questco
CORPORATE ADVISORY

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The Board of Directors
eXtract Group Limited
9th floor, Katherine Towers
1 Park Lane
Wierda Valley
Sandton, 2196
28 June 2023

Dear Sirs and Madam

**INDEPENDENT EXPERT'S OPINION IN RESPECT OF A SCHEME OF ARRANGEMENT BETWEEN EXTRACT GROUP LIMITED ("EXTRACT" OR "THE COMPANY") AND EXTRACT SHAREHOLDERS, IN TERMS OF WHICH, INTER ALIA, THE COMPANY WILL, IF IMPLEMENTED, ACQUIRE THE EXTRACT SHARES OF CERTAIN EXTRACT SHAREHOLDERS**

## 1. Introduction

In terms of the announcement published by eXtract on 11 May 2023, holders of ordinary shares in eXtract ("eXtract Shares") ("eXtract Shareholders") were advised that the Company has proposed a scheme of arrangement in terms of section 114 of the Companies Act, No. 71 of 2008 ("the Companies Act") (read with section 115 of the Companies Act) in terms of which, if implemented, will result in:

- a 100 000:1 share consolidation;
- an offer to odd-lot shareholders to subscribe for additional shares at a price of R26.74 per share, in order to remain invested or increase their investment in eXtract ("the Top-Up Issue"); and
- a repurchase by eXtract at a price of R28.19 per share of odd-lot shares ("the Odd-Lot Repurchase Consideration") which (after implementation of the Top-Up Issue), do not meet the share consolidation minimum threshold (as defined in the Circular) ("the Odd-Lot Repurchase").

The Companies Act requires that an independent expert be appointed to opine as to the fairness and reasonableness of the terms of the Odd-Lot Repurchase.

Extracts of sections 115 of the Companies Act dealing with the approval requirements of the Odd-Lot Repurchase and section 164 of the Companies Act dealing with shareholders' appraisal rights are included in Appendix A and Appendix B to this letter.

## 2. Scope

Questco Corporate Advisory Proprietary Limited ("Questco") has been appointed as the Independent Expert by the independent members of the board of directors of eXtract in terms of section 114 of the Companies Act and Regulation 110(1) of the Takeover Regulations, to provide an opinion as to whether the terms of the Odd-Lot Repurchase are fair and reasonable ("the Opinion" or "our Opinion").

## 3. Responsibility

Compliance with the Companies Act is the responsibility of the Board of eXtract. Our responsibility is to report on the terms of the Odd-Lot Repurchase in compliance with the Companies Act.

We confirm that our Opinion has been provided to the Independent Board of eXtract for the sole purpose of assisting them in forming and expressing an opinion for the benefit of eXtract shareholders in relation to the Odd-Lot Repurchase. We accept no responsibility to any party other than to the Independent Board.

## 4. Definition of the terms "fair" and "reasonable"

For the purposes of our Opinion, "fairness" is primarily based on quantitative considerations. Insofar as the Odd-Lot Repurchase is concerned, the terms thereof would be considered "fair" if the Odd-Lot Offer Consideration was greater than the fair value of the eXtract Shares the subject of the Odd-Lot Repurchase.

The assessment of reasonableness is generally based on qualitative considerations surrounding a transaction. Accordingly, even though the consideration to be paid in respect of an offer may be lower or higher than the fair market value as at the time of the offer consideration, or at some other more appropriate identifiable time, the terms of the Odd-Lot Repurchase may be considered reasonable after considering other significant qualitative factors.

## 5. Sources of information

In the course of our analysis, we relied upon financial and other information obtained from eXtract's executive management ("eXtract Management") and the advisors to eXtract, together with industry-related and other information in the public domain. Our conclusion is dependent on such information being accurate in all material respects and accordingly we cannot express any opinion on the financial and other information used in arriving at our Opinion. The principal sources of information used in formulating our Opinion regarding the Odd-Lot Repurchase include:

- the audited annual financial statements of eXtract for the financial year ended 31 August 2022;
- the unaudited management accounts of eXtract for the 8 months ended 30 April 2023;
- the base cost of each underlying investment;
- the draft Circular as submitted to the Takeover Regulation Panel for its final approval;

- the circular to eXtract Shareholders dated 20 December 2018 concerning the de-listing of eXtract from the JSE Limited ("JSE") and an accompanying offer to eXtract Shareholders ("the De-Listing Offer Circular");
- unaudited interim financial statements for ENX Group Limited ("ENX"), a company in which eXtract is invested;
- the 2022 Integrated Annual Report for ENX;
- the ENX share register;
- eXtract's memorandum of incorporation;
- representations made by, and discussions held with, the management of eXtract; and
- share price and other trading information relating to investments held by eXtract.

Where practical and possible, we have corroborated the reasonability of the information provided to us for the purpose of forming our Opinion, including publicly available information, whether in writing or obtained in discussions with eXtract Management, as applicable and appropriate.

## 6. Procedures performed

In arriving at our Opinion, amongst other things, we have undertaken the following procedures in evaluating the fairness of the Odd-Lot Repurchase Consideration:

- considered the terms of the Odd-Lot Repurchase;
- analysed and reviewed the audited and unaudited historical financial information for eXtract and ENX;
- performed a valuation of eXtract Shares using a valuation technique appropriate to the nature of eXtract's business;
- considered the prevailing economic and market conditions;
- considered the rationale for the Odd-Lot Repurchase and considered the Odd-Lot Offer Consideration against the trading price and the volume-weighted average price per eXtract share at various dates immediately prior to the launch of the Delisting Offer and the related firm intention announcement; and
- considered other facts and information relevant to concluding this Opinion.

## 7. Methodologies to determine fair value

eXtract is an investment holding company that does not conduct any trading operations but holds a portfolio of financial assets, primarily shares in companies listed on various stock exchanges, but also debt instruments, loans, receivables and cash. Accordingly, eXtract Shares have been valued with reference to the fair value of the Company's net assets.

## 8. Assumptions

Our Opinion is based on the following assumptions and information:

- the Odd-Lot Repurchase will be legally enforceable;
- reliance can be placed on the financial information of eXtract; and
- representations made by eXtract Management and eXtract's advisors during the course of forming this Opinion.

## 9. Valuation

**Net Asset Value Methodology**

The net asset value approach ("NAV approach") has been used as the primary valuation methodology to determine the fair value of the eXtract shares.

eXtract's listed investments, namely ENX, Alphamin Resources Limited ("Alphamin") and Nu-World Holdings Limited ("Nu-World") have been valued with reference to the price at which their shares are currently trading on the relevant exchanges and then applying appropriate discounts to take into account their current trading patterns and the time it would take to convert such investments to cash.

Cognisance was also taken of the legal dispute referred to in eXtract's 2022 financial statements as a contingent liability in respect of its holding of Alphamin shares.

We have further considered the impact of capital gains tax that would be payable upon the disposal of the ENX shares, the Alphamin shares and the Nu World shares, as well as the impact on fair value of the costs incurred in the running of eXtract.

All loans and other financial assets have been assumed to be recoverable and have therefore been valued at their carrying value.

**Market multiple methodology**

The market multiple methodology has been used as a corroboratory tool to confirm the value derived in terms of the NAV approach. An appropriate price to book multiple has been derived with reference to the price to book ratios at which other investment companies ("Peer Companies") trade on the JSE and applied to eXtract's net asset value at 30 April 2023, as recorded in the Company's management accounts. Given that all of the Peer Companies are listed and eXtract is not listed, we have applied a discount to take into consideration the fact that there is no ready market for eXtract shares.

## 10. Valuation results

In preparing the valuation of eXtract, we concluded a valuation range per eXtract share of R21.75 to R23.85, with a most likely value of R22.80. Accordingly, given that the Odd-Lot Offer Consideration falls above this range, we consider it to be fair.

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

## 11. Reasonableness

The listing of the Company's shares on the JSE was terminated on Tuesday, 5 March 2019, pursuant to an offer to eXtract Shareholders at a price per eXtract share of R6 ("the De-listing Offer Consideration") and the receipt of the requisite approval of eXtract Shareholders in general meeting. Since that date, there have been no further liquidity events through which eXtract Shareholders can realise any value in their eXtract Shares.

Given that the Odd-Lot Repurchase Consideration is significantly higher than the last traded price per eXtract Share on the JSE, and also given the fact that eXtract Shareholders are being given the opportunity to participate in the Top-Up Offer at a price lower than the Odd-Lot Repurchase Consideration, we are of the opinion that the terms of the Odd Lot Repurchase are reasonable.

## 12. Limiting conditions

This Opinion is provided solely for the use of the Independent Board for the sole purpose of assisting in forming and expressing an opinion on the Odd-Lot Repurchase for the benefit of the eXtract Shareholders.

This Opinion does not purport to cater for any individual shareholder's circumstances and/or risk profile, but rather that of the general body of shareholders taken as a whole.

We have relied upon and assumed the accuracy of the information used by us in deriving our Opinion. Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our Opinion, whether in writing or obtained in discussion with management of eXtract, by reference to publicly available or independently obtained information. We assume no responsibility and make no representations with respect to the accuracy of any information provided to us in respect of eXtract.

While our work has involved the review of eXtract's unaudited management accounts for the eight months ended 30 April 2023 and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards.

This Opinion is provided in terms of the Companies Act. It does not constitute a recommendation to any eXtract Shareholder as to how to act in relation to their eXtract Shares and it should not, therefore, be relied upon for any purpose. We assume no responsibility to anyone if this Opinion is used or relied upon for anything other than its intended purpose. Should an individual eXtract Shareholder have any doubts as to what action to take, such eXtract Shareholder should consult an independent advisor.

Budgets/projections/forecasts relate to future events and are based on assumptions which may not remain valid for the whole of the forecast period. Accordingly, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods.

## 13. Opinion

Based on the results of our procedures performed, and subject to the conditions set out herein, we are of the opinion that the terms of the Odd-Lot Repurchase are fair and reasonable.

Our Opinion is necessarily based upon the information available to us up to Monday, 19 June 2023.

## 14. Independence, competence and fees

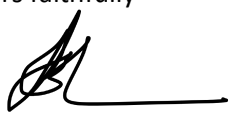
We confirm that we have no direct or indirect interest in eXtract, the Odd-Lot Repurchase, nor do we have any relationship with eXtract or any person related to eXtract such as would lead a reasonable and informed third party to conclude that our integrity, impartiality or objectivity has been compromised by such relationship. We also confirm that we have the necessary competence and experience to provide this Opinion.

Furthermore, we confirm that our fee of R285 000 in relation to the provision of this Opinion is not contingent upon the outcome of either the Odd-Lot Repurchase.

## 15. Consent

We hereby consent to the inclusion of this Opinion, in whole or in part, and any references thereto, in the form and context in which they appear, in any required regulatory announcement or document.

Yours faithfully



**MANDY RAMSDEN**

Director

Questco Corporate Advisory (Pty) Ltd

## APPENDIX A: EXTRACT OF 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 Companies 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, 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 5 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.

**APPENDIX B: EXTRACT OF SECTION 164 OF THE COMPANIES ACT**

"(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; nor
      (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 shareholders 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 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 5 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, in which case the shareholder is reinstated to their full rights as a shareholder, 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 offer contemplated in subsection (15)(c)(v), a Dissenting Shareholder may accept the offer made by the company in terms of subsection (11), 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 pays 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,

(c) 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."

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The Board of Directors
eXtract Group Limited
9th floor, Katherine Towers
1 Park Lane
Wierda Valley
Sandton, 2196
28 June 2023

Dear Sirs and Madam

**INDEPENDENT EXPERT'S OPINION IN RESPECT OF A MANDATORY OFFER TO THE SHAREHOLDERS OF EXTRACT GROUP LIMITED ("EXTRACT" OR "THE COMPANY"), IN TERMS OF WHICH AFRICAN PHEONIX INVESTMENTS LIMITED AND ITS CONCERT PARTIES ("THE OFFEROR"), WILL ACQUIRE SOME OR ALL OF THE SHARES IN THE ISSUED SHARE CAPITAL OF THE COMPANY, NOT ALREADY HELD BY THE OFFEROR**

## 1. Introduction

The Offeror has launched a mandatory offer to eXtract shareholders at a price of R11.11 per eXtract share ("the Mandatory Offer Consideration") pursuant to the settlement reached with the Takeover Regulation Panel and in terms of section 117(1)(c)(vi) read together with section 123 of the Companies Act, details of which are contained in the circular to which this opinion letter is appended ("the Circular") ("the Mandatory Offer").

The Companies Act requires that an independent expert be appointed to opine as to the fairness and reasonableness of the terms of the Mandatory Offer.

## 2. Scope

Questco Corporate Advisory Proprietary Limited ("Questco") has been appointed as the Independent Expert by the independent members of the board of directors of eXtract in terms of section 114 of the Companies Act and Regulation 110(1) of the Takeover Regulations, to provide an opinion as to whether the terms of the Mandatory Offer are fair and reasonable ("the Opinion" or "our Opinion").

## 3. Responsibility

Compliance with the Companies Act is the responsibility of the Board of eXtract. Our responsibility is to report on the terms of the Mandatory Offer in compliance with the Companies Act.

We confirm that our Opinion has been provided to the Independent Board of eXtract for the sole purpose of assisting them in forming and expressing an opinion for the benefit of eXtract shareholders in relation to the Mandatory Offer. We accept no responsibility to any party other than to the Independent Board.

## 4. Definition of the terms “fair” and “reasonable”

For the purposes of our Opinion, “fairness” is primarily based on quantitative considerations. Insofar as the Mandatory Offer is concerned, the terms thereof would be considered "fair" if the Mandatory Offer Consideration was greater than the fair value of the eXtract shares the subject of the Mandatory Offer.

The assessment of reasonableness is generally based on qualitative considerations surrounding a transaction. Accordingly, even though the consideration to be paid in respect of an offer may be lower or higher than the fair market value as at the time of the offer consideration, or at some other more appropriate identifiable time, the terms of the Mandatory Offer may be considered reasonable after considering other significant qualitative factors.

## 5. Sources of information

In the course of our analysis, we relied upon financial and other information obtained from eXtract’s executive management (“eXtract Management”) and the advisors to eXtract, together with industry-related and other information in the public domain. Our conclusion is dependent on such information being accurate in all material respects and accordingly we cannot express any opinion on the financial and other information used in arriving at our Opinion. The principal sources of information used in formulating our Opinion regarding the Mandatory Offer include:

- the audited annual financial statements of eXtract for the financial year ended 31 August 2022;
- the unaudited management accounts of eXtract for the 8 months ended 30 April 2023;
- the base cost of each underlying investment;
- the draft Circular as submitted to the Takeover Regulation Panel for its final approval;
- the circular to eXtract shareholders dated 20 December 2018 concerning the de-listing of eXtract from the JSE Limited (“JSE”) and an accompanying offer to eXtract shareholders (“the De-Listing Offer Circular”);
- unaudited interim financial statements for ENX Group Limited (“ENX”), a company in which eXtract is invested;
- the 2022 Integrated Annual Report for ENX;
- the ENX share register;
- eXtract’s memorandum of incorporation;
- representations made by, and discussions held with, the management of eXtract; and
- share price and other trading information relating to investments held by eXtract.

Where practical and possible, we have corroborated the reasonability of the information provided to us for the purpose of forming our Opinion, including publicly available information, whether in writing or obtained in discussions with eXtract Management, as applicable and appropriate.

## 6. Procedures performed

In arriving at our Opinion, amongst other things, we have undertaken the following procedures in evaluating the fairness of the Mandatory Offer Consideration:

- considered the terms of the Mandatory Offer;
- analysed and reviewed the audited and unaudited historical financial information for eXtract and ENX;
- performed a valuation of eXtract shares using a valuation technique appropriate to the nature of eXtract's business;
- considered the prevailing economic and market conditions;
- considered the rationale for the Mandatory Offer and considered the Mandatory Offer Consideration against the trading price and the volume-weighted average price per eXtract share at various dates immediately prior to the launch of the Delisting Offer and the related firm intention announcement; and
- considered other facts and information relevant to concluding this Opinion.

## 7. Methodologies to determine fair value

eXtract is an investment holding company that does not conduct any trading operations but holds a portfolio of financial assets, primarily shares in companies listed on various stock exchanges, but also debt instruments, loans, receivables and cash. Accordingly, eXtract shares have been valued with reference to the fair value of the Company's net assets.

## 8. Assumptions

Our Opinion is based on the following assumptions and information:

- the Mandatory Offer will be legally enforceable;
- reliance can be placed on the financial information of eXtract; and
- representations made by eXtract Management and eXtract's advisors during the course of forming this Opinion.

## 9. Valuation

### Net Asset Value Methodology

The net asset value approach ("NAV approach") has been used as the primary valuation methodology to determine the fair value of the eXtract shares.

eXtract's listed investments, namely ENX, Alphamin Resources Limited ("Alphamin") and Nu-World Holdings Limited ("Nu-World") have been valued with reference to the price at which their shares are currently trading on the relevant exchanges and then applying appropriate discounts to take into account their current trading patterns and the time it would take to convert such investments to cash.

Cognisance was also taken of the legal dispute referred to in eXtract's 2022 financial statements as a contingent liability in respect of its holding of Alphamin shares.

We have further considered the impact of capital gains tax that would be payable upon the disposal of the ENX shares, the Alphamin shares and the Nu World shares, as well as the impact on fair value of the costs incurred in the running of eXtract.

All loans and other financial assets have been assumed to be recoverable and have therefore been valued at their carrying value.

### Market multiple methodology

The market multiple methodology has been used as a corroboratory tool to confirm the value derived in terms of the NAV approach. An appropriate price to book multiple has been derived with reference to the price to book ratios at which other investment companies ("Peer Companies") trade on the JSE and applied to eXtract's net asset value at 30 April 2023, as recorded in the Company's management accounts. Given that all of the Peer Companies are listed and eXtract is not listed, we have applied a discount to take into consideration the fact that there is no ready market for eXtract shares.

## 10. Valuation results

In preparing the valuation of eXtract, we concluded a valuation range per eXtract share of R21.75 to R23.85, with a most likely value of R22.80. Accordingly, given that the Mandatory Offer Consideration falls well below this range, we consider it to be unfair.

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

## 11. Reasonableness

The listing of the Company's shares on the JSE was terminated on Tuesday, 5 March 2019, pursuant to an offer to eXtract shareholders at a price per eXtract share of R6 ("the De-listing Offer Consideration") and the receipt of the requisite approval of eXtract shareholders in general meeting. Since that date, there have been no further liquidity events through which eXtract shareholders can realise any value in their eXtract shares.

While the Mandatory Offer Consideration is well above the De-Listing Offer Consideration and the price at which eXtract shares were trading at the time the De-Listing Offer was launched, being R6 per eXtract share, it is well below eXtract's net asset value per share of R28.19 as at 31 August 2022, being the odd-lot purchase consideration and the price at which eXtract shares are to be issued to eXtract shareholders under the top-up offer included in the scheme of arrangement circular to eXtract shareholders dated Monday, 3 July 2023, if implemented. We are therefore of the opinion that the terms of the Mandatory Offer are unreasonable.

## 12. Limiting conditions

This Opinion is provided solely for the use of the Independent Board for the sole purpose of assisting in forming and expressing an opinion on the Mandatory Offer for the benefit of the eXtract shareholders.

This Opinion does not purport to cater for any individual shareholder's circumstances and/or risk profile, but rather that of the general body of shareholders taken as a whole.

We have relied upon and assumed the accuracy of the information used by us in deriving our Opinion. Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our Opinion, whether in writing or obtained in discussion with management of eXtract, by reference to publicly available or independently obtained information. We assume no responsibility and make no representations with respect to the accuracy of any information provided to us in respect of eXtract.

While our work has involved the review of eXtract's unaudited management accounts for the eight months ended 30 April 2023 and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards.

This Opinion is provided in terms of the Companies Act. It does not constitute a recommendation to any eXtract shareholder as to how to act in relation to their eXtract shares and it should not, therefore, be relied upon for any purpose. We assume no responsibility to anyone if this Opinion is used or relied upon for anything other than its intended purpose. Should an individual eXtract shareholder have any doubts as to what action to take, such eXtract shareholder should consult an independent advisor.

Budgets/projections/forecasts relate to future events and are based on assumptions which may not remain valid for the whole of the forecast period. Accordingly, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods.

## 13. Opinion

Based on the results of our procedures performed, and subject to the conditions set out herein, we are of the opinion that the terms of the Mandatory Offer are neither fair nor reasonable.

Our Opinion is necessarily based upon the information available to us up to Monday, 19 June 2023.

## 14. Independence, competence and fees

We confirm that we have no direct or indirect interest in eXtract, the Mandatory Offer, nor do we have any relationship with eXtract or any person related to eXtract such as would lead a reasonable and informed third

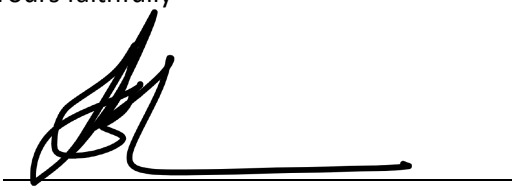
party to conclude that our integrity, impartiality or objectivity has been compromised by such relationship. We also confirm that we have the necessary competence and experience to provide this Opinion.

Furthermore, we confirm that our fee of R285 000 in relation to the provision of this Opinion is not contingent upon the outcome of either the Mandatory Offer.

**15. Consent**

We hereby consent to the inclusion of this Opinion, in whole or in part, and any references thereto, in the form and context in which they appear, in any required regulatory announcement or document.

Yours faithfully



**MANDY RAMSDEN**

Director

Questco Corporate Advisory (Pty) Ltd