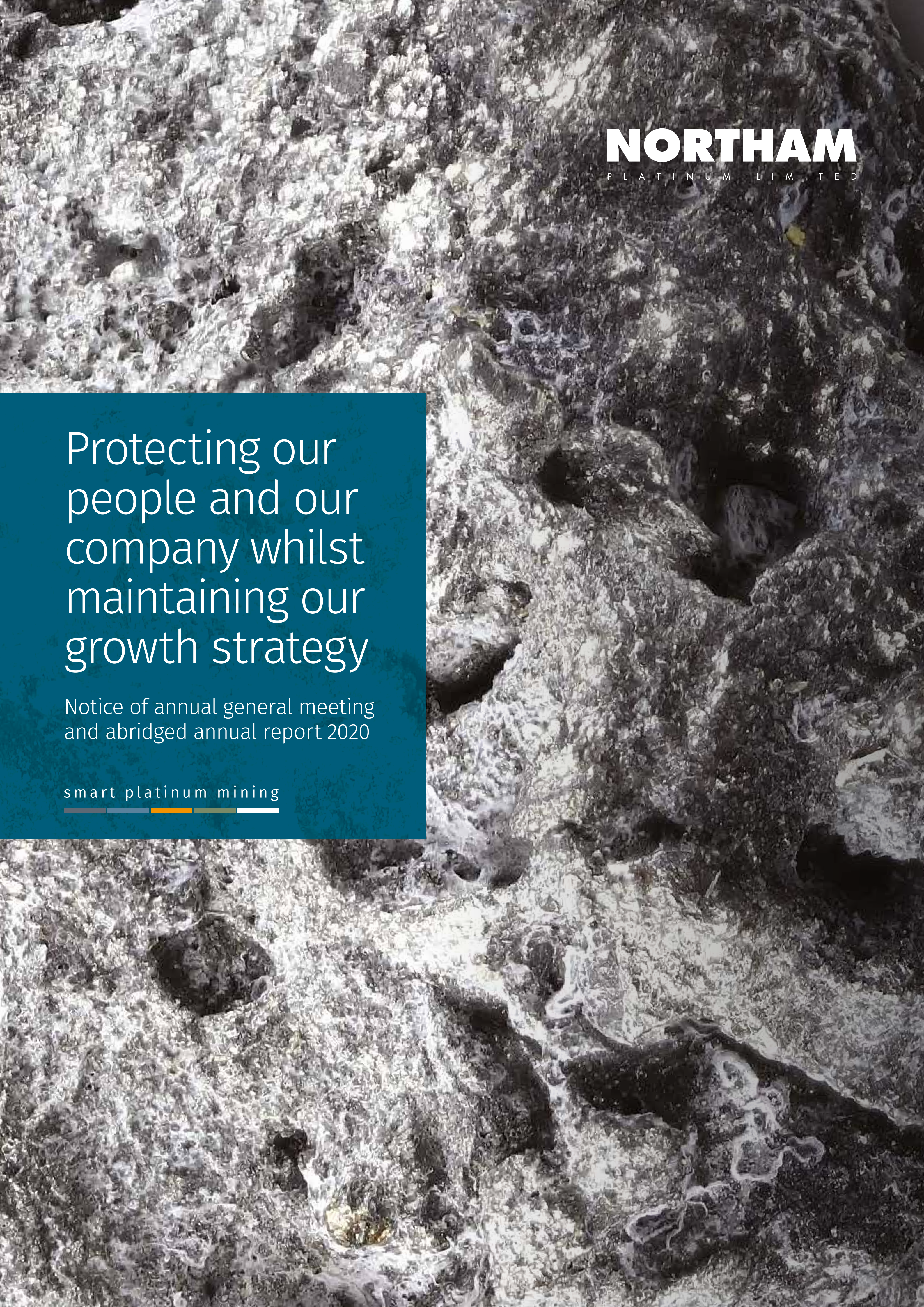


NORTHAM
PLATINUM LIMITED

# Protecting our people and our company whilst maintaining our growth strategy

Notice of annual general meeting and abridged annual report 2020

smart platinum mining

# Contents



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 annual integrated 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.


Northam Platinum Limited

Incorporated in the Republic of South Africa
(Registration number 1977/003282/06)
ISIN code: ZAE000030912
JSE share code: NHM
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 | Bond ISIN: ZAG000167891 |
| Bond code: NHM018 | Bond ISIN: ZAG000168097 |
| Bond code: NHM019 | Bond ISIN: ZAG000168105 |


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

# Notice of the 2020 annual general meeting

**(Northam or the group or the company)**
Notice is hereby given to the shareholders of Northam (shareholders) recorded in the company's securities register (register) on **Friday, 21 August 2020**, that the annual general meeting (AGM) of the company will be held at **10:00** South African (SA) time on **Friday, 27 November 2020**, subject to any cancellation, postponement or adjournment, in terms of section 63(2)(a) of the Companies Act, No. 71 of 2008 (as amended), (the Companies Act) to (i) consider and, if deemed fit, adopt with or without modification, the ordinary and special resolutions as set out in this notice of AGM (notice) in the manner required by the Companies Act, as read with the JSE Limited (JSE) Listings Requirements, and (ii) deal with such other business as may lawfully be dealt with at the AGM.

The board of directors of the company (board) has, in accordance with section 59(1)(b) of the Companies Act, determined that shareholders recorded in the company's securities register as at the record date of **Friday, 13 November 2020**, will be entitled to electronically attend, participate in and vote at the AGM. Accordingly, the last day to trade in the company's shares, in order to be recorded in the register, to be entitled to electronically attend, participate in and vote at the AGM will be **Tuesday, 10 November 2020**.

In light of the COVID-19 pandemic and the regulations, directives and/or preventative measures required to be adhered to relating to the COVID-19 pandemic as published or issued by the relevant South African authorities from time to time, and the guidance from the South African Government regarding the need for social distancing, as a result of the COVID-19 pandemic (the COVID restrictions), it may not be possible or responsible to hold the AGM in person at the company's offices and therefore the AGM will be held entirely by way of electronic participation. Accordingly, the AGM will only be accessible through electronic communication, as permitted by the JSE and in accordance with the provisions of the Companies Act and the company's memorandum of incorporation (MOI). The company has retained the services of **The Meeting Specialist Proprietary Limited (TMS)** to remotely host the AGM on an interactive electronic platform, in order to facilitate remote attendance, participation and voting by shareholders. TMS will also act as scrutineer for purposes of the AGM.

### Included in this document are the following

- The notice setting out the resolutions proposed to be adopted at the AGM, together with the Annexures. Annexure 7 is a virtual meeting guide for shareholders (if you wish to electronically attend, participate in and/or vote at the AGM).
- A form of proxy to be completed by registered certificated shareholders and dematerialised shareholders with "own name" registration only.

### Presentation of the consolidated audited group annual financial statements

The consolidated audited group annual financial statements for the year ended 30 June 2020, incorporating the reports of the auditors, the directors, the audit and risk committee and the social, ethics, human resources and transformation committee (SEHR&T), as approved by the board on 18 August 2020, are hereby presented to shareholders as required in terms of section 30(3)(d), as read with section 61(8)(a), of the Companies Act.

### Note

At the AGM, the directors must, in terms of the MOI, the Companies Act and the JSE Listings Requirements, present to shareholders the annual financial statements for the year ended 30 June 2020.

The summarised audited annual financial statements for the year ended 30 June 2020 are set out in Annexure 1 of this notice. The complete consolidated audited annual financial statements for the year ended 30 June 2020 and the 2020 annual integrated report are available at www.northam.co.za/investors-and-media/publications/annual-reports or can be obtained from the company's registered office on written request.

## Ordinary resolutions

**Ordinary resolution numbers 1.1 to 1.4: retirement and re-election of directors**

1.1 "Resolved that Mr KB Mosehla, who retires by rotation in terms of clause 33.5.1 of the MOI and being eligible and offering himself for re-election, be and is hereby re-elected as a director of the company."

1.2 "Resolved that Mr CK Chabedi, who retires by rotation in terms of clause 33.5.1 of the MOI and being eligible and offering himself for re-election, be and is hereby re-elected as a director of the company."

1.3 "Resolved that Ms HH Hickey, who retires by rotation in terms of clause 33.5.1 of the MOI and being eligible and offering herself for re-election, be and is hereby re-elected as a director of the company."

1.4 "Resolved that Mr TI Mvusi, who retires by rotation in terms of clause 33.5.1 of the MOI and being eligible and offering himself for re-election, be and is hereby re-elected as a director of the company."

**Notes:**

As envisaged in clauses 33.6 and 33.5.7 of the MOI, the board recommends, after taking into account each retiring director's past performance and contribution, that the persons referred to in ordinary resolution numbers 1.1 to 1.4 be re-elected as directors at the AGM.

Summaries of the *curriculum vitae* of each of the persons referred to in ordinary resolution numbers 1.1 to 1.4 are set out in Annexure 2 of this notice.

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

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

**Note:**

The audit and risk committee has evaluated the performance and independence of Ernst & Young Inc. and recommends their re-appointment as independent external auditors of the group. Further information on the evaluation of the independence and performance of the independent external auditor, Ernst & Young Inc. and the designated external audit partner, Mr Ebrahim Dhorat, can be found in the audit and risk committee report in the governance report for the year ended 30 June 2020 available at www.northam.co.za/investors-and-media/publications/annual-reports.

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

3.1 "Resolved that Ms HH Hickey, being eligible and offering herself for re-election, be and is hereby re-elected as a member of the audit and risk committee, subject to her re-election as a director pursuant to ordinary resolution number 1.3."

3.2 "Resolved that Mr DH Brown, being eligible and offering himself for election, be and is hereby re-elected as a member of the audit and risk committee."

3.3 "Resolved that Dr NY Jekwa, being eligible and offering herself for election, be and is hereby re-elected as a member of the audit and risk committee."

3.4 "Resolved that Mr JJ Nel, being eligible and offering himself for election, be and is hereby re-elected as a member of the audit and risk committee."

**Notes:**

The board recommends, after taking into account and evaluating the independence, past performance and contribution of each independent non-executive director during the financial year ended 30 June 2020, that the persons referred to in ordinary resolution numbers 3.1 to 3.4 be re-elected as members of the audit and risk committee at the AGM.

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

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

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

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

**Notes:**

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

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

## Special resolutions

### Special resolution number 1: approval of non-executive directors' fees for the year ending 30 June 2021

"Resolved that the non-executive directors' fees (excluding Value Added Taxation (VAT)) for the year ending 30 June 2021 be increased on the following basis:

Below is a summary of the proposed fees:

| | Proposed financial year 2021 (F2021) fees per annum | Approved financial year 2020 (F2020) fees per annum | % increase |
|---|---|---|---|
| **Board** | | | |
| Board chairperson | 488 600 | 469 800 | 4.0% |
| Lead independent director | 416 400 | 400 400 | 4.0% |
| Board members | 365 600 | 351 500 | 4.0% |
| The above fees are fixed annual fees calculated on the assumption of 5 (five) board meetings per financial year and shall be payable notwithstanding that fewer board meetings may be held. Should more than 5 (five) board meetings be held, the following amount will be paid for each additional meeting attended by a director. | 55 900 | 53 700 | 4.0% |
| **Audit and risk committee** | | | |
| Committee chairperson | 225 000 | 216 300 | 4.0% |
| Committee members | 176 700 | 169 900 | 4.0% |
| The above fees are fixed annual fees calculated on the assumption of 5 (five) audit and risk committee meetings per financial year and shall be payable notwithstanding that fewer audit and risk committee meetings may be held. Should more than 5 (five) audit and risk committee meetings be held, the following amount will be paid for each additional meeting attended by a director. | 21 840 | 21 000 | 4.0% |
| **Health, safety and environmental committee** | | | |
| Committee chairperson | 158 600 | 152 500 | 4.0% |
| Committee members | 119 700 | 115 100 | 4.0% |
| The above fees are fixed annual fees calculated on the assumption of 4 (four) health, safety and environmental committee meetings per financial year and shall be payable notwithstanding that fewer health, safety and environmental committee meetings may be held. Should more than 4 (four) health, safety and environmental committee meetings be held, the following amount will be paid for each additional meeting attended by a director. | 21 840 | 21 000 | 4.0% |
| **Social, ethics, human resources and transformation committee** | | | |
| Committee chairperson | 160 400 | 154 200 | 4.0% |
| Committee members | 119 700 | 115 100 | 4.0% |
| The above fees are fixed annual fees calculated on the assumption of 4 (four) social, ethics, human resources and transformation committee meetings per financial year and shall be payable notwithstanding that fewer social, ethics, human resources and transformation committee meetings may be held. Should more than 4 (four) social, ethics, human resources and transformation committee meetings be held, the following amount will be paid for each additional meeting attended by a director. | 21 840 | 21 000 | 4.0% |
| **Nomination committee** | | | |
| Committee chairperson | 92 140 | 88 600 | 4.0% |
| Committee members | 56 600 | 54 400 | 4.0% |
| The above fees are fixed annual fees calculated on the assumption of 1 (one) nomination committee meeting per financial year and shall be payable notwithstanding that fewer nomination committee meetings may be held. Should more than 1 (one) nomination committee meeting be held, the following amount will be paid for each additional meeting attended by a director. | 21 840 | 21 000 | 4.0% |

| | Proposed financial year 2021 (F2021) fees per annum | Approved financial year 2020 (F2020) fees per annum | % increase |
|---|---|---|---|
| **Other board appointed committees** | | | |
| Committee chairperson | 133 700 | 128 600 | 4.0% |
| Committee members | 98 100 | 94 300 | 4.0% |
| The above fees are fixed annual fees calculated on the assumption of 3 (three) other board appointed committee meetings per financial year and shall be payable notwithstanding that fewer other board appointed committee meetings may be held. Should more than 3 (three) other board appointed committee meetings be held, the following amount will be paid for each additional meeting attended by a director. | 21 840 | 21 000 | 4.0% |
| ***Ad hoc* fees – per hour** | 4 370 | 4 200 | 4.0% |

Notes:

**All non-executive directors, including the chairman of the board, have undertaken to donate the fees received by them in excess of the fees approved for the F2020 period (after providing for any applicable tax) to the Northam Booysendal Community Trust and the Northam Zondereinde Community Trust.**

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

It is proposed that the annual remuneration payable to (i) non-executive directors be increased for the F2021 period by an average annual rate of 4.0% (F2020: increase of 7.0%); and (ii) the chairman of the board be increased for the F2021 period by an average annual rate of 4.0% (F2020: increase of 8.0%).

All non-executive directors' remuneration will be payable quarterly in arrears. The annual fees are calculated on the assumption that a certain number of board/committee meetings will be held in the financial year ending 30 June 2021 as set out above and shall be payable notwithstanding that fewer board/committee meetings may be held. If a non-executive director ceases to serve on a particular committee or as a non-executive director during the financial year, the annual fee payable to such director in respect of such office as set out above will be pro-rated to the proportion of the financial year for which such director holds that office, calculated by rounding such period up to the nearest month, irrespective of the number of meetings held or attended by the director during such period. For the avoidance of doubt, any *ad hoc* or additional meeting fees payable to such directors pursuant to the approved fees will not be affected by the pro-rating of the annual fee.

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

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

**Notes:**
This special resolution number 2 is required in terms of section 45 of the Companies Act in order to grant the board the authority to authorise the company to provide financial assistance by way of loans, guarantees, provision of security or otherwise, to any company which is related or inter-related to Northam.

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

Further information on the proposed financial assistance is set out in Annexure 5 of this notice. For the avoidance of doubt, the approval of financial assistance set out in this special resolution number 2 is not restricted to the proposed financial assistance set out in Annexure 5, which serves merely as a non-exhaustive indication of the financial assistance currently envisaged by the board to be provided by the company during the financial year ending 30 June 2021.

**Special resolution number 3: approval for general authority to repurchase issued shares**
"Resolved that the company and each of its subsidiaries be and are hereby authorised, by way of a general authority, to acquire the company's issued shares upon such terms and conditions and in such amounts as the board may from time to time determine, subject to the MOI, the Companies Act and the JSE Listings Requirements, and provided that:

a. any repurchase of shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter-party;

b. this general authority shall be valid until the company's next AGM or for 15 months from date of passing of this special resolution number 3, whichever period is the shorter;

c. repurchases of shares in any one financial year may not exceed 20% of the company's issued share capital of the relevant class of shares as at the date of passing of this special resolution number 3;

d. in the case of acquisitions by a subsidiary of the company of the company's issued shares, such acquisitions shall be limited to an aggregate maximum of 10% of the company's issued share capital; and

e. repurchases may not be made at a price greater than 10% above the weighted average of the market value of the shares for the 5 (five) business days immediately preceding the date on which the transaction is effected."

**Notes:**
This special resolution is required in terms of paragraph 5.67(B)(b) of the JSE Listings Requirements in order to give general authority to the board to approve the acquisition of shares in the company by the company and/or by a subsidiary of the company, subject to the terms and conditions set out in this special resolution number 3, which authority shall be used by the board at its discretion during the period for which the authority is given.

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

- At any one time, the company may only appoint one agent to effect any repurchase.
- Resolutions by the board that it has authorised the repurchase, that the company and its subsidiaries have passed the solvency and liquidity test as envisaged in section 4 of the Companies Act and that, since the test was performed, there have been no material changes to the financial position of the group.

- Neither the company nor its subsidiaries may repurchase securities during a prohibited period (as defined in the JSE Listings Requirements) unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been submitted to the JSE, in writing, prior to the commencement of the prohibited period. The company must instruct an independent third party, which makes its investment decisions in relation to the company's securities independently of, and uninfluenced by, the company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE.

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

**Statement by the board**
In accordance with paragraph 11.26(d) of the JSE Listings Requirements, the board confirms that:

i) it continues to examine methods of returning capital to shareholders and accordingly believes it to be in the best interests of Northam that shareholders pass a special resolution granting the company and/or its subsidiaries a further general authority to acquire Northam shares. Such general authority will provide Northam and its subsidiaries with the flexibility, subject to the requirements of the Companies Act and the JSE Listings Requirements, to purchase shares should it be in the interest of Northam at any time while the general authority subsists;

ii) having considered the effect of the maximum number of shares that may be acquired pursuant to the authority given under special resolution number 3, a resolution has been passed by the board confirming that the board has authorised the repurchase, that the company and its subsidiaries satisfy the solvency and liquidity test contemplated in the Companies Act and that since the test was done there have been no material changes to the financial position of the group; and

iii) having considered the effect of the maximum number of shares that may be acquired pursuant to the authority given under special resolution number 3, for a period of at least 12 months following the date of this notice:

    - the company and the group will be able to pay its debts as and when they become due in the ordinary course of business;
    - the assets of the company and the group will be in excess of the liabilities of the company and group, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;
    - the share capital and reserves of the company and the group will be adequate for ordinary business purposes; and
    - the working capital for the company and the group will be adequate for ordinary business purposes.

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

**Major shareholders:** Refer to Annexure 4.

**Stated capital of the company:** Refer to Annexure 4.

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

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

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

## General notes

### Important dates

The board of directors of the company has determined, in accordance with section 59(1)(a) and (b) of the Companies Act, the following important dates:

| | 2020 |
|---|---|
| Record date to determine which shareholders are entitled to receive this notice, on | Friday, 21 August |
| Distribution of this notice to shareholders, on | Friday, 28 August |
| Last date to trade in order to be recorded in the register to be able to electronically attend, participate in and vote at the AGM, on | Tuesday, 10 November |
| Record date to determine which shareholders are entitled to electronically attend, participate in and vote at the AGM, on | Friday, 13 November |
| For administration purposes, forms of proxy to be lodged by 10:00, on | Thursday, 26 November |
| AGM to be held at 10:00, on | Friday, 27 November |
| Results of AGM released on SENS, on | Friday, 27 November |

### Electronic participation

As set out above, in light of the COVID restrictions, it may not be possible or responsible to hold the AGM in person at the company's offices and therefore the AGM will be held entirely by way of electronic participation.

Accordingly, the AGM will only be accessible through electronic communication, as permitted by the JSE and in accordance with the provisions of the Companies Act and the MOI. **TMS will assist shareholders with the requirements for electronic attendance, participation in, and/or voting at the AGM. Shareholders who wish to electronically attend, participate in and/or vote at the AGM are required to contact TMS at proxy@tmsmeetings.co.za or contact them on +27 11 520 7950/1/2 as soon as possible, in any event by no later than 10:00 SA time on Thursday, 26 November 2020.** Shareholders participating in this manner may still appoint a proxy to vote on their behalf at the AGM. Access by means of electronic communication will be at the expense of the individual shareholder.

Neither the company nor TMS can be held accountable in the case of loss of network connectivity or other network failure due to, *inter alia*, insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevent any shareholder from electronically attending, participating in and/or voting at the AGM.

**CSDP**

Shareholders who have dematerialised their ordinary shares through a CSDP or broker other than with "own name" registration and who wish to electronically attend and/or participate in the AGM, must instruct their CSDP or broker to provide them with the relevant letter of representation to electronically attend and/or participate in the AGM or by proxy and vote. If they do not wish to electronically attend or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

Unless you advise your CSDP or broker, in terms of the agreement entered into between yourself and the CSDP or broker concerned, by the cut-off time stipulated therein, that you wish to electronically attend and/or participate in the AGM or send a proxy to represent you, your CSDP or broker will assume that you do not wish to electronically attend and/or participate in the AGM or send a proxy.

The company does not accept any responsibility for any failure by the relevant CSDP or broker to adhere to requests from shareholders.

**Voting**

The chairman is of the view that all resolutions (including the non-binding advisory resolutions) to be voted on at the AGM should be put to a vote on a poll, rather than being determined simply on a show of hands, in accordance with best practice and to reflect more accurately the views of all shareholders. It is noted that, on a poll, any person who is present at the AGM, whether as a shareholder or represented by a proxy for a shareholder, would have the number of votes determined in accordance with the voting rights associated with the shares held by that shareholder. However, on a show of hands, every person present and entitled to exercise voting rights would be entitled to one vote irrespective of the number of voting rights that person would otherwise be entitled to exercise. Thus, in accordance with clause 30.1.1 of the MOI, the chairman has stipulated that voting be conducted by poll.

**Lodgement of forms of proxy**

Shareholders are encouraged, for administrative ease, to make use of proxy voting by submitting forms of proxy as outlined in this notice. **Each shareholder is entitled to appoint one (1) or more proxies (who need not be a shareholder of the company) to electronically attend, participate in and vote in place of that shareholder at the AGM.**

For administrative purposes, it is requested that forms of proxy be lodged with TMS via email to proxy@tmsmeetings.co.za to be received by them by no later than **10:00** SA time on **Thursday, 26 November 2020**. Forms of proxy may also be submitted to the chairman of the meeting before the start of the AGM, electronically, as set out in this notice.

**Proof of identification required**

Shareholders are further advised that in terms of section 63(1) of the Companies Act, any person (including proxies) electronically attending or participating in the AGM must present reasonable satisfactory identification before being entitled to electronically attend or participate in and vote at the AGM. TMS is obliged to validate (in consultation with the company and in particular, the company's transfer secretaries, Computershare Investor Services Proprietary Limited (Computershare) and relevant CSDP) each shareholder's entitlement to electronically attend, participate in and/or vote at the AGM, before providing you with the necessary means to electronically access the AGM and the associated voting platform.

**Approvals required for the resolutions**

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

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

By order of the board.

**P B Beale**
Company secretary

18 August 2020

# Annexure 1

## Summarised 2020 Audited Financial Statements

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

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

The audited financial statements are available on the company's website at www.northam.co.za/investors-and-media/publications/annual-reports or can be obtained from the company's registered office on written request.

### Condensed consolidated statement of profit or loss and other comprehensive income

| | 30 June 2020 | 30 June 2019 |
|---|---|---|
| | R000 | R000 |
| Sales revenue | 17 811 971 | 10 649 506 |
| Cost of sales | (12 510 983) | (8 239 481) |
| Operating costs | (9 931 934) | (7 607 161) |
| Concentrates purchased | (2 460 302) | (327 572) |
| Refining and other costs | (178 718) | (135 104) |
| Depreciation and write-offs | (626 152) | (487 165) |
| Change in metal inventory | 686 123 | 317 521 |
| Gross profit | 5 300 988 | 2 410 025 |
| Share of earnings from associate | 16 358 | 11 153 |
| Investment income | 119 220 | 56 260 |
| Finance charges excluding preference share dividends | (602 595) | (184 027) |
| Net foreign exchange transaction gains | 84 765 | 10 411 |
| Sundry income | 238 903 | 77 472 |
| Sundry expenditure | (243 787) | (357 713) |
| Profit before preference share dividends | 4 913 852 | 2 023 581 |
| 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) | – |
| Profit before tax | 3 633 662 | 701 947 |
| Tax | (1 464 478) | (641 854) |
| Profit for the year | 2 169 184 | 60 093 |
| *Other comprehensive income* | | |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax): | | |
| Exchange differences on translation of foreign operations | 24 331 | 11 354 |
| **Total comprehensive income for the year** | **2 193 515** | **71 447** |

| | 30 June 2020 | 30 June 2019 |
|---|---|---|
| Earnings per share (cents) | 620.0 | 17.2 |
| Fully diluted earnings per share (cents) | 584.7 | 17.2 |

## Condensed consolidated statement of financial position

| | 30 June 2020 | 30 June 2019 |
|---|---|---|
| | R000 | R000 |
| **Assets** | | |
| **Non-current assets** | 24 299 715 | 21 604 214 |
| Property, plant and equipment | 16 522 533 | 14 484 795 |
| Mining properties and Mineral Resources | 6 663 425 | 6 722 551 |
| Investment held in escrow | – | 16 841 |
| Interest in associate | 62 657 | 46 299 |
| Land and township development | 75 967 | 71 414 |
| Long-term receivables | 82 232 | 85 536 |
| Investments held by Northam Platinum Restoration Trust Fund | 128 732 | 120 080 |
| Environmental Guarantee investment | 62 953 | 42 043 |
| Buttonshope Conservancy Trust | 15 850 | 13 218 |
| Long-term prepayments | – | 563 |
| Other financial assets | 23 084 | – |
| Non-current inventories | 662 282 | – |
| Deferred tax asset | – | 874 |
| **Current assets** | 6 367 790 | 5 340 449 |
| Inventories | 3 744 313 | 3 762 675 |
| Trade and other receivables | 456 494 | 621 938 |
| Cash and cash equivalents | 2 160 956 | 950 315 |
| Tax receivable | 6 027 | 5 521 |
| **Total assets** | **30 667 505** | **26 944 663** |

| | 30 June 2020 R000 | 30 June 2019 R000 |
|---|---|---|
| **Equity and liabilities** | | |
| **Total equity** | 9 650 315 | 7 456 800 |
| Stated capital | 13 778 114 | 13 778 114 |
| Treasury shares | (6 556 123) | (6 556 123) |
| Retained earnings/(accumulated loss) | 1 518 555 | (650 629) |
| Foreign currency translation reserve | 35 321 | 10 990 |
| Equity settled share-based payment reserve | 874 448 | 874 448 |
| **Non-current liabilities** | 16 639 103 | 16 870 813 |
| Deferred tax liability | 2 177 317 | 1 419 467 |
| Long-term provisions | 729 327 | 679 459 |
| Preference share liability | 8 291 117 | 10 767 134 |
| Long-term loans | 130 533 | 140 510 |
| Lease liability | 64 361 | – |
| Long-term share-based payment liability | 354 363 | 160 746 |
| Domestic medium-term notes | 4 892 085 | 1 566 304 |
| Revolving credit facility | – | 2 137 193 |
| **Current liabilities** | 4 378 087 | 2 617 050 |
| Current portion of long-term loans | 28 472 | 33 837 |
| Current portion of lease liability | 16 261 | – |
| Current portion of domestic medium-term notes | 616 327 | 248 580 |
| Short-term share-based payment liability | 183 029 | 86 814 |
| Tax payable | 229 628 | 24 910 |
| Trade and other payables | 2 939 251 | 1 931 173 |
| Provisional pricing derivatives | – | 26 206 |
| Short-term provisions | 365 119 | 265 530 |
| **Total equity and liabilities** | **30 667 505** | **26 944 663** |

## Condensed consolidated statement of changes in equity

| | Stated capital | (Accumulated loss)/Retained earnings | Equity settled share-based payment reserve | Foreign currency translation reserve* | Total |
|---|---|---|---|---|---|
| | R000 | R000 | R000 | R000 | R000 |
| Opening balance as at 1 July 2018 | 7 221 991 | (710 722) | 874 448 | (364) | 7 385 353 |
| Total comprehensive income for the year | – | 60 093 | – | 11 354 | 71 447 |
| Profit for the year | – | 60 093 | – | – | 60 093 |
| Other comprehensive income for the year | – | – | – | 11 354 | 11 354 |
| Balance as at 30 June 2019 | 7 221 991 | (650 629) | 874 448 | 10 990 | 7 456 800 |
| Total comprehensive income for the year | – | 2 169 184 | – | 24 331 | 2 193 515 |
| Profit for the year | – | 2 169 184 | – | – | 2 169 184 |
| Other comprehensive income for the year | – | – | – | 24 331 | 24 331 |
| **Balance as at 30 June 2020** | **7 221 991** | **1 518 555** | **874 448** | **35 321** | **9 650 315** |

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

## Condensed consolidated statement of cash flows

| | 30 June 2020 | 30 June 2019 |
|---|---|---|
| | R000 | R000 |
| **Cash flows from operating activities** | 6 387 775 | 2 711 918 |
| Profit before tax | 3 633 662 | 701 947 |
| Adjusted for the following non-cash items as well as disclosable items | | |
| Depreciation and write-offs | 626 194 | 487 267 |
| Changes in provisions | 106 315 | 44 988 |
| Changes in long-term receivables | 3 304 | 16 312 |
| Investment income | (119 220) | (56 260) |
| Finance charges excluding preference share dividends | 602 595 | 184 027 |
| Preference share dividends | 1 133 172 | 1 305 244 |
| Loss on derecognition of preference share liability | 130 628 | – |
| Amortisation of liquidity fees paid on preference shares | 16 390 | 16 390 |
| Movement in share-based payment liability | 289 832 | 90 221 |
| Share of earnings from associate | (16 358) | (11 153) |
| Profit on sale of property, plant and equipment | (4 276) | (6 635) |
| Impairment of property, plant and equipment | 2 061 | – |
| Net foreign exchange difference | (106 133) | (10 411) |
| Amortisation of security of supply contribution | (22 777) | (29 314) |
| Other | (13 782) | (7 656) |
| Change in working capital | 519 596 | (47 856) |
| Movement relating to land and township development | (4 553) | (5 734) |
| Interest income received | 103 847 | 49 969 |
| Dividend income received | 8 820 | 3 398 |
| Tax paid | (501 542) | (12 826) |

| | 30 June 2020 | 30 June 2019 |
|---|---|---|
| | R000 | R000 |
| **Cash flows utilised in investing activities** | (2 400 824) | (2 686 063) |
| Property, plant, equipment, mining properties and Mineral Reserves | | |
| Additions to maintain operations | (382 216) | (221 791) |
| Additions to expand operations | (2 007 177) | (2 277 100) |
| Disposal proceeds | 4 681 | 26 099 |
| Investment held in escrow | 16 841 | (16 841) |
| Amounts paid in terms of long-term prepayments | (759) | (212 817) |
| Refunds received on the cancellation of the Environmental Guarantee investment policy | – | 66 424 |
| Payments made relating to the investments held by the Environmental Guarantee investment | (20 910) | (39 568) |
| Increase in investments held by the Northam Platinum Restoration Trust Fund | (8 652) | (9 454) |
| Increase in investment held by the Buttonshope Conservancy Trust Fund | (2 632) | (1 015) |
| **Cash flows from financing activities** | (2 878 025) | 615 004 |
| Interest paid | (588 364) | (410 455) |
| Draw down on revolving credit facility | 4 800 000 | 850 000 |
| Repayment of revolving credit facility | (6 950 000) | (200 000) |
| Issue of domestic medium-term notes | 6 266 200 | 1 650 000 |
| Repayment of domestic medium-term notes | (215 000) | (1 250 000) |
| Domestic medium-term notes settled as part of notes switched | (2 235 451) | – |
| Repayment of long-term loans | – | (9 400) |
| Transaction fees paid | (182 467) | (15 141) |
| Repayment of principal portion of lease liabilities | (16 736) | – |
| Acquisition of Zambezi Platinum (RF) Limited preference shares | (3 691 507) | – |
| Transaction fees paid on the acquisition of Zambezi Platinum (RF) Limited preference shares | (64 700) | – |
| Increase in cash and cash equivalents | 1 108 926 | 640 859 |
| Net foreign exchange difference on cash and cash equivalents | 101 715 | 16 289 |
| Cash and cash equivalents at the beginning of the year | 950 315 | 293 167 |
| **Cash and cash equivalents at the end of the year** | **2 160 956** | **950 315** |

# Q&A with the CEO

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

## 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. 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.

Safety in the workplace has always been 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.

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 Booysendal 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

# Annexure 2
## Details of Directors

**Non-executive**
**KB Mosehla (48)**
*CA (SA)*

**Chairman**

**Joined the board in August 2015**

Mr Mosehla is the 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.

He is a former executive director of Mvelaphanda Holdings Proprietary Limited and Mvelaphanda Resources Limited.

Member of the investment committee and the nomination committee.

**CK Chabedi (52)**
*MSc (Mining Engineering); Pr. Eng MDP; MSAIMM*

**Joined the board in June 2009**

Mr Chabedi has over 25 years' experience in mining and is currently a senior lecturer in the School of Mining Engineering at the University of the Witwatersrand.

He is a former non-executive director of Mvelaphanda Resources Limited. His mining experience includes over 12 years' in both opencast and underground mines. He also has over 13 years' experience in academia.

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

**TE Kgosi (66)**
*BCom (Hons)*

**Joined the board in November 2004**

Ms Kgosi is a 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).

Member of the nomination committee.

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

### Independent non-executive

**R Havenstein (64)**

*MSc (Chemical Engineering); BCom*

**Lead independent director**

**Joined the board in July 2003**

Mr Havenstein is an independent non-executive director of Murray and Roberts Holdings Limited and chairman of Omnia Holdings Limited.

He was previously the CEO of Anglo American Platinum Limited, prior to which he was an executive director of Sasol Limited, responsible for Sasol Chemical Industries.

Member of the investment committee.

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

**DH Brown (58)**

*CA (SA)*

**Joined the board in November 2017**

Mr Brown 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 also the lead independent director. He is also chairman and non-executive director respectively of the non-listed Great Dyke Investments and Ntsimbintle Holdings Proprietary Limited.

He is the 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 Mobile Corporation in Europe.

Member of the audit and risk committee

Chairman of the investment committee.

**HH Hickey (66)**

*CA (SA)*

**Joined the board in January 2016**

Ms Hickey is an independent non-executive director of Barloworld Limited, Cashbuild Limited and Pan African Resources Plc.

She has over 35 years' of experience in auditing, risk management and governance and is a former chair of the South African Institute of Chartered Accountants.

Chairman of the audit and risk committee.

## Annexure 2 – Details of Directors – continued

**NY Jekwa (Dr) (45)**
*MBA (Finance); MBBCh (Bachelor of Medicine and Bachelor of Surgery); MIoDSA*

**Joined the board in November 2017**

Dr Jekwa is joint managing director of Mergence Investment Managers Proprietary Limited and an independent non-executive director of Ascendis Health Limited. She is also a non-executive director of Brait Societas Europaea.

She is the former head of capital raising at Coast2Coast Proprietary 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.

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

**MH Jonas (60)**
BA (History and Sociology)

**Joined the board in November 2018**

Mr Jonas is chairman of the MTN Group Limited and an independent non-executive director of Sygnia Limited. He is one of four independent presidential investment envoys, appointed by President Cyril Ramaphosa to attract investors to South Africa. Mr Jonas served as deputy finance minister of the government of South Africa from 2014 to 2017 and was a member of the National Assembly until April 2017. Former chairman and non-executive director of the Public Investment Corporation.

**TI Mvusi (64)**
*BA; ELP, MAP and PDP*

**Joined the board in January 2016**

Mr Mvusi is an executive director of Sanlam Limited (Sanlam) and director of various Sanlam group companies. Also non-executive director of Umso Construction Proprietary Limited. He has 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.

**JJ Nel (48)**
*CA (SA); CFA (AIMR); AMP (INSEAD)*

**Joined the board in November 2018**

Mr Nel is a 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).

He is the former divisional CEO for Sibanye-Stillwater Limited (Sibanye-Stillwater), heading the PGM division of Sibanye-Stillwater following that acquisition of Aquarius Platinum Limited (Aquarius) in 2016 and former CEO of Aquarius from 2012 to 2016.

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

**JG Smithies (75) (British)**
*BSc (Mining Engineering); BSc (Chemistry)*

**Joined the board in January 2017**

Mr Smithies is a former director of operations and CEO of Implats.

Member of the health, safety and environmental committee.

## Executive directors

**PA Dunne (57) (British)**
*BSc (Hons); MBA*

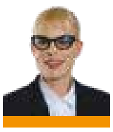
**Chief executive officer**

**Joined the board in March 2014**

Mr Dunne is a non-executive director of Zambezi Platinum and the International Platinum Group Metals Association (IPA).

He is a former executive director at Implats, responsible for mining, concentrating and smelting operations at the group's Rustenburg and Marula mines.

Member of the health, safety and environmental committee.



**AH Coetzee (40)**
*CA (SA)*

**Chief financial officer**

**Joined the board in November 2018**

Ms Coetzee is a non-executive director of Zambezi Platinum and is a former associate director at Ernst & Young Inc.

# Annexure 3

## Remuneration Report of the SEHR&T Committee

The social, ethics, human resources and transformation committee* (the committee or SEHR&T committee) is pleased to present its remuneration report for the financial year ended 30 June 2020. The remuneration report sets out the activities of the committee and the outcomes of the application of the remuneration policy during the reporting year. It also details the main elements of the remuneration policy that will apply in F2021. This report is prepared in alignment with the requirements of the King IV Report on Corporate Governance for South Africa, 2016 (King IV™) and the relevant practice notes.

* For the committee composition, charter and attendance register, refer to the social, ethics, human resources and transformation committee report within our Corporate governance report available at www.northam.co.za/investors-and-media/publications/annual-reports

## Part 1:

## Message from the chairperson of the committee (Background statement)

Dear shareholder,

As the chairperson of the committee, I am pleased to present the Northam Platinum Limited (Northam) remuneration report for the financial year ended 30 June 2020.

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

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

## Factors affecting Northam's remuneration

### Internal factors

| | |
|---|---|
| **Retaining talent and succession planning** | **Our response**<br>We invest in experienced talent and leverage these individuals' experience to upskill new talent, thereby facilitating transfer of knowledge and succession planning.<br><br>We have clear talent retention and development strategies in place.<br><br>Through fixed and variable remuneration, the Northam group (group) aims to attract, retain, incentivise and reward talent at all levels, particularly those employees with scarce or critical skills. |
| **Variable salary is dependent upon performance measured against identified key performance indicators (KPIs). Performance needs to be measured for the current year and new KPIs need to be identified for the coming year** | **Our response**<br>See KPIs considered from page 42.<br><br>See Part 2: Overview of the main provisions of the remuneration policy. |

### External factors

| | |
|---|---|
| **Income inequality in South Africa** | **Our response**<br>We ensure that lowest paid employees are remunerated well in excess of the minimum wage.<br><br>We structure annual salary adjustments such that our lowest paid employees receive the highest percentage increases.<br><br>We benchmark group remuneration policies and practices against listed peers. |
| **Gender pay gap** | **Our response**<br>We are committed to gender equality and equal pay for equal work. |

To assist and support our employees, Northam paid our people throughout the lockdown.

## Remuneration changes

There were no material changes to the remuneration policy during the year under review.

## Key focus areas and decisions taken during the year under review:

**Remuneration policy implementation**

- Provided oversight of the implementation of the group's remuneration policy. The committee considered the remuneration of not only executive management, but all levels of employees – ensuring that employees are remunerated fairly for their individual contributions to the group's overall performance.
- Reviewed and approved the basic remuneration package ranges for all employees graded Paterson* D band and above.
- Reviewed and approved the mandate provided to management with regards to the wage negotiations at the Booysendal Platinum Proprietary Limited operations with the representative union, the Association of Mineworkers and Construction Union (AMCU). These negotiations were concluded and the settlement was effective from 1 July 2019. It assures employees of increases to all major components of remuneration over the next five years. The agreement is in line with industry settlements and takes into consideration the reality of inflationary pressures faced by our employees.
- Monitored the implementation of the malus and clawback policy approved in June 2019. The malus and clawback policy was implemented to keep up with emerging corporate governance best practice. This policy will adjust (malus) or recover (clawback) unvested "at risk" remuneration where there is reasonable evidence that an executive director has materially contributed to, or been materially responsible for, the need for the restatement of financial results for reasons including the following:
  - Personally acting fraudulently or dishonestly or in a manner that adversely affects the reputation of the group or which is characterised as gross misconduct;
  - Directing an employee, contractor or advisor to act fraudulently or dishonestly, or to undertake other misconduct;
  - Breaching fiduciary duties/obligations through error, omission or negligence; and
  - Receiving a long-term incentive (LTI) award because of an error in the calculation of a performance measure.
- Reviewed the group remuneration report for board approval.

* See employee bands on p30

### Benchmarking

- Benchmarked both executive and non-executive directors' remuneration against a comparative group of companies in the South African mining industry.

### Succession planning

- Ensured that proper succession planning is in place, particularly at senior management level.

### Performance measures

- Determined the performance measures used and relative weightings, including the targets and performance against the set targets, for the short-term incentive (STI) and LTI as defined above performance incentives.
- Assessed group risks considered in setting KPIs for STIs and LTIs, which included:
  - Growth project execution and the development of new operations;
  - Health and safety performance; and
  - Operational performance.
- Reviewed the share incentive plan (SIP) performance targets, which include safety, production, unit cash costs and absolute shareholder return metrics.

### Executive management

- Reviewed and approved salaries for the executive directors, PA Dunne and AH Coetzee.
- The chief executive officer and chief financial officer propose that executive directors receive no salary increase for the coming financial year, due to the significant financial uncertainty relating to the disruption caused by the COVID-19 pandemic.

### Consultants used during the year under review

- The group's auditors, Ernst & Young Incorporated, have not provided advice to the committee. However, at the request of the committee, they conducted certain verification procedures on performance and retention shares granted and vested.
- PricewaterhouseCoopers performed the independent benchmarking exercise of the executive and non-executive directors' remuneration against comparative companies in South Africa.

In terms of paragraph 33(d) of Principle 14 of King IV, the committee is satisfied that the consultants above were independent and objective.

**Focus areas for F2021**

- Continue to assess the key performance indicators underpinning management's remuneration, in order to ensure that value is created for all stakeholders.
- Ensure a process of continuous improvement in our remuneration policy and implementation through an iterative process of engagement with relevant stakeholders.
- There are no other proposed remuneration policy changes for the current financial year. However, the committee has the discretion to, in consultation with the board, change both the formulae and targets of any of the variable remuneration elements.

**Shareholder engagement and voting**

Management has direct interaction with the major institutional shareholders at least twice a year, where any issues or concerns regarding remuneration matters can be raised and discussed.

The F2019 remuneration policy and the implementation report were tabled for separate non-binding advisory votes by shareholders at the annual general meeting (AGM) held on Thursday, 7 November 2019 and were endorsed by 86.4% and 87.2% of our shareholders respectively. The votes were based on an 86.5% shareholder participation rate.

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

**Conclusion**

The committee is satisfied that the F2020 remuneration policy achieved its stated objectives for the year and that the committee has considered and discharged its responsibilities in line with its terms of reference, statutory responsibilities and the King IV™ recommended practices during the year under review.

We continuously aim to improve our remuneration practices and, accordingly, we welcome any comments that shareholders may have on our report or any concerns regarding the remuneration policy or its implementation. We look forward to receiving your support on the resolutions for both the remuneration policy and implementation report at our shareholders' AGM on 27 November 2020.

On behalf of the committee,

**TE Kgosi**
Chairperson

Johannesburg
18 August 2020

# Part 2:

# Overview of the main provisions of the remuneration policy

The remuneration policy will be put forward for a non-binding advisory vote at our shareholders' AGM on 27 November 2020.

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

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

## Guiding remuneration principles

**Income inequality in South Africa**
Attract, motivate and retain core skills, such as artisans, engineers and management.

**Fair and responsible reward**
Offer remuneration packages that are competitive, fair and reasonable in all respects for all employees, regardless of job title and grading.

Conduct regular reviews of working conditions, salaries and wages throughout the group, including benchmarking total guaranteed packages (fixed salaries) against the rest of the mining sector.

**Regulatory alignment**
Ensure compliance with all statutory and regulatory requirements and commitment to applying best practice guidelines in all aspects of remuneration and benefits.

**Reward for substantial performance**
Link executive remuneration to the group's performance, with appropriate performance targets designed to facilitate the achievement of the strategic goals and objectives of the group.

**Alignment of interests**
Provide an appropriate mix of short-term vs long-term and fixed vs variable remuneration.

Align remuneration with the interests of stakeholders and in particular shareholders.

## Measuring performance

Our remuneration policy is focused on the following performance elements:

- Safety
- Production
- Unit cash costs

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

See page 33 for executive variable remuneration.

### Employee bands

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

### Governance over remuneration

#### The board

Review and approve remuneration of the chief executive officer (CEO) and chief financial officer (CFO).

Annually review, together with management and the SEHR&T committee, the succession plans for senior management, across all operations.

| Paterson band | Types of decision | Organisational level |
|---|---|---|
| A | defined | unskilled employees |
| B | automatic | semi-skilled employees |
| C | routine | skilled employees |
| D | interpretive | middle management |
| E | programming | senior management |
| F | policy-making | top management |

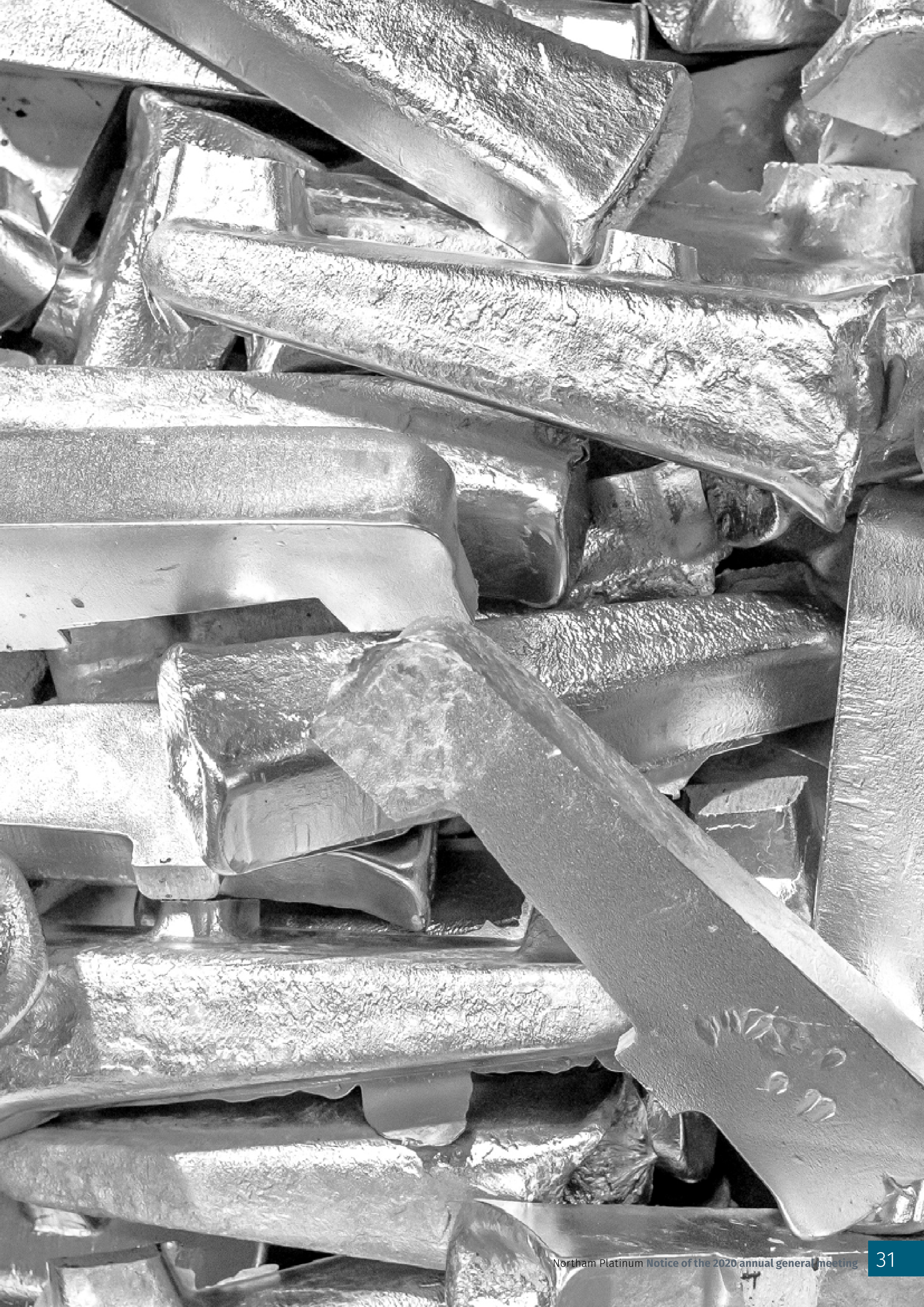
#### SEHR&T committee

Provide oversight of the implementation of the company's remuneration policy, including reviewing the remuneration of management.

Recommend and propose changes to non-executive directors' fees for shareholders' approval.

#### Shareholders and other stakeholders

Provide feedback on executive remuneration and the governance thereof during periodic engagements with management. This feedback is reviewed and discussed by the SEHR&T committee. Any concerns or issues are followed up and rectified as and when required.



# Remuneration elements at a glance

| | Fixed | | Variable |
|---|---|---|---|
| | **Annual salary** | **Medium-term incentive (MTI)** | **Short-term incentive (STI)** |
| Who | All employees other than unionised employees* | All employees grade Paterson D upper band and above | All employees |
| Format | Basic rate of pay (BRP) including a 12.5%* pension contribution benefit, which is referred to as the total guaranteed package (TGP) | Retention payment equal to 20% of the annual BRP accumulated monthly over 12 months and paid two years after the accumulated year | Annual bonus based on operational performance targets within the control of management |
| What | Cash | Cash | Cash |
| When | Monthly | Granted annually, vesting after two years | Biannually for employees graded Paterson D upper band and above, based on targets set by the committee<br><br>Quarterly for all other employees, based on set production and safety targets |
| How<br>Measures, weightings and payouts | Market rate, individual performance, internal pay equity, experience and critical skills<br><br>See page 34 for further details | No performance element associated with the retention bonus<br><br>On retirement or retrenchment, all accumulated bonuses are payable to employees on a proportional basis, according to the number of months in service, in line with the same percentages as the SIP rules<br><br>Any employee who is discharged or resigns before the MTI bonus becomes payable, forfeits the total amount accumulated | Targets set per operation by the committee and board. These include safety performance, linear metres achieved, square metres mined, total tonnes milled, metal produced and unit cash costs.<br><br>Corporate office (including executive directors) and group services bonuses are based on the combined performance of the operating mines<br><br>If less than 90% of a target is achieved, no bonus is paid. From 90% achievement, 5% of the guaranteed salary is paid, with a maximum of 125% of the guaranteed salary paid for an achievement of 110% or more of target<br><br>Refer to Part 3 for details of the STI formula on page 41 |
| Why | Competitive levels of fixed remuneration attract and retain talent | To attract and retain core skills | To retain and motivate employees |
| Proposed changes for F2021 | None | None | None |

| Variable | | | | |
|---|---|---|---|---|
| **Variable long-term incentive (LTI) awarded under the share incentive plan (SIP)** | | **Lock-in and incentive mechanism (LIM) relating to Zambezi Platinum (RF) Limited** | | |
| **25% retention shares** | **75% performance shares** | **Long-term BEE transaction incentive (BIP)** | **Short-term BEE transaction cash incentive bonus (CIBB)** | |
| All employees grade Paterson D lower band and above | | CEO, CCO, CG, EHR, GMs at Booysendal and Zondereinde | | Who |
| Annual retention shares with no performance targets | Annual performance shares with both operational and market performance targets | Aggregate of 5 million Northam shares conditionally awarded through the creation and awarding of 5 million BEE conditional shares under the SIP | Participants will receive up to 30% of their cost to company remuneration, excluding performance bonuses, subject to the fulfilment of the CIBB performance conditions | Format |
| Northam share price used to determine cash payout | | Upon vesting, BEE conditional shares may be settled through cash or shares at the election of the committee | Cash | What |
| Granted annually, vesting after three years | | Vesting in May 2025 | Annually | When |
| Award subject to employees remaining in service for the duration of the three-year vesting period | Targets set per operation by the committee and board. These include safety performance, linear metres achieved, square metres mined, total tonnes milled, metal produced and unit cash costs<br><br>Corporate office (including executive directors) and group services bonuses based on the combined performance of operating mines<br><br>Maximum award largely depends on the operational performance of the group. If targets are met, the award can be up to 135% of BRP. If performance targets are not met, no performance shares will vest<br><br>Refer to Part 3 for details of the LTI formula on page 45 | Vesting subject to Zambezi Platinum (RF) Limited fully settling the preference share liability together with all tax liabilities. Current Northam strike price required using prevailing prime rate = R202.02 per share<br><br>Subsequent to year end the prime interest rate changed and the strike price required changed to R199.28 per share<br><br>See page 35 for further details | Participants will receive:<br>▪ 15% of BRP if the 60-day volume weighted average price (VWAP) of shares at the condition date is equal to or greater than the redemption amount per preference share at year end. Representing a strike price of R69.79 per share at year end<br>▪ Additional 15% of BRP if the total value of the shares held by Zambezi at the condition date (using the 60-day VWAP) is sufficient to fully settle the redemption amount and Zambezi's tax liabilities arising from the settlement of the redemption amount at year end. Representing a strike price of R88.13 per share at year end | How<br>Measures, weightings and payouts |
| Creates alignment between management and shareholder interests by linking long-term remuneration to operational KPIs and the share price<br><br>A malus and clawback provision has been implemented in June 2019 for executive directors | | Retention of key individuals in the group. Aligns participants' long-term interests with those of shareholders | Retention tool that financially penalises recipients who leave the group | Why |
| None | None | None | None | Proposed changes for F2021 |

# Fixed remuneration detail:

### Non-union-affiliated employees

| BRP – guaranteed salary | Allowances and benefits |
|---|---|
| Executive directors (executives) and members of management are employed in terms of their contracts of employment and the remuneration, benefit schemes and practices applicable to their job grades. | Executive directors and all employees on a Paterson E level and above receive death and disability cover insurance, with specific conditions attached. |
| Employment contracts are concluded on a permanent basis as a general principle (i.e. for an indefinite period), except where fixed-term or short-term temporary contracts are required for specific projects. | |
| Guaranteed salaries are reviewed annually, with annual increases effective on 1 July of every year, except on promotion of individuals, in which case they may be implemented during the year. | |
| Annual increases are based on group performance, affordability and individual performance. They also take account of general inflation. | |
| Non-union-affiliated employees have job profiles which stipulate the key performance areas of their positions, which serve as the basis for performance assessment and measurement of performance-linked salary increases and bonuses. | |

### Union-affiliated employees

| Guaranteed salary | Allowances and benefits |
|---|---|
| For union-affiliated employees, guaranteed salary levels depend on the outcome of wage negotiations with the representative union. | Various allowances and benefits are paid to union-affiliated employees, depending upon their position. |
| Refer to our annual integrated report 2020 for details of the wage agreements disclosed as part of the sustainability framework section. | Specific consideration is given to lower paid workers. |

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

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

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

### LIM detail

The implementation of the Zambezi Platinum (RF) Limited (Zambezi) BEE transaction resulted in a number of significant benefits for the group, including compliance with the required empowerment criteria in terms of the Mineral Petroleum Resources Development Act and the Mining Charter, as well as a significant injection of cash to fund both acquisitions and organic growth.

However, the guarantee provided by Northam to the holders of the preference shares issued by Zambezi may result in dilution for Northam shareholders at the end of the 10-year lock-in period. This would erode shareholder value.

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

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

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

The LIM aligns the interests of management with those of the Northam shareholders and comprises a long and short-term element as is explained below.

#### BIP

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

Participation in the BIP is limited to key members of the current and future executive management team.

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

| Management position | Number of shares 2020 | Number of shares 2019 |
|---|---|---|
| CEO | 1 500 000 | 1 500 000 |
| Chief commercial officer | 500 000 | 500 000 |
| Chief geologist | 500 000 | 500 000 |
| Executive human resources | 500 000 | 500 000 |
| General manager Booysendal | 200 000 | 200 000 |
| General manager Zondereinde | 200 000 | 200 000 |
| **Total number of shares issued** | **3 400 000** | **3 400 000** |

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

### Vesting

Vesting will be subject to the satisfaction of the performance condition that Zambezi:

- fully settles the preference share liability; and
- fully settles all tax liabilities or makes adequate provision for all its tax liabilities arising from settlement of the redemption amount.

This is on the basis that no guarantee liability will arise and no member of the group will be required to give any direct or indirect financial assistance for the purpose of, or in connection with, the settlement of the redemption amount.

In the event that the share price is not sufficient to fully settle the preference share liability, together with all the taxes at the redemption date, these shares will not vest and no value will accrue to the participants.

In the event that the preference shares are redeemed before the expected redemption date (17 May 2025) and if the performance conditions are satisfied at that time, the shares will vest *pro rata* according to the number of years of the performance period from commencement date, being 18 May 2015 that has been completed at that time.

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

#### CIBB

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

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

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

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

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

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

To avoid any doubt, no CIBB payment will be made unless the CIBB performance conditions are achieved in the respective year.

In the event that a CIBB recipient leaves the employ of the group within 12 months of receiving a CIBB (restraint period) for reason of a fault termination, that person will be required to repay to the company, before the deduction of PAYE, the *pro rata* amount of the CIBB received (calculated according to the number of months remaining in the restraint period) (CIBB refund penalty).

The CIBB refund penalty will dissuade CIBB participants from leaving the employ of the group by financially penalising them if they leave. Therefore, the CIBB acts as a robust employee retention mechanism.

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

During the year under review, it was the first time since the inception of the LIM incentives that a payment was made to senior management or executive directors.

Payments in terms of the CIBB are subject to the fulfilment of the CIBB performance conditions, which is determined as of the 31st trading day following the publication of the company's financial results for each financial year. (For the current financial year, the financial statements were released on 23 August 2019, and 31 trading days following publication was 8 October 2019.) The 60-day VWAP for the Northam shares amounted to R74.78 per share, the Zambezi preference share liability amounted to R72.21 per preference share and the Zambezi preference share liability including taxes amounted to R91.56 per share.

It was therefore the first time in which the Northam share price was in excess of the preference share liability and the Zambezi transaction was in the money. Participants therefore received 15% of their BRP with certain retention conditions attached to the payments made.

Refer to Part 3 of this report for details on the payments made with regards to the above.

## Employee participation schemes

### Toro Employee Empowerment Trust

The Toro Employee Empowerment Trust is an employee profit scheme at the Zondereinde mine for eligible employees (Paterson C band and below).

A total of 4% of after tax profits of the Zondereinde mine is contributed to the Toro Employee Empowerment Trust. Eligible employees receive payment at the end of each five-year cycle; the first and second payments were made in 2013 and 2018 respectively.

Contributions to the Toro Employee Empowerment Trust will be made for the life of mine, and a minimum cycle payout of R15 000 per eligible employee has been guaranteed by the company, with the next payment due in 2023.

### BEE shareholding in Northam Platinum Limited (Northam)

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

This is in addition to the 4% share of Zondereinde's after tax profits contributed to the Toro Employee Empowerment Trust.

## External appointments and directorships

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

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

### Service contracts of executive directors

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

### Change of control and termination conditions

| Remuneration policy component | Change of control (as defined in the Companies Act No. 71 of 2008 and the Companies Regulations and any amendments thereto) | Fault termination (resignation and dismissal) | No-fault termination |
|---|---|---|---|
| Total guaranteed package (TGP) – includes the BRP and 12.5% pension contributions | Lump sum compensating payment equal to twice the then TGP | All amounts due and payable with regard to the employee's total cost package will be paid to them | All amounts due and payable with regard to the employee's total cost package will be paid to them |
| STI – annual bonus | The average of the short-term incentive bonuses paid by the group during the previous two years (i.e. two years of STI bonuses paid divided by two) | No amount will be paid to an employee on a fault termination | Generally, no payment is made with regard to STI (annual bonuses), but the committee may review this on a case-by-case basis |
| STI – CIBB | No further amounts will be paid to an employee and the CIBB refund will not be applicable | No amount will be paid to an employee on a fault termination. *Pro rata* repayment of CIBB will be imposed | No amount will be paid to an employee on a no-fault termination |
| MTI | All accumulated amounts will become payable to employees | No amount will be paid to an employee on a fault termination | Generally, no payment is made with regard to MTI, but the committee may review this on a case-by-case basis |
| LTI – SIP retention shares | Full vesting | No amount will be paid to an employee on a fault termination | Full vesting |
| LTI – SIP performance shares | Full vesting, irrespective of whether or not the performance conditions have been met | No amount will be paid to an employee on a fault termination | Full vesting, irrespective of whether or not the performance conditions have been met |
| LTI – SIP BIP shares (BEE conditional shares) | Full vesting, irrespective of whether or not the BIP performance condition has been met | No amount will be paid to an employee on a fault termination | Vesting in terms of the rules of the SIP BIP at a percentage of the original number of SIP BIP shares awarded<br>The BIP award retained in these instances will remain subject to the performance conditions and will only vest and be settled on the vesting date, which is May 2025, together with BIP awards held by other participants |

**Below is an illustrative total reward composition for executive directors for the F2021 year for the following:**

- Minimum guaranteed payment
- At threshold
- Maximum payment

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

### Guaranteed payment – at a minimum

BRP plus 12.5% pension contribution, classified as the total guaranteed package (TGP)

| | BRP R000 | Benefits and allowance R000 | STI performance bonus R000 | MTI retention bonus R000 | LTI reflected R000 | STI CIBB R000 | Total R000 |
|---|---|---|---|---|---|---|---|
| PA Dunne (CEO) | 8 290 | 1 036 | – | 1 658 | 1 617 | – | 12 601 |
| AH Coetzee (CFO) | 3 905 | 488 | – | 781 | 762 | – | 5 936 |

### Guaranteed payment – at threshold

BRP plus 12.5% pension contribution, classified as the total guaranteed package (TGP)

| | BRP R000 | Benefits and allowance R000 | STI performance bonus R000 | MTI retention bonus R000 | LTI reflected R000 | STI CIBB R000 | Total R000 |
|---|---|---|---|---|---|---|---|
| PA Dunne (CEO) | 8 290 | 1 036 | 8 290 | 1 658 | 6 466 | 1 244 | 26 984 |
| AH Coetzee (CFO) | 3 905 | 488 | 3 905 | 781 | 3 046 | 586 | 12 711 |

### Guaranteed payment – maximum payment

BRP plus 12.5% pension contribution, classified as the total guaranteed package (TGP)

| | BRP R000 | Benefits and allowance R000 | STI performance bonus R000 | MTI retention bonus R000 | LTI reflected R000 | STI CIBB R000 | Total R000 |
|---|---|---|---|---|---|---|---|
| PA Dunne (CEO) | 8 290 | 1 036 | 10 363 | 1 658 | 8 730 | 2 487 | 32 564 |
| AH Coetzee (CFO) | 3 905 | 488 | 4 881 | 781 | 4 112 | 1 172 | 15 339 |

The CEO and CFO received no annual salary increases for the coming financial year, F2021, due to the significant financial uncertainty relating to the COVID-19 pandemic.

**Non-executive directors' remuneration**

Non-executive directors are appointed in terms of the company's memorandum of incorporation (MOI) and confirmed at the first AGM of shareholders after their appointment, and as and when the directors retire by rotation and are deemed to be eligible for re-appointment.

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

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

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

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

Due to the financial uncertainty created as a result of the COVID-19 pandemic, the results of the benchmarking will only be addressed in future years.

Shareholders are referred to the notice of AGM for details of the proposed non-executive directors' fees for F2021, which will be submitted for approval by shareholders at the AGM on 27 November 2020.

It is proposed that the annual remuneration payable to:

(i) non-executive directors be increased for the F2021 year by an average of 4.0% (F2020: 7%); and

(ii) the chairman of the board be increased for the F2021 year by 4.0% (F2020: 8%).

Pursuant to such increase, all non-executive directors, including the chairman of the board, have undertaken to donate the fees received by them in excess of the fees approved for the F2020 period to the Northam Booysendal Community Trust and the Northam Zondereinde Community Trust.

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

Non-executive directors' fees paid during F2020 are disclosed in Part 3: Implementation of the remuneration policy for the current financial year ended 30 June 2020.

Non-executive directors will donate their F2021 increases to Northam's community trusts.

# Part 3:

# Implementation of the remuneration policy for the current financial year ended 30 June 2020

The implementation report will be put forward for a non-binding advisory vote at the shareholders' AGM on 27 November 2020.

The executive directors' remuneration for the year ended 30 June 2020 on a single figure basis (income statement impact) and as recommended by King IV™ is as follows:

**Guaranteed payment – at a minimum**
BRP plus 12.5% pension contribution classified as the total guaranteed package (TGP)

| | BRP R000 | Benefits and allowance[1] R000 | STI performance bonus[2] R000 | MTI retention bonus[3] R000 | LTI reflected R000 | STI CIBB R000 | Total 30 June 2020 R000 | 30 June 2019 R000 |
|---|---|---|---|---|---|---|---|---|
| PA Dunne (CEO) | 8 290 | 1 036 | 4 452 | 1 658 | 15 059 | 1 245 | 31 740 | 23 825 |
| AH Coetzee (CFO) | 3 905 | 488 | 2 097 | 781 | 3 607 | 586 | 11 464 | 7 697 |

1 Mainly consists of pension contributions calculated at 12.5% of basic salary

2 STI performance bonus, based on F2020 performance against set targets, of which only a part was paid during F2020

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

For actual remuneration paid (cash) in terms of the Companies Act 71 of 2008 as amended, please refer to the directors' report included in the annual financial statements, available at www.northam.co.za.

**STI performance bonus (F2020)**
The short-term bonus scheme is based on a weighted combination of KPIs with stretched targets, which are largely under the control of management. By offering bonuses, the committee intends to incentivise management in areas that they are within their control.

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

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

| Zondereinde | Unit | F2021 % weighting | F2020 % weighting | F2020 Achievement actual vs target % | F2020 Weighted score %* |
|---|---|---|---|---|---|
| Safety | LTIIR | 30 | 30 | 117.6 | 37.3 |
| Linear metres (development metres) | m | 15 | 15 | 92.9 | 3.5 |
| Square metres | $m^2$ | 10 | 10 | 75.2 | 0.8 |
| Tonnes milled | t | 10 | 10 | 77.8 | 2.3 |
| Equivalent refined metal from own operations | Pt oz | 15 | 15 | 77.8 | 6.2 |
| Cash cost per equivalent refined Pt oz | R/Pt oz | 15 | 15 | 77.7 | 5.0 |
| Personal performance | Rating | 5 | 5 | 100.0 | 5.0 |
| | | 100 | 100 | | 60.1 |

| Booysendal | Unit | F2021 % weighting | F2020 % weighting | F2020 Achievement actual vs target % | F2020 Weighted score %* |
|---|---|---|---|---|---|
| Safety | LTIIR | 20 | 20 | 55.0 | 9.9 |
| Linear metres (development metres) | m | 15 | 15 | 96.0 | 9.0 |
| Square metres | $m^2$ | 25 | 25 | 92.0 | 12.8 |
| Tonnes milled | t | 15 | 15 | 91.0 | 7.2 |
| Equivalent refined metal from own operations | Pt oz | 10 | 10 | 86.0 | 3.9 |
| Cash cost per equivalent refined Pt oz | R/Pt oz | 10 | 10 | 76.0 | 1.9 |
| Personal performance | Rating | 5 | 5 | 100.0 | 5.0 |
| | | 100 | 100 | | 49.7 |

| Eland | Unit | F2021 % weighting | F2020 % weighting | F2020 Achievement actual vs target % | F2020 Weighted score %* |
|---|---|---|---|---|---|
| Safety | LTIIR | 20 | 20 | 76.0 | 0.7 |
| Tailings storage facility: Chrome recovery at 8% | % | – | 15 | 73.0 | 0.0 |
| Tailings storage facility: PGM recovery at 15% | % | – | 15 | 233.0 | 14.5 |
| Linear metres (development metres – barrel development) | m | 40 | 20 | 109.0 | 16.7 |
| Total metals in concentrate produced from own operations | 4E oz | 15 | 5 | 357.0 | 6.2 |
| Absolute cash costs including capital and operational costs | R | – | 20 | 61.6 | 0.0 |
| Cash cost per 4E oz in concentrate produced | R/oz | 20 | – | – | – |
| Personal performance | Rating | 5 | 5 | 100.0 | 5.0 |
| | | 100 | 100 | | 43.1 |

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

### PA Dunne

| | Award year | Number of awards | Value per award | % Vesting | LTI reflected R000 |
|---|---|---|---|---|---|
| SIP: Performance shares | F2017 | 127 200 | R97.73 | 107.62 | 13 379 |
| SIP: Retention shares | F2020 | 17 900 | R93.84 | 100.0 | 1 680 |
| **Total** | | | | | **15 059** |

### AH Coetzee

| | Award year | Number of awards | Value per award | % Vesting | LTI reflected R000 |
|---|---|---|---|---|---|
| SIP: Performance shares | F2017 | 27 100 | R97.73 | 107.62 | 2 850 |
| SIP: Retention shares | F2020 | 8 065 | R93.84 | 100.0 | 757 |
| **Total** | | | | | **3 607** |

The LTI annual share awards for the financial year ended 30 June 2020, and the performance outcomes for the F2017 share awards (which performance period ended on 8 November 2019), are set out on the following pages.

### Performance and retention shares awarded in November 2019 (F2020), which will vest on 31 October 2022:

| | Performance awards | Retention awards | Total awards | Value on award date[1] | % of BRP |
|---|---|---|---|---|---|
| | Number of shares | Number of shares | Number of shares | R000 | % |
| PA Dunne (CEO) | 53 700 | 17 900 | 71 600 | 6 719 | 81.0 |
| AH Coetzee (CFO)[1] | 24 215 | 8 065 | 32 280 | 3 029 | 77.6 |

[1] 30-day VWAP as at 31 October 2019 (including that date) multiplied by the number of shares awarded, determined as R93.84 per share

The following performance criteria and targets have been approved to apply to the November 2019 awards, for the three-year rolling period F2020, F2021 and F2022:

### Zondereinde

| Factor | Target/criteria | % weighting |
|---|---|---|
| Safety (LTIIR) | An improvement of 10% on the previous financial year's safety record, which will be measured in F2022 compared to F2021 | 30 |
| Equivalent refined metal from own operations (4E oz) | Achieving the budgeted equivalent refined production over the three-year vesting period ending F2022 | 30 |
| Cash cost per equivalent refined 4E oz (R/oz) | Achieving the budgeted cash cost over the three-year vesting period ending F2022 | 20 |
| Absolute total shareholder returns (group) | Exceeding the weighted average cost of capital determined as 17.2% | 10 |
| Relative shareholder returns (group) | Exceeding the platinum index return of the JSE on an absolute basis | 10 |
| | | 100 |

### Booysendal

| Factor | Target/criteria | % weighting |
|---|---|---|
| Safety (LTIIR) | An improvement of 10% on the previous financial year's safety record, which will be measured in F2022 compared to F2021 | 25 |
| Metals in concentrate produced (4E oz) | Achieving the budgeted concentrate production over the three-year vesting period ending F2022 | 35 |
| Cash cost per 4E in concentrate produced (R/oz) | Achieving the budgeted cash cost over the three-year vesting period ending F2022 | 20 |
| Absolute total shareholder returns (group) | Exceeding the weighted average cost of capital determined as 17.2% | 10 |
| Relative shareholder returns (group) | Exceeding the platinum index return of the JSE on an absolute basis | 10 |
| | | **100** |

| Zondereinde | % weighting | F2017 % achievement | F2018 % achievement | F2019 % achievement | % Total | % Vesting | % Weighted vesting |
|---|---|---|---|---|---|---|---|
| Safety LTIIR | 30 | | | 90 | 90 | 100 | 30.0 |
| Fatal impact | 25% deduction from the safety allocation due to 1 fatality during F2019 | | | | | | (7.5) |
| Production | 30 | 93 | 104 | 101 | 99 | 100 | 30 |
| Unit cash costs | 20 | 95 | 97 | 98 | 97 | 100 | 20 |
| Absolute total shareholder returns (group) | 10 | | | | 119 | 135 | 13.5 |
| Relative total shareholder returns (group) | 10 | | | | >105 | 135 | 13.5 |
| | **100** | | | | | | **99.5** |

| Booysendal | % weighting | F2017 % achievement | F2018 % achievement | F2019 % achievement | % Total | % Vesting | % Weighted vesting |
|---|---|---|---|---|---|---|---|
| Safety LTIIR | 25 | | | 155 | 155 | 135 | 33.75 |
| Production | 35 | 108 | 84 | 93 | 94 | 100 | 35 |
| Unit cash costs | 20 | 103 | 90 | 95 | 96 | 100 | 20 |
| Absolute total shareholder returns (group) | 10 | | | | 119 | 135 | 13.5 |
| Relative total shareholder returns (group) | 10 | | | | >105 | 135 | 13.5 |
| | **100** | | | | | | **115.75** |

In the previous year a fatal injury penalty, which has an impact on the safety portion of participants' performance shares allocated, was instituted. This is to be applied as follows going forward:

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

Corporate office and group service staff (including executive directors) share 50/50 in the weighted score of Zondereinde and Booysendal and therefore achieved an allocation of 107.63%.

The following amounts were paid out to executive directors relating to the November 2016 performance and retention shares that vested in November 2019:

| | Performance awards | Performance awards % | Performance awards | Retention awards | Total awards | Value of payment[1] |
|---|---|---|---|---|---|---|
| | Number of shares | Performance shares vesting | Total number of shares | Number of shares | Number of shares | R000 |
| PA Dunne | 127 200 | 107.63% | 136 899 | 42 900 | 179 799 | 17 571 |
| AH Coetzee | 27 100 | 107.63% | 29 166 | 9 200 | 38 366 | 3 749 |

[1] VWAP on 8 November 2019, the last trading day preceding the day of the three-year anniversary of the award, multiplied by the number of shares awarded, determined as R97.73 per share

## Comprehensive table of LTI – outstanding and unvested awards

In line with the requirements of King IV™, an analysis of all long-term incentives held as at 30 June 2020 are set out below:

| | Award year | Vesting date | Opening number of shares | Number of shares granted during the year | Number of shares forfeited during the year | Number of shares vested/ exercised during the year | Closing number of shares | Value of receipts | Value of MTI/ estimate closing fair value |
|---|---|---|---|---|---|---|---|---|---|
| | | | 1 July 2019 | | | | 30 June 2020 | R000 | R000 |
| **PA Dunne** | | | | | | | | | |
| MTI retention bonus | F2019 | June 2021 | | | | | | | 1 542 |
| MTI retention bonus | F2020 | June 2022 | | | | | | | 1 658 |
| LTI retention shares | F2017 | Nov 2019 | 42 900 | – | – | (42 900) | – | 4 192 | – |
| LTI retention shares | F2018 | Nov 2020 | 46 200 | – | – | – | 46 200 | – | 4 997 |
| LTI retention shares | F2019 | Nov 2021 | 46 100 | – | – | – | 46 100 | – | 4 987 |
| LTI retention shares | F2020 | Nov 2022 | – | 17 900 | – | – | 17 900 | – | 1 936 |
| LTI performance shares | F2017 | Nov 2019 | 127 200 | – | – | (127 200) | – | 13 379 | – |
| LTI performance shares | F2018 | Nov 2020 | 137 000 | – | – | – | 137 000 | – | 14 819 |
| LTI performance shares | F2019 | Nov 2021 | 138 400 | – | – | – | 138 400 | – | 14 971 |
| LTI performance shares | F2020 | Nov 2022 | – | 53 700 | – | – | 53 700 | – | 5 809 |
| LIM shares | F2017 | May 2025 | 1 500 000 | – | – | – | 1 500 000 | – | 174 300 |
| **Total** | | | **2 037 800** | **71 600** | **–** | **(170 100)** | **1 939 300** | **17 571** | **225 019** |

| | Award year | Vesting date | Opening number of shares | Number of shares granted during the year | Number of shares forfeited during the year | Number of shares vested/ exercised during the year | Closing number of shares | Value of receipts | Value of MTI/ estimate closing fair value |
|---|---|---|---|---|---|---|---|---|---|
| | | | 1 July 2019 | | | | 30 June 2020 | R000 | R000 |
| **AH Coetzee** | | | | | | | | | |
| MTI retention bonus | F2019 | June 2021 | | | | | | | 496 |
| MTI retention bonus | F2020 | June 2022 | | | | | | | 781 |
| LTI retention shares | F2017 | Nov 2019 | 9 200 | – | – | (9 200) | – | 899 | – |
| LTI retention shares | F2018 | Nov 2020 | 10 400 | – | – | – | 10 400 | – | 1 125 |
| LTI retention shares | F2019 | Nov 2021 | 19 800 | – | – | – | 19 800 | – | 2 142 |
| LTI retention shares | F2020 | Nov 2022 | – | 8 065 | – | – | 8 065 | – | 872 |
| LTI performance shares | F2017 | Nov 2019 | 27 100 | – | – | (27 100) | – | 2 850 | – |
| LTI performance shares | F2018 | Nov 2020 | 30 900 | – | – | – | 1 542<br>30 900 | – | 3 342 |
| LTI performance shares | F2019 | Nov 2021 | 59 300 | – | – | – | 59 300 | – | 6 414 |
| LTI performance shares | F2020 | Nov 2022 | – | 24 215 | – | – | 24 215 | – | 2 619 |
| **Total** | | | **156 700** | **32 280** | **–** | **(36 300)** | **152 680** | **3 749** | **17 791** |

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

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

| | Award year | Vesting date | Opening number of shares | Number of shares granted during the year | Number of shares forfeited during the year | Number of shares vested/ exercised during the year | Closing number of shares | Value of receipts | Value of MTI/ estimate closing fair value |
|---|---|---|---|---|---|---|---|---|---|
| | | | 1 July 2019 | | | | 30 June 2020 | R000 | R000 |
| **AH Coetzee** | | | | | | | | | |
| MTI retention bonus | F2018 | June 2020 | | | | | | | 409 |
| MTI retention bonus | F2019 | June 2021 | | | | | | | 496 |
| LTI retention shares | F2016 | Nov 2018 | 13 900 | – | – | (13 900) | – | 570 | – |
| LTI retention shares | F2017 | Nov 2019 | 9 200 | – | – | – | 9 200 | – | 526 |
| LTI retention shares | F2018 | Nov 2020 | 10 400 | – | – | – | 10 400 | – | 595 |
| LTI retention shares | F2019 | Nov 2021 | – | 19 800 | – | – | 19 800 | – | 1 133 |
| LTI performance shares | F2016 | Nov 2018 | 41 200 | – | (9 812) | (31 388) | – | 1 288 | – |
| LTI performance shares | F2017 | Nov 2019 | 27 100 | – | – | – | 27 100 | – | 1 551 |
| LTI performance shares | F2018 | Nov 2020 | 30 900 | – | – | – | 30 900 | – | 1 768 |
| LTI performance shares | F2019 | Nov 2021 | – | 59 300 | – | – | 59 300 | – | 3 393 |
| **Total** | | | **132 700** | **79 100** | **(9 812)** | **(45 288)** | **156 700** | **1 858** | **9 871** |

- Calculation of the value of the MTI and estimated closing fair value (using the closing share price value)
- The MTI is calculated using the annual BRP for a particular year multiplied by 20% and only paid two years subsequent to the date when it accrues, with no performance conditions attached
- The estimated fair value of the LTI retention shares is determined using 100% of the number of retention shares outstanding multiplied by the 30-day VWAP of the share price at year-end, which amounted to R108.17 per share (F2019: R57.22 per share)
- If the LTI performance shares vest within the next 12 months, an estimation is made of the percentage at which the performance shares will vest multiplied by the 30-day VWAP closing share price. If the LTI performance share vest after a period of 12 months, the full number of performance shares will be multiplied by the 30-day VWAP closing share price
- The fair value of the LIM shares is calculated using the closing share price at year-end multiplied by the full value of the number of BIP shares outstanding. The mechanics of these 10-year BEE transaction incentive BIP shares are fully explained on p35 of this report
- The performance conditions for these shares is based on an all-or-nothing contingency, with the Northam share price reaching a specific target price per share in May 2025. This would save Northam shareholders dilution of value, hence the incentive for management to perform by growing Northam's business and thus its share price. In five years (May 2025), a once-off payout can only be made if the share price of Northam is then at an estimated target price of at least R202.02 (that is, 10 years after the inception of the BEE transaction). Below that share price there will be no payment due, hence these shares had no value on the award date. The BIP was approved by shareholders in 2016. The closing share price of Northam at 30 June 2020 was R116.20 per share (F2019: R59.00 per share).

## Non-executive directors' fees

Below is an analysis of non-executive fees in respect of board and board committee services for the 2020 financial year.

| | Board R000 | Audit and risk committee R000 | Health, safety and environmental committee R000 | Investment committee R000 | Social, ethics, human resources and transformation committee R000 | Nomination committee R000 | *Ad hoc* fees R000 | Total R000 |
|---|---|---|---|---|---|---|---|---|
| KB Mosehla | 470 | – | – | 94 | – | 54 | – | 618 |
| R Havenstein | 400 | – | 152 | 94 | – | 89 | 13 | 748 |
| DH Brown | 352 | 170 | – | 129 | – | – | – | 651 |
| CK Chabedi | 352 | – | 115 | 94 | 115 | – | – | 676 |
| HH Hickey | 352 | 216 | – | – | – | – | – | 568 |
| NY Jekwa[1] | 352 | 170 | 76 | – | 115 | – | – | 713 |
| MH Jonas | 352 | – | – | – | – | – | – | 352 |
| TE Kgosi | 352 | – | – | – | 154 | 54 | 146 | 706 |
| TI Mvusi | 352 | – | – | – | – | – | – | 352 |
| JJ Nel[2] | 352 | 170 | – | 62 | – | – | – | 584 |
| JG Smithies | 352 | – | 115 | – | – | – | – | 467 |
| **Total** | **4 038** | **726** | **458** | **473** | **384** | **197** | **159** | **6 435** |

[1] Dr NY Jekwa was appointed as a member of the health, safety and environmental committee with effect from 1 November 2019
[2] Mr JJ Nel was appointed as a member of the investment committee with effect from 1 November 2019

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

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

Accordingly, at the forthcoming AGM, shareholders will be requested to consider a special resolution that provides for the increase in the non-executive directors' fees for the year ending 30 June 2021, as set out in the notice of AGM.

## Shareholder engagement

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

The remuneration report was approved by the board of directors of Northam Platinum Limited on 18 August 2020.

On behalf of the committee,

**TE Kgosi**
Chairperson

Johannesburg
18 August 2020

# Annexure 4
## Stated Capital, Shareholding and Directors' Interest

### Stated capital
There were no changes during the financial year ended 30 June 2020 to the authorised or issued stated capital of the company. The authorised stated capital of the company as at 30 June 2020 amounted to 2 000 000 000 shares (2019: 2 000 000 000 shares) at no par value. The issued stated capital of the company remained unchanged at 509 781 212 shares.

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

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

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

### Repurchase of issued shares
At the annual general meeting (AGM) held on 7 November 2019, shareholders approved a special resolution granting a general authority for the repurchase of ordinary shares by the company (or any one of its wholly-owned subsidiaries), subject to the JSE Listings Requirements and the provisions of the Companies Act. No shares were repurchased in the current or prior financial year. This general authority is valid until the company's next AGM or for 15 months from the date of the aforementioned resolution (being 7 February 2021), whichever date is earlier.

Approval to renew this general authority will be sought at the AGM to be held on Friday, 27 November 2020.

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

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

## Directors' interest

According to information available to Northam after reasonable enquiry, the interests of the directors and their associates (as defined in the JSE Listings Requirements) in the shares of Northam as at 30 June 2020 were as follows. All direct beneficial holdings were acquired in the open market.

| | Direct beneficial holding | Indirect beneficial holding | Total |
|---|---|---|---|
| PA Dunne | 41 050 | – | 41 050 |
| KB Mosehla* | – | 5 116 974 | 5 116 974 |
| CK Chabedi* | – | 204 000 | 204 000 |
| TE Kgosi* | – | 635 000 | 635 000 |
| NY Jekwa | 175 | – | 175 |
| | **41 225** | **5 955 974** | **5 997 199** |

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

The following director held preference shares in Zambezi Platinum (RF) Limited as at 30 June 2020, purchased in the open market.

| | Direct beneficial holding | Indirect beneficial holding | Total |
|---|---|---|---|
| AH Coetzee | 15 800 | – | 15 800 |
| | **15 800** | **–** | **15 800** |

There have been no changes in these holdings from 30 June 2020 to the date of the annual financial statements.

The analysis of shareholders as at 30 June 2020 was as follows:

| Shareholding range | Number of shareholders | Total of shareholding | Percentage holding (%) |
|---|---|---|---|
| 1 to 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 |
| 1 000 001 and more | 61 | 392 513 329 | 77.00 |
| | **7 009** | **509 781 212** | **100.00** |

| Geographical Analysis of shareholders | Total of shareholding | Percentage holding (%) |
|---|---|---|
| South Africa | 391 397 310 | 76.78 |
| Americas | 50 028 062 | 9.81 |
| Europe & 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 |
| **Total** | **509 781 212** | **100.00** |

| Major shareholders | Number of shares | 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 Asset Management Proprietary Limited | 27 476 857 | 5.39 |
| Coronation Asset Management Proprietary Limited | 23 210 011 | 4.55 |

| Shareholder spread | Number of shareholders | Percentage holding (%) |
|---|---|---|
| Public | 7 003 | 67.45 |
| Non-public – Zambezi Platinum (RF) Limited | 1 | 31.37 |
| Directors | 5 | 1.18 |
| | **7 009** | **100.00** |

# Annexure 5
## Financial Assistance

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

Further, section 44 of the Companies Act may also apply to the financial assistance provided by a company to, *inter alia*, any related or interrelated company or corporation, a member of a related or interrelated corporation, or a person related to any such company, corporation or member, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or interrelated company, or for the purchase of any securities of the company or a related or interrelated company.

Both sections 44 and 45 of the Companies Act provide, *inter alia*, that the particular financial assistance must be provided only pursuant to a special resolution of shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board is satisfied that: (i) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test (as contemplated in the Companies Act); and (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

As part of the normal conduct of the business of Northam and its subsidiaries or associates of the company, where necessary, provides guarantees and other support undertakings to third parties on behalf of its local and foreign subsidiaries in which the company or members of the Northam group have an interest. In the circumstances, Northam requires the ability to provide financial assistance, if necessary, in accordance with sections 44 and 45 of the Companies Act. Furthermore, it may be necessary for Northam to provide financial assistance to any of its present or future subsidiaries.

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

Below is a non-exhaustive estimate of the financial assistance which is expected to be required for the financial year ending 30 June 2021 (proposed F2021 financial assistance). Shareholders should, however, bear in mind that not all unforeseen circumstances can be anticipated and that the financial assistance as noted below could be underestimated due to unforeseen circumstances, or that the terms and conditions associated with the financial assistance could be amended.

### Financial assistance to subsidiary companies

Northam had granted the following loan facilities to its subsidiaries as at 30 June 2020 and envisages the following loan facilities to be granted for the financial year ending 30 June 2021:

| | Current facility | Estimated changes in the coming year | Total estimated loan facility |
|---|---|---|---|
| | F2020 | F2021 | F2021 |
| | R000 | R000 | R000 |
| Booysendal Platinum Proprietary Limited | 1 500 000 | – | 1 500 000 |
| Eland Platinum Proprietary Limited | 1 500 000 | – | 1 500 000 |
| Mining Technical Services Proprietary Limited | 150 000 | – | 150 000 |
| Mvelaphanda Resources Proprietary Limited | 150 000 | – | 150 000 |
| Norplats Properties Proprietary Limited | 150 000 | – | 150 000 |
| **Total loan facilities** | **3 450 000** | **–** | **3 450 000** |

| | Current facility | Estimated changes in the coming year | Total estimated loan facility |
|---|---|---|---|
| | **F2020** | **F2021** | **F2021** |
| | **USD000** | **USD000** | **USD000** |
| Northam Platinum Investments (US) Inc. and subsidiaries | 50 000 | – | 50 000 |
| **Total loan facilities** | **50 000** | **–** | **50 000** |

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

Below are the various guarantees in issue as at 30 June 2020, together with the additional guarantees which Northam envisages to be required to be provided for the financial year ending 30 June 2021:

| | Current guarantee | Estimated changes to amount to be guaranteed in the coming year | Total estimated guarantee |
|---|---|---|---|
| | **F2020** | **F2021** | **F2021** |
| | **R000** | **R000** | **R000** |
| Northam Platinum Limited guarantee to Zambezi Platinum (RF) Limited | 5 010 134 | – | 5 010 134 |
| Booysendal Platinum Proprietary Limited guarantees to providers of capital | 9 000 000 | 5 000 000 | 14 000 000 |
| Eland Platinum Proprietary Limited guarantees to providers of capital | 9 000 000 | (5 000 000) | 4 000 000 |
| Northam Platinum Limited subordination agreement to Mvelaphanda Resources Proprietary Limited | 150 000 | – | 150 000 |
| **Total guarantee** | **23 160 134** | **–** | **23 160 134** |

### Zambezi Platinum (RF) Limited (Zambezi)

Zambezi was incorporated on 2 June 2014. The company was established as a special purpose vehicle for the purpose of assisting Northam to comply with the Historically Disadvantaged South African (HDSA) ownership requirements set by the Mining Charter at the time.

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

Zambezi is a ring-fenced entity created for the sole purpose of issuing preference shares (Zambezi preference shares) and holding Northam shares. As such, Zambezi will not be conducting any other business activities until the expiry of the lock-in period (which is 10 years from May 2015). At the end of the 10-year period, Zambezi is required to redeem the Zambezi preference shares for cash or Northam shares, or a combination thereof. The redemption of the Zambezi preference shares is secured by a financial guarantee from Northam (Northam guarantee). Further, Northam is required to settle the operational expenses of Zambezi, subject to certain limitations.

Zambezi's prospects are therefore limited in nature in that they are dependent on the prospects of Northam and the returns attributable to the Zambezi preference shares fluctuate only in accordance with prevailing interest rates.

The redemption of the Zambezi preference shares by Zambezi is planned to occur through the distribution of cash accumulated from dividends received from Northam, and after expiry of the 10-year lock-in period, through the sell-off of Northam shares into the market. In the event that this is not sufficient to fully redeem the preference shares, the preference shareholders will be entitled to rely on the Northam guarantee.

Should a liability arise under the Northam guarantee, Northam may settle its liability either by means of a cash payment or the issue of a determinable number of Northam shares to the preference shareholders, or a combination thereof. Therefore, should Northam not pay dividends and/or should the Northam share price not increase during the 10-year lock-in period, there could be a significant dilution in value for Northam shareholders should additional shares be issued to the Zambezi preference shareholders.

Included in the financial results of Northam is a guarantee of R5.0 billion, based on the initial recognition fair value.

As at the end of the F2020 financial year Northam owned 53 595 254 (2019: 4 230 819) Zambezi preference shares.

**Booysendal Platinum Proprietary Limited (Booysendal)**
Northam currently has finance facilities available in the form of a revolving credit facility of R3.5 billion (2019: R3.5 billion) (RCF) and a general banking facility of R500.0 million (2019: R500.0 million) (GBF) with Nedbank Limited, and R5.6 billion (2019: R1.8 billion) of notes issued by it on the debt capital market in terms of the R10.0 billion domestic medium-term note (DMTN) programme. Booysendal has guaranteed any amounts due but not paid by Northam in terms of both these facilities and in respect of the notes issued under the DMTN programme.

Any amendments to the RCF, the GBF or any applicable pricing supplement in respect of notes issued under the DMTN programme and any new applicable pricing supplement in respect of notes that may be issued under the DMTN programme will be required to be guaranteed by Booysendal.

Due to the ongoing capital expenditure to be incurred during the financial year ending 30 June 2021 relating to the development of Booysendal South, funding may be required by Booysendal from Northam. Northam reserves the right to charge interest at prevailing market rates on any loan balance. Any outstanding loan will be repayable on demand.

**Eland Platinum Proprietary Limited (Eland)**
Eland has guaranteed any amounts due but not paid by Northam in terms of the RCF and GBF.

Any amendments to the RCF or the GBF will be required to be guaranteed by Eland.

Due to the ongoing capital expenditure to be incurred during the financial year ending 30 June 2021 relating to the development of Eland, funding may be required by Eland from Northam. Northam reserves the right to charge interest at prevailing market rates on any loan balance. Any outstanding loan will be repayable on demand.

**Norplats Properties Proprietary Limited (Norplats)**
Norplats is a company which holds and operates one of Zondereinde mine's employee home ownership projects (Mojuteng project) in the town of Northam, assisting Northam in its compliance with its homeowner strategy designed to meet legislative requirements. To facilitate home ownership, Northam provided the initial funding of these projects.

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

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

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

**Mining Technical Services Proprietary Limited (MTS)**
MTS provides consulting services to the Northam group. These services are charged out to the various operations. Northam previously provided a loan to MTS for the investment in SSG Holdings Proprietary Limited. Northam reserves the right to charge interest at prevailing market rates on any loan balance. Any outstanding loan will be repayable on demand.

**US operations**
The US operations, known as Northam Recovery Services, are involved in sourcing, processing and sampling salvaged catalytic converters, from a select group of suppliers with the Platinum Group Metal (PGM) bearing material from these recycled convertors being processed at the Zondereinde metallurgical facility. Funding will be required from Northam to purchase material from third party customers. Any loan balance advanced will accrue interest at the South African prime interest rate, with no fixed terms of repayment.

**Solvency and liquidity test**
The Northam board has considered the proposed F2021 financial assistance and all reasonably foreseeable financial circumstances of Northam as at the date of such consideration and are satisfied that (i) immediately after providing the proposed F2021 financial assistance, Northam will satisfy the solvency and liquidity test (as contemplated in the Companies Act) and (ii) the terms under which the proposed F2021 financial assistance is proposed to be given are fair and reasonable to Northam and its subsidiaries.

# Annexure 6
## Events after reporting date

There have been no events subsequent to the financial year ended 30 June 2020, which require additional disclosure or adjustment to these financial results, other than what has been disclosed in the financial statements.

# Annexure 7
## Virtual meeting guide for Shareholders

**How to access the virtual annual general meeting (AGM)**
In order to electronically attend, participate in and vote at the AGM, each user must have an internet-enabled device (e.g. phone, laptop, or a desktop) capable of browsing to a regular website (in order to vote and participate).

1. Closer to the AGM date and/or on the day of the virtual AGM, you will receive a link and a password to enter the virtual AGM room.

2. Click on the link and you will be directed to the AGM platform.

3. An additional unique link will be sent, individually, to each shareholder who has made contact with The Meeting Specialist Proprietary Limited (TMS) on proxy@tmsmeetings.co.za and who has successfully been validated to vote at the AGM.

4. Guests will only be allowed to observe and listen to the proceedings of the AGM.

**Navigating the meeting platform**
1. Shareholders who would like to pose questions, please click on the Q & A icon on the bottom of your screen to ask your question.

2. If you have a question on a particular resolution, please type your name, the resolution number, followed by your question and press enter or send.

3. Alternatively, if you would like to address the AGM directly, please click on the raise your hand icon. Once the chairperson has identified you, your microphone will be un-muted, and you will be able to address the AGM.

**How to exercise your votes**
1. All shareholders or their representatives, who have requested to vote, would have received a link from TMS to either their phone number or email address.

2. The voting will be available on all the resolutions when the chairman opens the AGM.

3. Please click on the vote now link and it will direct you to the voting platform.

4. You will notice that the voting platform contains all the resolutions which have been published in the notice of AGM, with your votes automatically defaulted to Abstain.

5. Please note that once you click submit, your votes can not be retracted and re-voted.

6. You may vote on all the resolutions simultaneously by defaulting all your votes as either "For" or "Against" or keeping it as an "Abstained" vote and then clicking on the submit button on the bottom of the electronic ballot form.

7. You may also indicate your votes individually, per resolution, by selecting the relevant option ("For", "Against" or "Abstain"), on a resolution by resolution basis.

8. Once you have voted on all the resolutions, scroll down to the bottom of the page and click "submit".

9. You will receive a message on your screen confirming that your votes have been received.

10. Once again, please ensure that you have selected the correct option on a resolution. Either, "For" or "Against" or "Abstain" before clicking the submit button.

**You will be able to access both the AGM platform and the voting platform, 10 minutes prior to the commencement of the virtual AGM.**

# Notes

# Notes

# Administration and Contact Information

## NORTHAM PLATINUM LIMITED
(Registration number 1977/003282/06)
JSE share code: NHM  ISIN code: ZAE000030912
Debt issuer code: NHMI

| | |
|---|---|
| Bond code: NHM002 | Bond ISIN: ZAG000129024 |
| Bond code: NHM006 | Bond ISIN: ZAG000158577 |
| Bond code: NHM007 | Bond ISIN: ZAG000158593 |
| Bond code: 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 | Bond ISIN: ZAG000167891 |
| Bond code: NHM018 | Bond ISIN: ZAG000168097 |
| Bond code: NHM019 | Bond ISIN: ZAG000168105 |

## REGISTERED OFFICE
Building 4, 1st Floor
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Waterfall City
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South Africa

PO Box 412694
Craighall, 2024
South Africa

Telephone +27 11 759 6000

## WEBSITE
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## COMPANY SECRETARY
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Waterfall City
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South Africa

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

## BANKERS
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30 Baker Street
Rosebank, 2196
South Africa

PO Box 61029
Marshalltown, 2107
South Africa

Nedbank Group Limited
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Sandton, 2196

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South Africa

## AUDITORS
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Sandton, 2146
South Africa

Private Bag X14
Sandton, 2146
South Africa

## FORMS OF PROXY
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South Africa

P O Box 62043
Marshalltown, 2107
South Africa

E-mail: proxy@tmsmeetings.co.za

Telephone +27 11 520 7950/1/2

## TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
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Saxonwold, 2132
South Africa

## SPONSOR AND DEBT SPONSOR
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smart platinum mining