



PSG CAPITAL

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26 April 2023

Board of Directors

Royal Bafokeng Platinum Limited (“**RBPlat**” or the “**Company**”)

The Pivot

No 1 Monte Casino Boulevard

Block C, 4th Floor

Fourways

Dear Sirs, Mesdames

FURTHER SUPPLEMENT TO THE INDEPENDENT EXPERT’S REPORT IN RESPECT OF THE MANDATORY OFFER TO ACQUIRE ALL ISSUED ORDINARY SHARES IN THE COMPANY (EXCLUDING TREASURY SHARES)

1. INTRODUCTION

- 1.1. PSG Capital Proprietary Limited (“**PSG Capital**”) was appointed by the independent board of directors (“**Independent Board**”) of RBPlat to act as independent expert and provide the required fair and reasonable opinion (“**Opinion**”) in respect of the mandatory offer (“**Implats Offer**”) made by Impala Platinum Holdings Limited (“**Implats**”), in terms of section 123 of the Companies Act, No. 71 of 2008, as amended, (“**Companies Act**”) on 17 January 2022 to RBPlat shareholders. A copy of PSG Capital’s report dated 8 February 2022 (“**Report**”) containing the Opinion appears at Annexure 1 of the RBPlat offeree response circular to RBPlat shareholders, as approved by the Takeover Regulation Panel (“**TRP**”) and issued on 11 February 2022 (the “**Response Circular**”).
- 1.2. In terms of the Implats Offer, Implats offered to acquire all the issued ordinary shares in the capital of RBPlat (other than treasury shares) that it does not already hold, for a consideration consisting of (i) a cash amount of R90.00 per RBPlat share; and (ii) 0.30 ordinary shares in Implats per RBPlat share (collectively, “**Offer Consideration**”).

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DIRECTORS: J A HOLTZHAUSEN (CHAIRMAN), H B DE KOCK (CEO), E DU PREEZ; W L GREEFF, K HLOPHE-KUNENE; A T KRETZMANN, V V KLEYNHANS, M MAGIET, P J MOUTON, J PIEK

ASSOCIATE DIRECTORS: L K HUFKIE, S Z SHANDU

SECRETARIES: PSG CORPORATE SERVICES (PTY) LTD

- 1.3. In the Report, PSG Capital expressed its Opinion that the Implats Offer was fair and reasonable to RBPlat shareholders at that time, for the reasons and on the basis detailed in the Report.
- 1.4. Northam Platinum Holdings Limited ("**Northam**"), which subsequently published an announcement expressing its firm intention to make its own competing offer to RBPlat shareholders, lodged complaints with the TRP during 2022 regarding various aspects of the Implats Offer, which included, among others, a complaint regarding certain disclosures which Northam alleged ought to have been included in the Report. Northam has since withdrawn its proposed offer to RBPlat shareholders, as communicated by Northam in its SENS announcement dated 5 April 2023.
- 1.5. This supplement to the Report ("**Further Supplement**") is issued following the outcome of proceedings before the Takeover Special Committee ("**TSC**"), the background to which is detailed below.

2. BACKGROUND

- 2.1. Regulation 90(6)(f) of the Companies Regulations, 2011 ("**Regulations**") requires the fair and reasonable opinion included in a response circular to include "a range of final valuation values attributable to the relevant securities or assets and a most likely value used as the core number for purposes of the expression of the opinion". PSG Capital believes that this was complied with in the Report, as the range at which PSG Capital believed the Implats Offer would be fair (being a range of between 0.22 and 0.34 Implats shares for every one RBPlat share, after deducting the cash amount of R90.00 per RBPlat share) ("**Value Range**") is set out in paragraph 11 of Report, which also contains the most likely value used as the core number (being the midpoint value of 0.28 Implats shares for every one RBPlat share, after deducting the cash amount of R90.00 per RBPlat).
- 2.2. The Response Circular, including the Report containing the Value Range, was submitted to and approved by the TRP before being distributed to RBPlat shareholders.
- 2.3. In its abovementioned complaints to the TRP, Northam alleged that certain disclosures were omitted from the Report, including certain additional value ranges. Given that the TRP had previously been satisfied with the disclosures in the Report, as evidenced by its approval of the Response Circular and Report, RBPlat did not believe it necessary to respond in detail to these particular allegations or to obtain the input of PSG Capital. However, the TRP ruled that certain further disclosures raised by Northam were to be included in the Report, including additional value ranges for Implats and RBPlat shares ("**First Ruling**").
- 2.4. Upon becoming aware of the First Ruling, PSG Capital engaged with the Independent Board and responded to the various allegations made by Northam, to illustrate the Report's compliance with the applicable disclosure requirements in the Regulations. However, so as not to delay matters, RBPlat opted not to appeal the First Ruling to the TSC. Instead, at the request of the Independent Board, PSG Capital issued a supplement to the Report ("**Report Supplement**"), containing additional information and clarifying certain items, for the avoidance of doubt. Reference is made, in this regard, to RBPlat's announcement on SENS dated 2 December 2022. The TRP approved publication of the 2 December 2022

announcement and the issuing of the Report Supplement (which did not include additional value ranges) and held that they were sufficient to give effect to the First Ruling (this finding by the TRP being referred to below as the “**Second Ruling**”).

- 2.5. Northam appealed to the TSC, arguing that the Second Ruling by the TRP was invalid. Pursuant to this appeal, the TSC held *inter alia* that, having issued the First Ruling, the TRP could not thereafter make the Second Ruling. The TSC did not express a view on whether the additional value range disclosures sought by Northam were, in fact, a requirement in terms of the Regulations.

3. FURTHER SUPPLEMENT TO THE OPINION

- 3.1. Pursuant to the above ruling by the TSC, it is confirmed that, in order to determine the Value Range included in the Report, PSG Capital calculated the following separate fair value ranges for an RBPlat share and an Implats share, as at 8 February 2022 (the date of the Report):
 - 3.1.1. in respect of an RBPlat share, a value range between R183.44 and R213.04 per share, with a midpoint of R198.24 per share, this being the most likely value used as the core number; and
 - 3.1.2. in respect of an Implats share, a value range between R364.38 and R418.00 per share, with a midpoint of R391.19 per share, this being the most likely value used as the core number.
- 3.2. When considering the above value ranges, the following should be borne in mind:
 - 3.2.1. these values should not be viewed in isolation, given that they were calculated at the time on a comparable basis in order to arrive at the Value Range, bearing in mind that the Offer Consideration included a share-for-share swap ratio, on which PSG Capital was required to express its opinion;
 - 3.2.2. the Report, containing PSG Capital’s Opinion that the Implats Offer is fair and reasonable, was issued more than 14 months ago, on 8 February 2022. This may result in material information incorporated in the Opinion being invalid or outdated through the passage of time as new facts and circumstances may have arisen since then, given the delays mentioned above, including subsequent global events, industry and company specific changes, macro-economic factors, and current and forecasted metal prices, which may affect the Opinion if updated; and
 - 3.2.3. as indicated in the Report, during its valuation analysis PSG Capital relied on financial and other information, including prospective financial information obtained from RBPlat, Implats and various public, financial and industry sources. PSG Capital’s conclusions are dependent on such information being complete and accurate in all material respects.
- 3.3. The above value ranges were provided to the Independent Board in a detailed presentation prior to the issuing of the Report.

4. CONCLUSION

- 4.1. For a full understanding of the Opinion, this Further Supplement and the Report Supplement should be read together with the Report, which contains further information, including on the assumptions, procedures and valuation methodology (including key value drivers and sensitivity analyses on the discounted cash flow (“**DCF**”) valuations conducted).
- 4.2. The disclosure of the above value ranges (which were taken into account by PSG Capital in calculating the Value Range) does not impact the Opinion (as at 8 February 2022) contained in the Report.
- 4.3. PSG Capital accordingly confirms, for the avoidance of doubt, that the Value Range on which PSG Capital based its Opinion that the Implats Offer was fair, as at 8 February 2022, remains between 0.22 and 0.34 Implats shares for every one RBPlat share, after deducting the cash amount of R90.00 per RBPlat share), with the most likely value used as the core number being the midpoint value of 0.28 Implats shares for every one RBPlat share (compared to the swap ratio of 0.30 Implats shares for every RBPlat share specified in the Offer Consideration), after deducting the cash amount of R90.00 per RBPlat.

Yours faithfully



TERENCE KRETZMANN
PSG CAPITAL