road in the town of Mashishing. Booysendal supports the education of young talent in its communities, concentrating on Science, Technology, Mathematics and other critical skills. For that reason, Booysendal built a science library at the Gobetse Secondary School located in the Greater Sekhuhune District.

Eland mine is awaiting approval of its SLP by the DMRE. The identified projects will start to address much-needed community development needs.

Corporate social responsibility

Over and above our SLP commitments, Northam identifies worthy causes in local communities that are aligned to our LED priorities to address immediate needs of the communities. These projects supplement our dedication to remain active and visible in the communities that fall outside the reach of our SLPs, thereby adding greater value in building and maintaining relationships. Northam spent a total of R7.1 million^{LA} on worthy CSI projects in F2020.

Community development

The recent R5.5 million Mabogopedi Secondary School Refurbishment Project, which was successfully completed and handed over in September 2019, was one of our major undertakings set to benefit the communities in which we operate for generations to come.

The general manager of our Zondereinde operation, Danny Gonsalves, unveiled the plaque.

Our communities – continued

Housing and living conditions

The financial year ended June 2020 concluded on a high note by changing the lives of employees and their families for the better, thanks to successful homeownership projects executed near Northam's Booyssendal and Zondereinde operations, increasingly making the organisation an employer of choice for South Africa's mining industry employees and onlookers.

The Zondereinde housing projects, where R36.6 million was invested in the development of the Lefika Estate, saw all 69^{'LA'} houses in the development being sold. One of the recent beneficiaries included Zondereinde's accommodation administrator, Portia Mabunda, who received the keys to her unit at Lefika Estate, and our corporate office administrator, Zanele Zondi, whose homeownership key handover in Alberton, Johannesburg, was attended by our CEO, Paul Dunne, Exco members and chairman of the board, Brian Mosehla.

An additional R51.2 million was invested in the development of an additional 68^{'LA'} units at the Emaweni Village Home Ownership Project, which is situated at our Booyssendal mine near Mashishing in Mpumalanga. The homeownership project was successfully completed and the company welcomed occupation by employees. Booyssendal's 35-year-old auto electrician, Nelson Mhlango, said he was overjoyed to finally see the day when he would get to live with his family in his very own home.

The majority of the units were sold to first-time homeowners, and this is of particular significance in the country, especially during a time when poverty, youth unemployment and property rentals are at an all-time high.

Northam places a high premium on the accommodation and living conditions of its employees. The company promotes homeownership as the preferred sustainable tenure option whilst acknowledging that rental residence

units and company accommodation will still be required. The organisation achieves this objective by providing substantial and meaningful assistance to employees for acquiring their own accommodation in close proximity to the workplace. Such assistance is provided by a partial company-funded home loan at zero percent interest.

Not only do employees receive credit literacy assistance to repair and sustain their affordability and credit profile, but they also have the opportunity of procuring units built by Northam through the homeownership projects, as well as the purchasing of a home in the open market.

A living-out allowance and high-density accommodation is also available to employees who cannot yet afford to purchase their own home: Zondereinde's Madiba Residence accommodates some 2 680 employees on-site at the mine and is home to facilities that promote healthy lifestyles, such as an outdoor gym.

Zondereinde	Number		30 June 2020
Freehold homeownership units (Mojuteng – Northam Town)	409 ^{'LA'}	Cumulative number of units sold	408
Freehold homeownership units (Phelabontle – Mogwase Town)	24 ^{'LA'}	Cumulative number of units sold	23
Company units available for rental or home ownership (Setaria)	601 ^{'LA'}	Cumulative number of units sold	9
Freehold homeownership units (Lefika – Northam Town)	69 ^{'LA'}	Cumulative number of units sold	68
Land acquisition Koedoesdoorns, Northam town		Value of the land acquired for further development	R9,700,000
Number of home loans relating to Mojuteng	344		
Number of interest free home loans	253	Interest free home loans provided to employees	R53,917,000
Number of employees receiving living out allowance	3,195	Living out allowance paid to employees	R129,427,000
Booyssendal			
Freehold rental units (company owned and leased units)	129	Number of units rented	53
Land acquisition in Mashishing (Extension 78)		Value of the land acquired for further development	R6,045,000
Freehold homeownership units – Lydenburg Town Ext 79	68 ^{'LA'}		
Number of interest free home loans	54	Interest free home loans provided to employees	R15,333,000
Number of employees receiving living out allowance	2,647	Living out allowance paid to employees	R106,165,000
Eland			
Number of interest free home loans -	8	Interest free home loans provided to employees	R2,371,000
Number of employees receiving living out allowance	441	Living out allowance paid to employees	R17,587,000

“

Northam has a great future.
The schools are near and we're
living in so much freedom.

– Nelson Mhlongo, auto electrician, Booyesendal



Booyesendal auto electrician, Nelson Mhlongo, and his family at their new home in the newly built Emaweni Village.



Our environment

Northam's safety, health, wellness and environment strategy focusses on key levers which are visible and felt safety leadership, climate change, energy, land stewardship, rehabilitation, biodiversity, waste and emissions.

We continuously work to improve environmental management and business systems in line with our objective of reducing the impact of our operations on the environment.

Our risk-based approach to water management focusses on implementing site-wide and regional water balancing, supported by a water information and management system that optimises recycling at our operations. The implementation of best practice in water treatment and recovery

technologies, and energy management systems continues to underpin the progress in improving our use of scarce resources in terms of volumes and intensities. Northam recently attained a B scoring for water and climate change submissions by the Carbon Disclosure Project (CDP).

The Task Force on Climate-related Financial Disclosure (TCFD) project, to enhance our strategic direction on climate change, is currently underway. The main focus areas of the project are

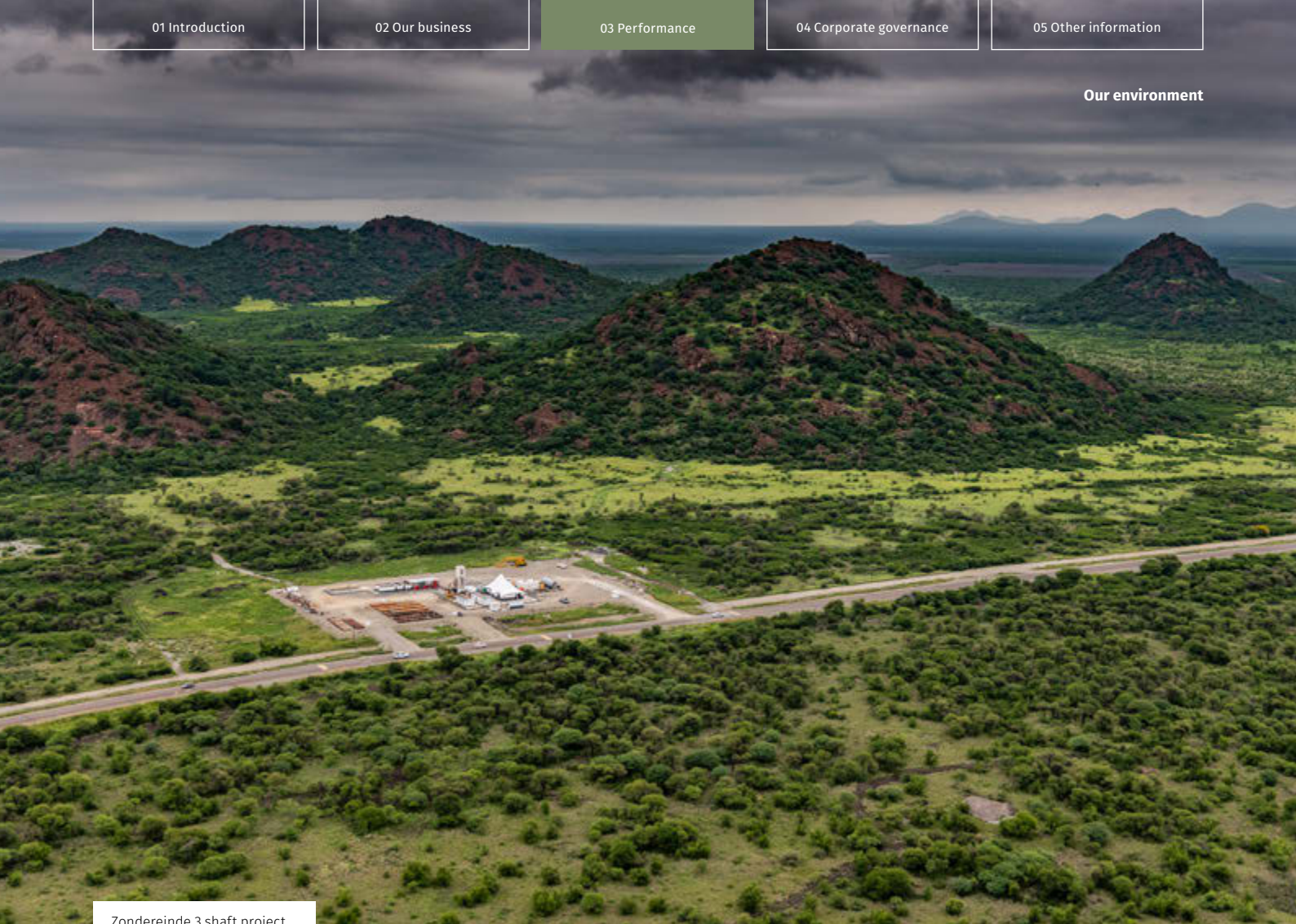
governance, strategy, risk management, and targets and metrics. The intention is to transition the primary climate change disclosure platform to disclosing according to TCFD recommendations.

The signing of the Booyssendal Biodiversity Offset Agreement provides the Buttonschoep Conservancy Trust with a framework for the development of a biodiversity management plan, which should assist all stakeholders in managing the land under their control.

Our key focus points from last year

Progress against these objectives

Compliance with acceptable environmental practices	In November 2019, Zondereinde underwent an ISO 14001:2015 certification audit. Subsequently, both mining and plant operations of Zondereinde's environmental management systems have been ISO 14001:2015 certified.
Meeting environmental legal requirements	No reportable non-compliance incidences.
Striving for improvement in our environmental management and business systems	Commissioning of the Task Force on Climate-related Financial Disclosures (TCFD) project.
Adopting appropriate technological and engineering responses to environmental challenges	An aerial rope conveyor system has been installed at the Booyssendal mine in response to the challenging topography. Ore is now transported from the mine to the plant with a minimal environmental impact.
Raising awareness of environmental concerns amongst the workforce and surrounding communities through appropriate training and communication	Our operations conducted an environmental awareness day and promotions for the workforce.
Encouraging our suppliers and business partners to adopt similar principles	Communicated to majority of our business partners, especially the major ones.



Zondereinde 3 shaft project.

Environmental performance in 2020

- Zondereinde mine operation has been ISO 14001 certified since 2011. A certification audit was conducted in November 2019 which verified the ISO 14001:2015 certification and issued a new plant accreditation
- In December 2019, the Department of Environment, Fisheries and Forestry approved Zondereinde's application to amend the sulphur dioxide (SO₂) minimum emission standard limit from 1 200 mg/Nm³ to 3 500 mg/Nm³. The new threshold is valid for a period of five years
- A biodiversity offset agreement was reached between Booyssendal Platinum and the Mpumalanga Tourism and Parks Agency (MTPA)

Environmental performance goals in F2021

- Approval of the Buttonshope biodiversity management plan
- Approval of the emissions offset implementation plan for the Zondereinde smelter plant

- Monitor the application for the amendment of the Integrated Water Use Licence (IWUL)
- Monitor the application/installation of an improved mine-wide water reticulation management system to account more accurately for the water in the system
- Implementation of the IsoMetrix system to improve data and information management
- Conclude the Task Force on Climate-related Financial Disclosure project

Sulphur dioxide (SO₂) emissions

Isokinetic sampling is applied to measure and quantify the gases being emitted from the plant's point sources. The results are reported on a quarterly basis to the licensing authority in the format outlined in the Atmospheric Emission Licence (AEL). The SO₂ emissions in F2020 from the smelter plant totalled 5 889 tonnes^{LA} (F2019: 8 649 tonnes). This exceeds the minimum emission standard of 3 500 mg/Nm³ from the main stack. This revised limit for the

main stack was granted at the end of the 2019 calendar year in response to an application from the mine.

The new limit is valid from 01 April 2020 to 31 January 2025. In addition to the postponement granted, Zondereinde mine is required to implement an offset programme to reduce SO₂ emissions to the receiving environment. The company is confident that recently established mitigating measures that have been incorporated into the Emissions Management Plan (EMP) should yield the required results by reducing the emissions to compliance level.

A definite offset implementation plan, awaiting approval, was submitted to the regulatory authority on 30 April 2020. The offset plan outlines mitigating measures that the Zondereinde mine will adopt to the benefit of the stakeholders who have been affected by the excessive emissions from the plant.

Air quality management

The company's metallurgical plant at Zondereinde is in possession of an Atmospheric Emission Licence (AEL).

In terms of the National Environmental Management: Air Quality Act No. 39 of 2004, as amended (NEM: AQA), the approach of air quality management has shifted from source-based control to receptor-based control.

In terms of the AEL, management systems are in place and are constantly being reviewed in order to improve their functioning. These systems include the following:

Monitoring point source emissions

by means of quarterly isokinetic sampling

Updating the complaints register

to manage potential complaints from stakeholders

Quantifying fugitive emissions

Compiling of monthly production data reports

to track raw products, operating hours, production and rates

There were no reportable incidents during the F2020 reporting period.

Apart from the above-mentioned management systems, an Emissions Management Programme (EMP) was developed in 2019. It has a lifespan of five years. In terms of the EMP, secondary off-gas, together with de-dusted primary furnace and converter off-gases, are captured and combined. The proposed changes to the off-gas system will be implemented in a phased approach, which commenced in April 2020 with the basic engineering phase.

Ambient air monitoring

Proactive ambient air monitoring was implemented during April 2019 at the Zondereinde mine in order to assess the ambient air quality and to define the impact the operation has on the surrounding area.

The analysed results indicate that only one air quality monitoring point picked up one case of non-compliance with the annual average South African Ambient Air Quality Standards (AAQS) for the relevant pollutants NO_x, NO₂, SO₂, PM₁₀ and PM_{2.5}. The exception of high NO₂ was attributable to vehicles using a public main road adjacent to the mine where the monitor was located. Subsequent to these results, the ambient air monitoring station was moved to a different location. The introduction of a continuous emissions monitoring station has improved our ability to quantify the impact of emissions emanating from production activities.

In addition, ambient air monitoring by means of passive sampling is implemented at various other locations, some within the operating area and others in the surrounding areas.

Sixteen monitoring locations are sampled monthly for SO₂ and NO₂ and the results are assessed by means of Radiello diffusive sampling equipment. The monthly average ambient air concentrations are assessed against current annual average South African AAQS for the relevant pollutants.

Our environment – continued

Greenhouse gas emissions

	Unit	2020	2019	2018	2017	2016
Total Scope 1 emissions (direct emissions)	CO ₂ e tonnes	56 179 ^{LA}	44 263	41 242	52 111	34 928
Total Scope 2 emissions (indirect emissions)	CO ₂ e tonnes	1 021 183 ^{LA}	961 326	882 531	829 601	802 962
Total Scope 3 emissions (indirect emissions)	CO ₂ e tonnes	154	221	228	980	897
Total group		1 077 516	1 005 810	924 001	882 692	838 787
SO ₂	SO ₂ e tonnes	5 889 ^{LA}	8 649	8 118	6 747	6 987
GHG intensity	Per tonne milled	0.19	0.21	0.20	0.20	0.20

Climate change and greenhouse gas (GHG) emissions

The group's response to climate change is currently being reviewed. An independent consultant is being appointed to assist the company in more accurately measuring and monitoring its contributing impacts, whilst advising on the approach the group should take with the introduction of the TCFD, and to minimise the impact on climate change, particularly against the background of the group's growth trajectory.

The expected outputs from the project will focus on the company's disclosure in the following key areas:

Governance: Board oversight and management's role in assessing and managing climate-related risks and opportunities

Strategy: Disclosure of the impact of climate-related risks and opportunities on the company's business, strategy and financial planning

Risk management: Processes that are used to identify, assess and manage climate-related risks and opportunities

Metrics and targets: Standardising the metrics used and setting targets to measure performance

The outputs of the TCFD will be used to align the thinking and discussions of the board and management on the route to be followed, and to consider the measurement and monitoring of the progress achieved. Management's role is to link operational activities with board oversight.

The company continues to monitor any developments that promote the green economy and to consider measures that will enhance its efforts to minimise the impact of global warming.

All our mines successfully registered on the website of the South African Greenhouse Gas Emissions Reporting System (SAGERS) and submitted the GHG and emission submission for CY2019.

Greenhouse gas emissions are expected to continue to rise in line with our production growth profile, and the intensity is expected to remain constant.

1 077 516 above is a summary of the group's GHG emissions.

Dust management

Dust fallout and its impact remains the main concern for many mine communities. In terms of the National Dust Control Regulations (36974 – GN827), the company is obliged to quantify the general dust fallout (DFO) levels affecting the environment. Our operations have an extensive network of dust buckets located in strategic areas to monitor dust fallout emanating from production activities. For the year in review, all measurements of DFO monitoring points were in full compliance with the National

Dust Control Regulations of 2013, with no monitoring points exceeding the industrial limit of 1200 mg/m²/day.

Dust emissions from the operations are mainly due to the use of unpaved roads by vehicles, certain production activities and storage facilities of unvegetated tailings. Various methods have been adopted to manage or suppress dust. These include, amongst others, the maintenance of vegetation cover on the tailings storage facility, paving of or chemical dust suppression on gravel

roads (which carry high traffic volumes) and, where possible, using a water truck to minimise dust emissions. The enforcement of load covers by contractors transporting on public roads not only improves road safety, but also contributes to reducing dust emanating from these vehicles.

The new National Dust Control Regulations came into effect on 1 November 2019, but have not yet been promulgated.



The work of CDP is crucial to the success of global business in the 21st century, helping persuade companies throughout the world to measure, manage, disclose and ultimately reduce their greenhouse gas emissions.

– Ban Ki-moon, former secretary general, United Nations



Carbon Disclosure Project

Northam has, since 2010, voluntarily submitted its performance in terms of climate change and water management to the Carbon Disclosure Project (CDP). The CDP is a non-profit global environmental disclosure platform. The CDP bases its assessment on four scoring bands: disclosure, awareness, management and leadership. Northam's assessment has improved over the years, and in 2019 the company achieved a B rating, ranking its performance on a par with most of its peers in the sector.

Detailed scoring information may be accessed at www.cdp.net.

Disclosure
Awareness
Management
Leadership

Our environment – continued

Northam's Zondereinde mine consists of two vertical shafts and the mine infrastructure that includes workshops which are responsible for various maintenance and installation activities. This infrastructure has been included in the consolidated EMPr for Zondereinde mine, approved by the DMR in September 2017.

Resource utilisation and waste management

Bulk materials used consist of mined and processed rock, liquid fuels, coal, grease, steel, timber, lubricating and hydraulic oils, and diesel.

The group makes use of recycled resources such as plastics, steel, timber and scrap metal.

Northam operations are required to comply with provisions of the National Environmental Management: Waste Act No. 59 of 2008; the company is therefore

registered with the South African Waste Information System (SAWIS) for reporting. Waste recovery, handling, classification, treatment, transportation and disposal is conducted in accordance with the regulatory requirements. Colour-coded disposal bins are visible and located for easy access at each site to assist in the

Materials recycled

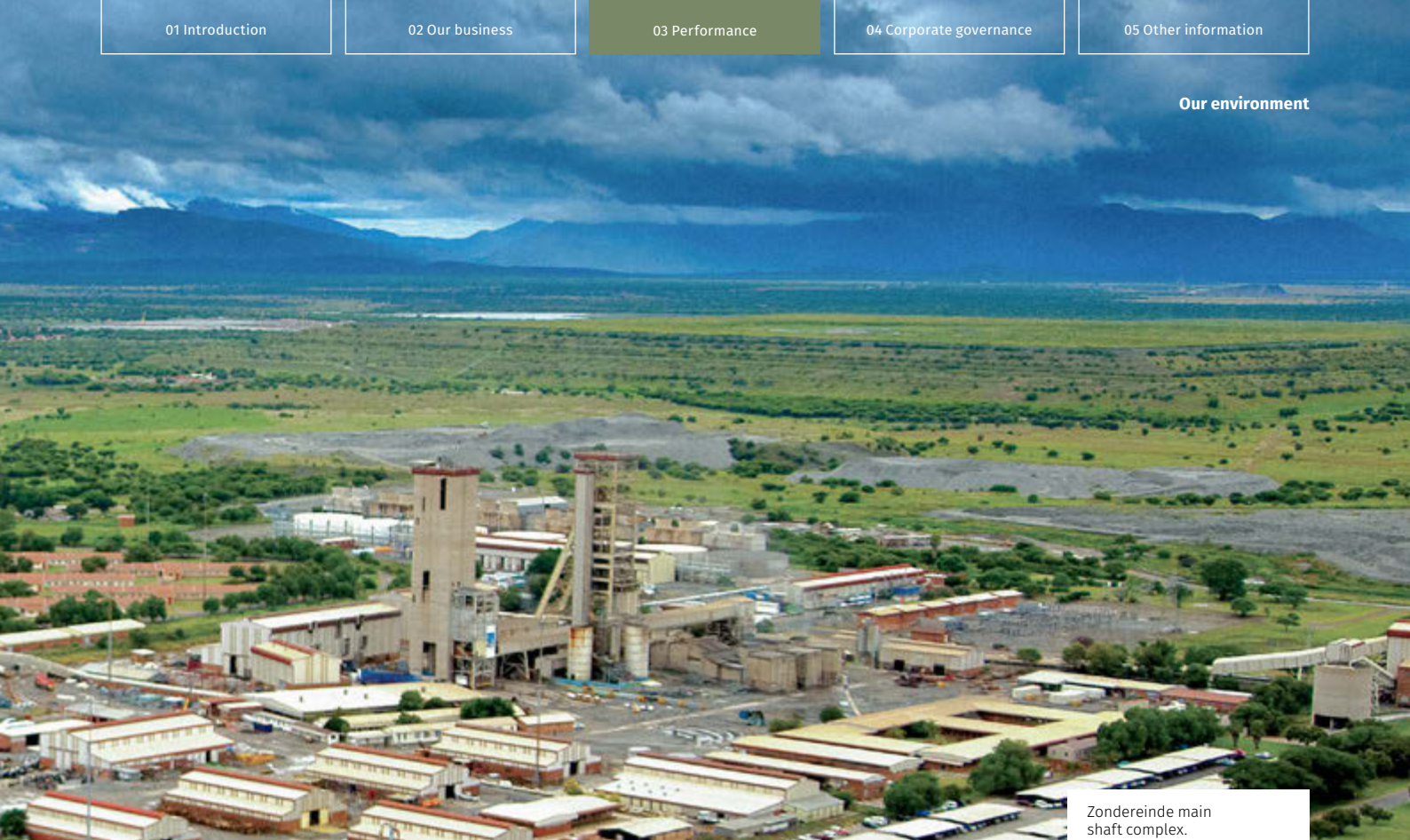
	Unit	2020	2019	2018	2017	2016
Plastic	(tonnes)	49	37	20	20	23
Scrap metal	(tonnes)	4 915	3 217	2 021	1 659	2 031
Timber	(tonnes)	1 411	1 837	1 508	2 340	2 753
Rubber	(tonnes)	211	274	275	187	300
Group total	(tonnes)	6 586	5 365	3 824	4 206	5 107

Waste disposal

	Unit	2020	2019	2018	2017	2016
Non-hazardous waste	(tonnes)	5 452	5 375	706	578	458
Hazardous waste	(tonnes)	582	64	358	504	399

Group material consumption

	Unit	2020	2019	2018	2017	2016
Rock mined	(000t)	5132	5 268	4 975	4 738	4 383
Ore milled	(000t)	5752	4 892	4 602	4 402	4 167
Timber use (bulk support)	(m³)	2 587	2 505	2 189	2 576	1 842
Cartridge/emulsion explosives	(tonnes)	7 169	7 940	7 366	4 519	3 721
Oxygen	(tonnes)	3 449	3 455	2 831	2 224	2 143
Sulphuric acid	(tonnes)	672	688	758	687	814
Sulphur dioxide	(tonnes)	123	140	94	130	99
Grease	(tonnes)	127	47	48	40	40
Lubricating and hydraulics oil	(000 litres)	2 099	1 614	1 491	1 311	1 482
Diesel	(000 litres)	6 920	4 974	3 795	2 843	2 893
Petrol	(000 litres)	92	99	101	96	96
Coal	(tonnes)	14 677	12 085	12 128	17 655	10 552
Jet A-1 fuel	(000 litres)	42	46	42	37	38



Zondereinde main shaft complex.

classification and sorting of waste. The waste is disposed of at licensed landfill sites according to our operating standards and procedures.

Water use and management

By their very nature, mining operations use large amounts of water, mainly in extraction activities. In order to mitigate the effects of the withdrawal of large volumes of water from natural sources and third parties, our operations are encouraged to recycle and reuse water, whilst reducing the consumption of potable water.

Contracts are in place with external water sources for the three operations, as follows:

- Booyssendal is a member of the Lebalelo Water Use Forum

- Zondereinde is a member of the Magalies Water Board
- Eland is a member of the Hartebeespoort Irrigation Board

All three active operations, viz. Booyssendal, Eland and Zondereinde are at various stages of engagement with the Department of Water and Sanitation (DWS) with regard to modifications and/or updates to their Integrated Water Use Licences (IWULs).

Our operations strive to prevent the contamination of water resources. Apart from Eland, where planned discharges were released into an artificial wetland in the lease area, there were no other discharges, even though the licences provide for stipulated minimal and controlled discharges.

Booyssendal receives its raw water from the Lebalelo Water Use Forum, uses borehole water for drinking water and top-up water for production at Central. It recycles process water back into the system to minimise the use of raw and borehole water.

Due to Eland's hydrogeological location, it uses aquifers as the main source of water; the mine therefore remains water positive with minimal dependency on third parties. A water balance model has been developed to identify the best options to achieve short and long-term water conservation and water demand management strategies. To optimise water use, certain flow components have been prioritised and overflows into the environment have been limited.

Water withdrawal, consumption volumes and intensity

Consumption per tonne milled

Total water consumed/withdrawn	Unit	2020	2019	2018	2017	2016
Potable water from external sources	(000m ³)	3 416	3 691	3 448	3 456	3 179
Fissure water used	(000m ³)	209	1 278	273	218	1 607
Borehole water used	(000m ³)	2 183	52	40	31	14
Water recycled in process	(000m ³)	28 092	28 979	28 577	29 483	29 932
Total group	(000m³)	33 900	34 000	32 338	34 000	34 732
Group percentage water recycled	%	83 ^{LA}	85	88	89	86
Water intensity	(/t milled)	0.01	0.01	0.01	0.01	0.01

Note: The increase in water usage reflects the additional water supply at Zondereinde's new #3 shaft, the inclusion of Eland's consumption and the expansion at Booyssendal.

Our environment – continued

Compliance with legislation and other applicable requirements

Northam continuously works to enhance environmental management policies, procedures, standards and processes in support of its efforts of conducting operations based on globally accepted standards and in line with our aim of not exceeding regulatory requirements where we are able to do so. The ongoing sourcing of beneficial new systems, technology and investing in people is yielding positive results for the company and its stakeholders.

The Zondereinde mine operation has been ISO 14001 certified since 2011. An audit in November 2019 resulted in the ISO 14001: 2015 certification for the mine and the metallurgical plants.

In February 2020, the Zondereinde operation submitted an environmental

authorisation application to the regulator for the proposed #3 shaft project in the Western Block.

The Zondereinde mine has applied to the authorities for the relaxation of certain conditions and requirements stipulated in the mine's IWUL, granted in 2012. This amendment prompted a full evaluation from the Department of Water and Sanitation (DWS), and engagement between this department and the mine continues.

Audits conducted by regulatory authorities throughout the year have not indicated any reportable non-compliance.

At the Zondereinde operation, a performance assessment was conducted by an external party in August 2019. The purpose of the

performance assessment was to assess the mine's level of compliance against the existing IWUL, EMPr and AEL. Based on the site visit and the assessment of the status of compliance undertaken, the audit results are as follows:

96% level of compliance with the IWUL

91% level of compliance with the waste licence

91% level of compliance with the AEL

94% level of compliance with the EMPr

Completed energy saving projects

2 177.3 Mwh
Solar panels

720 000 Mwh
Cost-efficient pumping

594.9 Mwh
Low energy lighting

1 944 Mwh
Geyser timers

5 436 Mwh
Total savings

Energy management

Our operations depend solely on the South African power utility Eskom and its national grid for the supply of electricity. Both planned and unplanned power outages during the year put severe strain on our operations, causing production losses and resulting in adverse effects on revenues and costs.

Given the group's growth strategy, energy consumption has increased, particularly over the past five years.

Against this background our focus is on managing energy efficiency and improving GHG intensity levels as opposed to total energy consumption reduction.

The increase in electricity consumption is attributable mainly to the Booyendal expansion programmes including the start-up of the south concentrator and the commissioning of operations at the Eland mine during the year under review.

Energy consumption

	Unit	2020	2019	2018	2017	2016
Electricity purchased						
Group	(Mwh)	1 031 549	971 036	891 446	805 439	779 575
Group	GJ	3 713 576	3 495 729	3 209 206	2 899 580	2 806 470
Total energy						
Group	GJ	4 349 482^{LA}	3 994 143	3 665 677	3 463 460	3 188 943
Energy intensity						
Total group	(Energy GJ/t milled)	0.76^{LA}	0.82	0.80	0.78	0.76

Water conservation and scarcity

Northam participates in a number of water conservation and management engagement forums that operate in a coordinated effort to promote the efficient use of water as a scarce resource in South Africa. Water conservation awareness programmes are conducted annually across our operations to encourage employees to save water.

Water is critical for the Zondereinde operations because the mine uses water as its primary source of energy for underground mining equipment and cooling.

Zondereinde runs a closed loop water storage system and all discharges that occur during the summer rainy season are diverted back into the system. The water bodies that could be affected by surface water discharge are the Crocodile and Bierspruit Rivers.

Booyssendal receives its raw water from the Lebalelo Water Use Forum and in turn Lebalelo abstracts water from the Olifants River. In September 2019, water restrictions were imposed on the water use allocation for Lebalelo from the Olifants River and Lebalelo was restricted to abstract only 45% of the licenced allocation. On 12 November 2019, all users were instructed to reduce their demand.

Water is abundant at Eland due to the mine's hydrogeological location. Groundwater is used for all the mine's needs. Eland has a contract in place with the Hartebeespoort Irrigation Board to supply 3 Ml of water annually, should there be a critical water shortage.

The Integrated Development Plan (IDP) and cluster documents of Madibeng Local Municipality (MLM) indicate that there is a shortage of potable water in the local communities around the mine.

The MLM is looking at a major potable water supply project to increase its supply capacity of potable water by approximately 0.6 Ml/day. As part of Eland's SLP, a community project has

been identified to supply MLM with 1.5 Ml of water per day for distribution to the Damonsville community.

Monitoring and measuring water quality

Surface and groundwater monitoring programmes are in place as required by the IWUL issued to each operation in terms of the National Water Act No. 36 of 1998. Surface and groundwater samples are taken by an external consultant and are analysed in accredited laboratories. In this reporting cycle, no water quality issues were raised.

Flow meters are used to measure water usage. Monthly water usage comparisons are performed in order to ensure that the amounts do not exceed the limits stipulated by regulators in the IWULs. Quarterly water consumption updates are provided for each region in the water management forums.

Tailings storage facilities

Northam operates and manages four active tailings storage facilities (TSFs): two at Booyssendal in the Mpumalanga province, one at Zondereinde in Limpopo and one at Eland in the North West province. All our TSFs are constructed in terms of the upstream method. Upstream tailings facilities are generally considered to be an appropriate design for facilities in dry and seismically stable regions with flat topography.

Each operation has a code of practice, compiled in accordance with statutory guidelines which document the procedures to be applied in order to maximise the safe and effective disposal of mineral waste residue. Our approach is driven by our commitment to zero fatalities and zero harm to the environment.

The philosophy adhered to for the tailings disposal facility is one of managed risk. This implies that the risk can only be controlled through the application of ongoing management. A tailings facility, by virtue of its very existence, poses a risk to the surrounding community and environment. The failure of mine residue

deposits is classified according to high-, medium- or low hazard potential. Risk management efforts are concentrated on those areas and hazards which pose the most significant risks:

- In terms of the National Water Act, the Booyssendal North tailings facility is classified as a Category 3 dam. In terms of this classification, the design was overseen by an approved professional engineer specifically appointed for the task, and was reviewed by the safety office at the DWS. A permit to construct was issued in conjunction with the water license in September 2011
- In 2007, the DWS issued the Eland TSF Paddock 1 a safety risk exemption. The TSF Paddocks were designed accordingly and approved in the water use license issued to Eland in October 2012

Fundamental to tailings facilities design and management is the Northam Platinum documentation, which includes:

- Design reports with revisions
- Monthly reports
- Minutes of quarterly meetings and site inspections
- Risk assessments (hazard classifications)
- Operating manuals
- Safe work procedures
- Emergency procedures
- Annual third party tailings dam audits
- Independent tailings facility reviews

Northam has become aware of the publication, post year-end, of a new Global Industry Standard on Tailings Management which was developed by the Global Tailings Review shortly after the 2019 Brumadinho dam failure in Brazil. In line with our tenet of continuous improvement, we are committed to studying this new Standard and bringing our TSFs in line with current best practice.

Our environment – continued

Buttonslope Trust acquired 1 950 hectares of conservation worthy land identified as a suitable offset land situated on the head waters of the Dwars River.

De Berg private nature reserve.

Land management and biodiversity

The Booyssendal mining operations are situated in a biodiversity-rich part of the country called the Sekhukhune Centre of Plant Endemism, which has been described as irreplaceable by the Mpumalanga Tourism and Parks Agency (MTPA). One of the conditions of Booyssendal's mining licence is to establish biodiversity offsets to compensate for land disturbed by mining.

The Buttonslope Conservancy Trust was established in 2011 specifically to manage Booyssendal's conservation efforts and offset areas. The most recent expansion at Booyssendal South required, amongst other conditions, the establishment of additional offset areas as well as the conclusion of an agreement with the MTPA to formalise the location and extent of the new offset areas, and its management.

The government's National Draft Biodiversity Offset Policy was used as a guide during negotiations to determine the minimum extent of the new offset. In this case, an offset ratio of 30:1 was applied, i.e. the offset area had to be at least 30 times larger than the area disturbed by the mining. Consequently, the trust purchased an additional 1 950 hectares of conservation-worthy land identified by the MTPA as suitable for offset purposes. This included a unique area of montane grassland which gives rise to the headwaters of the Dwars

River. This is the river that traverses the Booyssendal mining area.

The agreement is a good example of public-private collaboration in that it commits the trust to further expand its offsets and land under management in line with the MTPA's long-term conservation goals. All the Booyssendal offset areas will be managed in accordance with an approved management plan as required by the Protected Areas Act No. 57 of 2003. It also makes provision for all the protected

	2020	2019	2018	2017	2016
Land use (hectares)					
Land disturbed by mining related activities	3 011 ^{LA}	2 507	1 118	1 118	908
Land leased for farming purposes	2 181 ^{LA}	2 181	1 441	273	273
Land protected for conservation	4 054 ^{LA}	2 104	3 514	3 514	1 760
Other	9 086	7 546	8 318	10 665	12 618
Total land under management (freehold)	18 332^{LA}	14 338	14 391	15 570	15 559

areas managed by the trust to be donated to the MTPA upon the cessation of mining.

Booysendal has a land management section which employs a professional land manager to carry out the duties of the trust. Whilst fully funded by Booysendal, this section operates largely independently of the mine. It manages approximately 8 500 hectares of the 11 120 hectares of freehold owned by Booysendal and the trust, including over 3 500 hectares of designated offset areas. This property plays an important role as the custodian of biodiversity at Booysendal.

Rehabilitation and closure

Northam's mining activities are subject to extensive environmental laws and regulations. These laws and regulations are subject to continuous change and are generally becoming more restrictive. The company has incurred, and expects to incur in future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such expenditures.

Estimated future rehabilitation costs are based on current legal and regulatory requirements. The South African National Environmental Management Act No. 107 of 1998 (NEMA), as well as the Mineral and Petroleum Resources Development Act (MPRDA), which apply to all prospecting and mining operations, require that operations are carried out in accordance with generally accepted principles of sustainable development.

It is an MPRDA requirement that an applicant for a mining right must make prescribed financial provision for the rehabilitation or management of negative environmental impacts, which must be reviewed annually. In terms of, inter alia, the MPRDA, mining operations are required to make financial provision for decommissioning and restoration costs that will be incurred upon termination of the mining activities.

Northam makes full provision for the future costs of rehabilitating mine sites and related production facilities on a discounted basis. The provision is based on the current best estimate for rehabilitation and decommissioning costs and is determined using commercial closure cost assessments and not the DMRE-published rates. It is management's view that commercial closure cost assessments more accurately reflect the potential future costs and therefore the liability. Such an assessment is significantly more than what the liability would have been, should the current published DMRE rates have been used.

Financial provision is not, however, required to be made for the decommissioning of certain structures, such as housing, which may have an alternative use. The rehabilitation and decommissioning provision represents the present value of rehabilitation and decommissioning costs relating to mine sites, which is expected to be incurred in subsequent years. These provisions have been based on assessments prepared by a third party independent expert, SRK Consulting (South Africa) Pty Ltd. The present value of the environmental restoration obligation was determined by applying a pre-tax discount rate of 9.8% at 30 June 2019 (31 December 2018: 9.8%) and a long-term inflation rate of 7.2% at 30 June 2019 (31 December 2018: 7.2%) over the remaining life of the various mines.

Actual rehabilitation and decommissioning costs will ultimately depend upon future market prices for necessary rehabilitation works which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation will likely depend on when the various operations cease to produce at economically viable rates, which will in turn depend on future commodity prices and exchange rates, which are inherently uncertain.

On 20 November 2015, the NEMA Financial Provisioning Regulations

11 120 hectares

freehold land owned by BD

1 950 hectares

additional land purchased by the trust

of 2015 (2015 Regulations) were promulgated, resulting in significant changes from the requirements contained in the MPRDA. The 2015 Regulations were immediately applicable to applicants for a prospecting right, mining permit, mining right, exploration right or production right (i.e. "new" applicants). In terms of the 2015 Regulations' transitional provisions, holders of a right or permit were able to elect to comply either within three months of their financial year-end or 15 months from the promulgation of the 2015 Regulations. Due to an outcry from the minerals industry regarding the practical implications of complying within such a limited time frame, holders of a right or permit were initially granted an extended transitional period of 39 months to comply from the 2015 Regulations' date of promulgation. In 2019, the Department of Environment, Forestry and Fisheries published a second set of new Draft Financial Provision Regulations (2019 Draft Regulations), which would result in a complete overhaul of the 2015 Regulations. The 2019 Draft Regulations have yet to be promulgated. On 17 January 2020, the 2015 Regulations' transitional period was further extended for holders of a right or permit to 19 June 2021. It is anticipated that the proposed 2019 Draft Regulations will be published into law prior to this date. The group will comply with the relevant financial provision regulations when required to do so.



Safety, health and wellness

Northam is committed to the achievement and maintenance of world-class standards in the management of the safety and health of its employees.

We are committed to zero fatalities and aspire to eliminate injuries in the workplace.

The safety and health of Northam employees is of paramount importance and takes precedence over all production objectives.

We are guided by legislation and regulations, notably the Mine Health and Safety Act. The company seeks to comply fully with applicable safety and health legislation, and to ensure that all employees adhere to the group's and industry's safety standards.

Our key focus points from last year

Maintain and monitor compliance with regulations, standards, codes and best practice in the industry

Focus efforts on improving relationships with the Department of Mineral Resources and Energy and the Department of Human Settlements, Water and Sanitation to achieve mutually beneficial outcomes

Review risks related to safety, health and environment within the group to identify key focus areas that will have a major impact on our goal of zero harm, thereafter developing and implementing mitigation plans

Identify unwanted events related to safety, health and environment and ensure critical control monitoring, evaluation and management

Progress against these objectives

Initiated an internal auditing process to review all standards and procedures to ensure we comply with legislation and industry practice.

Improve relationships with the DMRE, the DWS and the Department of Human Settlements, through continuous engagement at all levels.

Progress has been made in reviewing risks related to safety, health and environment and constantly reviewing our key focus areas towards our goal of zero harm.

Baseline risk assessments have been reviewed. All critical controls have been incorporated into our procedures and form part of our audit protocols.



Employees celebrating the launch of the Khumbul'ekhaya campaign at Zondereinde Mine.

Our approach to managing safety at operations and keeping our people safe

Emanating from the strategic approach of continuous improvement of the workplace environment through hazard identification, elimination, mitigation, monitoring and management, operations are required to develop and implement procedures and systems that are in line with the group's safety operating model. We strive to ensure that employees are safe, healthy and engaged to perform at their best. We are guided by legislation and regulations, such as the Mine Health and Safety Act.

All our operations have risk-based safety management systems in place in order to support our approach of early detection and intervention.

Our F2020 safety, health and environmental achievements are mixed but with good results in key performance areas, reflecting the

quality of our safety leadership and operational risk management. At Booyssendal, the operation surpassed five million fatality free shifts in December 2019 and has been 10 years fatality free since its inception in 2010.

Zondereinde achieved 2 million fatality free shifts and has recently been ISO 45001 certified. It is with regret that we have to report a fatal accident at Zondereinde during the period. Mr Batswana Solomon Kalaote, a jetting gun operator with 27 years' service with the company, lost his life in a mining-related accident in December 2019. We extend our sincere condolences to his family and friends.

At Booyssendal, both the lost time injury incidence rate (LTIIR) and the reportable injury incidence rate (RIIR) regressed to 0.29 and 0.24 respectively (F2019: 0.18 and 0.18). The total injury incidence rate improved from 1.95 (F2019) to 1.57 (F2020). Zondereinde's LTIIR improved from 1.29 F2019 to 1.03 F2020.

Eland's LTIIR and RIIR regressed to 0.82 and 0.27 in F2020 respectively.

We continue to improve our capacity to identify and address high-potential hazards, learn from high-potential incidents (HPIs) and use technology to reduce risks. In driving our desired safety culture, we will maintain focus on strengthening leadership and accountability.

We have seen an overall improvement in our safety performance, resulting in fewer lost time injuries. We believe this downward trend is attributable to the implementation of various initiatives and safety campaigns that we introduce at our operations from time to time.

This year also marked the launch of Khumbul'ekhaya, a safety and health strategy that has been developed by the Minerals Council and the CEO's Zero Harm Forum to drive and sustain the mining industry's pursuit of zero harm. The emphasis on "home" directly

Safety, health and wellness – continued

acknowledges that fatalities have the greatest impact on loved ones at home and encourages mine employees and their managers to bear these loved ones in mind as they go about their day-to-day tasks.

In addition, Northam Platinum is a member of the Minerals Council which has a Learning Hub platform that provides information on pockets of excellence that we constantly review for areas of adoption. Learning from others is anchored on the philosophy: “by industry for industry”. This is underpinned by industry ownership, eager and early involvement, engagement and collaboration, being people-centred, non-competitiveness and a holistic approach.

We have embarked on several safety interventions that focus on, and assist in the influencing of, behaviour with the aim of supporting the embedment of our organisational culture that promotes safety and health in the workplace. One of the on-mine safety campaigns is the “Sonke Sihlangene”

programme, meaning collaborative teamwork, launched at the Eland mine.

Health and wellness

The health and wellness of our employees, their families and the communities in which we operate are the most important contributors to Northam’s goal of zero harm. We endeavour to create a safe, healthy and social environment that enables employees to perform at their absolute best whilst meeting all safety, health and legislative requirements in support of achieving the company’s strategic objectives. In parallel with our safety performance, we have maintained a strong health and wellness performance and ensured significant improvements in managing health risks, both in and beyond the workplace.

Employee wellness

In supporting the well-being of our employees, we have targeted initiatives to assist in preventing and managing chronic and lifestyle diseases, supporting good mental health, and preventing drug and alcohol abuse.

Together with our HIV, tuberculosis (TB), inclusion and diversity, and gender-based violence initiatives, our wellness day programmes support our efforts in creating a healthy workplace environment.

An independent service provider has been engaged to treat employees who display symptoms of stress in the face of seemingly insurmountable challenges in life. The employee wellness programmes focus on counselling for trauma, stress, depression, substance abuse, workplace conflict, domestic relationship matters, and financial and debt management. The service also caters for management referrals.

Primary healthcare

Northam’s primary healthcare is directed at promoting health, the early diagnosis and treatment of diseases that could lead to disability and, importantly, the prevention of diseases. On-mine employees have access to pharmacies, medical specialists, hospitals, and radiology and pathology services.

Table 1: Group safety statistics

	2020	2019	2018	2017	2016
Fatal injury incidence rate (FIIR)	0.01	0.01	0.02	0.01	0
Total injury incidence rate (TIIR)	1.31	1.63	1.98	1.87	2.23
Lost time injury incidence rate (LTIIR)	0.78 ^{LA}	0.93	1.00	1.30	1.58
Reportable injury incidence rate (RIIR)	0.48 ^{LA}	0.65	0.66	0.88	0.93
Number of fatalities	1 ^{LA}	1	2	1	0

Table 2: Tuberculosis unit

	2020	2019	2018	2017	2016
New cases of TB reported	38	61	61	56	83
Total number of TB cases	44	86	94	115	162
Employees on TB treatment	21	24	41	41	54

Table 3: Cases of noise-induced hearing loss

	2020	2019	2018	2017	2016
Total Cases	12	28	68	47	18

In managing HIV and TB, we continue to strengthen our leading practices aimed at improving the health of our employees across operations. The focus on the control and management of TB infection remains a priority.

The group's approach to HIV/AIDS management is guided by a comprehensive policy that deals with employee care, awareness, education and confidentiality, and promotes non-discrimination. Ongoing awareness programmes, and voluntary counselling and testing (VCT) focus on early detection, and access to antiretroviral therapy (ART) has largely destigmatised the condition and rendered HIV/AIDS a manageable disease.

Tuberculosis is an opportunistic infection and is the leading cause of death for people living with HIV/AIDS. Northam runs a highly effective treatment programme, which is aligned with the TB guidelines of the WHO.

The number of TB cases reduced by 27% since F2016. Table 2 indicates the TB prevalence within the group.

Occupational health

All operational employees are required to undergo scheduled annual medical screenings, including legislated, occupationally based medical tests.

In the 2020 financial year, 19 131 employees and contractors, underwent annual medical surveillance screening.

Employees and visitors to our operations are tested randomly for traces of drugs and alcohol before entering the premises and workplaces. Corrective action is recommended to management when results indicate a positive identification.

Noise-induced hearing loss

Excessive noise exposure is one of the most pervasive health hazards in mining. Prolonged exposure to hazardous noise causes a loss of hearing acuity, which occurs gradually and is known as noise-induced hearing loss (NIHL). Northam group operations seek to enforce legal compliance with noise thresholds by ensuring that the noise associated with any machinery or underground equipment is contained to below 110 dBA. All Northam employees are issued with PPE to ensure that exposure to noise levels above 85 dBA over an extended period is limited. Table 3 indicates that there has been a steady uptick in the compensable cases of NIHL. In order to counter this, training in the use of PPE has been reinforced at the operations to prevent growth in this trend. This training forms part of the mine's hearing conservation programme that is overseen by a noise committee, which meets on a monthly basis.

Occupational lung disease

Bushveld Complex rock does not contain quartz, thereby eliminating the threat of silicosis and occupational lung disease (OLD). In addition, the use of hydro-powered mining equipment at Zondereinde and mechanised mining at Booyendal significantly reduces the exposure of employees to both noise and dust. However, Northam's operations continue to test for OLD, given that there may be employees who have previously been exposed to this threat.

In mitigating occupational risk, we also focus on engineering solutions and ensure adherence to PPE use requirements.

This year's key focus areas included reducing levels of exposure to:

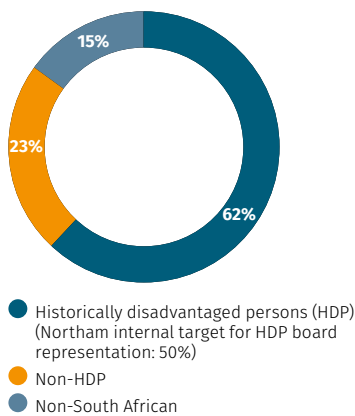
- Arsenic at the BMR
- Diesel particulate matter (a human carcinogen at mining operations)
- Fugitive emissions at our smelter
- Monitoring and managing exposure to chloroplatinates

All reported cases of occupational diseases are subjected to a learning from incident (LFI) process to understand the contributing control failures.

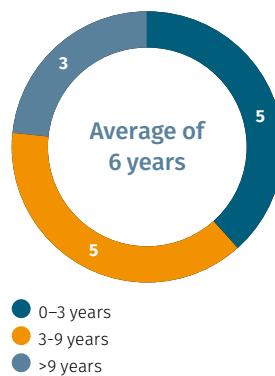
Board of directors

The Northam board is diverse, consisting of thirteen members. A total of 23% of our board members hold engineering degrees, 38% are chartered accountants (SA) and the balance have relevant experience in corporate finance, mergers and acquisitions and other associated and requisite disciplines. Six board members, including our chief executive officer (CEO), have extensive exposure and experience as CEOs.

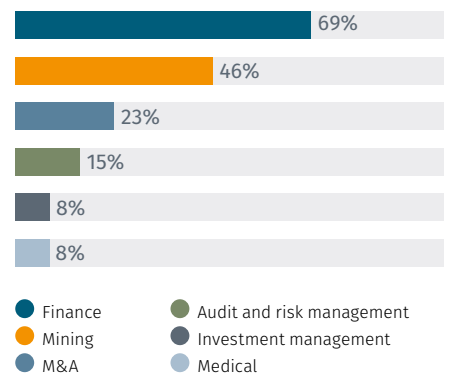
Board demographics



Tenure

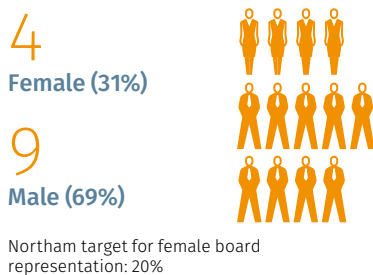


Board skills*

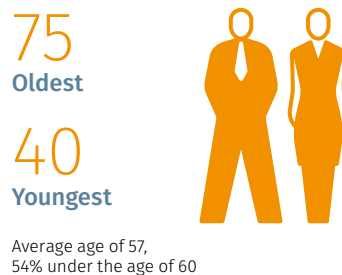


* Percentage based on number of directors with particular skill

Gender diversity



Age diversity



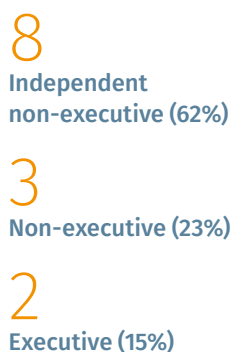
Non-executive

1 KB Mosehla CA (SA) (48) **Chairman**
Board member since August 2015 (4.9 years)
Other directorships: Chief executive of Mosomo Investment Holdings Proprietary Limited, non-executive director of Malundi Resources (RF) Proprietary Limited, MC Mining Limited and Tembisa Provincial Tertiary Hospital. Mr Mosehla is chairman of Zambezi Platinum (RF) Limited (Zambezi Platinum) and chief financial officer of the Housing Development Agency of South Africa.
Experience: Former executive director of Mvelaphanda Holdings Proprietary Limited and Mvelaphanda Resources Limited.

2 CK Chabedi MSc (Mining Engineering), Pr. Eng, MDP, MSAIMM (52) **Board member since June 2009 (11 years)**

Experience: Over 25 years' experience in mining and is currently a senior lecturer at the School of Mining Engineering at the University of the Witwatersrand. Mr Chabedi is a former non-executive director of Mvelaphanda Resources Limited. His mining experience includes over 12 years in both opencast and underground mines. He also has over 13 years' experience in academia.

Independence



Meetings



Board of directors

**3 TE Kgosi** BCom (Hons) (66)

Board member since November 2004 (15.7 years)

Experience: Former cluster manager – materials management (Gauteng and North West operating units) in supply chain operations, Eskom SOC Limited. Extensive experience in the banking sector (specialising in treasury), having held positions at a number of South Africa's main banking groups as well as Credit Suisse First Boston (NY).

Independent non-executive

4 R Havenstein MSc (Chemical Engineering), BCom (64)

Lead independent non-executive director

Board member since July 2003 (17 years)

Other directorships: Independent non-executive director of Murray and Roberts Holdings Limited and chairman of Omnia Holdings Limited.

Experience: Former CEO of Anglo American Platinum Limited. Former executive director of Sasol Limited, responsible for Sasol Chemical Industries.

5 DH Brown CA (SA) (58)

Board member since November 2017 (2.6 years)

Other directorships: Serves in a non-executive capacity on the boards of listed companies Resilient Reit Limited, Bindura Nickel Company Limited and the Vodacom Group Limited, where he is the lead independent director. He is also chairman and non-executive director of the non-listed Great Dyke Investments and Ntsimbintle Holdings Propriety Limited respectively.

Experience: Former CEO of MC Mining Limited and prior to that served as CEO and CFO at Impala Platinum Holdings Limited (Implats). He was previously a member of the Accenture South Africa advisory board, worked in information technology and for the Exxon Mobil Corporation in Europe.

6 HH Hickey CA (SA) (66)

Board member since January 2016 (4.5 years)

Other directorships: Independent non-executive director of Barloworld Limited, Cashbuild Limited and Pan African Resources Plc.

Experience: Former chairman of the South African Institute of Chartered Accountants.

7 Dr NY Jekwa MBA (Finance), MBBCh (Bachelor of Medicine and Bachelor of Surgery), MlDSA (45)

Board member since November 2017 (2.6 years)

Other directorships: Joint managing director of Mergence Investment Managers Proprietary Limited and an independent non-executive director of Ascendis Health Ltd. Dr Jekwa is also a non-executive director of Brait Societas Europaea.

Experience: Former head of capital raising at Coast2Coast Propriety Limited (a private equity firm) and has held senior positions in both structured and leveraging finance at Rand Merchant Bank and Nedbank Corporate and Investment Bank.

8 MH Jonas BA (History and Sociology) (60)

Board member since November 2018 (1.7 years)

Other directorships: Chairman of the MTN Group Limited and independent non-executive director of Sygnia Limited.

Experience: One of four independent presidential investment envoys appointed by President Cyril Ramaphosa to attract investors to South Africa. Former deputy finance minister of the South African Government from 2014 to 2017 and member of the National Assembly until April 2017. Former chairman and non-executive director of the Public Investment Corporation.

9 TI Mvusi BA, ELP, MAP, PDP (64)

Board member since January 2016 (4.5 years)

Other directorships: Executive director of Sanlam Limited (Sanlam) and director of various Sanlam group companies. Also non-executive director of Umso Construction Proprietary Limited.

Experience: Served as chief executive of market development at Sanlam since August 2005 and was appointed acting chief executive of Sanlam Corporate in April 2017. Mr Mvusi was previously a general manager of Gensec Property Services Limited and marketing manager at Franklin and Templeton Asset Management.

10 JJ Nel CA (SA), CFA (AIMR), AMP (INSEAD) (48)

Board member since November 2018 (1.7 years)

Other directorships: Non-executive director of DRDGOLD Limited, Mimosa Holdings Proprietary Limited and Mimosa Investment Limited (owner of Mimosa Platinum mine in Zimbabwe). Independent non-executive director of Tongaat Hulett Limited and non-executive director of DRA Global Limited (an Australian non-listed company).

Experience: Former divisional CEO for Sibanye-Stillwater Limited (Sibanye-Stillwater), heading the PGM division of Sibanye-Stillwater following the acquisition of Aquarius Platinum Limited (Aquarius) in 2016. Former CEO of Aquarius from 2012 to 2016.

11 JG Smithies BSc (Mining Engineering), BSc (Chemistry) (75)

Board member since January 2017 (3.5 years)

Experience: Former director of operations and CEO of Implats.

Executive

12 PA Dunne BSc (Hons), MBA (57)

Chief executive officer

Board member since March 2014 (6.3 years)

Other directorships: Non-executive director of Zambezi Platinum and the International Platinum Group Metals Association (IPA).

Experience: Former executive director at Implats, responsible for all mining, concentrating and smelting operations at the group's Rustenburg and Marula mines.

13 AH Coetzee CA (SA) (40)

Chief financial officer

Board member since November 2018 (1.7 years)

Other directorships: Non-executive director of Zambezi Platinum.

Experience: Former associate director at Ernst & Young Inc.

Key:

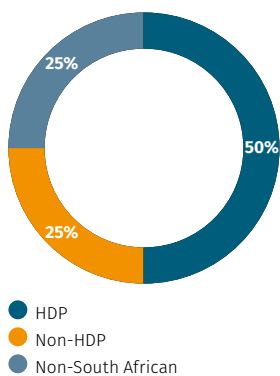
-  Investment committee
-  Nomination committee
-  Audit and risk committee
-  Social, ethics, human resources and transformation committee
-  Health, safety and environmental committee
-  Committee chair

The executive committee

Our executive committee (exco) is a diverse and experienced management team that comprises eight members of the company's senior executives, broadly representing the disciplines within the company's organisational structure.

Exco meets once a month, or *ad hoc* as and when required, and the CEO and CFO report directly to the board on all matters deliberated on by this committee.

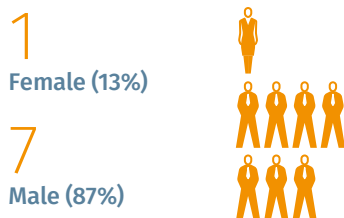
Exco demographics



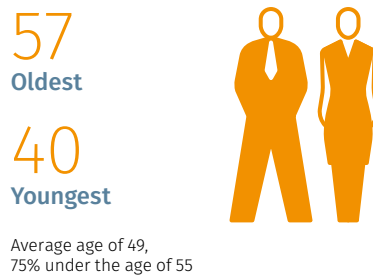
>183 years
Combined mining experience

>63 years
Combined tenure at Northam

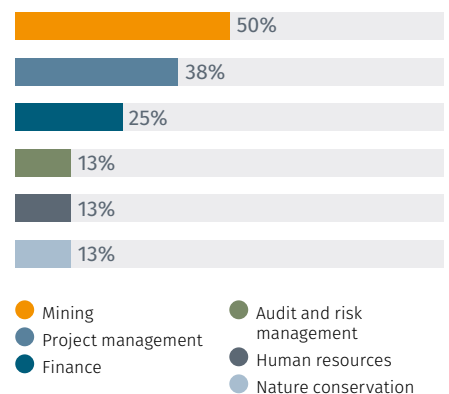
Gender diversity



Age diversity



Exco skills*



* Percentage based on number of committee members with particular skill

The responsibilities of exco include:

- Formulating and executing the group's strategy
- Managing business performance and reporting on this to the board
- Implementing all policies of the group, including those relating to human capital, natural capital, risk management and capital management

The executive committee



1 AH Coetzee CA (SA) (40) ●
Chief financial officer

Joined Northam in December 2015

Other directorships: Non-executive director of Zambezi Platinum.

Experience: Former associate director at Ernst & Young Inc.

2 PA Dunne BSc (Hons), MBA (57) ●
Chief executive officer

Chairman of exco, joined Northam in March 2014

Other directorships: A director of the International Platinum Group Metals Association (IPA) and a non-executive director of Zambezi Platinum.

Experience: Former executive director at Implats, responsible for all mining, concentrating and smelting operations at the group's Rustenburg and Marula mines.

3 MN Ndala BTech Mining Engineering, MBL (52) ●
Mining executive

Joined Northam in July 2018

Other directorships: Director and chairman of the African Exploration Mining and Finance Corporation (SOC) Limited (AEMFC) board.

Experience: Former executive head of operations, responsible for all mining, concentrating and smelting operations at Implats' Rustenburg mines. Former director of Two Rivers Platinum.

4 WJ Theron Pr. (Cert) Eng. (Professional Engineer), BSc (Hons) Mining, MBA (42) ●
Mining executive

Joined Northam in December 2010

Experience: Extensive experience in projects and operational management. Held various senior managerial roles at Anglo American Platinum Limited. Former general manager at Booyendal mine.

5 LC van Schalkwyk (FCMA) (55) ●
Executive commercial

Joined Northam in October 2014

Other directorships: Non-executive director of Zambezi Platinum.

Experience: More than 30 years' experience in the Platinum mining industry. Former executive for strategic finance at Implats.

6 D Smith BSc (Hons) MSc (52) ●
Executive business development

Joined Northam in November 2017

Other directorships: Independent non-executive director of Bauba Resources Limited.

Experience: Worked in the mining and mineral exploration sector since 1991 and joined Northam as a consultant in 1995. Former principal of Prospect Geoservices at Northam.

7 CA Smith BSocSc (Hons) (45) ●
Executive: Human resources

Joined Northam in September 2014

Other directorships: Chairman of Platinum Health Medical Scheme.

Experience: Extensive experience in the mining sector, holding senior HR positions at AngloGold Ashanti Limited, Richards Bay Coal Terminal Proprietary Limited and Implats.

8 GD Duma BTech (Quantity Surveying), MBA, Diploma in Project Management, Senior Management Development Programme (51) ●
Head: Sustainability

Joined Northam in March 2017

Other directorships: Member of the Interim Council for the Social Housing Regulatory Authority (SHRA) of South Africa.

Experience: Held various positions at Implats, including general manager of shared services, project director of housing and socio-economic development projects, and group sustainable development manager. Also worked at the Medical Research Council, Eskom Holdings SOC Limited and South African National Parks.

Corporate secretarial*

PB Beale (54) ●
Company secretary

Joined Northam in October 2011

Experience: More than 30 years' experience in the corporate secretarial field, previously working for JCI Limited and Gold Fields Limited. Member of IoDSA.

C Msimanga (44) ●
Company Secretarial Coordinator

Joined Northam in January 2017

Experience: Experience in Travel and Aviation, Human Resource Management and Corporate Governance. Former Human Resource Administrator at Richards bay Coal Terminal and HR Consultant at Bruniquel and Associates. Member of the IoDSA.

* Attend meetings as secretary

Governance overview

Board focus areas in F2020

Strategy

The execution of the group's strategy, as detailed on page 22 in our annual integrated report 2020, was challenged and monitored by the board on a continuous basis during the year.

The strategic focus of the group during the first eight months of the financial year was on returning value to shareholders, through the purchase of Zambezi Platinum (RF) Limited preference shares. Pleasingly, the group now holds 46.7% (33.5% as at 30 June 2020) of the total issued preference shares of Zambezi Platinum, up from 2.6% at 30 June 2019.

The board and management kept a watching brief on the developing impact of the COVID-19 pandemic on our business and agreed on key interventions which we expand on from page 6 of our annual integrated report 2020.

In terms of our short and medium-term strategy, we have adopted a cautious approach with a focus on preserving our financial reserves as far as possible by strengthening our debt facilities and reducing capital outflows.

These strategic interventions will delay the delivery date of our stated "million ounce target" beyond 2025.

Key risks

The board spent considerable time during the year under review analysing and challenging management on existing and newly identified risks.

The group's key risks, as expanded on from page 38 of our annual integrated report 2020, remained similar to the prior financial year. However, the impact of the majority of the risks have increased as a result of the COVID-19 pandemic.

The board, and in particular the audit and risk committee, provided management with input and guidance on proposed measures to mitigate these risks as effectively as possible.

The board is satisfied that the group's risk management frameworks and processes effectively identify, manage and mitigate the risks we are facing.

Director and board visits to operations

There were three visits by board members to our operations during the year under review.

Health and safety

COVID-19

As a member of The Minerals Council South Africa the group contributed to and adopted the developed "The Minerals Council South Africa Standard Operating Procedure (SOP)" in preventing the transmission of COVID-19 in South African mines. Our approach to mitigating the risks associated with COVID-19 is based on scientific and evidence-based data and focusses on detection, prevention and mitigation measures at all our operations.

The health, safety and environmental committee reviewed the COVID-19 protocols, approved and implemented by management, to detect, prevent and mitigate the impact of COVID-19 on our people and operations.

Fatality

The board expressed their sincere condolences to the family and colleagues of Mr Batswana Solomon Kalaote who was fatally injured by a fall of ground at Zondereinde mine on 17 December 2019. Remedial actions are in place and are being monitored.

Prior to Mr Kalaote's passing, Zondereinde had achieved 2 million fatality free shifts and had recently been ISO 45001 certified.

Board focus areas for F2021

Governing through COVID-19

Management, on behalf of the board, is actively engaging with stakeholders through this difficult time and monitoring the potential impact the pandemic could have on the performance of our business and our liquidity levels. A key focus for the board over the coming year will be to ensure that we guide, support and steer the business through the many decisions that it will be required to make in this regard.

Board refreshment and succession planning

We believe that board refreshment and succession planning is imperative and that it should be done in a systematic and gradual manner, in order to maintain a balance of new insight, depth of experience, continuity and diversity of the board.

The board, with the assistance of the nomination committee, will continue to review and enhance the composition of the board committees, specifically the nomination and the social, ethics, human resources and transformation committees, as these committees currently have a majority of non-executive board members, following the change in designations of Ms Kgosi and Mr Chabedi from independent non-executive to non-executive directors.

Our committee charters state that these committees must have a majority of independent non-executive directors. Additional independent non-executive directors will be added to the committees on which these directors currently serve, ensuring that these committees' composition retains a majority of independent non-executive directors.

Furthermore, as part of the board succession planning, a successor for the lead independent director will be considered in F2021.

Board evaluation

An independent evaluation of the board, sub-committees and the company secretary will be performed once again in F2021. The board will monitor and track the implementation of all recommended remedial actions which might arise.

The full Corporate governance report can be accessed through the company website at www.northam.co.za

Independent assurance report

Independent limited assurance report for selected sustainability performance information reported in Northam Platinum Limited's annual integrated report for the year ended on 30 June 2020.

To the directors of Northam Platinum Limited

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability performance information and related disclosures set out in our report below, as presented in Northam Platinum Limited's Integrated Annual Report for the year ended on 30 June 2020 (the Report) is not prepared, in all material respects, in accordance with Northam's Reporting Criteria specified for reporting that information.

This conclusion is to be read in the context of what we say in the remainder of our assurance report.

Scope of work

The scope of our work was limited to performing our assurance engagement for the selected sustainability performance information and related disclosures set out in the Appendix, as presented in the Report ("Selected Information"). These are marked with an 'LA' in the Report wherever they appear.

Our scope does not include coverage of data sets or information unrelated to the data and information underlying the Selected Information, information reported outside of the Report, and information relating to prior periods or comparisons against historical data.

Understanding the reporting and measurement approach

The Selected Information needs to be read and understood together with Northam's Reporting Criteria specified for the 2020 reporting year (see "SD data reporting guidelines" available at www.northam.co.za and in the Appendix to this report), which Northam is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement and reporting techniques and can affect comparability between entities and over time. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. In addition, the precision of different measurement techniques may vary. Carbon emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Professional Standards Applied and Level of Assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information', and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the Selected Information is prepared, in all material respects, in accordance with the Reporting Criteria.

Inherent limitations

Inherent limitations of assurance engagements include use of selective testing of the information being examined, which means that it is possible that fraud, error or non-compliance may occur and not be detected in the course of performing the engagement. Accordingly, there is some risk that a material misstatement may remain undetected. Further, our assurance engagement is not designed to detect fraud or error that is immaterial.

Where Northam's reporting of the Selected Information relies on factors derived by independent third parties, our assurance work has not included examination of the derivation of those factors and other third-party information.

Our Independence and Quality Control

We have complied with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants as well as the *Code of Professional Conduct for Registered Auditors* issued by the Independent Regulatory Board for Auditors, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements*, and other Assurance and Related Service Engagements, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our work was carried out by an independent and multi-disciplinary team with experience in sustainability performance and carbon emissions reporting and assurance.

Summary of work performed

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability of Northam's 2020 Reporting Criteria with reference to relevant circumstances, and planning and performing our work in order to consider the risk of material misstatement of the Selected Information, whether due to fraud or error.

In doing so, we:

- made enquiries of relevant Northam executives and management to obtain an understanding of the following matters as relevant to Northam's governance and accountability arrangements for reporting on its material environmental, social and governance issues:

- adoption and implementation of recommended governance practices aligned to the King IV Code Principles including for management reporting Northam's sustainability performance to the Board and for ensuring integrity of reported performance information;
- management's process to identify Northam's material environmental and social issues, and to establish performance targets for those issues and monitor performance achieved;
- the control environment, information systems and relevant control activities applied to compiling information from relevant data sources for reporting the selected sustainability information, and for monitoring the integrity of the information presented in the Report (but not for the purpose of evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness).
- evaluated the design of Northam's control environment including key structures, systems, processes and controls at group-level for managing, recording and reporting the Selected Information and internal assurance processes applied thereto. This included completing desktop reviews of site level data, selected on the basis of their inherent risk and materiality to the group, to understand the key processes and controls for reporting site performance data and to obtain supporting information;
- performed limited substantive testing on a selective basis of the Selected Information at corporate head office and in relation to the three operating sites to check that: (i) data had been appropriately measured, recorded, collated and reported; and (ii) activities set out by management are appropriately evidenced and reported; and
- assessed the disclosure and presentation of the Selected Information in the Report, including consideration of whether it is consistent with our overall knowledge and experience of Northam's approach to management of and reporting on its material environmental and social issues.

The procedures we performed were based on our professional judgement.

Northam's responsibilities

The Directors of Northam are responsible for:

- establishing objective Reporting Criteria that are suitable for preparing and reporting the Selected Information in the Report, including in consideration of the information needs of the intended report users;
- appropriate and accessible disclosure of Northam's basis for preparation of its 2020 sustainability performance information, including the Selected Information.
- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- measuring and reporting the Selected Information based on the Reporting Criteria; and
- supporting our performance of a high-quality, effective and efficient assurance engagement, including through enabling our timely access to information, documentation and management personnel required for our assurance work.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;

Independent assurance report– continued

- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained on whether the Selected Information is prepared, in all material respects, in accordance with the Reporting Criteria; and
- reporting our conclusion to the Directors of Northam in our assurance report.

Our assurance report does not extend to any disclosures or assertions relating to management's future performance plans, forward-looking statements or strategies disclosed in the Report.

Other matters

Our report, including our conclusions, has been prepared solely for the Board of Directors of Northam in accordance with the agreement between us and for no other purpose. We permit this report to be published in Northam's Integrated

Annual Report published online at www.northam.co.za in respect of the 2020 reporting year, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and Northam for our work or for our report and the conclusion contained therein. We agree to publication of our assurance report within Northam's Report provided it is clearly understood by recipients or readers of the Report that they enjoy such receipt for information only and that we accept no duty of care to them whatsoever in respect of our assurance report.

Maintenance and integrity of Northam's website is the responsibility of Northam's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the Selected Information as reported, or our independent assurance report that may occur subsequent to the initial date of publication of the Report on Northam's website.

Ernst & Young Inc.

Partner: Ebrahim Dhorat
Registered Auditor
Chartered Accountant (SA)

Ernst & Young
102 Rivonia Road
Johannesburg
21 August 2020

Appendix: Northam Platinum Ltd's Reporting Criteria for the Selected Information reported for Northam group operations (and as disclosed at www.northam.co.za).

Selected Information	Definitions
Percentage of Historically Disadvantaged South Africans (HDSAs) in management	HDSAs in management: The total number of HDSA employees in Top, Senior, Middle and Junior management, including women and employees with disabilities, expressed as a percentage of total number of employees by management level, where: ▪ Top management comprises Executive Directors who are members of the Board; ▪ Senior management comprises members of the Executive Committee (E Patterson Modern pay grades); ▪ Middle Management, including professional qualified and experienced specialists (D Patterson Modern pay grades); ▪ Junior Management, including skilled technical and academically qualified workers in a supervisory role including supervisors, foremen or superintendents (C4 and C5 levels Patterson Modern pay grades).
Percentage of women at mining	Total women at mine: The total number of female employees and contractors working at the Zondereinde, Booysendal and Eland operations, based on payroll data at the end of the reporting period, as a percentage of the total workforce.
Reportable Injury Incident Rate (RIIR)	Reportable Injury Frequency Rate (RIFR): The number of employee and contractor Reportable Injuries multiplied by 200 000 and divided by the total number of contractor and employee hours worked.
Lost-time Injury Incident Rate (LTIIR)	Lost Time Injury Frequency Rate (LTIFR): The number of employee and contractor LTIs multiplied by 200 000 and divided by the total number of employee and contractor hours worked.

Selected Information	Definitions
Number of direct employees	Total workforce: Total numbers of employees and contractors working at the Zondereinde, Booyensdal and Eland operations at the end of the reporting period.
Total number of employees	Total employee workforce: Total number of permanent (full time) or contract (temporary, fixed term or part time) employees working at the Zondereinde, Booyensdal and Eland operations, based on payroll data at the end of the reporting period.
Employee turnover rate percentage	Total employee turnover rate: Number of employees at the Zondereinde, Booyensdal or Eland operations who leave the organisation during the reporting period due to dismissal, retrenchment, death in service or voluntarily through resignation or early retirement, expressed as a percentage of the total employee workforce working at the operation, based on payroll data at the end of the reporting period.
Percentage of employees covered by collective bargaining agreements	Percentage of employees covered by collective bargaining agreements: Proportion of employees working at the Zondereinde, Booyensdal and Eland operations at the end of the reporting period covered by collective bargaining agreements (CBA), expressed as a percentage of the entire workforce. All employees within the A, B and C Lower (C1 to C3) pay scale grades (Patterson Modern Grades) at the end of the reporting period, irrespective of whether they are paid up members of a recognised union, are covered by a CBA.
Number of strikes and lock-outs exceeding one week duration by operation	Number of strikes and lock-outs exceeding one week duration, at each of the Zondereinde Booyensdal and Eland operations.
Energy usage (direct and indirect), GHG emissions (Scope 1 and 2) and SO ₂ emissions	Total energy consumption: The sum of all energy inputs (e.g. self-generated and purchased) from renewable and non-renewable sources at the Zondereinde, Booyensdal and Eland operations in the reporting period. Energy inputs at operations comprise the following sources: ▪ Electricity; ▪ Coal; ▪ Petrol; ▪ Diesel; ▪ Paraffin; and ▪ Aviation fuel. GHG emissions: Carbon dioxide equivalent (CO₂e) emissions, including carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). For reporting purposes, Total GHG emissions, comprising direct (Scope 1) and indirect (Scope 2 and Scope 3) emissions, are calculated according to the GHG protocol using emissions factors and Global Warming Potential (GWP) factors issued by the Intergovernmental Panel on Climate Change (IPCC): ▪ Direct emissions: emissions from sources that are owned or controlled by Northam e.g. direct emissions related to combustion would arise from burning fuel for energy within Northam's operational boundaries. ▪ Indirect emissions: emissions that result from the activities of Northam but are generated from sources owned or controlled by another organization. In the context of this indicator, indirect emissions refer to GHG emissions from the generation of electricity, imported and consumed by Northam (Scope 2) as well as other sources including emissions attributable to contractors transporting waste rock and recyclable waste on site (Scope 3). SO₂ emissions: Significant air emissions into the atmosphere of sulphur and its compounds formed due to combustion or production processes from the Zondereinde smelting facility.
Energy intensity	Energy efficiency: A measure of the efficiency of total energy use, in relation to the run of mine (ROM) material milled at the Booyensdal, Zondereinde or Eland operations during the reporting period.

Independent assurance report– continued

Selected Information	Definitions
Percentage of water recycled at operations	Recycled water: Water that is recycled and reused at Northam's operations to produce its primary products, as a percentage of total water use. Recycled water must be reported separately to avoid double counting. For Northam, the five important streams of recycled water are: ▪ Water recycled back in the refrigeration cooling process; ▪ Industrial wastewater recycled through the sewage treatment facility; and ▪ Water recycled through the dirty water circuit.
Significant environmental incidents	Reportable environmental incident: An environmental incident at the Zondereinde, Booyensdal or Eland operation that, due to loss of containment of the emission, results in environmental pollution: ▪ The effects of which persist for a long time; ▪ Requiring substantive remediation at great cost or cannot be remediated; or ▪ That poses a risk to human health and wellbeing in the receiving environment, and required to be reported to the relevant authorities in terms of environmental legislation. Typically, these are classified as Level 3/high impact incidents, based on site specific incident reporting procedures or standards.
Total land under management	Land falling under the direct management of Northam Platinum (including land covered by surface rights, or occupied by third parties), but excluding all land leased and undeveloped projects / prospects where the land does not yet fall under the direct management of Northam Platinum.
Land disturbed by mining	Land disturbed by mining and related activities: Land that has been physically or chemically disturbed due to Northam's mining and related activities, including the shaft complex, concentrators, smelter complex, waste dump, rock dumps, tailings disposal facility and water return dams, including (administrative and residential) which has not been rehabilitated during the year (opening balance) or newly disturbed within the reporting period.
Land protected for conservation	Land that is currently protected, including land leased, owned or set aside in a biodiversity offset programme approved in an environmental authorisation, where the environment remains in its original state with a healthy and functioning ecosystem.
Land leased for farming purposes	Land that is currently being leased for purposes of agriculture and livestock farming at the Zondereinde, Booyensdal or Elands operations.
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations in Rands
Housing project	Home ownership units: Housing units made available for purchase by employees at the Zondereinde, Booyensdal or Eland operations.
Payments to government (royalties and taxes)	Payments to government: Cash payments made directly to the government in the form of taxes and royalties paid

Selected Information	Definitions
Social and labour plan expenditure	Total Human Resources Development (HRD) expenditure: includes all legitimate expenses incurred for all internal and external learning programmes at the Zondereinde, Booyensdal and Eland operations for the reporting period, as evidenced by invoices or appropriate internal accounting records, which may include: ▪ Scholarships and bursaries; ▪ Salaries or wages for employees in Internships, Learnerships and Apprenticeships; ▪ Work Integrated Learning programmes; ▪ Occupationally directed training which contribute to continuing professional development or work-based information programmes which contribute to increased understanding of job, work context or improved performance or skills (limited to a maximum of 15% of Total skills development expenditure); ▪ External training expenditure provided for unemployed black people; ▪ Costs of trainers, training facilities and training materials; ▪ Catering, accommodation and travelling costs (limited to a maximum of 15% of the total skills development expenditure); and ▪ Administrative costs of training such as appointment of a Skills Development Facilitator or Training Manager. Mandatory sectoral training (training which is mandated by other pieces of legislation, such as health and safety training required in terms of the MHSA) expenditure does not qualify as skills development expenditure. Local Economic Development (LED): Contributions initiated and implemented at the Zondereinde, Booyensdal and Eland operations with a specific objective to provide infrastructure or facilitate income-generating activities for targeted beneficiaries outside of the organisation, which are aligned to the requirements of municipal Integrated Development Plans (IDPs) in which the operations occur. Corporate Social Investment (CSI): Discretionary contributions initiated and implemented at the Zondereinde, Booyensdal and Eland operations where the objective is not to provide infrastructure or facilitate income generating activities for targeted beneficiaries who are outside of the organisation. These can include, but not limited to: ▪ Contributions to charities, NGOs and research institutions; ▪ Direct costs associated with social programmes, including arts, education etc.

Glossary

Performance measures (PMs) not defined by the International Financial Reporting Standards (IFRS) and which are disclosed in this report, are not uniformly defined or used by all entities, and may not be comparable with similar disclosures provided by other entities. To obtain an understanding of, inter alia, the purpose and computation of the PMs, shareholders are referred to the glossary set out below.

The responsibility of the PMs, and the financial reporting procedures relating to the PMs, remains with the board of directors of Northam Platinum Limited.

>1 000.0%	Indicated variance if the variance between two periods/years is greater than one thousand percent
4E	Northam reports Mineral Resources, Mineral Reserves, production and grades in terms of platinum, palladium, rhodium and gold, collectively expressed as 4E this is synonymous with 3PGE & Au
6E	Northam reports ore resources, reserves, production and grades in terms of platinum, palladium, rhodium, gold, ruthenium and iridium, collectively expressed as 6E
AGM	Annual General Meeting
AMCU	The Association of Mineworkers and Construction Union
Annual liquidity	Annual liquidity is the measure of the liquidity of the listed Northam shares calculated by dividing the total number of shares traded during the financial year by the number of shares in issue of 509 781 212 ordinary shares
Average exchange rate	The average exchange rate achieved by the group for the purpose of converting USD sales to ZAR over a period/year, amounting to the sum of the daily close ZAR/USD exchange rate over a period/year divided by the number of days in that period/year
Average market price achieved/realised (USD/oz)	Average market prices achieved/realised in USD/ounce over a specific period/year, calculated as total sales revenue per metal in ZAR divided by the total metal sold in ounces, divided by the average exchange rate over the specific period/year
Average number of employees including contractors	The number of permanent employees and contractors working at the company's operations per month averaged over a reporting period
BEE	Broad based Black Economic Empowerment as defined in the Broad-Based Black Economic Empowerment Act (Act 53 of 2003). Also termed B-BBEE
bn	Billion
Borehole water used	Water abstracted from boreholes which is used by the operations, expressed as a volume
CAGR	Compound Annual Growth Rate
Capital expenditure or capex	ZAR value assigned for future additions to, and maintenance of property, plant and equipment as well as mining properties and mineral resources
Cash costs per 4E oz in concentrate produced	Cash costs for each 4E ounce in concentrate produced over a specific period/year, calculated as mining operations costs in ZAR divided by 4E ounces in concentrate produced, plus concentrator operating costs together with selling and administration overhead costs in ZAR divided by 4E ounces produced both from concentrate produced as well as concentrates purchased
Cash costs per 6E oz in concentrate produced	Cash costs for each 6E ounce in concentrate produced over a specific period/year, calculated as mining operations costs in ZAR divided by 6E ounces in concentrate produced, plus concentrator operating costs together with selling and administration overhead costs in ZAR divided by 6E ounces produced both from concentrate produced as well as concentrates purchased
Cash costs per equivalent refined 4E oz	Cash costs for each equivalent refined 4E ounce produced over a specific period/year, calculated as mining costs in ZAR (mining operations and concentrator operations costs) divided by the equivalent 4E refined metal quantities in ounces produced from own operations, plus smelting and base metal removal plant costs, selling and administration overhead costs and refining including sampling and handling charges in ZAR divided by total 4E refined metal quantities in ounces produced
Cash costs per equivalent refined 6E oz	Cash costs for each equivalent refined 6E ounce production over a specific period/year, calculated as mining costs in ZAR (mining operations and concentrator operations costs) divided by the equivalent 6E refined metal quantities in ounces produced from own operations, plus smelting and base metal removal plant costs, selling and administration overhead costs and refining including sampling and handling charges in ZAR divided by total 6E refined metal quantities in ounces produced
Cash costs per equivalent refined Pt oz	Cash costs for each equivalent refined Platinum ounce produced over a specific period/year, calculated as mining costs in ZAR (mining operations and concentrator operations costs) divided by the equivalent platinum refined metal quantities in ounces produced from own operations, plus smelting and base metal removal plant costs, selling and administration overhead costs and refining including sampling and handling charges in ZAR divided by total platinum refined metal quantities in ounces produced
Cash costs per Pt oz in concentrate produced	Cash costs for each Platinum ounce in concentrate produced over a specific period/year, calculated as mining operations costs in ZAR divided by platinum ounces in concentrate produced, plus concentrator operating costs together with selling and administration overhead costs in ZAR divided by platinum ounces produced both from concentrate produced as well as concentrates purchased

Cash margin per 4E oz in concentrate produced	Cash profit per 4E ounce in concentrate produced as a percentage of the total revenue per 4E ounce sold, which ratio is utilised to assess the profitability of each 4E ounce in concentrate produced
Cash margin per 6E oz in concentrate produced	Cash profit per 6E ounce in concentrate produced as a percentage of the total revenue per 6E ounce sold, which ratio is utilised to assess the profitability of each 6E ounce in concentrate produced
Cash margin per equivalent refined 4E oz	Cash profit per equivalent refined 4E ounce as a percentage of the total revenue per 4E ounce sold, which ratio is utilised to assess the profitability of each equivalent refined 4E ounce produced
Cash margin per equivalent refined 6E oz	Cash profit per equivalent refined 6E ounce as a percentage of the total revenue per 6E ounce sold, which ratio is utilised to assess the profitability of each equivalent refined 6E ounce produced
Cash margin per equivalent refined Pt oz	Cash profit per equivalent refined Platinum ounce as a percentage of the total revenue per platinum ounce sold, which ratio is utilised to assess the profitability of each equivalent refined Platinum ounce produced
Cash margin per Pt oz in concentrate produced	Cash profit per Platinum ounce in concentrate produced as a percentage of the total revenue per platinum ounce sold, which ratio is utilised to assess the profitability of each Platinum ounce in concentrate produced
Cash profit per 4E oz in concentrate produced	Total revenue per 4E ounce sold less the cash cost per 4E ounce in concentrate produced, which is utilised to assess the profitability of each 4E ounce in concentrate produced
Cash profit per 6E oz in concentrate produced	Total revenue per 6E ounce sold less the cash cost per 6E ounce in concentrate produced, which is utilised to assess the profitability of 6E ounce in concentrate produced
Cash profit per equivalent refined 4E oz	Total revenue per 4E ounce sold less the cash costs per equivalent refined 4E ounce, which is utilised to assess the profitability of each equivalent refined 4E ounce produced
Cash profit per equivalent refined 6E oz	Total revenue per 6E ounce sold less the cash costs per equivalent refined 6E ounce, which is utilised to assess the profitability of each equivalent refined 6E ounce produced
Cash profit per equivalent refined Pt oz	Total revenue per Platinum ounce sold less the cash costs per equivalent refined Platinum ounce, which is utilised to assess the profitability of each equivalent refined Platinum ounce produced
Cash profit per Pt oz in concentrate produced	Total revenue per Platinum ounce sold less the cash costs per Platinum ounce in concentrate produced, which is utilised to assess the profitability of each Platinum ounce in concentrate produced
Competent Person	As defined in the SAMREC Code, a person with sufficient expertise and experience, together with affiliation to a recognised professional organisation, to estimate Mineral Resources and/or Mineral Reserves
Contractors	Temporary, fixed term or part time staff working at the company's operations who are not employed by Northam
Conversion from concentrate produced to equivalent refined metal	Concentrate produced multiplied by 99% (taking into account smelter recoveries) multiplied by 99% (taking into account base metal removal plant recoveries) multiplied by 99.218% (taking into account the average precious metal recoveries)
Corporate Social Investment (CSI)	Discretionary contributions initiated and implemented at the operations where the objective is not to provide infrastructure or facilitate income generating activities for targeted beneficiaries who are outside of the organisation. These can include, but are not limited to: Contributions to charities, NGOs and research institutions; Direct costs associated with social programmes, including arts, education etc.
Direct emissions	Emissions from sources that are owned or controlled by Northam, e.g. direct emissions related to combustion would arise from burning fuel for energy within Northam's operational boundaries.
DMRE	The Department of Mineral Resources and Energy of South Africa
DMTN	Domestic Medium-Term Notes
DWS	The Department of Water and Sanitation of South Africa
Earnings per share	The amount is calculated by dividing the profit for the year attributable to shareholders by the weighted average number of ordinary shares in issue.
EBITDA	Earnings before interest (investment income and finance charges excluding preference share dividends), tax, depreciation, amortisation and the impact of the 2015 BEE transaction relating to amortisation of liquidity fees paid on preference shares, the preference share dividends and loss on de-recognition of the preference share liability. EBITDA is utilised for, inter alia, the assessment of covenants
EBITDA margin	EBITDA as a percentage of sales revenue in ZAR
Employee turnover rate percentage	Number of employees at the Zondereinde, Booyssendal or Eland operations who leave the organisation during the reporting period due to dismissal, retrenchment, death in service or voluntarily through resignation or early retirement, expressed as a percentage of the total employee workforce working at the operation, based on payroll data at the end of the reporting period.
Employees on TB treatment	The number of employees at the Zondereinde, Booyssendal and Eland operations receiving treatment for TB through the operation's wellness programme.
EMPr	Environmental Management Programme
Energy from electricity purchased by plant	Energy consumed provided by electricity purchased from third-parties during the reporting period which is used for the metallurgical processing operations. This excludes electricity generated by the operations themselves
Energy from electricity purchased by shafts	Energy consumed provided by electricity purchased from third-parties during the reporting period which is used for the underground mining operations. This excludes electricity generated by the operations themselves

Glossary – continued

ESD	Enterprise and Supplier Development as required by the B-BBEE codes
Equivalent refined metal from own operations	Own metal mined or metal acquired from surface sources which require milling
Equivalent refined metal from third parties	Metal acquired from third parties in concentrate or a more refined form
Expansionary capex	Capital expenditure to increase or enhance property, plant and equipment or mining properties and mineral resources
Fatal injury	Any terminal injury sustained by an employee, contractor or contractor employee or visitor who is involved in an incident whilst performing their duties at the company's operations
Fatal injury incidence rate (FIIR) per 200 000 hours worked	[1] GNR 93 of 15 January 1997 published in terms of Mine Health and Safety Act 29 of 1996 (MHSA Regulations), Regulation 23.1(a) and 23.1(b)
Fissure water used	Water collected in the underground workings as a result of water seepage (inflow from groundwater aquifers) which is pumped to surface for re-use by the respective operation, expressed as a volume
Fully diluted earnings per share	The amount is calculated by dividing the profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year under review plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.
Fully diluted headline earnings per share	The amount is calculated by dividing the headline earnings by the weighted average number of ordinary shares outstanding during the year under review plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.
GBF	General Banking Facility with Nedbank Limited
Greenhouse gas emissions	Carbon dioxide equivalent (CO ₂ e) emissions, including carbon dioxide (CO ₂), methane (CH ₄) and nitrous oxide (N ₂ O). For reporting purposes, Total GHG emissions, comprising direct (Scope 1) and indirect (Scope 2 and Scope 3) emissions, are calculated according to the GHG protocol using emissions factors and Global Warming Potential (GWP) factors issued by the Intergovernmental Panel on Climate Change (IPCC). The CO ₂ equivalent for a gas is derived by multiplying the tonnes of the gas by the associated GWP
Groundwater	Water abstracted from boreholes, underground aquifers etc., and which is used by the operation.
HDP	Historically Disadvantaged Person as defined in the mineral and Petroleum Resources Development Act, Act 28 of 2002
HDSA	Historically Disadvantaged South Africans – South African citizens, category of persons or community, disadvantaged by unfair discrimination before the Constitution of the Republic of South Africa, 1993 (Act No. 200 of 1993) came into operation which should be representative of the demographics of the country
HDSAs in management	The total number of HDSA employees in Top, Senior, Middle and Junior management expressed either as a number or as a percentage of the total number of employees by management level
Headline earnings	Headline earnings is governed by Circular 4/2018 as issued by the South African Institute of Chartered Accountants (SAICA)
Headline earnings per share (cents)	Headline earnings per share is governed by Circular 4/2018 as issued by the South African Institute of Chartered Accountants (SAICA). The JSE Listings Requirements require disclosure of headline earnings per share and an itemised reconciliation of earnings to headline earnings, expressed in South African cents per share
Heraeus	Heraeus Deutschland GmbH & Co. KG
HIV Counselling and Testing	Voluntary counselling and testing for HIV, synonymous with HCT
IDP	Integrated Development Plan – a process through which municipalities, together with their constituencies, various stakeholders, interested parties including traditional authorities and affected parties, compile a strategic planning instrument for municipalities.
ILO	The International Labour Organisation
Indirect emissions	Emissions that result from the activities of Northam but are generated from sources owned or controlled by another organization. In the context of this indicator, indirect emissions refer to GHG emissions from the generation of electricity, imported and consumed by Northam (Scope 2) as well as other sources including emissions attributable to contractors transporting waste rock and recyclable waste on site (Scope 3).
IPA	The International Platinum Group Metals Association – an association representing the interests of the leading mining, production and fabrication companies of the global platinum group metals (PGMs) industry
JIBAR	The Johannesburg Interbank Average Rate is the money market rate, used in South Africa. It is calculated as the average interest rate at which banks buy and sell money
JSE	The Johannesburg Securities Exchange or JSE Limited
King IV™	The King IV Report on Corporate Governance for South Africa, 2016
Land disturbed by mining related activities	Land, measured in hectares (Ha), that has been physically or chemically disturbed due to Northam's mining and related activities, including the shaft complex, concentrators, smelter complex, waste dump, rock dumps, tailings disposal facility, water return dams and administrative and residential properties that have either; not been rehabilitated during the reporting period, or newly disturbed within the reporting period

Land leased for farming purposes	Land owned by Northam or any of its subsidiaries, measured in hectares (Ha), that is leased to third parties for farming purposes
Land protected for conservation	Land, measured in hectares (Ha), that is currently protected, including land leased, owned or set aside in a biodiversity offset or conservation programme due to requirements in an environmental authorisation, approved environmental management programme or by request of environmental authorities, where the environment remains in its original state with a healthy and functioning ecosystem
LED	Local Economic Development as defined in the South African National Framework for Local Economic Development 2018-2028
Long-term	A period longer than 5 years
Lost time injury	An injury to an employee or contractor, confirmed by an appointed medical practitioner, resulting from an incident while on duty at the company's operations, which incapacitates the injured person from attending work or performing their normal or similar work duties on their next scheduled shift, regardless of the injured persons next rostered shift. Lost time injuries include: fatalities and injuries defined as reportable injuries; injuries requiring further treatment due to complications arising from an injury originally classified as a non-lost time injury that leads to absence from work; where any employee or contractor is required to undergo treatment or observation longer than 24 hours following loss of consciousness or incapacitation while on duty due to an incident which resulted in: heat stroke; oxygen deficiency; inhalation of fumes or poisonous gas, or; electric shock or electric burn incidents
Lost time injury incidence rate (LTIR) per 200 000 hours worked	The number of employee and contractor lost time injuries resulting from accidents while working at the company's operations multiplied by 200 000 and divided by the total number of employee and contractor hours worked
Medium-term	A period of between 1 – 5 years
Metal in concentrate	Metal produced from mining operations during the reporting period, that has been concentrated ahead of smelting
Mineral Reserves	An estimate of mineable mineralisation as defined in the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (2016), the SAMREC code
Mineral Resources	An estimate of in situ mineralisation as defined in the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (2016), the SAMREC code
Minerals Council	Minerals Council South Africa – a mining industry employers' organisation that supports and promotes the South African mining industry
Moz	Million ounces
MPRDA	The Mineral and Petroleum Resources Development Act
MTPA	Mpumalanga Tourism and Parks Association – a branch of the provincial government of Mpumalanga
MW	Megawatt, a unit of power, generally pertaining to electricity, equal to one million watts
N/A	Not applicable is included in the percentage variance column if a percentage variance between a positive and negative balance is indicated
Net (debt)/cash	Cash and cash equivalents less bank overdraft, domestic medium-term notes and revolving credit facility (both the current and non-current portion), all of which are in ZAR. Net debt is utilised for, inter alia, the assessment of covenants
New cases of noise induced hearing loss	the number of new cases of impairment of employees hearing due to exposure to excessive noise at the company's operations in the reporting period, leading to a Percentage Hearing Loss (PHL) shift of 5% or more from a baseline audiogram level
New cases of tuberculosis	The number of employees at the Zondereinde, Booysendal or Eland operations confirmed as having Pulmonary Tuberculosis (TB) by a medical practitioner, during the reporting period
NHM	Northam Platinum Limited, synonymous with Northam Platinum Limited, a company listed on the exchange operated by the JSE, using the ticker code NHM
NICD	The National Institute For Communicable Diseases Of South Africa
Noise induced hearing loss (NIHL)	Impairment of an employee's hearing due to exposure to excessive noise, at the Zondereinde, Booysendal or Eland operations in the reporting period, leading to a percentage hearing loss shift of 5% or more from a baseline audiogram level
Non-discretionary procurement expenditure	Expenditure that cannot be influenced by a mining company, such as procurement from the public sector and public enterprise
Normalised headline earnings	Headline earnings adjusted for non-cash items relating to the 2015 BEE transaction, whereby headline earnings is adjusted to include amortisation of liquidity fees paid on preference shares, preference share dividends and the loss on de-recognition of preference share liability. Normalised headline earnings is considered as management's main measure of performance
Normalised headline earnings per share (cents)	Headline earnings per share adjusted for the impact of the 2015 BEE transaction, being normalised headline earnings divided by the total number of shares in issue. Normalised headline earnings per share is considered as management's main measure of performance, expressed in South African cents per share
Northam	Northam Platinum Limited, a company listed on the JSE Limited with share code: NHM and debt issuer code NHMI
NUM	The National Union of Mineworkers
Number of fatalities	The number of employee and contractor deaths resulting from accidents while performing their duties, working at the company's operations

Glossary – continued

Number of new compensable NIHL cases:	The number of cases of NIHL identified at the Zondereinde, Booysendal or Eland operations and confirmed by an audiologist where the percentage hearing loss shift is more than 10% and which has or will be referred to the insurance provider for compensation in the reporting period.
On mine cash cost per tonne milled	Cash cost to mill a tonne of production over a specific period/year, calculated as total on mine costs consisting of mining operation's costs and concentrator operations costs in ZAR divided by the total tonnes milled
On mine cash cost per tonne mined	Cash cost to mine a tonne of production over a specific period/year, calculated as total on mine costs consisting of mining operation's costs and concentrator operations costs in ZAR divided by the total tonnes mined
Operating profit	Sales revenue in ZAR less cost of sales in ZAR (gross profit)
Operating profit margin	Operating profit as a percentage of sales revenue in ZAR
Other land	Land, measured in hectares (Ha), falling under the direct management of Northam, excluding; land disturbed by mining related activities, land leased for farming purposes or land protected for conservation
Ounces or oz	Troy ounces – one ounce equals 31.103475 grams
p.a.	Per annum
PAYE	Pay As You Earn taxation
Permanent employees	Full time staff employed by Northam
PGE	Platinum Group Elements, synonymous with PGM
PGI	The platinum guild international – a marketing organisation that promotes the development of platinum jewellery demand
PGM	Platinum Group Metals, synonymous with PGE
Potable water from external sources	Potable water consumed on site, that is purchased from municipal or other public or private water service provider, expressed as a volume
PPE	Personal Protective Equipment
Preferential Procurement	Expenditure (excluding non-discretionary procurement expenditure) on Capital goods, Consumables and Services provided by BEE entities.
Prill split	The percentage by mass of individual PGEs within the 4E or 6E content
Prime	South African prime interest rate
R	South African Rand, synonymous with the abbreviation ZAR
RCF	Revolving Credit Facility with Nedbank Limited
Rehabilitation and closure costs	The Environmental liability estimation and provisions required to undertake an agreed works programme (Rehabilitation or Closure Plan) and rehabilitate mining and production areas to an agreed end land use.
Reportable injury	An injury to an employee or contractor resulting from an incident at the company's operations which either incapacitates the injured employee from performing that person's normal or a similar occupation for a period totalling 14 days or more, or which causes the injured person to suffer the loss of a joint, or a part of a joint, or sustain a permanent disability
Reportable injury incidence rate (RIIR) per 200 000 hours worked	The number of employee and contractor Reportable Injuries multiplied by 200 000 and divided by the total number of contractor and employee hours worked
RoE	Rate of exchange, synonymous with exchange rate. The value of one currency in relation to another.
ROM	Run-of-mine
Saleable metal	Total refined metal available for sale during the reporting period
SAMREC (2016)	South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (2016)
SARS	The South African Revenue Service
Scope 1 (direct) emissions	Emissions from sources that are owned or controlled by Northam e.g. emissions related to combustion that arise from burning fuel for energy within Northam's operational boundaries
Scope 2 (indirect) emissions	Emissions that result from the activities of Northam but are generated from sources owned or controlled by another organization – in this case, emissions from the generation of electricity, imported and consumed by Northam
Scope 3 (indirect) emissions	Emissions that result from the activities of Northam but are generated from sources owned or controlled by another organization – in this case, emissions attributable to contractors transporting waste rock and recyclable waste on site
SEHR&T committee	Social, ethics, human resources and transformation committee – a Northam board sub-committee
SENS	Johannesburg Stock Exchange News Service

Short-term	Within a period of 12 months
SLP	Social and labour plan as contemplated in part II of the Mineral and Petroleum Resources Development Act (Act 28 of 2002) regulations
SOEs	State Owned Enterprises
Sulphur Dioxide (SO₂) emissions	Significant air emissions into the atmosphere of sulphur and its compounds formed due to combustion or production processes from the Zondereinde smelting facility, based on site-specific data.
Sustaining capex	Capital expenditure to maintain property, plant and equipment or mining properties and mineral resources
Sustaining capex per equivalent refined Pt oz from own operations	Sustaining capex divided by equivalent refined platinum ounces from own operations
Sustaining capex per Pt oz in concentrate from own operations	Sustaining capex divided by platinum ounces in concentrate from own operations
TB	Pulmonary Tuberculosis
Total electricity purchased	Total electricity purchased from third-parties during the reporting period which is used in the production of the primary products on site, and which excludes electricity generated by the operations themselves
Total emissions	Total greenhouse gas emissions, comprising direct (Scope 1) and indirect (Scope 2 and Scope 3) emissions
Total employed	Total number of permanent employees and contractors working at the company's operations
Total number of TB cases	The total number of employees at the Zondereinde, Booyssendal or Eland operations, including existing and new TB cases, confirmed as having TB by the occupational medical practitioner for the reporting period
Total injury incidence rate (TIIR) per 200 000 hours worked	The sum of employee and contractor Fatalities, LTIs and Dressing Case injuries multiplied by 200 000 and divided by the total number of contractor and employee hours worked
Total land under management (freehold)	Land, measured in hectares (Ha), falling under the direct management of Northam (including land covered by surface rights, or occupied by third parties), but excluding all land leased and undeveloped projects / prospects where the land does not yet fall under the direct management of Northam
Total revenue per 4E oz sold	Revenue generated for each 4E ounce sold over a specific period/year, calculated as total sales revenue in ZAR for all metals for a period/year divided by the number of 4E ounces sold during that period/year
Total revenue per 6E oz sold	Revenue generated for each 6E ounce sold over a specific period/year, calculated as total sales revenue in ZAR for all metals for a period/year divided by the number of 6E ounces sold during that period/year
Total revenue per Pt oz sold	Revenue generated for each platinum ounce sold over a specific period/year, calculated as total sales revenue in ZAR for all metals for a period/year divided by the number of platinum ounces sold during that period/year
Total water usage	All water used at Northam's operations to produce its primary products, which includes water withdrawn by source as well as water recycled, expressed as a volume
Turnover rate	Number of employees at the company's operations who leave the organisation during a reporting period due to dismissal, retrenchment, death in service or voluntarily through resignation or early retirement, expressed as a percentage of the total employee workforce working at the operation, based on payroll data at the end of the reporting period
USD	United States Dollar, synonymous with \$US
VWAP	Volume Weighted Average Price, is a trading benchmark used by traders that gives the average price a security has traded over a specific period, based on both volume and price
Water from underground	Excess water collected from drilling equipment and / or cooling purposes
Water recycled	Water that is recycled and reused at Northam's operations to produce its primary products, expressed as a percentage of total water use
Water recycled in process	Water that is recycled and reused at Northam's operations to produce its primary products, expressed as a volume
Water use	All water used at Northam's operations to produce its primary products, which includes water withdrawn by source as well as water recycled.
WHO	The World Health Organisation
WIPC	The World Platinum Investment Council – a marketing organisation that promotes the development of platinum investment demand
Women in mining	The total number of women working in core disciplines including mining, engineering and metallurgy at the company's operations, based on payroll data at the end of the reporting period, expressed as either a number or as a percentage of total employed
Women at mining	The total number of female employees and contractors working at the Zondereinde, Booyssendal and Eland operations based on payroll data at the end of the reporting period.
Zambezi	Zambezi Platinum (RF) Limited
ZAR	South African Rand, synonymous with the abbreviation R
ZPLP	Zambezi Platinum (RF) Limited preference share, trading under JSE preference share code: ZPLP

Analysis of shareholders

The analysis of shareholders as at 30 June 2020 was as follows:

Shareholding range

	Number of shareholders	Total shareholding	Percentage holding (%)
1 – 5 000	5 569	3 464 376	0.68
5 001 – 10 000	287	2 088 339	0.41
10 001 – 50 000	603	14 794 741	2.90
50 001 – 100 000	197	13 756 943	2.70
100 001 – 1 000 000	292	83 163 484	16.31
1 000 000 and more	61	392 513 329	77.00
	7 009	509 781 212	100.00

Geographical analysis of shareholders

	Total shareholding	Percentage holding (%)
South Africa	391 397 310	76.78
Americas	50 028 062	9.81
Europe and United Kingdom	47 222 626	9.26
Far East	19 765 584	3.88
Africa (excluding South Africa)	1 065 798	0.21
Australasia	301 832	0.06
	509 781 212	100.00

Major shareholders

	Total shareholding	Percentage holding (%)
Zambezi Platinum (RF) Limited	159 905 453	31.37
Public Investment Corporation SOC Limited	68 562 924	13.45
BlackRock Inc.	40 363 798	7.92
Fairtree Capital Proprietary Limited	27 476 857	5.39
Coronation Asset Management Proprietary Limited	23 210 011	4.55

Shareholder spread

	Total shareholding	Percentage holding (%)
Public	7 003	67.45
Non-public		
Zambezi Platinum (RF) Limited	1	31.37
Directors	5	1.18
	7 009	100.00

Administration and contact information

Northam Platinum Limited

Incorporated in the Republic of South Africa
Registration number 1977/003282/06
Share code: NHM ISIN: ZAE000030912
Debt issuer code: NHMI

Bond code: NHM002
Bond ISIN: ZAG000129024
Bond code: NHM006
Bond ISIN: ZAG000158577
Bond code: NHM007
Bond ISIN: ZAG000158593
Bond code: NHM009
Bond ISIN: ZAG000158866
Bond code: NHM011
Bond ISIN: ZAG000159237
Bond code: NHM012
Bond ISIN: ZAG000160136
Bond code: NHM013
Bond ISIN: ZAG000162181
Bond code: NHM014
Bond ISIN: ZAG000163650
Bond code: NHM015
Bond ISIN: ZAG000164922
Bond code: NHM016
Bond ISIN: ZAG000167750
Bond code: NHM017
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Bond code: NHM018
Bond ISIN: ZAG000168097
Bond code: NHM019
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