

AFRICAN PHOENIX INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1946/021193/06)

("African Phoenix" or the "Company")

ZARCLEAR HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2000/013674/06)

("Zarclear" or the "Offeror")

JOINT ANNOUNCEMENT OF THE FIRM INTENTION TO MAKE A MANDATORY OFFER FOR AFRICAN PHOENIX SHARES PURSUANT TO THE SETTLEMENT WITH THE TAKEOVER REGULATION PANEL AND PROPOSED AFRICAN PHOENIX SCHEME OF ARRANGEMENT

1. MANDATORY OFFER PURSUANT TO TAKEOVER REGULATION PANEL SETTLEMENT

African Phoenix shareholders (the "**Shareholder(s)**") are referred to the notice published by the Takeover Regulation Panel (the "**Panel**") on the Stock Exchange News Service of the Johannesburg Stock Exchange ("**SENS**") on 13 April 2023, wherein it was announced that the Panel has agreed to settle the Panel's investigation (the "**Settlement**") into certain affected transactions involving the Company, Extract Group Limited, ENX Group Limited and Zarclear and others (the "**Investigated Parties**").

Pursuant to the terms of the Settlement, Shareholders are advised that Zarclear (together with the parties acting in concert with Zarclear as fully described in paragraph 3.3 below) is required to make a mandatory offer (the "**Mandatory Offer**") to all Shareholders to purchase their shares for a cash price per share detailed in paragraph 3.1 below (the "**Offer Consideration**") in terms of section 123 of the Companies Act, 2008 (the "**Companies Act**") and the Takeover Regulations promulgated thereunder (the "**Takeover Regulations**").

The Mandatory Offer will be made subject to compliance with the requisite provisions of the Companies Act and the Takeover Regulations.

This announcement contains further details about the Mandatory Offer and constitutes a firm intention announcement in terms of Regulation 101 of the Takeover Regulations.

2. INFORMATION ABOUT THE OFFEROR

Zarclear is an investment holding company registered in the Republic of South Africa.

3. TERMS AND CONDITIONS OF THE MANDATORY OFFER

The Offeror will make the Mandatory Offer in terms of section 123 of the Companies Act whereby each Shareholder will be entitled to elect whether or not to dispose of its shares to the Offeror for the Offer Consideration. The material terms of the Mandatory Offer to be made by the Offerors to all Shareholders are as follows:

3.1 Offer Consideration

The Offeror will offer Shareholders an Offer Consideration per African Phoenix share of 51c, which includes interest at the prescribed rate and accounts for the share return of capital made to African Phoenix shareholders on 13 January 2020. The Offer Consideration shall be payable on delivery of ownership of the relevant African Phoenix share into the Offeror's name.

3.2 Conditions to the Mandatory Offer

The Mandatory Offer will not be subject to any conditions.

3.3 Concert Parties

Shareholders are advised that the Company has been informed that a concert party arrangement had been established between Zarclear and Peresec Prime Brokers Proprietary Limited, Hampden Capital Proprietary Limited and Oyama Andrew Mabandla in relation to any shares beneficially held from time to time by them in African Phoenix, collectively referred to as the "**Concert Parties**".

3.4 Beneficial interest in African Phoenix held or controlled directly or indirectly by the Offeror, and/or persons acting in concert with the Offeror.

The Offeror has disclosed the following shareholdings in African Phoenix held or controlled directly or indirectly by the Offeror and/or persons acting in concert with the Offeror:

| Shareholder | Number of shares | % of issued shares |
|---|----------------------|--------------------|
| Peresec Prime Brokers Proprietary Limited | 700 000 000 | 49.05 |
| Zarclear | 335 435 546 | 23.51 |
| Hampden Capital Proprietary Limited | 298 916 676 | 20.95 |
| Oyama Andrew Mabandla | 30 000 000 | 2.10 |
| Total | 1 364 352 222 | 95.61 |

Total African Phoenix shares in issue: 1 427 005 272

4. PROPOSED SCHEME OF ARRANGEMENT

4.1 Whilst in no way impacting on the Mandatory Offer, Shareholders are informed that the board of directors of the Company intends to seek shareholder approval to implement a scheme of arrangement in terms of section 114 of the Companies Act (the "**Proposed Scheme**" or "**Scheme**") to effect a 10,000,000 to 1 share consolidation, an offer to Shareholders holding less than an integer of 10,000,000 shares (the "**Share Consolidation Minimum Threshold**") to subscribe for additional shares, a cash repurchase of shares below the Share Consolidation Minimum Threshold, and the conversion of the Company to a private company (as more fully detailed below).

4.2 The Proposed Scheme will be conditional on the implementation of the Mandatory Offer and will be implemented shortly after the closing of the Mandatory Offer.

4.3 Terms and conditions of the Proposed Scheme

The Scheme, if implemented, will result in:

4.3.1 a 10,000,000:1 share consolidation;

4.3.2 an offer to Shareholders holding below the Share Consolidation Minimum Threshold to subscribe for additional shares at a price of 90c per share, being African Phoenix's net asset value ("**NAV**") per share at 30 June 2022 in order to increase their shareholding to achieve a shareholding equal to the next highest integer of the Share Consolidation Minimum Threshold;

4.3.3 a repurchase by African Phoenix of any tranche of shares held by Shareholders, that does not meet the Share Consolidation Minimum Threshold for cash at a price of 95c per share, being a 5.6% premium to African Phoenix's NAV per share at 30 June 2022; and

4.3.4 the conversion of the Company to a private company and the adoption of a new Memorandum of Incorporation.

4.4 **Conditions to the Scheme**

Implementation of the Scheme will be conditional on the fulfilment or waiver, as the case may be, of the following conditions precedent:

- 4.4.1 the closing of the Mandatory Offer in accordance with its terms;
- 4.4.2 the approval of the Scheme in terms of a special resolution of Shareholders, in accordance with sections 114(1)(c) 115(2)(a) of the Companies Act (the “**Scheme Resolution**”);
- 4.4.3 if required in terms of section 115(3) of the Companies Act, approval of the implementation of the Scheme Resolution by a court, and if applicable, African Phoenix not having treated the Scheme Resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act;
- 4.4.4 that appraisal rights (in terms of section 164 of the Companies Act) are not validly exercised by in aggregate more than 5% of Shareholders in respect of the Scheme and the re-acquisition in terms of section 48(8), provided that African Phoenix may waive this condition;
- 4.4.5 African Phoenix shareholders approving a special resolution in terms of section 41(1) of the Companies Act, in order to allow a director or prescribed officer or a person related or inter-related to a director or prescribed officer of the Company holding below the Share Consolidation Minimum Threshold to subscribe for additional shares;
- 4.4.6 if required, the authorisation of the increase in the authorised share capital of African Phoenix to provide for sufficient authorised but unissued shares in order to accommodate the subscription of additional shares in terms of section 36(2) of the Companies Act;
- 4.4.7 African Phoenix shareholders approving a special resolution in terms of section 16(1)(c) of the Companies Act in order to validly adopt a new Memorandum of Incorporation;
- 4.4.8 the receipt of all other applicable regulatory and statutory approvals; and
- 4.4.9 the issue of a compliance certificate by the Panel in terms of section 119(4)(b) of the Companies Act.

4.5 **Concert parties**

African Phoenix is not acting in concert with any other person in relation to the Proposed Scheme.

5. **ABILITY TO PROCEED WITH THE MANDATORY OFFER AND THE PROPOSED SCHEME**

The Offeror has confirmed to the board of directors of the Company that it has sufficient funds to satisfy the cash offer commitment in respect of the Mandatory Offer. The Company confirms that it has sufficient funds to satisfy the cash commitment to repurchase any tranche of African Phoenix shares held by Shareholders that does not meet the Share Consolidation Minimum Threshold under the Proposed Scheme. The Offeror and African Phoenix have delivered to the Panel irrevocable unconditional guarantees issued by The Standard Bank of South Africa Limited, in accordance with Regulations 111(4) and 111(5) of the Takeover Regulations, in favour of the African Phoenix shareholders for the sole purpose of fully satisfying (i) the Offeror’s cash offer commitments in respect of the Mandatory Offer and (ii) African Phoenix’s commitments in respect of the Proposed Scheme respectively.

6. **APPOINTMENT OF INDEPENDENT BOARD**

In accordance with the provisions of the Companies Act and the Takeover Regulations, an independent sub-committee of the African Phoenix board of directors comprising of Graeme Tarr, Ayanda Vabaza-Mvandaba and Thomas Bemelman (the "**Independent Board**") has been appointed to advise Shareholders on the Mandatory Offer and the Scheme. The Independent Board will appoint an independent expert for the purposes of preparing opinions in respect of both the Mandatory Offer and the Scheme in accordance with the Takeover Regulations.

7. **POSTING OF CIRCULAR**

A combined circular, as contemplated in Regulation 102 and 106 of the Takeover Regulations, containing full details in respect of the Mandatory Offer and the Scheme, and incorporating the Independent Board's view of the Mandatory Offer and the Scheme, together with the fair and reasonable opinions prepared by the independent expert on both the Mandatory Offer and the Scheme, is in the process of being prepared. It is expected that the offer circular will be issued within 20 business days after the date of this announcement, which is expected to be on or about Thursday, 8 June 2023 (or such extended date as allowed by the Panel). The Mandatory Offer will remain open for acceptance for at least 30 business days after the opening date of the Mandatory Offer.

8. **RESPONSIBILITY STATEMENTS**

The Independent Board (to the extent that the information relates to the Company), collectively and individually accept responsibility for the information contained in this announcement and certifies that, to the best of its knowledge and belief, the information contained in this announcement relating to the Company is true and this announcement does not omit anything that is likely to affect the import of such information.

The Offeror (to the extent that the information relates to the Offeror) accepts responsibility for the information contained in this announcement and certifies that, to the best of its knowledge and belief, the information contained in this announcement relating to the Offeror is true and this announcement does not omit anything that is likely to affect the import of such information.

11 May 2023