

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION, NOT FOR GENERAL RELEASE IN THE UNITED STATES. SEE “IMPORTANT LEGAL NOTICES AND DISCLAIMERS” BELOW FOR FURTHER INFORMATION.

The definitions and interpretations commencing on page 9 apply throughout this Circular, including this cover page, the Annexures, the Notice and the Form of Proxy (*yellow*) attached to it and the Form of Surrender and Transfer (*blue*), unless specifically defined otherwise, or the context indicates a contrary intention.

Action required by Zarclear Ordinary Shareholders

This entire Circular is important and should be read with particular attention to the sections entitled “Action required by Zarclear Ordinary Shareholders in respect of the Scheme”, which commences on page 3.

If you are in any doubt as to the action you should take, please consult your CSDP, Broker, legal advisor, accountant, banker, other financial intermediary or other professional advisor immediately.

If you have disposed of all your Zarclear Ordinary Shares, then this Circular should be handed to the purchaser of such Zarclear Ordinary Shares or to the Broker, CSDP, banker or other financial intermediary through whom such disposal was effected.

Neither African Phoenix nor Zarclear accepts responsibility, or will be held liable, for any action of, or omission by, any CSDP or Broker, legal advisor, accountant, banker, other financial intermediary or other professional advisor including, without limitation, any failure on the part of the CSDP, Broker, legal advisor, accountant, banker, other financial intermediary or other professional advisor of any Beneficial Owner of Zarclear Ordinary Shares, to notify such Beneficial Owner of the transactions set out in this Circular or to take any action on behalf of such Beneficial Owner.

african phoenix
investments limited

AFRICAN PHOENIX INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1946/021193/06)
 (“African Phoenix”)



ZARCLEAR HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2000/013674/06)
 (“Zarclear”)

COMBINED CIRCULAR TO ZARCLEAR ORDINARY SHAREHOLDERS

Regarding a scheme of arrangement in terms of section 114(1)(c) read with section 115 of the Companies Act, proposed by the Zarclear Board between Zarclear and the Zarclear Ordinary Shareholders, in terms of which, if implemented, the Scheme Participants will be deemed to have disposed of the Scheme Shares to African Phoenix for the Scheme Consideration, being 7 (seven) AP Ordinary Shares for each Zarclear Ordinary Share acquired (subject to the rounding provisions for fractional shares set out below), on the Scheme Implementation Date; and incorporating:

- the Independent Expert’s Report;
- certain financial information of Zarclear and African Phoenix;
- a Notice convening the Scheme Meeting;
- a Form of Proxy (*yellow*) for use by Certificated Ordinary Shareholders;
- a Form of Surrender and Transfer (*blue*) for use by Certificated Ordinary Shareholders in respect of the Scheme; and
- extracts of sections 114 and 115 of the Companies Act dealing with the approval requirements for fundamental transactions (which includes schemes of arrangements) and section 164 of the Companies Act dealing with Dissenting Shareholders’ Appraisal Rights.

Legal Advisor to African Phoenix



**HERBERT
SMITH
FREEHILLS**

Independent Expert to Zarclear

nodus

Transfer Secretaries

Computershare

Date of issue: 20 May 2022

This Circular is available in English only. A copy of the Circular will be made available for inspection by Zarclear Ordinary Shareholders during normal business hours at the registered offices of Zarclear and African Phoenix (the details of which are set out in the “Corporate Information and Advisors” section of this Circular), from the date of publication of this Circular on 20 May 2022, up to and including the Scheme Implementation Date. The Circular will also be made available on the Zarclear and African Phoenix websites at: <https://www.zarclear.com/> and <http://www.phoenixinvestments.co.za/> respectively.

CORPORATE INFORMATION AND ADVISORS

Zarclear Holdings Limited

9th Floor, Katherine Towers
1 Park Ln, Wierda Valley
Sandton, 2196
Registration number: 2000/013674/06
Date of incorporation: 28 June 2000
Place of incorporation: South Africa

Company Secretary of Zarclear

CIS Company Secretaries Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196

Independent Expert to Zarclear

Nodus Capital TS Proprietary Limited
Building 2, Commerce Square Office Park
39 Rivonia Rd
Sandhurst, 2196

African Phoenix Investments Limited

9th Floor, Katherine Towers
1 Park Ln, Wierda Valley
Sandton, 2196
Registration number: 1946/021193/06
Date of incorporation: 30 March 1946
Place of incorporation: South Africa

Company Secretary of African Phoenix

MCC Contracts Proprietary Limited
9th Floor, Katherine Towers
1 Park Ln, Wierda Valley
Sandton, 2196

Legal Advisor to African Phoenix

Herbert Smith Freehills 4th Floor
Rosebank Towers
15 Biermann Avenue
Rosebank
2196

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IMPORTANT LEGAL NOTICES AND DISCLAIMERS

The definitions and interpretations commencing on page 9 shall apply, *mutatis mutandis*, to this section (unless the context indicates otherwise).

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION. NOT FOR GENERAL RELEASE IN THE UNITED STATES – SEE FURTHER INFORMATION BELOW.

DISCLAIMERS

The release, publication or distribution of this Circular in certain jurisdictions may be restricted by Law and therefore Persons in any such jurisdictions into which this Circular is released, published or distributed should inform themselves about and observe such restrictions. In particular, subject to certain exceptions, this Circular is not for general circulation in the United States of America. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws or other legal requirements of any such jurisdiction. To the fullest extent permitted by applicable Law, Zarclear, the Zarclear Directors, African Phoenix and the African Phoenix Directors, as well as Zarclear's and African Phoenix's advisors disclaim any responsibility or liability for the failure by any Person to inform themselves of or to observe or for any violation of such requirements by any such Person. This Circular is not intended to and does not constitute, or form part of, any offer, invitation or the solicitation of any offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the acquisitions of securities contemplated hereby or otherwise nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable Law.

To the extent that the distribution of this Circular in certain jurisdictions outside South Africa may be restricted or prohibited by the Laws of such foreign jurisdiction, then this Circular is deemed to have been provided for information purposes only and neither Zarclear, nor the Zarclear Directors, nor African Phoenix, nor the African Phoenix Directors, nor Zarclear's and African Phoenix's advisors, accept any responsibility for any failure by any Person to inform themselves about, and to observe, any applicable legal requirements in any relevant foreign jurisdiction.

IMPORTANT INFORMATION FOR FOREIGN ORDINARY SHAREHOLDERS

This Circular has been prepared for the purposes of complying with the Companies Act and the Takeover Regulations, in each case as applicable in South Africa or to South African companies, and is published in terms thereof. The information disclosed in this Circular may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the Laws of any jurisdiction outside of South Africa.

The rights of Foreign Ordinary Shareholders in respect of the Scheme which are the subject of this Circular may be affected by the Laws of the relevant jurisdictions of such Foreign Ordinary Shareholder. Such Foreign Ordinary Shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions. It is the responsibility of any Foreign Ordinary Shareholders to satisfy themselves as to the full observance of the Laws of the relevant jurisdiction in connection with the Scheme, including the obtaining of any governmental, exchange control or other consents or the making of any filings which may be required, the compliance with other necessary formalities, and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction.

This Scheme is governed by the Laws of South Africa and is subject to any applicable Laws and regulations, including, but not limited to, the Companies Act and the Takeover Regulations.

Any Zarclear Ordinary Shareholder who is in doubt as to their position, including, without limitation, their tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

ACTION REQUIRED BY ZARCLEAR ORDINARY SHAREHOLDERS IN RESPECT OF THE SCHEME

The definitions and interpretations commencing on page 9 of this Circular shall apply, *mutatis mutandis*, to this section (unless the context indicates otherwise).

This Circular is important and requires your immediate attention. The actions you need to take are set out below. If you are in any doubt as to the action you should take arising from this Circular, please consult your CSDP, Broker, banker, accountant, legal advisor, other financial intermediary or other professional advisor immediately.

Please take careful note of the following provisions regarding the action required by Zarclear Ordinary Shareholders in respect of the Scheme:

- if you have disposed of all your Zarclear Ordinary Shares, then this Circular should be forwarded to the purchaser to who, or the Broker, CSDP, other financial intermediary or banker through whom, you disposed of your Zarclear Ordinary Shares; and
- in order for the Scheme to become Operative, among other things, the Scheme Resolution must be adopted at the Scheme Meeting. The Independent Board has recommended that Zarclear Ordinary Shareholders vote in favour of the Scheme Resolution.

SCHEME MEETING

The Scheme Meeting will be held at 12:00 on Tuesday, 21 June 2022 at the offices of Zarclear situated on the 9th Floor, Katherine Towers, 1 Park Lane, Wierda Valley, Sandton (or any adjourned or postponed date in accordance with the provisions of section 64(11) of the Companies Act and the Zarclear MOI) to consider and, if deemed fit, pass, with or without modification, the Resolutions set out in the Notice.

I. VOTING AND ATTENDANCE AT THE SCHEME MEETING

A. Certificated Shareholders without Own-Name Registration

If you wish to attend the Scheme Meeting, or appoint a proxy to represent you at the Scheme Meeting, you should instruct your CSDP or Broker to issue you with the necessary letter of representation to attend the Scheme Meeting, in the manner stipulated in your Custody Agreement. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature. You will not be permitted to attend, speak or vote at the Scheme Meeting, or send a proxy to represent you at the Scheme Meeting, without the necessary letter of representation being issued to you.

If you do not wish to, or are unable to, attend (or appoint a proxy to represent you at) the Scheme Meeting, but wish to vote at the Scheme Meeting, you should provide your CSDP or Broker with your voting instructions in the manner stipulated in your Custody Agreement. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature. If your CSDP or Broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in your Custody Agreement, if any.

You must NOT complete the attached Form of Proxy (*yellow*).

B. Certificated Zarclear Ordinary Shareholders with Own-Name Registration

Subject to sections 56 and 57 of the Companies Act, you may attend, speak and vote at the Scheme Meeting.

If you do not wish to or are unable to attend the Scheme Meeting and wish to be represented thereat, you must complete the Form of Proxy (*yellow*) which is attached to and forms part of this Circular, in accordance with the instructions contained herein and ensure that it is received by the Transfer Secretaries by no later than 48 hours before the Scheme Meeting that is to be held at 12:00 on Tuesday, 21 June 2022 i.e. by 12:00 on Friday, 17 June 2022. The Form of Proxy (*yellow*) may also be submitted to the chairperson of the Scheme Meeting (or adjourned or postponed Scheme Meeting) at any time before the proxy exercises any rights of the Zarclear Ordinary Shareholder at the Scheme Meeting by emailing it to the Company Secretary of Zarclear at Mosa.Matlosa@computershare.co.za and copying the Transfer Secretaries at proxy@computershare.co.za.

In light of the guidance from the South African Government regarding the need for social distancing, as a result of the COVID-19 pandemic, shareholders are encouraged to make use of proxies for the purposes of voting at the Scheme Meeting.

C. **Electronic participation at the Scheme Meeting**

Should any Zarclear Ordinary Shareholder (or any proxy for a Zarclear Ordinary Shareholder) wish to participate in the Scheme Meeting by way of electronic communication, that Zarclear Ordinary Shareholder should make application to so participate in writing (including details as to how the Zarclear Ordinary Shareholder or its representative (including its proxy) can be contacted) to the Transfer Secretaries and/or its Company Secretary at its address below, to be received by the Transfer Secretaries and/or the Company Secretary at least 5 (five) Business Days prior to the Scheme Meeting in order for the Transfer Secretaries and/or the Company Secretary to arrange for the Zarclear Ordinary Shareholder (or its representative or proxy) to provide reasonably satisfactory identification to the Transfer Secretaries and/or the Company Secretary for the purposes of section 63(1) of the Companies Act and for the Transfer Secretaries and/or Company Secretary to provide the Shareholder or its representative (including its proxy) with details as to how to access any electronic communication to be provided. Zarclear reserves the right to elect not to provide for electronic communication at the Scheme Meeting in the event that, as a result of such electronic communication, it will not be or is not possible for all Zarclear Ordinary Shareholders to communicate concurrently with each other without an intermediary or to participate reasonably effectively in the Scheme Meeting. The costs of accessing any means of electronic communication provided by Zarclear will be borne by the Zarclear Ordinary Shareholder so accessing the electronic communication.

Zarclear Ordinary Shareholders and their appointed proxies attending by way of electronic communication will not be able to cast their votes at the Scheme Meeting through this medium. Accordingly, Zarclear Ordinary Shareholders making use of the electronic participation facility are requested to submit their Forms of Proxy to the Company, as directed.

II. **GENERAL**

A. **Approval of the Scheme at the Scheme Meeting**

The Scheme must be approved by a Special Resolution of Zarclear Ordinary Shareholders at the Scheme Meeting at which sufficient Zarclear Ordinary Shareholders must be present to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised on the Scheme Resolution.

In order to be approved, the Scheme Resolution must be supported by at least 75% of the voting rights exercised on the resolution, excluding the vote of African Phoenix.

B. **Court approval**

Zarclear Ordinary Shareholders are advised that, in terms of section 115(3) of the Companies Act, Zarclear may in certain circumstances not proceed to implement the Scheme without the approval of the Court, despite the fact that the Scheme Resolution has been adopted at the Scheme Meeting.

A copy of section 115 of the Companies Act pertaining to the required approvals for the Scheme is set out in **Annexure 4** to this Circular.

C. **Dissenting Shareholders**

A Zarclear Ordinary Shareholder who is entitled to vote on the Scheme Resolution is entitled to seek relief in terms of section 164 of the Companies Act if that Zarclear Ordinary Shareholder:

- notified Zarclear in advance and in writing of its intention to oppose the Scheme Resolution; and
- voted against the Scheme Resolution, but the Scheme Resolution was adopted.

A copy of section 164 of the Companies Act pertaining to Dissenting Ordinary Shareholders' Appraisal Rights is set out in **Annexure 5** to this Circular.

III. **TRP APPROVALS**

Zarclear Ordinary Shareholders are advised that the Scheme constitutes an "*affected transaction*" as defined in section 117(1)(C) of the Companies Act and, as such, the Scheme is regulated by the Companies Act and the Takeover Regulations.

Zarclear Ordinary Shareholders should take note that the TRP, in approving this Circular and otherwise exercising its powers and functions with regard to the Scheme, including issuing the TRP Compliance Certificate, does not consider or express any opinion or view on the commercial advantages or disadvantages of the Scheme.

IV. FOREIGN ORDINARY SHAREHOLDERS

The distribution of and implications of the Circular may be affected by the Laws of the relevant jurisdiction of a Foreign Ordinary Shareholder. In particular, subject to certain exceptions, this Circular is not for general circulation in the United States of America. It is the responsibility of Foreign Ordinary Shareholders to satisfy themselves as to the full observance of the Laws and regulatory requirements of the relevant jurisdiction in connection with the receipt of the Scheme Consideration pursuant to the Scheme becoming Operative, including the obtaining of any governmental, exchange control or other consents, the making of any filings which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction. If you are in any doubt as to your position and/or what action to take, please consult your CSDP, Broker, legal advisor, accountant, banker, other financial intermediary or other professional advisor immediately.

If you are a Foreign Ordinary Shareholder, your attention is drawn to **Annexure 3** to this Circular for further details concerning the Scheme, as applicable to you.

V. LOST OR DESTROYED DOCUMENTS OF TITLE IN RESPECT OF CERTIFICATED ORDINARY SHAREHOLDERS

If Documents of Title have been lost or destroyed, Certificated Ordinary Shareholders should nevertheless return the Form of Surrender and Transfer (*blue*) duly signed and completed. The Transfer Secretaries shall issue a suitable indemnity form (in a form and substance acceptable to Zarclear and African Phoenix) for completion and signature by such Certificated Ordinary Shareholder, who will be responsible for satisfying Zarclear that the Documents of Title have been lost or destroyed.

Only upon receipt of such indemnity form duly completed and signed by such Certificated Ordinary Shareholder and accompanied by satisfactory evidence of such loss or destruction, will Zarclear consider the action taken by such Certificated Ordinary Shareholder in terms of the Scheme.

VI. SURRENDER OF DOCUMENTS OF TITLE

A. Certificated Ordinary Shareholders without Own-name Registration

You do not have to surrender any Documents of Title. This will be done by your CSDP or Broker. You must NOT complete the attached Form of Surrender and Transfer (*blue*).

B. Certificated Ordinary Shareholders with Own-name Registration

If you hold Certificated Ordinary Shares and wish to participate in the Scheme, you should pay special attention to the provisions of this paragraph B.

If the Scheme becomes Operative, you will be required to surrender your Documents of Title in respect of all your Zarclear Ordinary Shares in order to claim the Scheme Consideration deliverable to you.

If you wish to expedite receipt of the Scheme Consideration and surrender your Documents of Title in anticipation of the Scheme becoming Operative, you should complete the attached Form of Surrender and Transfer (*blue*) and return it, together with the relevant Documents of Title relating to all your Zarclear Ordinary Shares, in accordance with the instructions contained therein, to the Transfer Secretaries to be received by no later than 12:00 on the Scheme Record Date.

Should you surrender your Documents of Title in anticipation of the Scheme becoming Operative and the Scheme then does not become Operative, the Transfer Secretaries shall, within 5 (five) Business Days of the latest of: (i) the date upon which it becomes known that the Scheme will not become Operative; and (ii) receipt by the Transfer Secretaries of the relevant Documents of Title, return the Documents of Title to you, by registered post, at your own risk.

VII. **POSTING FORMS OF SURRENDER AND TRANSFER (*BLUE*) AND DOCUMENTS OF TITLE**

Forms of Surrender and Transfer (*blue*) and Documents of Title that are sent through the post are sent at the risk of the Zarclear Ordinary Shareholder concerned. Accordingly, Zarclear Ordinary Shareholders should take note of postal delivery times so as to ensure that the forms and relevant Documents of Title are received timeously. It is therefore recommended that such forms and Documents of Title rather be sent by registered post or delivered by hand to the Transfer Secretaries.

VIII. **OTHER**

The contents of this Circular do not purport to constitute legal advice or to comprehensively deal with the legal, regulatory and tax implications of the Scheme or any other matter for each Zarclear Ordinary Shareholder. Zarclear Ordinary Shareholders are accordingly advised to consult their professional advisors about their personal legal, regulatory and tax positions regarding the Scheme or any other matter and in particular the receipt of the Scheme Consideration, as applicable.

Neither Zarclear nor African Phoenix accepts responsibility, or will be held liable, for any act of or omission by any CSDP or Broker, including, without limitation, any failure on the part of the CSDP or Broker or any registered holder of Scheme Shares to notify any Beneficial Owner of the transactions set out in this Circular or to take any action on behalf of such Beneficial Owner.

SALIENT DATES AND TIMES (REFER TO NOTE 1 BELOW)

2022

Record date to determine which Zarclear Ordinary Shareholders are eligible to receive this Circular (“ Record Date ”)	17 May 2022
Circular posted to Zarclear Ordinary Shareholders and Notice published on African Phoenix and Zarclear websites on	20 May 2022
Last day to trade Zarclear Ordinary Shares in order to be recorded in the Register to attend, participate in and vote at the Scheme Meeting, being the “ Voting Last Day to Trade ”	15 June 2022
Record date for Zarclear Ordinary Shareholders to be recorded in the Register in order to be eligible to attend, participate in and vote at the Scheme Meeting, being the “ Voting Record Date ”, close of trade on	17 June 2022
Last day and time to lodge Forms of Proxy (<i>yellow</i>) with the Transfer Secretaries, 12:00 on (<i>refer to note 3 below</i>)	17 June 2022
Last time for Zarclear Ordinary Shareholders who wish to object to the Scheme to give notice to Zarclear of their objections to the Scheme Resolution in terms of section 164(3) of the Companies Act, 12:00 on	21 June 2022
Forms of Proxy (<i>yellow</i>) not lodged with the Transfer Secretaries to be submitted to the chairperson of the Scheme Meeting at any time before the proxy exercises any rights of the Zarclear Ordinary Shareholder at the Scheme Meeting on	21 June 2022
Scheme Meeting to be held, 12:00 on	21 June 2022
Results of the Scheme Meeting released on the Zarclear and African Phoenix websites on or about	21 June 2022
If the Scheme is approved by Zarclear Ordinary Shareholders at the Scheme Meeting:	
Last day for Zarclear Ordinary Shareholders who voted against the Scheme to require Zarclear to seek Court approval for the Scheme in terms of section 115(3)(a) of the Companies Act, if at least 15% of the total votes of Zarclear Ordinary Shareholders at the Scheme Meeting were exercised against the Scheme	28 June 2022
Last day for Zarclear Ordinary Shareholders who voted against the Scheme to apply for a Court to review the Scheme in terms of section 115(3)(b) of the Companies Act if less than 15% of the total votes of Zarclear Ordinary Shareholders at the Scheme Meeting were exercised against the Scheme (<i>refer to note 5 below</i>)	6 July 2022
Last date for Zarclear to give notice of adoption of the Scheme Resolution to Dissenting Shareholders in accordance with section 164(4) of the Companies Act (<i>refer to note 5 below</i>)	6 July 2022
Assuming notice of adopting of the Scheme Resolution is given to Dissenting Shareholders on 22 June 2022, last day for Dissenting Shareholders to make a demand to Zarclear that Zarclear pay such Dissenting Shareholders the fair value of all Zarclear Ordinary Shares held by them, in terms of section 164(7) of the Companies Act	14 July 2022
<i>The following dates assume that no Court approval of the Scheme is required and these dates will be confirmed in an announcement if the Scheme becomes Operative:</i>	
TRP Compliance Certificate issued in terms of section 121(b) of the Companies Act, expected by	7 July 2022
Expected “ Scheme Record Date ”, being the date on which Scheme Participants must be recorded in the Register to receive the Scheme Consideration, by close of trade on	8 July 2022
Expected “ Scheme Implementation Date ” on or about	11 July 2022
Certificated Scheme Participants who have: (i) lodged their Forms of Surrender and Transfer (<i>blue</i>); and (ii) provided details for their CSDP or Broker to the Transfer Secretaries on or prior to 12:00 on the Share Scheme Record Date expected to have the Scheme Consideration credited to their CSDP accounts or issued to them in own name.	11 July 2022

Notes:

- (1) All of the above dates and times are subject to change as may be agreed between Zarclear and African Phoenix, with the approval of the TRP, if required. The dates have been determined based on certain assumptions regarding the dates by which certain Regulatory Approvals including, but not limited to, TRP approval and Exchange Control approval will be obtained and that no Court approval of the Scheme will be required. Any change will be released on the Zarclear and African Phoenix websites.
- (2) Certificated Ordinary Shareholders with Own-Name Registration may submit a Form of Proxy (*yellow*) at any time before the commencement of the Scheme Meeting (or any adjournment or postponement of the Scheme Meeting) or submit it to the chairperson of the Scheme Meeting before the appointed proxy exercises any of the relevant Zarclear Ordinary Shareholder’s rights at the Scheme Meeting (or any adjournment or postponement of the Scheme Meeting), provided that should a Zarclear Ordinary Shareholder lodge a Form of Proxy (*yellow*) with the Transfer Secretaries less than

48 hours (excluding Saturdays, Sundays and gazetted national public holidays) before the Scheme Meeting, such Zarclear Ordinary Shareholder will also be required to furnish a copy of such Form of Proxy (*yellow*) to the chairperson of the Scheme Meeting by emailing it to the Company Secretary of Zarclear at Mosa.Matlosa@computershare.co.za and copying the Transfer Secretaries at proxy@computershare.co.za before the appointed proxy exercises any of such Zarclear Ordinary Shareholder's rights at the Scheme Meeting (or adjourned or postponed Scheme Meeting). Certificated Ordinary Shareholders without Own-Name Registration who wish to attend the Scheme Meeting, or appoint a proxy to represent them at the Scheme Meeting, should instruct their CSDPs or Brokers to issue them with the necessary letters of representation to attend the Scheme Meeting, in the manner stipulated in their Custody Agreement.

- (3) If the Scheme Meeting is adjourned or postponed, Forms of Proxy (*yellow*) submitted for the initial Scheme Meeting will remain valid in respect of any adjournment or postponement of the Scheme Meeting.
- (4) If the Scheme becomes Operative, Certificated Ordinary Shares may not be dematerialised or rematerialised after the Scheme Last Day to Trade.

DEFINITIONS AND INTERPRETATIONS

In this Circular and its Annexures, unless otherwise stated or the context indicates otherwise, the words and expressions in the first column shall have the meanings stated opposite them in the second column, and words and expressions in the singular shall include the plural and vice versa, words importing natural persons shall include juristic persons and unincorporated associations of persons and *vice versa*, and any reference to one gender shall include the other genders.

“ Appraisal Rights ”	in respect of the Scheme, the rights afforded to Zarclear Ordinary Shareholders under section 164 of the Companies Act;
“ AP Ordinary Shares ”	ordinary par value shares of R0.025 each issued by African Phoenix which will be converted into shares with no par value;
“ Beneficially Owned ”	in relation to a share, having any form of “ <i>beneficial interest</i> ” (as defined in section 1 of the Companies Act) in that share, and “ Beneficial Owner ” shall be construed accordingly;
“ Business Day ”	any day other than a Saturday, Sunday or a gazetted national public holiday in South Africa;
“ Certificate ” or “ Certificated ”	Zarclear Ordinary Shares that are evidenced by physical share certificates and/or other Documents of Title;
“ Certificated Ordinary Shareholder ”	a holder of Zarclear Ordinary Shares evidenced by share certificates and/or other physical Documents of Title;
“ Certificated Ordinary Shares ”	Zarclear Ordinary Shares which are represented by a share certificate or other Documents of Title;
“ the/this Circular ”	this bound document, dated 20 May 2022, including the Annexures hereto and incorporating the Notice, a Form of Proxy (<i>yellow</i>) and a Form of Surrender and Transfer (<i>blue</i>);
“ Companies Act ”	the Companies Act No. 71 of 2008, as amended;
“ Court ”	any South African court with competent jurisdiction to approve the implementation of the Scheme Resolution set out in the Notice pursuant to section 115 of the Companies Act and/or to review the Scheme Resolution and/or to determine the fair value of the Scheme Shares and/or to make an order pursuant to section 164(14) of the Companies Act;
“ Custody Agreement ”	the custody mandate agreed between the Dematerialised Ordinary Shareholder and a CSDP or Broker, governing their relationship in respect of Dematerialised Ordinary Shares held by a Dematerialised Ordinary Shareholder on the Uncertificated Securities Share Register and administered by a CSDP or Broker on behalf of that Dematerialised Ordinary Shareholder;
“ Dissenting Shareholders ”	Zarclear Ordinary Shareholders who: (i) validly exercise their Appraisal Rights (if any) in relation to the Scheme by giving written notice to Zarclear objecting to the Scheme Resolution, voting against the Scheme Resolution and making a demand in accordance with sections 164(5), 164(7) and 164(8) of the Companies Act, that Zarclear pay to them the fair value of their Zarclear Ordinary Shares; and (ii) have not withdrawn that demand or allowed an offer by Zarclear to lapse as contemplated in sections 164(9)(a) or (b), or section 164(15)(c)(v)(aa) of the Companies Act;
“ Documents of Title ”	a share certificate, certified transfer deed, balance receipt and/or any other form of document of title acceptable to Zarclear and African Phoenix in respect of Zarclear Ordinary Shares;

“Encumbrance”	<ul style="list-style-type: none"> (i) any mortgage, pledge, hypothecation, lien, option, restriction, right of first refusal, right of pre-emption, right of retention, right of set-off, third party right or interest, assignment, in security, title extension, trust arrangement, cession in security, security interest of any kind or any other encumbrance of any kind; and (ii) any other type of preferential transaction or agreement having, or which might have, the effect of Encumbering as contemplated in (i), whether or not subject to a condition precedent, and the words “Encumbered” and “Encumber” shall bear corresponding meanings;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended, and all directives and rulings issued thereunder;
“Foreign Ordinary Shareholder”	a Zarclear Ordinary Shareholder who has a registered address outside of South Africa and/or who is a national, citizen, or resident of a country other than South Africa;
“Financial Markets Act”	the Financial Markets Act No. 19 of 2012, as amended;
“Joint Announcement”	the joint announcement in respect of among other things, the Scheme, released by Zarclear and African Phoenix, on 8 March 2022;
“Form of Proxy (<i>yellow</i>)”	the form of proxy (<i>yellow</i>), which is attached to and forms part of this Circular;
“Form of Surrender and Transfer (<i>blue</i>)”	the form of surrender and transfer (<i>blue</i>) of Documents of Title, which is attached to and forms part of this Circular;
“General Meeting”	<p>the general meeting of African Phoenix Ordinary Shareholders convened in terms of the Companies Act to be held at 10:00 on Tuesday, 21 June 2022 as soon as possible, in connection with the Scheme for the purpose of considering and, if deemed fit, approving, with or without modification:</p> <ul style="list-style-type: none"> (i) the issue of the Scheme Consideration to the Scheme Participants, in terms of section 41(3) of the Companies Act, being a special resolution of the ordinary shareholders of African Phoenix to approve the issue of shares that will be equal to or exceed 30% of the voting power of all of the ordinary shares in African Phoenix; (ii) the conversion of its authorised and issued shares to no par value shares and the increase of the number of authorised shares, and the amendment to African Phoenix’s Memorandum of Incorporation to reflect such change; together with any reconvened general meeting/s held as a result of the adjournment or postponement of that general meeting;
“Governmental Authority”	<ul style="list-style-type: none"> (i) the government of any applicable jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof; and (ii) any governmental, quasi-governmental body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental authority or quasi-governmental authority within any applicable jurisdiction;
“Independent Board”	the independent board of Zarclear comprising: (i) Fatima Vawda; (ii) Paul Baloyi; and (iii) Zolani Matthews, constituted in accordance with regulation 108(8) of the Takeover Regulations in order to consider the terms and conditions of the Scheme, all of whom are independent Zarclear Directors;
“Independent Expert”	Nodus Capital TS (Pty) Ltd, registration number: 2014/226782/07. a private company incorporated in accordance with the Laws of South Africa, whose further details are set out in the section of this Circular entitled “ <i>Corporate Information and Advisors</i> ”;

“Independent Expert’s Report”	the fair and reasonable opinion regarding the Scheme, in the form of a report contemplated in section 114(3) of the Companies Act and regulation 90 of the Takeover Regulations which is set out in Annexure 1 to this Circular;
“Last Practicable Date”	Tuesday, 17 May 2022, being the last practicable date prior to the finalisation of this Circular;
“Law” or “Laws”	Law or laws, legislation, statutes, regulations, directives, orders, notices, promulgations and other decrees of any Governmental Authority which have force of law or which would be an offence not to obey, and common law, all of the aforementioned as modified, re-enacted, restated, replaced or re-implemented from time to time;
“Long Stop Date”	14 August 2022 or such later date as may be agreed in writing by Zarclear and African Phoenix to be the Long Stop Date, and released on African Phoenix and Zarclear websites;
“Operative”	in respect of the Scheme, when all the Scheme Conditions have been fulfilled or waived, as the case may be;
“Ordinary Resolution”	a resolution adopted by shareholders with the support of more than 50% of the voting rights exercised on the Resolution;
“Person”	includes any individual, body corporate, trust, company, close corporation, Government Authority, corporate entity, unincorporated association or other entity, whether or not recognised under Law as having separate legal existence or personality and wherever incorporated, created or established;
“Regulatory Approvals”	the approvals, authorisations, consents, exemptions, clearances or confirmations of non-opposition, from Government Authorities which are necessary in terms of any applicable laws to implement the Scheme;
“Scheme”	the scheme of arrangement in terms of section 114(1)(c) of the Companies Act, to be proposed by the Zarclear Board between Zarclear and the eligible Zarclear Ordinary Shareholders, in terms of which, if implemented: <ul style="list-style-type: none"> (i) the Scheme Participants will be deemed to have disposed of their shares to African Phoenix for the Scheme Consideration; and (ii) African Phoenix shall be obliged to issue the Scheme Consideration to the Scheme Participants in consideration for the disposal of the Scheme Shares to African Phoenix, on the terms and conditions set out in the Scheme Circular, and subject to any amendment or variation, as contemplated in the Scheme Circular;
“Scheme Conditions”	the suspensive conditions to the Scheme as set out in paragraph 5 of the Circular;
“Scheme Consideration”	7 (seven) AP Ordinary Shares for every one Scheme Share held by the Scheme Participants on the Scheme Record Date to be issued by African Phoenix to the Scheme Participants;
“Scheme Implementation Date”	expected to be on 11 July 2022;
“Scheme Participants”	any person who is recorded in the Register as a holder of Zarclear Ordinary Shares on the Scheme Record Date, excluding Dissenting Shareholders who have not whether voluntarily or pursuant to a final order of the Court, withdrawn their demand made in terms of section 164(5) and 164(8) of the Companies Act before the Scheme Record Date, or allowed any offers made to them in terms of section 164(11) of the Companies to lapse before the Scheme Record Date, being persons who are entitled to receive the Scheme Consideration;
“Scheme Meeting”	the general meeting of Zarclear Ordinary Shareholders convened in terms of the Companies Act to be held at 12:00 on 21 June 2022 for the purposes of considering and, if deemed fit, approving, with or without modification, the Scheme Resolutions contained in the Notice, together with any reconvened general meeting(s) held as a result of the adjournment or postponement of that general meeting;

“Scheme Resolution”	the Special Resolution required to be approved by Zarclear Ordinary Shareholders at the General Meeting in order to implement and give effect to the Scheme in terms of sections 114 and 115 of the Companies Act;
“Scheme Shares”	all of the Zarclear Ordinary Shares held by the Scheme Participants on the Scheme Record Date;
“Takeover Regulations”	the regulations set out in Chapter 5 of the Companies Regulations, promulgated under the Companies Act;
“TRP”	the Takeover Regulation Panel, established in terms of section 196 of the Companies Act;
“TRP Compliance Certificate”	a compliance certificate to be issued by the TRP to Zarclear in terms of section 121(b) of the Companies Act in respect of the Scheme;
“Zarclear MOI”	the Memorandum of Incorporation of Zarclear at the Last Practicable Date;
“Zarclear Ordinary Shareholder”	a registered holder of one or more Zarclear Ordinary Shares or, in relation to voting, any other Person who is entitled to exercise the voting rights attaching to such Ordinary Shares; and
“Zarclear Ordinary Shares”	ordinary shares with no par value each issued by Zarclear.

african phoenix
investments limited

AFRICAN PHOENIX INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1946/021193/06)

("African Phoenix")



ZARCLEAR HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2000/013674/06)

("Zarclear")

African Phoenix Directors

Executive Directors

Oyama Andrew Mabandla

Andrew James Hannington

Warren Hampden Chapman

Independent Non-Executive Directors

Neal Steffan Sennett

Noah Nookalu Gungia Naidoo

Dineo Maithufi

Zarclear Directors

Executive Directors

Warren Hampden Chapman

Andrew James Hannington

Amanda Valerie Munro-Smith

Independent Non-Executive Directors

Fatima Essop Vawda

Paul Cambo Baloyi

Zolani Kgosietsile Matthews

COMBINED CIRCULAR TO ZARCLEAR ORDINARY SHAREHOLDERS

1. INTRODUCTION

- 1.1 Zarclear Ordinary Shareholders are referred to the Joint Announcement released by Zarclear and African Phoenix on their respective websites on 8 March 2022. In the Joint Announcement, Zarclear Ordinary Shareholders were advised that, among other things, African Phoenix had made an offer to acquire the Zarclear Ordinary Shares from the Zarclear Ordinary Shareholders by way of a single offer, constituted by the Scheme, in terms of which, if implemented, the Scheme Participants will be deemed to have disposed of the Scheme Shares to African Phoenix for the Scheme Consideration, which will be payable by African Phoenix to the Scheme Participants on the Scheme Implementation Date.
- 1.2 The operation and implementation of the Scheme is subject to the fulfilment or waiver, as the case may be, of the Scheme Conditions including, among other things, approval of the Scheme Resolution by Zarclear Ordinary Shareholders. If the Scheme Conditions are not fulfilled or waived, as the case may be, on or before the Long Stop Date, the Scheme will not become Operative and will not be implemented.
- 1.3 The Scheme Consideration represents a premium of 7.36% to Net Asset Value of Zarclear. As there is no active trading in the shares of Zarclear, the premium is calculated with reference to the Net Asset Value.

2. PURPOSE OF THIS CIRCULAR

- 2.1 The purpose of this Circular is to provide Zarclear Ordinary Shareholders with relevant information regarding the Scheme, including the Independent Expert's Report, the recommendation of the Independent Board in respect of the Scheme, and to give notice convening the Scheme Meeting in order to consider and, if deemed fit, to pass with or without modification the Resolutions necessary to approve and implement the Scheme in accordance with the Companies Act and the Takeover Regulations. A notice of the Scheme Meeting is attached to, and forms part of, this Circular.
- 2.2 To obtain a full understanding of the terms and conditions of the Scheme, this Circular should be read in its entirety.

3. RATIONALE FOR THE SCHEME

The strategic benefits of the Scheme are numerous and compelling. Some of these benefits are outlined below:

- 3.1 It will eliminate the cross-holding structure in terms of which African Phoenix currently holds 29.05% of the Zarclear Ordinary Shares and Zarclear holds 23.51% of the AP Ordinary Shares.
- 3.2 It will significantly reduce the administrative costs associated with operating two separate public companies as well as general cost reductions resulting from greater economies of scale.
- 3.3 It will result in a larger balance sheet.
- 3.4 Zarclear will benefit from African Phoenix's excellent Black Economic Empowerment credentials.
- 3.5 It will result in the diversification of the asset base of onshore and offshore assets.
- 3.6 Both companies have complementary portfolios.

4. INFORMATION ABOUT AFRICAN PHOENIX

- 4.1 African Phoenix is a public investment holding company with approximately 6,000 shareholders. It has a NAV of approximately ZAR1.2 billion and holds a 29.05% stake in Zarclear.
- 4.2 African Phoenix's primary aim is to create and sustain long-term value and to invest in assets over a 3 (three) to 5 (five) year horizon.
- 4.3 Its primary investment focus is a portfolio of equity interests in listed and unlisted companies achieving above average returns.
- 4.4 It will have a secondary investment focus of holding cash, bonds, debt instruments, derivatives, collateralised notes and fund participations.
- 4.5 African Phoenix is not expected to pay any dividends before June 2024.

5. TERMS AND CONDITIONS OF THE SCHEME

In terms of section 114(1)(c) of the Companies Act, the Zarclear Board proposes the Scheme, as set out in this paragraph 5, between Zarclear and the Zarclear Ordinary Shareholders.

5.1 Scheme Conditions

- 5.1.1 The implementation of the Scheme is subject to the fulfilment or waiver, as the case may be, of each of the following Scheme Conditions by no later than the Long Stop Date:
 - (A) the Scheme Resolution having been approved by Zarclear Ordinary Shareholders at the Scheme Meeting;
 - (B) either:
 - (1) no Zarclear Ordinary Shareholder having exercised its Appraisal Rights by: (i) delivering notice objecting to the Scheme Resolution as contemplated in section 164(3) of the Companies Act; (ii) voting against the Scheme Resolution; and (iii) delivering a valid demand, as contemplated in sections 164(5) to 164(8) of the Companies Act, within the time periods prescribed in sections 164(3) and (7) of the Companies Act; or
 - (2) if Appraisal Rights are validly exercised as aforesaid, they are not exercised in respect of more than 2.5% of the Zarclear Ordinary Shares not held by African Phoenix;
 - (C) if the Scheme Resolution is opposed by 15% or more of the voting rights exercised on the Scheme Resolution and, within 5 (five) Business Days after the vote, any Person who voted against the Scheme Resolution requires Zarclear to seek approval of a Court in terms of section 115(3)(a) as read with section 115(5)(a) of the Companies Act, the Court having approved the implementation of the Scheme Resolution;
 - (D) if any Person who voted against the Scheme Resolution applies to Court for a review of the Scheme Resolution in terms of sections 115(3)(b) and 115(6) of the Companies Act, either: (i) the Court having declined to grant leave to that Person for a review of the Scheme Resolution; or (ii) if leave for a review of the Scheme Resolution is granted by the Court, the Court having declined to set aside the Scheme Resolution in accordance with section 115(7) of the Companies Act;

- (E) African Phoenix shareholder approval is obtained at the General Meeting and the amended memorandum of incorporation is filed with CIPC; and
 - (F) the Regulatory Approvals required to implement the Share Scheme having been duly obtained, in each case either unconditionally or, to the extent that any Regulatory Approval is subject to any obligation, undertaking, condition or qualification, African Phoenix shall have confirmed in writing that such obligation, undertaking, condition or qualification is acceptable to African Phoenix and African Phoenix shall not unreasonably withhold or delay such confirmation.
- 5.1.2 African Phoenix and Zarclear shall use their reasonable endeavours to procure the fulfilment of the Scheme Conditions as soon as reasonably practicable.
- 5.1.3 Save as otherwise provided in paragraph 5.1.1, the Scheme Conditions must be fulfilled or, where waiver is permitted, waived by no later than the Long Stop Date. Zarclear and African Phoenix shall be entitled to extend the Long Stop Date by written agreement. If the Long Stop Date is extended, the amended date will be released on the African Phoenix and Zarclear websites and, if required, published in the South African press.
- 5.1.4 African Phoenix is entitled to waive (in whole or in part) the Scheme Condition referred to in paragraph 5.1.1(B) by notice in writing delivered to Zarclear. If any of that Scheme Condition is waived, details of such waiver will be released on the African Phoenix and Zarclear websites and, if required, published in the South African press.
- 5.1.5 The Scheme Conditions in paragraphs 5.1.1(A), 5.1.1(C), 5.1.1(E) and 5.1.1(F) are regulatory in nature and cannot be waived.
- 5.1.6 Save as provided in paragraph 5.1.4 and subject to paragraph 5.1.5, neither African Phoenix nor Zarclear may waive any Scheme Condition unless that waiver is agreed to in writing by both Zarclear and African Phoenix and is permissible in Law.
- 5.1.7 An announcement will be released on the African Phoenix and Zarclear websites and, where required, published in the South African press as soon as possible after: (i) the fulfilment, or waiver, as the case may be, of all of the Scheme Conditions; or (ii) the non-fulfilment of any Scheme Condition.

5.2 Settlement of the Scheme Consideration

- 5.2.1 Subject to paragraph 5.2.3 and subject to the Scheme becoming Operative, on the Scheme Implementation Date the Scheme Participants shall receive the Scheme Consideration. Zarclear Ordinary Shareholders are reminded that the settlement of the Scheme Consideration is subject to the Exchange Control Regulations, the salient provisions of which are set out in **Annexure 3** to this Circular.
- 5.2.2 If a Scheme Participant is required to dispose of a fraction of a Scheme Share or becomes entitled to receive a fraction of an AP Ordinary Share then such fraction shall be rounded up to the nearest Scheme Share or AP Ordinary Share if half or more; and rounded down, if the fraction is less than half of a Scheme Share or AP Ordinary Share.
- 5.2.3 Settlement of the Scheme Consideration to Scheme Participants will be administered and effected by the Transfer Secretaries, on behalf of African Phoenix, as set out below.
- 5.2.4 If the Scheme becomes Operative:
- (A) Zarclear Ordinary Shareholders without own-name registration who become Scheme Participants on the Scheme Implementation Date will have their account with their CSDP or Broker credited with the Scheme Consideration and debited with the Scheme Shares on the Scheme Implementation Date, or in the case of Dissenting Ordinary Shareholders who subsequently become Scheme Participants as envisaged in paragraph 5.5.2(B), they will have their account with their CSDP or Broker credited with the Scheme Consideration and their account at their CSDP or Broker debited with the Scheme Shares, on the date contemplated therein; and
 - (B) Certificated Ordinary Shareholders with own-name registration who become Scheme Participants:
 - (1) who have surrendered their Documents of Title and delivered the completed Form of Surrender and Transfer (*blue*) to the Transfer Secretaries on or before 12:00 on the Scheme Record Date, will have their account with their CSDP or Broker credited with the Scheme Consideration, on the Scheme Implementation Date; or

- (2) who surrender their Documents of Title and deliver the completed Form of Surrender and Transfer (*blue*) to the Transfer Secretaries after 12:00 on the Scheme Record Date, will have the Scheme Consideration credited to their account with their CSDP or Broker, within 5 (five) Business Days of the Transfer Secretaries receiving their Documents of Title and completed Form of Surrender and Transfer (*blue*).

5.2.5 If:

- (A) a Certificated Ordinary Shareholder who becomes a Scheme Participant fails to surrender its Documents of Title and completed Form of Surrender and Transfer (*blue*), to the Transfer Secretaries; or
- (B) a Dissenting Ordinary Shareholder subsequently becomes a Scheme Participant pursuant to paragraph 5.5.2(B) and fails to surrender its Documents of Title and completed Form of Surrender and Transfer (*blue*) to the Transfer Secretaries, the Scheme Consideration to be received by such Scheme Participant will be held in trust by Zarclear (or any third party nominated by Zarclear for this purpose, which may include the Transfer Secretaries), who will hold such Scheme Consideration in escrow, until it is claimed by the Scheme Participant concerned. The Scheme Consideration will be held as aforesaid for a maximum period of 3 (three) years from the Scheme Implementation Date, after which period the Scheme Consideration due to such Scheme Participant will be disposed of at the ruling market price and the disposal consideration, less the costs incurred in disposing of the Scheme Consideration will be paid over to the Guardians Fund of the Master of the High Court from which it may be claimed by the Scheme Participant subject to the requirements imposed by the Master of the High Court. No interest will accrue on any such funds and the Scheme Participants irrevocably authorise and appoint Zarclear (or its agents), in rem suam (that is, irrevocably for their advantage), with full power of substitution, to act as agent in the name, place and stead of such Scheme Participants to pay the proceeds of the disposal of the Scheme Consideration to the benefit of the Guardian's Fund in the aforesaid manner.

- 5.2.6 African Phoenix does not currently have sufficient authorised shares to settle the Scheme Consideration. It is a Scheme Condition (paragraph 5.1.1(E) above) that the shareholders of African Phoenix pass the resolutions at the General Meeting in terms of section 41(3) of the Companies Act to issue the shares, converting its shares to no par value shares and increasing the number of its authorised shares, together with the consequential amendment to the African Phoenix Memorandum of Incorporation.

5.3 No Encumbrance

- 5.3.1 Each Scheme Participant is deemed, on and with effect from the Scheme Implementation Date, to have warranted and undertaken in favour of African Phoenix that (i) the relevant Scheme Shares are not subject to a pledge or otherwise Encumbered, or (ii) if subject to any pledge or Encumbrance, such Scheme Shares will be released from such pledge or other encumbrance immediately on discharge of the Scheme Consideration. In this regard, the Scheme Participants irrevocably authorise and appoint African Phoenix (or its agents), in *rem suam* (that is, irrevocably for their advantage), with full power of substitution, to act as agent in the name, place and stead of such Scheme Participants in doing all things and signing all documents in ensuring that the relevant Scheme Shares are released from any pledge or encumbrance, including the removal of any endorsements to that effect in the Register.
- 5.3.2 The Scheme Consideration to which any Scheme Participant is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which the African Phoenix may otherwise be, or claim to be, entitled against such Scheme Consideration.

5.4 Required approvals for the Scheme

- 5.4.1 Pursuant to section 115(2) of the Companies Act, a scheme of arrangement in terms of section 114 of the Companies Act must be approved by a Special Resolution adopted by Zarclear Ordinary Shareholders entitled to exercise voting rights on such matter, at a meeting called for that purpose. At least 25% of the voting rights that are entitled to be exercised on the Special Resolution must be present at the meeting.
- 5.4.2 If at least 15% of the voting rights exercised on the Scheme Resolution oppose it and a Zarclear Ordinary Shareholder who voted against the Scheme Resolution requires, within 5 (five) Business Days after the vote, that Zarclear seek Court approval for the Scheme:

- (A) Zarclear may not proceed to implement the Scheme Resolution without the approval of a Court; and
 - (B) Zarclear must apply to Court for approval within 10 (ten) Business Days after the vote and shall not treat the Scheme Resolution as a nullity.
- 5.4.3 If less than 15% of the voting rights exercised on the Scheme Resolution oppose it and a Zarclear Ordinary Shareholder who voted against the Scheme Resolution applies to Court within 10 (ten) Business Days of the vote for leave to review the Scheme, Zarclear may not proceed to implement the Scheme Resolution unless the Court declines to grant such leave or declines to set aside the Scheme Resolution. The Court may grant such leave only if it is satisfied that the applicant is acting in good faith, appears to be prepared and able to sustain and alleges facts that, if proved, would support the order being sought. A Court may only set aside the Scheme Resolution if the Court finds that the Scheme Resolution is manifestly unfair to Zarclear Ordinary Shareholders or if the vote was materially tainted by a conflict of interest, for inadequate disclosure, failure to comply with the Companies Act or the Zarclear MOI or if there is a significant and material irregularity.

5.5 Dissenting Shareholders

- 5.5.1 Zarclear Ordinary Shareholders are hereby advised of their Appraisal Rights in terms of section 164 of the Companies Act, the full provisions of which are contained in **Annexure 5** to this Circular.
- 5.5.2 If the Scheme becomes Operative, any Zarclear Ordinary Shareholder who:
- (A) is a Dissenting Ordinary Shareholder as at 12:00 on the Scheme Record Date will, subject to paragraph 5.5.2(B), not participate in the Scheme; or
 - (B) ceases to be a Dissenting Shareholder after 12:00 on the Scheme Record Date, shall become a Scheme Participant, provided that transfer of that Dissenting Shareholder's Scheme Shares to African Phoenix shall occur with retrospective effect from the Scheme Record Date and settlement of the Scheme Consideration shall take place in accordance with paragraphs 5.2.4(A) or paragraph 5.2.4(B) of this Circular, as the case may be. For the avoidance of doubt, it is recorded that such Dissenting Shareholder, as a term of the Scheme, authorises Zarclear and/or the Transfer Secretaries in its place and stead, and for and on its behalf, to transfer its Scheme Shares to African Phoenix, against discharge of the Scheme Consideration and to take all other action and steps necessary to give effect to the foregoing.
- 5.5.3 A Dissenting Shareholder who accepts an offer made in terms of section 164(11) of the Companies Act will not participate in the Scheme.
- 5.5.4 Zarclear Ordinary Shareholders wishing to exercise their Appraisal Rights are strongly advised to take professional advice in connection with such decision and should have regard to the fact that, in appropriate circumstances as detailed in section 164 of the Companies Act, the Court is empowered to grant a costs order in favour of, or against, a Dissenting Shareholder.

6. AMENDMENTS, VARIATIONS AND MODIFICATIONS OF THE SCHEME

- 6.1 No amendment, variation or modification of the Scheme shall be valid unless it complies with applicable Law (including the requirements of the TRP) and is consented to by Zarclear and African Phoenix in writing, subject to paragraph 5.1.4, provided that African Phoenix shall, notwithstanding anything to the contrary in the Joint Announcement or this Circular, be entitled (without the consent of Zarclear) to propose a higher Scheme Consideration.
- 6.2 Zarclear Ordinary Shareholders will be notified of any changes to the Scheme by way of announcement published on the African Phoenix and Zarclear websites, and, if required, in the South African press.
- 6.3 All dates and times referred to in this Circular are subject to change. Any such change shall be published on the African Phoenix and Zarclear websites.

7. TAX IMPLICATIONS OF THE SCHEME

The tax implications of the Scheme will depend on the individual tax circumstances of each Scheme Participant and the tax jurisdictions applicable to such Scheme Participant. It is recommended that Scheme Participants seek advice from appropriate professional advisors if they are in any doubt whatsoever about their tax position.

8. TERMINATION EVENTS

- 8.1 The Scheme will terminate with immediate effect, if any or all of the Scheme Conditions have not been fulfilled (or waived, to the extent possible) on or before the relevant date/s for fulfilment or waiver, as applicable.
- 8.2 In the event that the Scheme does not become Operative or is otherwise not implemented for whatsoever reason, the Zarclear Ordinary Shares held by the Dissenting Ordinary Shareholders will not be purchased by Zarclear in terms of section 164 of the Companies Act.

9. OPINIONS AND RECOMMENDATIONS

9.1 The Independent Expert's Report

- 9.1.1 The Independent Expert has provided the Independent Board and the Zarclear Board with the Independent Expert's Report, which is set out in **Annexure 1** to this Circular.
- 9.1.2 The Independent Expert is of the opinion that the Scheme Consideration is fair and reasonable to Scheme Participants.

9.2 Views of the Independent Board and the Zarclear Board

- 9.2.1 The Independent Board, taking into account the Independent Expert's Report, has formed the view that the fair value of a Zarclear Ordinary Share is in the valuation range contained in the Independent Expert's Report.
- 9.2.2 The Independent Board is therefore unanimously of the opinion that the Scheme Consideration is fair and reasonable and unanimously recommends that Zarclear Ordinary Shareholders vote in favour of the Scheme Resolution.
- 9.2.3 The Independent Board has not received any other offers relating to the Zarclear Ordinary Shares in the 6 (six) months preceding the Last Practicable Date.

10. INFORMATION RELATING TO ZARCLEAR AND ZARCLEAR DIRECTORS

10.1 Interests of Zarclear and Zarclear Directors in African Phoenix Shares

- 10.1.1 As at the Last Practicable Date, Zarclear had a beneficial interest in 335,435,546 AP Ordinary Shares (being 23.51% of the issued AP Ordinary Shares), which excludes interests in African Phoenix Shares managed for the benefit of third parties.
- 10.1.2 The following Zarclear Directors have a beneficial interest in African Phoenix Shares:

Directors	African Phoenix	
	No shares	%
Total issued shares net of treasury	1 407 005 272	
W Chapman (indirect)	575 976 112	40.94
A Hannington (indirect)	1 395	0.00
P Baloyi (indirect)	77 090 485	5.48
F Vawda (indirect)	158 697 819	11.28
Z Matthews	–	0.00
A Munro Smith	–	0.00

10.2 Zarclear and Zarclear Directors' dealings in African Phoenix Shares

None.

10.3 Interests of Zarclear Directors in Zarclear Ordinary Shares

The direct and indirect beneficial interests of the Zarclear Directors, including any director who has resigned during the last 18 (eighteen) months, in Zarclear Ordinary Shares, as at the Last Practicable Date, are set out in the table below:

Directors	Zarclear	
	No shares	%
Total issued shares net of treasury	223 161 205	
W Chapman (indirect)	103 877 191	46.55
A Hannington	928	0.00
A Munro Smith	–	0.0
F Vawda	7 314 088	3.28
Z Matthews	–	0.0
P Baloyi	3 552 958	1.59

10.4 Zarclear Directors' dealings in Zarclear Ordinary Shares

As at the Last Practicable Date, no Zarclear Director, including any director who has resigned during the last 18 (eighteen) months, has dealt in Zarclear Ordinary Shares for the period beginning 6 (six) months before the date of the Joint Announcement and ending on the Last Practicable Date.

10.5 Zarclear Directors' continuation in office and remuneration

10.5.1 African Phoenix has not formed any intention to alter the material composition of the Zarclear Board, although this will be considered and may be reconstituted in light of the governance requirements for a wholly-owned unlisted company following the implementation of the Scheme.

10.5.2 The remuneration of the Zarclear Directors will not be affected by the Scheme.

10.5.3 The Zarclear Directors' remuneration and benefits are set out in the consolidated audited historical financial statements of Zarclear for the financial year ended 30 June 2021, which is available on Zarclear's website (www.zarclear.com).

10.6 Service agreements

No service contracts with executive Zarclear Directors have been entered into or amended within 6 (six) months before the date of the Joint Announcement. No service contracts have been concluded between Zarclear and the non-executive Zarclear Directors.

11. INFORMATION RELATING TO AFRICAN PHOENIX AND AFRICAN PHOENIX DIRECTORS

11.1 Interests and dealings of African Phoenix and African Phoenix Directors in Zarclear Ordinary Shares

11.1.1 As at the Last Practicable Date, African Phoenix holds 64,846,265 Zarclear Ordinary Shares (being 29.05% of the issued Zarclear Ordinary Shares).

11.1.2 African Phoenix has had no dealings in Zarclear Ordinary Shares during the period beginning 6 (six) months before the date of the Joint Announcement and ending on the Last Practicable Date.

11.1.3 As at the Last Practicable Date, the following African Phoenix Directors have a beneficial interest in Zarclear Ordinary Shares:

African Phoenix Director	Beneficial interest ⁽¹⁾	
	Zarclear Shares held	%
W Chapman (indirect)	103 877 191	46.6
A Hannington	928	0.0
N Sennett	34 177 658	15.3
Total	138 055 777	61.9

11.1.4 As at the Last Practicable Date, no African Phoenix Director has dealt in Zarclear Ordinary Shares during the period beginning 6 (six) months before the date of the Joint Announcement and ending on the Last Practicable Date.

11.2 Interests of African Phoenix Directors in AP Ordinary Shares

The direct and indirect beneficial interests of African Phoenix Directors in AP Ordinary Shares, as at the Last Practicable Date, are set out in the tables below:

Directors	African Phoenix	
	No shares	%
Total net of treasury	1 407 005 272	
W Chapman (indirect)	575 976 112	40.9
O Mabandla (direct)	32 232 954	2.3
A Hannington	1 395	0.0
N Naidoo	–	0
D Maithufi	–	0
N Sennett	51 372 735	3.7

11.3 African Phoenix Directors' dealings in AP Ordinary Shares,

No African Phoenix Directors have dealt in AP Ordinary Shares during the period beginning 6 (six) months before the date of the Joint Announcement and ending on the Last Practicable Date.

12. IRREVOCABLE UNDERTAKINGS AND VOTING

12.1 As at the Last Practicable Date, African Phoenix has not received any irrevocable undertakings to vote in favour of the Scheme Resolution.

12.2 African Phoenix, Hampden Capital, Ancilla Capital and Andrew Hannington will not vote at the Scheme Meeting.

13. FINANCIAL INFORMATION

13.1 Historical Financial Information of African Phoenix

Historical financial information of African Phoenix for the last 3 (three) financial years ended 30 September 2019, 30 June 2020 and 30 June 2021 is set out in African Phoenix's full audited financial statements. Zarclear Ordinary Shareholders are referred to African Phoenix's website at www.phoenixinvestments.co.za for the full audited financial statements.

13.2 Historical Financial Information of Zarclear

Historical financial information of Zarclear for the last 3 (three) financial years ended 31 March 2019, 30 June 2020 and 30 June 2021 is set out in Zarclear's full audited financial statements. Zarclear Ordinary Shareholders are referred to Zarclear's website at www.zarclear.com for the full audited financial statements.

13.3 Proforma Financial Information

The audit reviewed proforma financial information of Zarclear and African Phoenix as at 30 June 2021, is set out in **Annexure 2**.

14. NOTICE OF SCHEME MEETING

The Scheme Meeting will be held at the offices of Zarclear at 12:00 on Tuesday, 21 June 2022 (or any adjourned or postponed date in accordance with the provisions of section 64(11) of the Companies Act and the Zarclear MOI) to consider and, if deemed fit, pass, with or without modification, the Resolutions set out in the Notice. The Notice is attached to and forms part of this Circular.

15. DIRECTORS' RESPONSIBILITY STATEMENTS

15.1 Zarclear Board responsibility statement

The members of the Zarclear Independent Board accept responsibility for the information contained in this Circular which relates to Zarclear, and confirm that, to the best of their knowledge and belief, such information is true and this Circular does not omit any facts that would make any of the information false or misleading or would be likely to affect the importance of any information contained in this Circular.

15.2 African Phoenix responsibility statement

The members of the African Phoenix Board accept responsibility for the information contained in this Circular which relates to African Phoenix, and confirm that, to the best of their knowledge and belief, such information is true and this Circular does not omit any facts that would make any of the information false or misleading or would be likely to affect the importance of any information contained in this Circular.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours as at the registered office of Zarclear at the address found in the "Corporate Information and Advisors" section of this Circular and on the Zarclear website at: www.zarclear.com, from the date of issue of this Circular up to and including the Scheme Implementation Date, as applicable:

- 16.1 the Zarclear MOI;
- 16.2 a signed copy of the Independent Expert's Report;
- 16.3 the consolidated audited historical financial statements of African Phoenix for the 3 (three) financial years ended 30 September 2019, 30 June 2020 and 30 June 2021;
- 16.4 the consolidated audited historical financial statements of Zarclear for the 3 (three) financial years ended 31 March 2019, 30 June 2020 and 30 June 2021;
- 16.5 a signed copy of this Circular;
- 16.6 the letter issued by the TRP approving the issue and publication of this Circular; and
- 16.7 the signed copy of the Independent Reporting Accountant's Assurance Report.

Signed on behalf of the Zarclear Board



Paul Baloyi
Chairperson Independent Board

20 May 2022

Signed on behalf of the African Phoenix Board



Oyama Mabandla
Chief Executive Officer

20 May 2022

INDEPENDENT EXPERT'S REPORT

The Independent Board
 Zarclear Holdings Limited
 9th floor, Katherine Towers
 1 Park Lane
 Wierda Valley
 Sandton
 2196

Dear Sirs and Mesdames

7 April 2022

**INDEPENDENT EXPERT OPINION TO ZARCLEAR HOLDINGS LTD (“Zarclear or the “Company”)
 REGARDING AFRICAN PHOENIX INVESTMENTS LTD’s (“African Phoenix” or the “Offeror”)
 OFFER TO ACQUIRE ALL OF THE ZARCLEAR’S ISSUED ORDINARY SHARES (“Zarclear Share”)
 NOT OWNED BY AFRICAN PHOENIX BY WAY OF A PROPOSED SCHEME OF ARRANGEMENT
 (the “Scheme”)**

Introduction

Zarclear shareholders (the “**Zarclear Shareholders**”) are referred to the joint announcement published by Zarclear and African Phoenix on Tuesday, 8 March 2022, in which it was announced (the “**Announcement**”) that African Phoenix has offered to acquire all of the issued no par value shares in Zarclear (the “**Zarclear Shares**”) other than those Zarclear Shares already held by African Phoenix, in terms of a scheme of arrangement (the “**Scheme**”). If the Scheme becomes operative, participants therein will receive seven ordinary shares in African Phoenix (the “**African Phoenix Shares**”) for one Ordinary Share held in Zarclear (the “**Offer**” or “**Swap Ratio**”) (collectively, the “**Proposed Transaction**”).

The Offer will be implemented by way of a Scheme in terms of section 114(1)(c) of the Companies Act 71 of 2008 (the “**Companies Act**”), to be proposed by the Zarclear board of directors between Zarclear and Zarclear Shareholders (excluding African Phoenix) (the “**Scheme Participants**”), at the Swap Ratio and upon the terms and subject to the conditions set out in the circular (“**Circular**”).

The Scheme is an affected transaction as defined in section 117, of the Companies Act and as such is regulated by the Companies Act and the Companies Regulations.

Zarclear Shares forming the subject matter of the Offer are collectively referred to as the “**Scheme Shares**”.

As at the date of this opinion, the share capital of the Company comprises of the following:

- Authorised share capital comprising 500 000 000 Zarclear Shares; and
- Issued share capital comprising 226 065 696 Zarclear Shares.

The Company had no share options and held 2 904 491 treasury shares.

The Offer will directly or indirectly affect all Zarclear Shareholders. More information on the material effects that the Offer may have on the rights and interests of Zarclear Shareholders is detailed in the Circular.

Full details of the Scheme are contained in the Circular, which includes a copy of this letter.

The material interests of the directors are set out in paragraph 10 of the Circular.

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Nodus Capital TS (Pty) Ltd.
 Directors: D.P.W. André | G. Bryce-Borthwick | G.G. Christopulo |
 J.W.S. le Roux | H.S. Pieterse
 Registration Number: 2014/226782/07

Nodus Capital TS (Pty) Ltd. is licensed financial services provider – FSP number: 47747

Extracts of sections 115 and 164 of the Companies Act are set out in Annexures 4 and 5 of the Circular and are incorporated herein by reference for purposes of section 114(3)(g) of the Companies Act.

Scope

The Scheme is an affected transaction as defined in section 117(1)(c)(iii) of the Companies Act. In terms of section 114(2) of the Companies Act, as read with Regulations 90 and 110 of the Companies Regulations, the Zarclear Independent Board ("**Independent Board**") is required to retain an independent expert to provide an independent expert report (in the form of a fair and reasonable opinion) in terms of section 114(3) of the Companies Act and Regulations 90 and 110 of the Companies Regulations (the "**Opinion**" or the "**Fair and Reasonable Opinion**").

Nodus Capital TS Proprietary Limited ("**Nodus**") has been appointed by the Independent Board as the Independent Expert to advise on whether the terms and conditions of the Offer are fair and reasonable to the Scheme Participants.

Responsibility

Compliance with the Companies Act and the Companies Regulations is the responsibility of the Independent Board. Our responsibility is to report on the terms and conditions of the Offer in compliance with the related provisions of the Companies Act and the Companies Regulations.

We confirm that our Fair and Reasonable Opinion has been provided to the Independent Board for the sole purpose of assisting them in forming and expressing an opinion for the benefit of the Scheme Participants in relation to the Offer. This opinion is prepared solely for the Independent Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

Definition of the terms "fair" and "reasonable"

The "**fairness**" of a transaction is based on quantitative issues. A transaction may be said to be fair if the benefits received by the shareholders, as a result of the transaction, are equal to or greater than the value surrendered by the shareholders.

The Proposed Transaction may be said to be fair if the Offer is greater than or equal to the value of one Scheme Share or unfair if the Offer is less than the value of one Scheme Share. Furthermore, in terms of Regulation 110(8) of the Companies Regulations, an offer with a consideration per offeree regulated company security within the fair-value range is generally considered to be fair.

The assessment of reasonableness of an offer is generally based on qualitative considerations surrounding the offer. Consequently, even though the consideration to be paid in respect of an offer may be lower than the market price, the offer may be considered reasonable after considering other significant qualitative factors.

Our approach in considering the Offer

In considering the Offer, we have independently calculated the fair value of one Scheme Share and one African Phoenix Share and compared our fair value of one Scheme Share to the Swap Ratio.

Details and sources of information

The principal sources of information used in performing our work include:

- The Announcement;
- The terms and conditions of the Offer and its rationale, as set out in the Circular;
- Representations and assumptions made available by, and discussions held with, the management of Zarclear and the Independent Board;
- Representations and assumptions made available by, and discussions held with, the management of African Phoenix;



- Publicly available information relating to the industries in which Zarclear and African Phoenix operate;
- Publicly available information relating to Zarclear and African Phoenix that we deemed to be relevant, including company announcements, media articles, and analyst presentations, where applicable;
- Audited annual financial statements of Zarclear for the 12 months ended 30 June 2021;
- Unaudited management accounts of Zarclear for the period ended 31 January 2022;
- Share price information of Industrials REIT Limited (“**Industrials**”), a listed share owned by Zarclear (the “**Zarclear Listed Portfolio**”) over the last 12 months to assess the relative liquidity and relative volatility of the shares comprising the Zarclear Listed Portfolio;
- Audited annual financial statements of African Phoenix for the 12 months ended 30 June 2021; and
- Unaudited management accounts of African Phoenix for the period ended 31 January 2022.

The information above was obtained from:

- Directors and management of Zarclear and African Phoenix; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing Zarclear and African Phoenix.

Procedures performed

In arriving at our Opinion we have undertaken the following procedures and taken into account the following factors:

- Considered the rationale for the Offer, as represented by the Independent Board, its advisors, Zarclear management and disclosed in the Circular;
- Reviewed the Announcement;
- Reviewed the terms and conditions of the Offer;
- Supplemented our knowledge and understanding of Zarclear and African Phoenix as well as the industries in which they operate;
- Held discussions with management on the prospects of Zarclear and African Phoenix and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- Reviewed and analysed the historical financial information of Zarclear and African Phoenix;
- Determined the fair value of both a Zarclear Share and African Phoenix Share by applying appropriate generally accepted valuation approaches and methods used in the market from time to time;
- Assessed the long-term potential of Zarclear and African Phoenix;
- Performed a sensitivity analysis on key assumptions included in the valuations;
- Evaluated the relative risks associated with Zarclear and African Phoenix and the industries in which it operate;
- Reviewed certain publicly available information relating to Zarclear and African Phoenix and the industries in which they operate that we deemed to be relevant, including company announcements and media articles;
- Performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience



in other transactions, as well as our experience and knowledge of the industries in which Zarclear and African Phoenix operate;

- Where relevant, representations made by management and/or directors were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industry in which Zarclear and African Phoenix operate, and to analyse external factors that could influence the businesses of Zarclear and African Phoenix;
- Held discussions with the directors and management of Zarclear and African Phoenix as to their strategy and the rationale for the Scheme and considered such other matters as we considered necessary; and
- Obtained from the management of Zarclear a letter of representation in respect of amongst other things the information shared and/or statements made to us and upon which we have relied.

We have not interviewed any of the Zarclear Shareholders to obtain their views on the Offer.

Based on the results of the procedures mentioned above, we determined the fairness and reasonableness of the Offer to the Scheme Participants. We believe that the above considerations justify the opinion outlined below.

Limiting conditions

This Opinion of the Independent Expert is provided to the Independent Board in connection with and for the purpose of the Scheme. The Opinion of the Independent Expert does not purport to cater for each individual Zarclear Shareholder's perspective, but rather that of the general body of Zarclear Shareholders.

We have relied upon and assumed the accuracy of the information provided to and obtained by us in deriving our Opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our Opinion, whether in writing or obtained in discussion with Zarclear or African Phoenix management, by reference to publicly available or independently obtained information.

While our work has involved an analysis of, *inter alia*, the annual financial statements and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

This Opinion of the Independent Expert is provided in terms of the Companies Act and the Companies Regulations. It does not constitute a recommendation to any Zarclear Shareholder as to how to vote at any shareholders' meeting relating to the Offer or on any matter relating to it. Therefore, it should not be relied upon for any other purpose. We assume no responsibility to anyone if this Opinion of the Independent Expert is used or relied upon for anything other than its intended purpose. Should an individual Zarclear Shareholder have any doubts as to what action to take, such shareholder should consult an independent advisor. Our Opinion does not include an evaluation of the commercial rationale of the Offer.

The valuation of companies and businesses is not a precise science and conclusions arrived at, will, in many cases, be subjective and dependent on the exercise of individual judgment.

Valuation

Nodus performed an independent valuation of both Zarclear and African Phoenix to determine whether the Offer represents fair value to the Zarclear Shareholders.

For the purposes of our valuation of Zarclear we used a SOTP valuation. Zarclear's value comprises a number of material assets, namely significant cash balances, cash investments and the Zarclear Listed Portfolio. Although Zarclear has limited liabilities, it does incur costs to maintain its operations and investments (the "**Head Office Costs**"). We performed a high-level income approach (discounted cash flow) valuation on the Head Office Costs and deducted this from the results of the SOTP valuation.



Other assets were valued based on a market approach and a net asset value approach, where appropriate.

The valuation of the Head Office Costs was performed taking cognisance of risk and other market and industry factors affecting Zarclear. Additionally, sensitivity analyses were performed considering key assumptions. Prevailing market and industry conditions were also considered in assessing the risk profile of the Head Office Costs.

Key internal value drivers included the discount rate.

Key external value drivers including headline inflation rates and prevailing market and industry conditions in respect of the industry in which Zarclear operates were also considered in assessing the forecast costs of Zarclear.

The Zarclear Listed Portfolio comprises of shares held in Industrials. This investment represents a minority interest and we performed a market valuation thereof as at the date preceding the Announcement. In performing the analysis, we considered the individual share price closing values as at these dates, the 30-, 60- and 90-day VWAP prior to this date, applicable analyst coverage and share liquidity.

Nodus has performed a valuation of African Phoenix utilising the Net Asset Value (“NAV”) methodology as valuation basis. African Phoenix’s value comprises mostly of cash/near cash investments. Although African Phoenix has limited liabilities, it does also incur Head Office Costs. We performed a high-level income approach (discounted cash flow) valuation on the Head Office Costs and deducted this from the results of the NAV valuation.

The valuation of the Head Office Costs was performed on a similar basis to that of Zarclear with similar value drivers.

The sensitivity analysis did not indicate a sufficient effect on the valuation of a Zarclear or African Phoenix Share to alter our opinion in respect of the Scheme and the Offer.

Assumptions

Our Opinion is based on the following key assumptions:

- Any agreements that will or have been entered into in terms of the Offer will be legally enforceable;
- The Offer will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisors of Zarclear;
- Reliance can be placed on the financial information of Zarclear and African Phoenix;
- For the purposes of this Opinion of the Independent Expert, we assumed Zarclear and African Phoenix’s existing businesses to be ongoing under current business plans and management;
- Current economic, regulatory and market conditions will not change materially;
- Zarclear and African Phoenix are not involved in any material legal proceedings other than those conducted in the ordinary course of business and/or as disclosed in the Circular;
- Zarclear and African Phoenix are, at the date of this Opinion of the Independent Expert, not engaged in any discussions relating to any acquisitions or transactions that will have a significant impact on the value of Zarclear and African Phoenix;
- Zarclear and African Phoenix have no material outstanding disputes with the South African Revenue Service;
- There are no undisclosed contingencies that could affect the value of Zarclear and African Phoenix; and



- Representations made by the Independent Board, Zarclear and African Phoenix management and their advisors during the course of forming this Opinion of the Independent Expert.

Appropriateness and reasonableness of underlying information and assumptions

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our Opinion by:

- Placing reliance on audit reports in the financial statements of Zarclear and African Phoenix;
- Conducting analytical reviews on the historical financial results and the forecast financial information, such as key ratio and trend analyses, where applicable; and
- Determining the extent to which representations from Zarclear and African Phoenix management were confirmed by documentary and audited financial evidence, as well as our understanding of Zarclear and African Phoenix and the economic environment in which they operate.

Valuation results

We compared the outcomes of our indicative valuations of the Zarclear and African Phoenix ordinary shares to the swap ratio of 7 African Phoenix Shares per Zarclear Share. The swap ratio implied by our indicative valuations ranged between 6.2 and 7.2.

The swap ratio of 7 African Phoenix shares per Zarclear share falls within this range and is therefore fair to the Zarclear shareholders.

The valuation above is provided solely in respect of this Fair and Reasonable Opinion and should not be used for any other purposes.

Qualitative considerations

In arriving at our Opinion, we have also considered the following key qualitative considerations in evaluating the reasonableness of the Offer:

- The rationale for the Offer, as set out in the Circular and noting specifically that the Proposed Transaction will:
 - Eliminate the cross-holding structure in terms of which African Phoenix currently holds ~29% of the Zarclear Shares and Zarclear holds ~24% of the ordinary shares in African Phoenix;
 - Significantly reduce the administrative costs associated with operating two separate public companies as well as general cost reductions resulting from greater economies of scale;
 - Result in a larger balance sheet;
 - Allow Zarclear to benefit from African Phoenix's Black Economic Empowerment credentials;
 - Result in the diversification of the asset base of onshore and offshore assets; and
- The opinion of the Independent Board, as set out in the Circular.

Opinion

Nodus has considered the terms and conditions of the Offer and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Offer based on quantitative considerations, are fair to the Scheme Participants.

Based on qualitative factors, we are of the opinion that the terms and conditions of the Offer are reasonable from the perspective of the Scheme Participants.

Our Opinion is necessarily based upon the information available to us up to the date of this letter, including in respect of the financial, market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent,



including any material regulatory and other approvals and consents required in connection with the Scheme will be timeously fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Independence, competence and fees

We confirm that we have no direct or indirect interest in Zarclear nor do we have any relationship with Zarclear or any person related to Zarclear such as would lead a reasonable and informed third party to conclude that our integrity, impartiality or objectivity has been compromised by such relationship. We also confirm that we have the necessary competence and experience to provide the Fair and Reasonable Opinion and meet the criteria set out in section 114(2)(a) of the Companies Act.

Furthermore, we confirm that our professional fee of R220 000 (excluding VAT) is not contingent upon the success of the Offer.

Consent

We consent to the inclusion of this letter and the reference to our Opinion in the Circular to be issued to the Shareholders of Zarclear in the form and context in which it appears and in any required regulatory announcement or documentation.

Yours faithfully



Johan le Roux CA(SA)

Director: Nodus Capital TS (Proprietary) Limited

Building 2

Commerce Square Office Park

39 Rivonia Road

Sandhurst

2196



PRO FORMA FINANCIAL INFORMATION AS AT JUNE 2021

AXL / ZAR merger

As at 30 June 2021	AXL	Share issue 7:1	Combined	
Balance sheet				
Financial investments	556 374	752 801	1 309 175	
Cash and equivalents	369 876		369 876	
Current liabilities	67 580		67 580	
Net asset value	858 670		1 611 471	
Ordinary shares	14 043 963	752 801	14 796 764	
Accumulated loss	(13 185 293)		(13 185 293)	
	858 670		1 161 471	
Income statement				
Revenue	37 051		37 051	
Expenses	5 844		5 844	
Fair value adjustment	146 267		146 267	
Profit before tax	177 474		177 474	
Taxation	–		–	
Profit after tax	177 474		177 474	
Calculations:				
Number of shares	1 427 005 272		1 427 005 272	
Treasury shares	(20 000 000)		(20 000 000)	
Held by ZAR	(335 435 456)		(335 435 456)	
New share issue	–		1 128 665 447	
	1 071 569 816		2 200 235 263	
Basic earnings per share	12,44		8,07	
Diluted earnings per share	12,44		8,07	
Headline earnings	12,44		8,07	
Diluted headline earnings per share	12,44		8,07	
Net asset value	61,03		73,24	20%
Tangible net asset value	61,03		73,24	20%
Zarclear share info				
NAV @ 30 June 2021	474,23		515,69	8%
Tangible @ 30 June 2021	467,62		515,69	10%

EXCHANGE CONTROL REGULATIONS

The definitions and interpretations commencing on page 9 of the Circular shall apply, *mutatis mutandis*, to this **Annexure 3** (unless the context indicates otherwise).

The settlement of the Scheme Consideration for Certificated Ordinary Shareholders will be subject to the Exchange Control Regulations.

The following is a summary of the Exchange Control Regulations. It is intended as a guide only and is not a comprehensive statement of the Exchange Control Regulations which may apply to Zarclear Ordinary Shareholders in relation to the Scheme Consideration. Zarclear Ordinary Shareholders who have any queries regarding the Exchange Control Regulations should contact their own professional advisors without delay.

The Exchange Control Regulations provide for restrictions on the exportation of capital from the Common Monetary Area. The Common Monetary Area consists of South Africa, the Republic of Namibia and the kingdoms of Lesotho and eSwatini. Transactions between residents of the countries comprising the common Monetary Area and foreigners are subject to Exchange Control Regulations provisions, which are administered by the Financial Surveillance Department of the South African Reserve Bank ("**SARB**").

Various reforms have been made to the Exchange Control Regulations with a view to relax the rules pertaining to foreign investment. A considerable degree of flexibility is built into the system and the SARB has substantial discretionary powers in approving or rejecting a specific application that has been submitted through an Authorised Dealer in foreign exchange appointed by the SARB. The relaxations of the provisions of the Exchange Control Regulations are contained in the Currency and Exchanges Manual for Authorised Dealers ("**AD Manual**"). As provided for in the Exchange Control Regulations, the SARB has also delegated to Authorised Dealers the power to approve certain transactions, without the SARB's prior approval. The transactions that may be approved by Authorised Dealers without the SARB's prior approval are contained in the AD Manual, which is updated from time to time through the release of circulars by the SARB.

It was announced in the South African 2020 Budget that the Exchange Control Regulations would be replaced with a new capital flow management framework and regulations, which would be implemented within a period of 12 months from the announcement. It was subsequently announced in the South African 2021 Budget on 24 February 2021, that in 2021, National Treasury and the SARB will continue to develop the legislative framework for the new capital flow management system announced in the South African 2020 Budget. The capital flow management framework will continue to be implemented during 2022. The SARB will issue a new set of "*Capital Flows Management Regulations*" in terms of the Currency and Exchanges Act, No. 9 of 1933, as amended. This framework is being developed with the Financial Intelligence Centre and SARS. However, insofar as the various transactions are concluded before the Exchange Control Regulations are replaced, the Exchange Control Regulations will still apply.

It was further stated that the concept of "*emigration*" as recognised by the SARB would be phased out with effect from 1 March 2021 and be replaced by a verification process. Exchange Control Circular 6/2021 dated 26 February 2021 and Circular 8/2021 dated 21 May 2021 set out the changes in relation to emigrants and changes to the AD Manual with effect from 1 March 2021.

Until 28 February 2021, the Exchange Control Regulations read with the AD Manual distinguished between residents, non-residents and emigrants. As of 1 March 2021, under the new framework, natural person residents and natural person emigrants are treated identically. To ensure a smooth transition from the old framework to the new framework, natural persons who applied to be emigrants under the old framework, by obtaining a MP336(b) form that was attested by an Authorised Dealer on or before 28 February 2021, will be dealt with in terms of the exchange control procedures relating to emigration for exchange control purposes prior to 1 March 2021 provided their emigration applications were approved on or before 28 February 2021.

For the purposes of the Exchange Control Regulations:

- a resident means any person, being a natural person or a legal entity, who has taken up permanent residence, is domiciled or registered in South Africa;
- a non-resident is a person, being a natural person or a legal entity, whose normal place of residence, domicile or registration is outside the Common Monetary Area; and
- an emigrant means a South African resident who has left South Africa to take permanent residence or has been granted permanent residence in any country outside of the Common Monetary Area. For purposes of the Exchange Control Regulations read with the AD Manual, a South African resident will only be regarded as an emigrant if he placed his emigration on record with the SARB under the exchange control policy which applied up to 28 February 2021.

Zarclear Ordinary Shareholders who are uncertain as to whether they are residents or non-residents or South African non-tax residents (emigrants) for purposes of the Exchange Control Regulations read with the AD Manual, are advised to approach their relevant Authorised Dealer to request confirmation.

Information not provided

If the information regarding Authorised Dealers is not given or the instructions are not given and no bank account or address details for the Zarclear Ordinary Shareholder in question appears in the register, the Scheme Consideration will be held in trust by Zarclear or the Transfer Secretaries on behalf of Zarclear or its nominee.

SECTION 114: PROPOSALS FOR SCHEME OF ARRANGEMENT AND SECTION 115: REQUIRED APPROVAL FOR TRANSACTIONS CONTEMPLATED IN CHAPTER 5 OF THE COMPANIES ACT

SECTION 114 OF THE COMPANIES ACT

- (1) Unless it is in liquidation or in the course of business rescue proceedings in terms of Chapter 6, the board of a company may propose and, subject to subsection (4) and approval in terms of this Part, implement any arrangement between the company and holders of any class of its securities by way of, among other things:
 - (a) a consolidation of securities of different classes;
 - (b) a division of securities into different classes;
 - (c) an expropriation of securities from the holders;
 - (d) exchanging any of its securities for other securities;
 - (e) a re-acquisition by the company of its securities; or
 - (f) a combination of the methods contemplated in this subsection.
- (2) The company must retain an independent expert, who meets the following requirements, to compile a report as required by subsection (3):
 - (a) The person to be retained must be:
 - (i) qualified, and have the competence and experience necessary to:
 - (aa) understand the type of arrangement proposed;
 - (bb) evaluate the consequences of the arrangement; and
 - (cc) assess the effect of the arrangement on the value of securities and on the rights and interest of a holder of any securities, or a creditor of the company; and
 - (ii) able to express opinions, exercise judgment and make decisions impartially.
 - (b) The person to be retained must not:
 - (i) have any other relationship with the company or with a proponent of the arrangement, such as would lead a reasonable and informed third party to conclude that the integrity, impartiality or objectivity of that person is compromised by that relationship;
 - (ii) have had any relationship contemplated in subparagraph (i) within the immediately preceding two years; or
 - (iii) be related to a person who has or has had a relationship contemplated in subparagraph (i) or (ii).
- (3) The person retained in terms of subsection (2) must prepare a report to the board, and cause it to be distributed to all holders of the company's securities, concerning the proposed arrangement, which must, at a minimum:
 - (a) state all prescribed information relevant to the value of the securities affected by the proposed arrangement;
 - (b) identify every type and class of holders of the company's securities affected by the proposed arrangement;
 - (c) describe the material effects that the proposed arrangement will have on the rights and interests of the persons mentioned in paragraph (b);
 - (d) evaluate any material adverse effects of the proposed arrangement against:
 - (i) the compensation that any of those persons will receive in terms of that arrangement; and
 - (ii) any reasonably probable beneficial and significant effect of that arrangement on the business and prospects of the company;
 - (e) state any material interest of any director of the company or trustee for security holders;
 - (f) state the effect of the proposed arrangement on the interest and person contemplated in paragraph (e); and
 - (g) include a copy of sections 115 and 164.

- (4) Section 48 applies to a proposed arrangement contemplated in this section to the extent that the arrangement would result in any re-acquisition by a company of any of its previously issued securities.

SECTION 115 OF THE COMPANIES ACT

- (1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:
- (a) the disposal, amalgamation or merger, or scheme of arrangement –
 - (i) has been approved in terms of this section; or
 - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
 - (b) to the extent that Parts B and C of this Chapter; and the Takeover Regulations, apply to a company that proposes to:
 - (i) dispose of all or the greater part of its assets or undertaking;
 - (ii) amalgamate or merge with another company; or
 - (iii) implement a scheme of arrangement;
 - (c) the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).
- (2) A proposed transaction contemplated in subsection (1) must be approved:
- (a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64(2); and
 - (b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if:
 - (i) the holding company is a company or an external company;
 - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and
 - (iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
 - (c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
- (3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:
- (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or
 - (b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).
- (4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:
- (a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or
 - (b) required to be voted in support of a resolution, or actually voted in support of the resolution.
- (4A) In subsection (4), “**act in concert**” has the meaning set out in section 117(1)(b).
- (5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either:

- (a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or
 - (b) treat the resolution as a nullity.
- (6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:
- (a) is acting in good faith;
 - (b) appears prepared and able to sustain the proceedings; and
 - (c) has alleged facts which, if proved, would support an order in terms of subsection (7).
- (7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:
- (a) the resolution is manifestly unfair to any class of holders of the company's securities; or
 - (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.
- (8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:
- (a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and
 - (b) was present at the meeting and voted against that special resolution.
- (9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:
- (a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;
 - (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
 - (c) the transfer of shares from one person to another;
 - (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
 - (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
 - (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.

SECTION 164 OF THE COMPANIES ACT: DISSENTING SHAREHOLDERS' APPRAISAL RIGHTS

- (1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.
- (2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:
 - (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
 - (b) enter into a transaction contemplated in section 112, 113, or 114, that notice must include a statement informing shareholders of their rights under this section.
- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- (4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who –
 - (a) gave the company a written notice of objection in terms of subsection (3); and
 - (b) has neither:
 - (i) withdrawn that notice; or
 - (ii) voted in support of the resolution.
- (5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:
 - (a) the shareholder;
 - (i) sent the company a notice of objection, subject to subsection (6); and
 - (ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
 - (b) the company has adopted the resolution contemplated in subsection (2); and
 - (c) the shareholder:
 - (i) voted against that resolution; and
 - (ii) has complied with all of the procedural requirements of this section.
- (6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholder's rights under this section.
- (7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within –
 - (a) 20 business days after receiving a notice under subsection (4); or
 - (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
- (8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:
 - (a) the shareholder's name and address;
 - (b) the number and class of shares in respect of which the shareholder seeks payment; and
 - (c) a demand for payment of the fair value of those shares.

- (9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:
- (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
 - (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
 - (c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.
- (10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.
- (11) Within five business days after the later of:
- (a) the day on which the action approved by the resolution is effective;
 - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
 - (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.
- (12) Every offer made under subsection (11):
- (a) in respect of shares of the same class or series must be on the same terms; and
 - (b) lapses if it has not been accepted within 30 business days after it was made.
- (13) If a shareholder accepts an offer made under subsection (12):
- (a) the shareholder must either in the case of:
 - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
 - (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
 - (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:
 - (i) tendered the share certificates; or
 - (ii) directed the transfer to the company of uncertificated shares.
- (14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:
- (a) failed to make an offer under subsection (11); or
 - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- (15) On an application to the court under subsection (14):
- (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
 - (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
 - (c) the court:
 - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
 - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);

- (iii) in its discretion may:
 - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
 - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
 - (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and
 - (v) must make an order requiring:
 - (aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and
 - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.
- (15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11)(a), in which case:
- (a) that shareholder must comply with the requirements of subsection (13)(a); and
 - (b) the company must comply with the requirements of subsection (13)(b).
- (16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.
- (17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:
- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
 - (b) the court may make an order that:
 - (i) is just and equitable, having regard to the financial circumstances of the company; and
 - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.
- (18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
- (19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:
- (a) the provisions of that section; or
 - (b) the application by the company of the solvency and liquidity test set out in section 4.
- (20) Except to the extent:
- (a) expressly provided in this section; or
 - (b) that the Panel rules otherwise in a particular case,
- a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person.



ZARCLEAR HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2000/013674/06)
("Zarclear")

NOTICE OF SCHEME MEETING

If you are in any doubt as to what action you should take in respect of the Scheme Meeting and/or the following Resolutions, please consult your CSDP, Broker, banker, legal adviser, accountant or other professional advisor immediately.

All terms used in this Notice of Scheme Meeting ("**Notice**") shall, unless the context otherwise requires or they are otherwise defined herein, have the meanings attributed to them in the Circular to which this Notice is attached.

Zarclear Ordinary Shareholders are reminded that:

- a Zarclear Ordinary Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint a proxy to attend, speak and vote in its stead at the Scheme Meeting in the place of that Zarclear Ordinary Shareholder, and Zarclear Ordinary Shareholders with Own-Name Registration are referred to the attached Form of Proxy (*yellow*) in this regard;
- a proxy need not also be a Zarclear Ordinary Shareholder;
- Should any Zarclear Ordinary Shareholder (or any proxy for a Zarclear Ordinary Shareholder) wish to participate in the Scheme Meeting by way of electronic communication, that Zarclear Ordinary Shareholder should make application to so participate in writing (including details as to how the Zarclear Ordinary Shareholder or its representative (including its proxy) can be contacted) to the Transfer Secretaries at its address below, to be received by the Transfer Secretaries at least 5 (five) Business Days prior to the Scheme Meeting in order for the Transfer Secretaries to arrange for the Zarclear Ordinary Shareholder (or its representative or proxy) to provide reasonably satisfactory identification to the Transfer Secretaries for the purposes of section 63(1) of the Companies Act and for the Transfer Secretaries to provide the Shareholder or its representative (including its proxy) with details as to how to access any electronic communication to be provided. Zarclear reserves the right to elect not to provide for electronic communication at the General Meeting in the event that, as a result of such electronic communication, it will not be or is not possible for all Zarclear Ordinary Shareholders to communicate concurrently with each other without an intermediary or to participate reasonably effectively in the Scheme Meeting. The costs of accessing any means of electronic communication provided by Zarclear will be borne by the Shareholder so accessing the electronic communication;
- Zarclear Ordinary Shareholders who have not selected Own-Name Registration must inform their CSDP or Broker timeously of their intention to attend and vote (or abstain) at the Scheme Meeting or be represented by proxy thereat in order for the CSDP or Broker to issue them with the necessary letter of representation to do so or provide the CSDP or Broker timeously with their voting instructions should they not wish to attend the Scheme Meeting in order for the CSDP or Broker to vote in accordance with their instructions at the Scheme Meeting. Letters of representation must be lodged with the Transfer Secretaries by the commencement of the Scheme Meeting (including any adjournment or postponement thereof). Such Ordinary Shareholders without Own-name Registration must not use this Form.
- Zarclear Ordinary Shareholders and their appointed proxies attending by way of electronic communication will not be able to cast their votes at the Scheme Meeting through this medium. Accordingly, Zarclear Ordinary Shareholders making use of the electronic participation facility are requested to submit their Forms of Proxy, as directed; and
- in terms of section 63(1) of the Companies Act, any Person attending or participating in a meeting of shareholders must present reasonably satisfactory identification, and the chairperson must be reasonably satisfied that the right of any Person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified.

Notice is hereby given that a meeting of the Zarclear Ordinary Shareholders, as at the Voting Record Date, will be held at 12:00 on Tuesday, 21 June 2022 at the offices of Zarclear situated on the 9th Floor, Katherine Towers, 1 Park Lane, Wierda Valley, Sandton (or any adjourned or postponed date determined in accordance with the provisions of section 64(11) of the Companies Act and the Zarclear MOI) to consider and, if deemed fit, pass, with or without modification, the Resolutions set out in this Notice.

SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF THE SHARE SCHEME RESOLUTION IN ACCORDANCE WITH SECTION 115(2)(A) OF THE COMPANIES ACT

“**Resolved that**, the Scheme in terms of section 114(1)(c) of the Companies Act (as more fully set out in the Circular and as may be amended as contemplated in the Circular), proposed by the Zarclear Board between Zarclear and the Zarclear Ordinary Shareholders, in terms of which, *inter alia*, subject to the fulfilment or waiver of the Scheme Conditions, and on the Scheme Implementation Date, Scheme Participants will receive the Scheme Consideration for each Scheme Share held on the Scheme Record Date, being seven AP Ordinary Shares for every one ordinary share in Zarclear be and is hereby approved as a Special Resolution in accordance with section 115(2)(a) of the Companies Act.”

Explanatory Note

The reason for Special Resolution Number 1 is for Ordinary Shareholders to approve the Scheme in terms of section 115(2)(a) of the Companies Act. In terms of section 115(2)(a) of the Companies Act, Special Resolution Number 1 must be adopted by Zarclear Ordinary Shareholders:

- at a meeting at which sufficient persons are present to exercise at least 25% of the voting rights that are entitled to be exercised thereon; and
- with the support of at least 75% of all of the voting rights exercised on the Resolution, excluding the voting rights of African Phoenix and any Person acting in concert with African Phoenix.

SPECIAL RESOLUTION NUMBER 2 – REVOCATION OF SCHEME RESOLUTION IN ACCORDANCE WITH SECTION 164(9)(C) OF THE COMPANIES ACT

“**Resolved that**, in terms of section 164(9)(c) of the Companies Act, if Special Resolution Number 1 is adopted but, thereafter: (i) any Scheme Condition is not fulfilled or waived, as applicable; or (ii) the Scheme otherwise lapses or fails, and accordingly terminates, then:

- Special Resolution Number 1 will be deemed to have been revoked; and
- each Dissenting Shareholder which has, pursuant to the adoption of the revoked Special Resolution Number 1, sent a demand in terms of section 164(5) to 164(8) of the Companies Act for payment of the fair market value of its Zarclear Ordinary Shares shall cease to have, and be deemed not to have had, any right, pursuant to the adoption of the relevant revoked Special Resolution Number 1, to be paid such fair value of the Zarclear Ordinary Shares under section 164 of the Companies Act.”

Explanatory Note

The reason for Special Resolution Number 2 is to ensure that Dissenting Shareholders have no right to payment of the fair value of their Zarclear Ordinary Shares under section 164 of the Companies Act if: (i) the Scheme Conditions are not all fulfilled or waived, as applicable; or (ii) the Scheme otherwise lapses or fails, and accordingly terminates.

Special Resolution Number 2 must be adopted by Zarclear Ordinary Shareholders:

- at a meeting at which sufficient persons are present to exercise at least 25% of the voting rights that are entitled to be exercised thereon as contemplated in section 64(1) of the Companies Act. In addition, section 64(3) of the Companies Act requires that at least 3 (three) Zarclear Ordinary Shareholders be present at that meeting; and
- with the support of at least 75% of all of the voting rights exercised on the Resolution, excluding the voting rights of African Phoenix and any Person acting in concert with African Phoenix.

By order of the Board

Group Company Secretary

Computershare Investor Services Proprietary Limited

(Registration number: 2004/003647/07)

Rosebank Towers

15 Biermann Avenue

Rosebank, Johannesburg

Gauteng

South Africa

2196

(Private Bag X9000, Saxonwold, 2132)



ZARCLEAR HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2000/013674/06)
("Zarclear")

FORM OF PROXY (YELLOW)

All terms used in this Form of Proxy (*yellow*) ("**Form**") shall, unless the context otherwise requires or they are otherwise defined herein, have the meanings attributed to them in the Circular to which this Form is attached.

For use by the holders of Certificated Ordinary Shares with own name-registration and/or Ordinary Shares held through a CSDP or Broker who have selected Own-Name Registration, registered as such at the close of business on the Voting Record Date, at the Scheme Meeting to be held at **12:00 on Tuesday, 21 June 2022** at the offices of Zarclear situated on the **9th Floor, Katherine Towers, 1 Park Lane, Wierda Valley, Sandton** (or any adjourned or postponed date in accordance with the provisions of section 64(11) of the Companies Act and the Zarclear MOI) to consider and, if deemed fit, pass, with or without modification, the Resolutions set out in the Notice.

It is recommended that you complete the Form in accordance with the instructions contained herein and ensure that it is received by the Transfer Secretaries, for administrative purposes, by no later than 48 hours before the Scheme Meeting that is to be held at **12:00 on Tuesday, 21 June 2022** (or any adjourned or postponed date in accordance with the provisions of section 64(11) of the Companies Act and the Zarclear MOI) to consider and, if deemed fit, pass, with or without modification, the Resolutions set out in the Notice. Should the Form not be delivered to the Transfer Secretaries by this time, you will be required to furnish a copy of the Form to the chairperson of the Scheme Meeting by emailing it to the Company Secretary of Zarclear at **Mosa.Matlosa@computershare.co.za** and copying the Transfer Secretaries at **proxy@computershare.co.za** before the appointed proxy exercises any of the Zarclear Ordinary Shareholder's rights at the Scheme Meeting (or any postponement or adjournment thereof).

Ordinary Shareholders who have not selected Own-Name Registration must inform their CSDP or Broker timeously of their intention to attend and vote (or abstain) at the Scheme Meeting or be represented by proxy thereat in order for the CSDP or Broker to issue them with the necessary letter of representation to do so or provide the CSDP or Broker timeously with their voting instructions should they not wish to attend the Scheme Meeting in order for the CSDP or Broker to vote in accordance with their instructions at the Scheme Meeting. Letters of representation must be lodged with the Transfer Secretaries by the commencement of the Scheme Meeting (including any adjournment or postponement thereof). Such Ordinary Shareholders without Own-name Registration must not use this Form.

I/We

(full name/s in **BLOCK LETTERS**)

of

(address)

being the holder of ordinary shares issued in Zarclear, do hereby appoint (see note 4):

1. _____ or failing him,
2. _____ or failing him,
3. the chairperson of the Scheme Meeting.

as my/our proxy to attend, participate in, speak and vote for me/us on my/our behalf at the Scheme Meeting (or any postponement or adjournment thereof) for purposes of considering and, if deemed fit, passing, with or without modification, the Resolutions to be proposed thereat and at each postponement or adjournment thereof and to vote for and/or against the Resolutions and/or abstain from voting in respect of the Ordinary Shares registered in my/our name/s, in accordance with the following instruction and otherwise in accordance with the Companies Act, the Zarclear MOI and the terms of the attached notes.

Please indicate with an “X” in the appropriate spaces below how you wish your votes to be cast. Unless this is done the proxy (if not the chairperson of the Scheme Meeting) shall be entitled to vote or abstain from voting as he thinks fit, provided that if the proxy is the chairperson of the Scheme Meeting, he shall be deemed to be instructed to vote in favour of the Resolutions set out in the Notice to which this Form is attached, in respect of all Ordinary Shares held by the Ordinary Shareholder.

	Number of votes		
	For	Against	Abstain
Special Resolution Number 1 Approval of the Scheme Resolution in accordance with section 115(2)(a) of the Companies Act			
Special Resolution Number 2 Revocation of the Scheme Resolution in accordance with section 164(9)(c) of the Companies Act			

Signed at _____ on _____ 2022

Signature _____

Capacity of signatory _____ (where applicable)

Note: Authority of signatory to be attached (see notes 8 and 9 below)

Assisted by (where applicable) _____

Capacity of signatory _____

Telephone number (_____) Cell phone number _____

An Ordinary Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint a proxy to attend, participate in, speak at and vote in his stead. Each Ordinary Shareholder is entitled to appoint a proxy to attend, speak and vote in place of that Ordinary Shareholder at the Scheme Meeting (including any postponement or adjournment thereof). A proxy need not be an Ordinary Shareholder.

Summary of the rights established in terms of section 58 of the Companies Act

For purposes of this summary, the term “shareholder” shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

In terms of section 58 of the Companies Act:

- At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, speak and vote at, a shareholders’ meeting on behalf of the shareholder.
- A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies Act.
- Except to the extent that a company’s memorandum of incorporation provides otherwise:
 - a shareholder may appoint two or more Persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
 - a proxy may delegate his authority to act on behalf of a shareholder to another Person, subject to any restriction set out in the instrument appointing the proxy; and
 - a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other Person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders’ meeting.
- Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
- Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company.
- The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.

- If the instrument appointing a proxy has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the company for doing so.
- A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation, or the instrument appointing the proxy provide otherwise.
- If a company issues an invitation to shareholders to appoint one or more Persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
 - such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
 - the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Companies Act; (b) contain adequate blank space, immediately preceding the name or names of any Person or Persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
 - the company must not require that the proxy appointment be made irrevocable; and
 - the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

Notes:

1. Every Ordinary Shareholder present in person or represented by proxy and entitled to vote at the Scheme Meeting shall in the event of a poll be entitled to one vote in respect of each Ordinary Share held by him or her.
2. The Form must only be used by Certificated Ordinary Shareholders with Own-Name Registration.
3. All other Beneficial Owners who have shares through a CSDP or Broker and wish to attend the Scheme Meeting must provide their CSDP or Broker with their voting instructions in terms of the relevant agreement entered into between them and the CSDP or Broker, as the case may be.
4. An Ordinary Shareholder may insert the name of its proxy in the space/s provided overleaf, with or without deleting "*the chairperson of the Scheme Meeting*", but any such deletion must be initialled by the Ordinary Shareholder. Should this space be left blank, the chairperson of the Scheme Meeting will exercise the proxy. The Person whose name appears on the Form and who is present at the Scheme Meeting will be entitled to act as proxy.
5. An Ordinary Shareholder's voting instructions to the proxy must be indicated by the insertion of an "X" or the number of votes exercisable by that Ordinary Shareholder in the appropriate spaces provided. If an "X" has been inserted in one of the blocks to a particular Resolution, it will indicate the voting of all the Ordinary Shares held by the Zarclear Ordinary Shareholder concerned. Failure to do this shall be deemed to authorise the proxy to vote or to abstain from voting at the Scheme Meeting, as he thinks fit in respect of all the Ordinary Shareholder's exercisable votes. An Ordinary Shareholder or his proxy is not obliged to use all the votes exercisable by his proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the Ordinary Shareholder or by his proxy.
6. A minor or any Person under incapacity must be assisted by his parent or guardian, as applicable, unless the relevant documents establishing his legal capacity are produced or have been registered by the Transfer Secretaries.
7. The completed Form or the power of attorney, or other authority, must be lodged with or emailed to the Transfer Secretaries, alternatively the Company Secretary at:

Hand deliveries to:

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

Electronic deliveries to:

proxy@computershare.co.za
 or
 Mosa.Matlosa@computershare.co.za

and is required to be delivered, for administrative purposes, to the Transfer Secretaries, alternatively the Company Secretary on or before **12:00 on Friday, 17 June 2022**, being at least 48 hours (excluding Saturdays, Sundays and gazetted, national public holidays in South Africa) (or such lesser period as the Zarclear Directors may determine in relation to any particular meeting) before the time appointed for the holding of the Scheme Meeting (including a postponed or adjourned meeting), or in the case of a poll, not less than 24 hours (or such lesser period determined as aforesaid in relation to the particular poll) before the time appointed for taking the poll. Should the Form not be delivered to the Transfer Secretaries by this time, you will be required to furnish a copy of such Form to the chairperson of the Scheme Meeting by emailing it to the Company Secretary of Zarclear at Mosa.Matlosa@computershare.co.za and copying the Transfer Secretaries at proxy@computershare.co.za before the appointed proxy exercises any of the Ordinary Shareholder's rights at the Scheme Meeting (or any postponement or adjournment thereof).

8. Documentary evidence establishing the authority of a Person signing this Form in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate etc.) must be attached to this Form unless previously recorded by the Transfer Secretaries or waived by the chairperson of the Scheme Meeting.
9. Where this Form is signed under power of attorney, such power of attorney must accompany this Form, unless previously recorded by the Transfer Secretaries or waived by the chairperson of the Scheme Meeting.
10. The completion and lodging of this Form shall not preclude the relevant Ordinary Shareholder from attending the Scheme Meeting (including any postponement or adjournment thereof) and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Ordinary Shareholder wish to do so.
11. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this Form other than the deletion of alternatives must be initialled by the signatory/ies.
12. The chairperson of the Scheme Meeting may reject or accept any Form which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which an Ordinary Shareholder wishes to vote.
13. Where there are joint holders of Ordinary Shares:
 - (i) any one holder may sign the Form;
 - (ii) the vote/s of the senior Ordinary Shareholder (for that purpose seniority will be determined by the order in which the names of Ordinary Shareholders appear in the Register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote/s of the other joint Ordinary Shareholder/s.
14. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Ordinary Shares in respect of which the proxy is given, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by Zarclear at its registered office before the commencement of the meeting or adjourned meeting at which the proxy is used.



ZARCLEAR HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2000/013674/06)
("Zarclear")

FORM OF SURRENDER AND TRANSFER (*BLUE*) IN RESPECT OF THE SCHEME

All terms used in this Form of Surrender and Transfer (*blue*) ("**Form**") shall, unless the context otherwise requires or they are otherwise defined herein, have the meanings attributed to them in the Circular to which this Form is attached.

Important notes concerning this Form:

- This Form is only for use in respect of the Scheme in accordance with the requirements of section 114 of the Companies Act.
- Full details of the Scheme are contained in the Circular to which this Form is attached.
- If the Scheme becomes Operative and is implemented, Scheme Participants will receive the Scheme Consideration on the Scheme Implementation Date.
- A Dissenting Shareholder who subsequently becomes a Scheme Participant after the Scheme Record Date shall receive the Scheme Consideration.
- **This Form is attached for the convenience of Certificated Ordinary Shareholders who may wish to surrender their Documents of Title prior to the date of the Scheme Meeting to be held at 12:00 on Tuesday, 21 June 2022 (or any adjourned or postponed date in accordance with the provisions of section 64(11) of the Companies Act and the Zarclear MOI) to consider and, if deemed fit, pass, with or without modification, the Resolutions set out in the Notice.**

HOLDERS OF ORDINARY SHARES WITHOUT OWN REGISTRATION MUST NOT COMPLETE THIS FORM.

INSTRUCTIONS:

1. The surrender of Documents of Title is for use only by Certificated Scheme Participants.
2. A separate Form is required for each Certificated Scheme Participant.
3. **Part A** must be completed by all Scheme Participants who return this Form.
4. **Part B** must be completed by all Scheme Participants who completed PART A and who is an emigrant from, or on-resident of, the Common Monetary Area.
5. **Part C** must be completed by Scheme Participants who return this form to indicate how to receive the Scheme Consideration
6. The completed Form and the Documents of Title in respect of the Zarclear Ordinary Shares tendered must be returned to the Transfer Secretaries, so as to be received by not later than 12:00 on the Scheme Record Date.
7. If this Form is returned with the relevant Documents of Title to Ordinary Shares, it will be treated as a conditional surrender which is made subject to the Scheme becoming Operative. In the event of the Scheme not becoming Operative for any reason whatsoever, the Transfer Secretaries will, by not later than 5 (five) Business Days after the latest of: (i) the date upon which it becomes known that the Scheme will not be Operative; or (ii) receipt by the Transfer Secretaries of the relevant Documents of Title, return the Documents of Title to the Scheme Participants concerned, by registered post, at the risk of such Scheme Participants.
8. Persons who have acquired Ordinary Shares after the date of the issue of the Circular to which this Form is attached, may obtain copies of the Form and the Circular from the Transfer Secretaries.

9. The Scheme Consideration will not be delivered and/or paid to Certificated Scheme Participants unless and until Documents of Title in respect of the relevant Scheme Shares have been surrendered to the Transfer Secretaries.

To: **Transfer Secretaries**
 Computershare Investor Services Proprietary Limited
 Rosebank Towers
 15 Biermann Avenue
 Rosebank, Johannesburg
 Gauteng
 South Africa
 2196
 (Private Bag X3000, Saxonwold, 2132)

Dear Sirs

PART A: TO BE COMPLETED BY ALL CERTIFICATED ORDINARY SHAREHOLDERS WHO RETURN THIS FORM.

I/We, the undersigned Scheme Participant, hereby surrender and enclose the undermentioned Zarclear Ordinary Share certificate/s and/or other Documents of Title attached hereto, representing all the Zarclear Ordinary Shares, registered in the name of the Person mentioned below and authorise the Transfer Secretaries, conditional upon the Scheme becoming Operative, to register the surrender of these Ordinary Shares into the name of African Phoenix or its nominee/s as follows:

Name of Ordinary Shareholder	Certificate number/s (in numerical order)	Number of Ordinary Shares covered by each certificate enclosed
Total		

Surname or name of juristic person/name of trust together with the name of each trustee:
Identify number/registration number/Master's reference number and identify numbers of each trustee:

Signature of Scheme Participant	Stamp and address of agent lodging this Form (if any)
Assisted by me (if applicable)	
(State full name and capacity):	
Date:	
Telephone number (Home): ()	
Telephone number (Work): ()	
Cell phone number:	

Notes:

In order to comply with the Financial Intelligence Centre Act, No. 38 of 2001, as amended (“**FICA**”), the Transfer Secretaries will be unable to record any change of address unless the following documentation is received:

- an original certified copy of your identity document;
- an original certified copy of a document issued by the South African Revenue Service to verify your tax number. If you do not have one, please submit this in writing and have the letter signed by a Commissioner of Oaths; and
- an original or original certified copy of a service bill to verify your residential address.

PART B: TO BE COMPLETED BY EMIGRANTS OF THE COMMON MONETARY AREA.

Nominated authorised dealer in the case of a Scheme Participant who is an emigrant from the Common Monetary Area (see 2 opposite). **NB: PART A must also be completed.**

Name of dealer	Account number
Address	

PART C: TO BE COMPLETED BY ALL SCHEME PARTICIPANTS WHO RETURN THIS FORM TO INDICATE HOW TO RECEIVE THE SCHEME CONSIDERATION SHARES

Name of account holder (no third party accounts):
Name of Broker:
Name of CSDP:
Account number of Broker:
Account number of CSDP:
Telephone number of CSDP:
SCA number of Broker/CSDP:
(State full name and capacity):

Should the account details provided by you above be incorrect or incomplete, it will not be possible to credit such account with the Scheme Consideration, in which case your Scheme Consideration will be held with Computershare Proprietary Limited until such time as correct information is received.

Notes:

1. Scheme Participants should consult their professional advisors in case of doubt as to the correct completion of this Form.
2. Emigrants from the Common Monetary Area must, in addition to **Part A**, also complete **Part B**. If **Part B** is not properly completed, the Scheme Consideration will be held in trust by Zarclear or the Transfer Secretaries pending receipt of the necessary nomination or instruction. No interest will accrue or be paid on any Scheme Consideration so held in trust.
3. No receipts will be issued for documents lodged unless specifically requested.
4. Persons who are emigrants from the Common Monetary Area should nominate the Authorised Dealer in foreign exchange in South Africa which has control of their remaining assets in **Part B** of this Form. Failing such nomination, the Scheme Consideration due to such Scheme Participants in accordance with the provisions of the Scheme will be held by Zarclear or the Transfer Secretaries, pending instructions from the Scheme Participants concerned.
5. If this Form is not signed by the Scheme Participant, the Scheme Participant will be deemed to have irrevocably appointed the Transfer Secretaries to implement the Scheme Participant’s obligations under the Scheme on his behalf.
6. Any alterations to this Form must be signed in full and not initialled.
7. If this Form is signed under a power of attorney, then such power of attorney, or a notarial certified copy thereof, must be sent with this Form for noting (unless it has already been noted by Zarclear or the Transfer Secretaries).
8. Where the Scheme Participant is a company or a close corporation, unless it has already been registered with Zarclear or the Transfer Secretaries, a certified copy of the Zarclear Directors’ or members’ resolution authorising the signing of this Form must be submitted if so requested by Zarclear.

9. A minor must be assisted by his parent or guardian, unless the relevant documents establishing his legal capacity are produced or have been registered by the Transfer Secretaries.
- 10 Where there are any joint holders of any Scheme Shares, only that holder whose name stands first in the Register in respect of such Scheme Shares need sign this Form.



19 May 2022

Attention: Mr. R Du Plessis

Herbert Hills Free Hills South Africa LLP
Rosebank Towers
4th Floor
15 Biermann Avenue
Rosebank
2196

Email: Rudolph.duPlessis@hsf.com

Dear Sir

**APPROVAL FOR THE POSTING OF CIRCULAR TO SHAREHOLDERS OF
ZARCLEAR HOLDINGS LIMITED IN RESPECT OF THE SCHEME OF
ARRANGEMENT IN TERMS OF S114 OF THE COMPANIES ACT**

1. We refer to the circular and annexures submitted for approval to the Takeover Regulation Panel (the “**Panel**”) and confirm that the documents have been approved. The circular relates to the disposal of the scheme of arrangement in terms of section 114 of the Companies Act, No. 71 of 2008 (the “**Act**”) and the Takeover Regulations (the “**Transaction**”).
2. Our approval is provided on the understanding that all relevant and complete information on the nature of the transaction has been fully disclosed. In approving the circular, and without limitation, we considered the contents of the Independent Board’s Responsibility Statement, the Opinions and Recommendations of the Independent Board, as well as the contents of the report of the Independent Expert, annexed to the circular as Annexure 1.
3. We also wish to make you aware that in terms of Section 201(3) of the Act, the Panel in exercising its powers and performing its functions must not express any view or opinion on the commercial advantages or disadvantages of any transaction.

4. Kindly ensure that the provisions of section 121 of the Act as read with Regulation 102(13) of the Companies Regulations 2011 are complied with before the transaction is implemented.
5. We require written confirmation from you that the circular and all the accompanying annexures including, without limitation, the Independent Expert Report to be sent to the shareholders will be identical to that approved by the Panel in terms of this letter.
6. We also require that the printed copy of the final circular, as sent to shareholders, be delivered to our offices.

Yours faithfully,


TAKEOVER REGULATION PANEL
Andile Nkani
Executive Director



Tel: +27 011 488 1700
Fax: +27 010 060 7000
www.bdo.co.za

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Private Bag X60500
Houghton, 2041
South Africa

The Directors
African Phoenix Limited
9th Floor, Katherine Towers
1 Park Lane
Wierda Valley
Sandton
2196

18 May 2022

Dear Sir/ Madam

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT IN RESPECT OF THE COMPILATION OF THE PRO FORMA FINANCIAL INFORMATION OF AFRICAN PHOENIX INVESTMENTS LIMITED ("APIL" OR "THE COMPANY") AND ZARCLEAR HOLDINGS LIMITED IN RELATION TO THE PROPOSED ACQUISITION OF ZARCLEAR HOLDINGS LIMITED ("ZARCLEAR") BY AFRICAN PHOENIX

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of APIL in relation to the proposed acquisition of Zarclear by African APIL. The *pro forma* financial information, as set out in Annexure 2 of the circular to be issued on or about 18 May 2022 ("the Circular"), consists of the *pro forma* statement of financial position and the *pro forma* statement of comprehensive income. The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the Guide on Pro forma Financial Information, issued by SAICA..

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described on page 13 of the Circular, on the Company's financial position and performance as at 30 June 2021, as if the corporate action or event had taken place at 30 June 2021 for statement of financial position and 30 June 2021 for statement of comprehensive income purposes. As part of this process, information about the Company's financial position and performance has been extracted by the directors from the Company's audited financial information for the year ended 30 June 2021.

Directors' responsibility for the *pro forma* financial information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria.

Our independence and quality control

We are required to comply with the independence and other ethical requirements of Sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018) and parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively.

BDO South Africa Incorporated
Registration number: 1995/002310/21
Practice number: 905526
VAT number: 4910148685

Chief Executive Officer: B Mokoena

A full list of all company directors is available on www.bdo.co.za

The company's principal place of business is at The Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the Guide on Pro forma Financial Information, issued by SAICA.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Circular issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified by SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in the Circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the Guide on Pro forma Financial Information, issued by SAICA and described in Annexure 2 of the Circular.



Consent

This report on the *pro forma* statement of financial position is included solely for the information of the Shareholders. We consent to the inclusion of our report on the *pro forma* statement of financial position, *pro forma* statement of comprehensive income and the references thereto, in the form and context in which they appear.

Yours faithfully

BDO South Africa Incorporated

BDO South Africa Incorporated (May 18, 2022 11:14 GMT+2)

BDO South Africa Incorporated

Chartered Accountants (SA)

Registered Auditors

per Kathryn Luck

Chartered Accountant (SA)

Registered Auditor

Reporting Accountant Specialist

52 Corlett Drive, Illovo, 2196