

AFRICAN PHOENIX LIMITED
Incorporated in the Republic of South Africa
Registration number: 1946/021193/06
("African Phoenix" or the "Company")

**ANNOUNCEMENT RELATING TO CROSSING OF THRESHOLD FOR THE MAKING OF A
MANDATORY OFFER TO SHAREHOLDERS OF EXTRACT GROUP LIMITED, AND RELATED
TAKEOVER REGULATION PANEL PROCESS**

1 Introduction

- 1.1 During June 2022 the Company and Peresec Prime Brokers Proprietary Limited ("**Peresec**") initiated an engagement with the Takeover Regulation Panel (the "**Panel**") and advised the Panel of number of transactions in the ordinary shares of Extract Group Limited ("**Extract**") which were concluded and/or implemented during the period May 2020 to December 2020 (the "**2020 Extract Share Transactions**"), which transactions they had recently become aware had triggered separate obligations on the part of Peresec and African Phoenix to make mandatory offers in terms of section 123 of the Companies Act, No 71 of 2008, as amended (the "**Companies Act**") as read together with the provisions of Chapter 5 of the Companies Regulations, 2011 (the "**Takeover Regulations**"), and related compliance obligations, with which obligations they inadvertently did not comply.
- 1.2 In terms of the 2020 Extract Share Transactions:
- 1.2.1 initially, Peresec acquired an interest in more than 35% of the ordinary shares in Extract from various entities pursuant to a default of their obligations to Peresec during the height of the Covid-19 pandemic where markets experienced extra-ordinary stress and volatility and during a period of unprecedented and economic stifling lock-down regulations; and
- 1.2.2 subsequently, African Phoenix acquired an interest in more than 35% of the ordinary shares in Extract from Peresec, which sought to reduce the exposure to Extract which it had acquired.
- 1.3 As part of the engagement with the Panel, the Company and Peresec provided the Panel with full details of the 2020 Extract Share Transactions, including the values which were in their view attributable to each of the 2020 Extract Share Transactions, and requested the Panel to provide directions as to how they should in the circumstances proceed in order to ensure full compliance with the Companies Act and the Takeover Regulations.
- 1.4 The Company and Peresec proposed to the Panel *inter alia* that:
- 1.4.1 African Phoenix would make a mandatory offer on the following basis:
- 1.4.1.1 the offer would be made to those remaining Extract shareholders at the time that Peresec triggered the mandatory offer obligation in terms of section 123 of the Companies Act, being 1 August 2020;
- 1.4.1.2 the offer would be made at a price of R8.58 per Extract share (being the highest price paid by any of the applicable entities (or any of their concert parties) for Extract shares during the preceding 6 months as contemplated in regulation 111(2) of the Takeover Regulations), and that such price be escalated at a rate equal to the statutory rate, from 1 August 2020 to the date of issue of the mandatory offer circular, as envisaged in regulation 122(11) of the Takeover Regulations; and

- 1.4.1.3 there be full compliance by African Phoenix with the Companies Act and the Takeover Regulations in relation to the mandatory offer, including that African Phoenix would provide the requisite cash confirmation to the Panel prior to the publication of the requisite firm intention announcement; and
- 1.4.2 having regard to the fact that affected Extract shareholders would receive the benefit of a mandatory offer from African Phoenix at the highest of all the applicable prices paid, there ought to be no need for Peresec to make a parallel mandatory offer, although Peresec would make a parallel mandatory offer if the Panel so determines.

2 Panel process

- 2.1 The Panel has indicated to African Phoenix and Peresec that it will only provide directions in relation to the matter after it has completed an investigation, in terms of Chapter 7 of the Companies Act, which investigation will deal with the 2020 Extract Share Transactions as well as certain other transactions to which, *inter alia*, African Phoenix and various other parties were party during the period from 2020 to the present (the "**Panel Investigation**"), and after affected persons have had an opportunity to make submissions to the Panel in relation to all of the transactions concerned.
- 2.2 African Phoenix is providing its full cooperation to the Panel in relation to the Panel Investigation as it relates to the 2020 Extract Share Transactions.
- 2.3 Details of the Panel Investigation, including the scope thereof, have been published on SENS on the Panel's behalf and are available on the its website <https://trpanel.co.za>
- 2.4 Any affected person who wishes to make any submission to the Panel regarding the 2020 Extract Share Transactions and/or the resultant obligations under the Companies Act and the Takeover Regulations should contact the Panel via its email address admin@trpanel.co.za.

The Board

23 August 2022