

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 6 of this circular apply, *mutatis mutandis*, to this front cover.

Action required

If you are in any doubt as to what action you should take, please consult your CSDP, broker, banker, attorney, accountant or other professional advisor immediately.

If you have disposed of all of your Brimstone shares, please forward this circular to the purchaser of such shares or to the CSDP, broker, banker, attorney or other agent through whom the disposal was effected.

Brimstone shareholders are referred to page 2 of this circular, which sets out the full details of the action required by them.



BRIMSTONE

INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1995/010442/06)

Share code: BRT ISIN: ZAE000015277

Share code: BRN ISIN: ZAE000015285

CIRCULAR TO BRIMSTONE SHAREHOLDERS

regarding:

- the specific issue of 39 140 000 Brimstone N shares for cash to the participants, being the BEE Management Trust, the General Staff Trust and the Brimstone Broad-based BEE Trust;
- the sanctioning of any financial assistance given by the Company for the purpose of or in connection with the transactions;
- the specific repurchase of Brimstone N shares from the participants in terms of the Brimstone call option;
- the specific issue of Brimstone N shares to the participants in terms of the participants call option;

and incorporating:

- a notice convening a general meeting of Brimstone shareholders; and
- a form of proxy (*yellow*) in respect of the general meeting (for use by certificated Brimstone shareholders and dematerialised Brimstone shareholders with own-name registration only).

Corporate advisor, investment bank and sponsor
to Brimstone



Attorneys to Brimstone



Independent reporting accountants to Brimstone



Independent expert to Brimstone



Date of issue: Thursday, 18 November 2010

This circular is available in English only. Copies may be obtained from the registered office of Brimstone and the offices of the corporate advisor, investment bank and sponsor whose addresses are set out in the "Corporate information and advisors" section of this circular between Thursday, 18 November 2010 and Friday, 10 December 2010.

CORPORATE INFORMATION AND ADVISORS

Secretary and registered office

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Corporate advisor, investment bank and sponsor to Brimstone

Nedbank Capital, a division of Nedbank Limited
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Independent expert to Brimstone

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Independent reporting accountants to Brimstone

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(Practice number 904899E)
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Attorneys to Brimstone

Cliffe Dekker Hofmeyr Inc.
(Registration number 2008/018923/21)
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Transfer secretaries

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
Ground Floor, 70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

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ACTION REQUIRED BY BRIMSTONE SHAREHOLDERS

The definitions commencing on page 6 of this circular apply, *mutatis mutandis*, to this action required by Brimstone shareholders section.

Please take careful note of the following provisions regarding the action required by Brimstone shareholders:

1. If you are in any doubt as to what action to take, please consult your CSDP, broker, attorney, banker or other professional advisor immediately.
2. If you have disposed of all of your Brimstone shares, please forward this circular to the purchaser of such shares or to the CSDP, broker, banker, attorney or other agent through whom the disposal was effected. The general meeting, convened in terms of the notice incorporated in this circular, will be held at The Athenaeum, Boundary Terraces, 1 Mariendahl Lane, Newlands, Cape Town on Friday, 10 December 2010, commencing at 08h30.
3. This circular contains information relating to the transactions. You should carefully read through this circular and decide how you wish to vote on the resolutions to be proposed at the general meeting.

4. GENERAL MEETING

4.1 If you hold dematerialised shares

4.1.1 *Own-name registration*

You are entitled to attend, or be represented by proxy, and may vote, at the general meeting.

If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*yellow*), in accordance with the instructions contained therein, to be received by the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 08h30 on Wednesday, 8 December 2010.

4.1.2 *Other than own-name registration*

If your CSDP or broker has not contacted you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

You must **not** complete the attached form of proxy (*yellow*). In accordance with the mandate between you and your CSDP or broker you must advise your CSDP or broker timeously if you wish to attend, or be represented at, the general meeting.

Your CSDP or broker will be required to issue the necessary letter of representation to you to enable you to attend, or to be represented at the general meeting.

4.2 If you hold certificated ordinary shares

You are entitled to attend, or be represented by proxy, and may vote at the general meeting.

If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*yellow*), in accordance with the instructions contained therein, to be received by the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 08h30 on Wednesday, 8 December 2010.

SALIENT DATES AND TIMES

The definitions commencing on page 6 of this circular apply, *mutatis mutandis*, to this salient dates and times section.

2010

Circular posted to shareholders on	Thursday, 18 November
Terms announcement released on SENS on	Thursday, 18 November
Terms announcement published in the South African press on	Friday, 19 November
Forms of proxy to be received by 08h30 on	Wednesday, 8 December
General meeting to be held at 08h30 on	Friday, 10 December
Results of the general meeting released on SENS on	Friday, 10 December
Results of the general meeting published in the South African press on	Monday, 13 December

Notes:

1. All times and dates shown in this circular are South African times and dates.
2. The abovementioned times and dates are subject to amendment. Any such amendment will be released on SENS and published in the South African press.
3. The general meeting will be held at The Athenaeum, Boundary Terraces, 1 Mariendahl Lane, Newlands, Cape Town on Friday, 10 December 2010, commencing at 08h30.

SALIENT FEATURES

The definitions commencing on page 6 of this circular apply, *mutatis mutandis*, to this salient features section.

These salient features are intended to be an overview of the transactions. They are not, nor are they intended to be, a complete description of the transactions. Brimstone shareholders should read the entire circular for a more detailed explanation of the transactions.

1. INTRODUCTION

- 1.1 Brimstone participates meaningfully in the South African economy. Whilst it continues to do so, it has remained firmly committed to BEE in South Africa. Brimstone believes that the meaningful participation of black people in the mainstream economy is essential to sustaining South Africa's economic and democratic values and structures.
- 1.2 Against this background the Board is proposing the implementation of the transactions in order to retain, attract, incentivise and align the interests of a new generation of executive management and other employees (excluding current directors), the majority of whom are black persons, with those of Brimstone shareholders. The transactions will further maintain and enhance Brimstone's BEE credentials. It is proposed that, in terms of the transactions, the participants will subscribe in aggregate for 39 140 000 newly issued Brimstone N shares, representing in aggregate 12.5% of Brimstone's enlarged issued share capital.
- 1.3 The participants will subscribe for the 39 140 000 Brimstone N shares at a subscription price of R0.5075 per share, with the difference between the subscription price and the subscription VWAP being notionally funded by Brimstone through notional vendor funding. At the relevant final date, Brimstone will, in terms of the Brimstone call option, be entitled to repurchase that number of subscription shares which, at the then market value, have a value equal to the then outstanding notional vendor funding. The participants will retain the balance of the subscription shares.
- 1.4 The transactions have an overall term of eight years.

2. PARTICIPANTS

The transactions comprise three distinct transactions, involving three distinct participants, namely:

- 2.1 the BEE Management Trust, an executive equity investment scheme established for the benefit of the second-tier management of Brimstone which will hold 11.2% of Brimstone's enlarged issued share capital, being 35 140 000 Brimstone N shares. It is envisaged that at the inception of the transactions 55.8% of the units in the BEE Management Trust will be allocated to current second-tier management while the remaining 44.2% will be warehoused by Brimstone for future allocation to new and existing second-tier management and Brimstone group management. At inception 77.9% of the units in the BEE Management Trust will be held by black people (this includes the units warehoused by Brimstone);
- 2.2 the General Staff Trust, an employee equity investment scheme established in line with the requirements of the BEE Codes for the benefit of the broader staff of Brimstone, all of whom are black, which will hold 0.5% of Brimstone's enlarged issued share capital, being 1 500 000 Brimstone N shares. It is envisaged that at the inception of the transactions 55.8% of the units in the General Staff Trust will be allocated to current general staff while the remaining 44.2% will be reserved for future allocation to new and existing general staff; and
- 2.3 the Brimstone Broad-based BEE Trust, a broad-based equity investment scheme, which will hold 0.8% of Brimstone's enlarged issued share capital, being 2 500 000 Brimstone N shares.

3. RATIONALE

- 3.1 Brimstone aims to assist in ensuring meaningful participation by black people in the mainstream economy by adopting and implementing a BEE strategy aimed at achieving:
 - black ownership;
 - a meaningful number of black senior management within Brimstone;
 - a staff complement that reflects South Africa's diverse demographic profile;
 - the transfer of skills to black employees;
 - procurement policies that recognise the principles of BEE;

- social development programmes that are primarily directed at developing and empowering previously disadvantaged groupings.

3.2 The transactions build on the success thus far achieved by Brimstone and achieves a number of Brimstone's key objectives in line with its incentivisation and BEE strategy, namely:

- retaining existing second-tier management and general staff, whom are mainly black people;
- attracting top professional and management skills to the Company and the Brimstone group management;
- incentivising and rewarding second-tier management and general staff;
- aligning the interests of second-tier management and general staff with shareholders;
- entrenching the entrepreneurial mindset by requiring second-tier management to make available their contributions;
- allowing for structured succession planning;
- improving Brimstone's BEE credentials to 62.11% black voting ownership and 58.02% black economic ownership, in terms of the BEE Codes;
- preserving and enhancing Brimstone's current business in South Africa;
- ensuring Brimstone is competitive in South Africa in the context of BEE by maintaining and enhancing Brimstone's BEE credentials;
- further benefiting a broad base of community and regional groups; and
- furthering the assistance in respect of the social and compassionate needs of Brimstone's black employees and their immediate families and the broad-based groupings.

4. **COST TO SHAREHOLDERS**

The cost of the transactions, as at the calculation date, determined in accordance with the statement on share-based payments, IFRS2 and including transaction costs, is R66.62 million and equates to 3.14% of the Brimstone market capitalisation for an equivalent 10% BEE transaction. This compares favourably with precedent BEE transactions. It is important to note that this cost will be amortised in the Company's statement of comprehensive income over the transaction term and does not represent a cash cost.

5. **FAIRNESS OPINION**

In terms of the Listings Requirements, the transactions require a fairness opinion from an independent expert as the BEE Management Trust beneficiaries are related parties. Ernst & Young has been appointed by the Board as independent expert to Brimstone and has provided a fairness opinion to the Board that the terms and conditions of the transactions, as they relate to each of the participants and in particular price and funding, are fair to Brimstone shareholders. The text of the letter from Ernst & Young is included in Annexure 3 to this circular and the letter has not been withdrawn prior to the publication of this circular.

6. **DIRECTORS' RECOMMENDATION AND VOTING**

After taking into consideration the opinion of the independent expert, the Board is of the opinion that the transactions are in the best interests of Brimstone shareholders and recommends that Brimstone shareholders vote in favour of the transactions and the resolutions to be proposed at the general meeting. The directors intend to vote in favour of the resolutions to be proposed at the general meeting in respect of their personal holdings in the issued share capital of Brimstone.

It should be noted that treasury shares and any beneficiaries of the participants will not be eligible to vote.

DEFINITIONS

In this circular, unless otherwise stated or the context otherwise indicates, the words in the first column below shall have the meaning stated opposite them, respectively, in the second column below, reference to the singular shall include the plural and *vice versa*, words denoting one gender shall include the other gender, and an expression denoting natural persons shall include juristic persons and associations of persons:

"articles of association"	the Articles of Association of Brimstone;
"attorneys" or "Cliffe Dekker Hofmeyr"	Cliffe Dekker Hofmeyr Inc (Registration number 2008/018923/21), the attorneys to Brimstone;
"BEE"	black economic empowerment as defined in the BEE Act;
"BEE Act"	Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended;
"BEE Codes"	the Codes of Good Practice on BEE, issued from time to time by the Department of Trade and Industry in terms of section 9 of the BEE Act;
"BEE Management Trust"	the Brimstone Black Executives Investment Trust, a trust being established for the benefit of the BEE Management Trust beneficiaries;
"BEE Management Trust beneficiaries"	the beneficiaries from time to time of the BEE Management Trust which consist of current and future second-tier management of Brimstone and may include Brimstone group management;
"BEE Requirements"	means the black economic empowerment requirements in respect of black people as defined in Schedule 1 of the BEE Codes, under the ownership scorecard which are applicable to Brimstone and which are binding from time to time on Brimstone, and those which are not binding upon Brimstone but which are of substantially general application and the non-compliance with which would have a material adverse impact on Brimstone, including the requirements contained in black economic empowerment legislation from time to time and the BEE Codes;
"Bidco 813"	Business Venture Investments No. 813 (Proprietary) Limited (Registration number 2003/026464/07), a private company incorporated and registered in South Africa and a wholly-owned subsidiary of HSI;
"Bidco 931"	Business Venture Investments No. 931 (Proprietary) Limited (Registration number 2004/034602/07), a private company incorporated and registered in South Africa and a wholly owned subsidiary of HSI;
"black people" or "black persons"	black people as defined in the BEE Act;
"Board" or "directors"	the Board of directors of Brimstone, the names of whom are reflected on page 12 of this circular;
"Brimstone" or "the Company"	Brimstone Investment Corporation Limited (Registration number 1995/010442/06), a public company incorporated and registered in South Africa and listed on the JSE (share codes BRT and BRN);
"Brimstone Broad-based BEE Trust"	the Brimstone Broad-based BEE Trust, a trust being established for the benefit of the Brimstone Broad-based BEE Trust beneficiaries;
"Brimstone Broad-based BEE Trust beneficiaries"	the beneficiaries from time to time of the Brimstone Broad-based BEE Trust which will consist of broad-based community and regional organisations and the Brimstone Equity Share Trust;

"Brimstone call option"	the call option granted by the participants to Brimstone in terms of which Brimstone has the right to repurchase, for a period of 60 days from the relevant final date, a certain number of subscription shares from the participants in accordance with the repurchase formula, as described in paragraph 7.6 below and set out in the respective subscription and relationship agreements, the salient features of which are set out in Annexure 4;
"Brimstone's enlarged issued share capital"	the issued ordinary and N share capital of Brimstone following the implementation in full of the transactions, including the treasury shares, which at the last practicable date would amount to 313 255 339 Brimstone ordinary and Brimstone N shares (assuming that, other than for the subscription shares, no further Brimstone ordinary and Brimstone N shares will be issued after the last practicable date);
"Brimstone Equity Share Trust"	the Brimstone Equity Share Trust (Master's reference number IT2181/2005), a trust established to support a broad range of non-Government organisations and not-for profit organisations as detailed in paragraph 5.4 below, which is in the process of changing its name to the 'Brimstone Empowerment Share Trust';
"Brimstone group" or "the group"	Brimstone and its subsidiaries, from time to time;
"Brimstone N shares" or "N shares"	"N" ordinary shares of 0.001 cent each in the issued share capital of Brimstone;
"Brimstone ordinary shares" or "ordinary shares"	ordinary shares of 0.1 cent each in the issued share capital of Brimstone;
"Brimstone shares" or "shares"	collectively, Brimstone N shares and/or Brimstone ordinary shares;
"business day"	a day other than a Saturday, Sunday or an official public holiday in South Africa;
"calculation date"	the date on which the cost of the transactions is calculated, being Friday, 29 October 2010;
"cent"	South African cent;
"CEO"	the chief executive officer of Brimstone;
"certificated shareholder(s)"	holder(s) of certificated share(s);
"certificated share(s)"	shares which have not been dematerialised, title to which is represented by a share certificate(s) or other document(s) of title;
"CIPRO"	the Companies and Intellectual Property Registration Office;
"the/this circular"	this bound circular, dated Thursday, 18 November 2010, including all annexures, the notice of general meeting and the form of proxy (<i>yellow</i>) attached hereto;
"Companies Act"	the Companies Act, 1973 (Act 61 of 1973), as amended;
"conditions precedent"	the conditions precedent to which the transactions are subject, as set out in paragraph 9 of this circular;
"Corporate advisor, investment bank and sponsor" or "Nedbank Capital"	Nedbank Capital, a division of Nedbank, the corporate advisor, investment bank and sponsor to Brimstone;
"CSDP"	a Central Securities Depository Participant registered in terms of the Securities Services Act and appointed by individual shareholder(s) for the purpose of and in regard to dematerialisation of his (their) Brimstone shares;
"dematerialised shareholder(s)"	holder(s) of dematerialised share(s);
"dematerialised share(s)"	share(s) which have been dematerialised through a CSDP or broker and replaced by electronic record(s) of ownership under the Strate system;
"document(s) of title"	share certificate(s), certified transfer deed(s) or forms, balance receipts or any other documents of title in respect of certificated shares acceptable to Brimstone;

"EPS"	earnings per share;
"final date"	<p>subject to any acceleration as contemplated in terms of the relevant subscription and relationship agreement, and in relation to a particular tranche of subscription shares:</p> <ul style="list-style-type: none"> • tranche 1 – 31 October 2016; • tranche 2 – 31 October 2017; • tranche 3 – 31 October 2018, <p>and as more fully set out in paragraph 7.4 of this circular and in the salient features of the agreements summary set out in Annexure 4;</p>
"general meeting"	the general meeting of shareholders, notice of which is given in this circular, to be held at The Athenaeum, Boundary Terraces, 1 Mariendahl Lane, Newlands, Cape Town, on Friday, 10 December 2010 commencing at 08h30;
"General Staff Trust"	Brimstone General Staff Investment Trust, a trust being established for the benefit of the General Staff Trust beneficiaries;
"General Staff Trust beneficiaries"	the beneficiaries from time to time of the General Staff Trust which consist of current and future employees in the permanent employ of Brimstone, excluding any employees who will be offered benefits in terms of the BEE Management Trust and employees who are directors;
"Health"	Health Strategic Investments Limited (Registration number 2005/012471/06) (formerly Newshelf 776 (Proprietary) Limited), a public company incorporated and registered in South Africa and listed on the JSE (share code HSI);
"HEPS"	headline EPS;
"hurdle rate"	a fixed nominal rate of 8.5% (eight point five percent), compounded annually in arrears;
"IFRS"	International Financial Reporting Standards;
"independent expert" or "Ernst & Young"	Ernst & Young Advisory Services Limited (Registration number 2006/018260/06), a public company incorporated and registered in South Africa and the independent expert to Brimstone;
"independent reporting accountants" or "Deloitte & Touche"	Deloitte & Touche, Registered Auditors, the independent reporting accountants; to Brimstone;
"initial trustee"	the initial trustee of the participants which is Charl Wayne Williams;
"involuntary BEE event"	a change in the BEE Codes which has or will be likely to have a material adverse impact on Brimstone's score under the ownership scorecard as set out in the BEE Codes;
"JSE"	the securities exchange operated by the JSE Limited (Registration number 2005/022939/06), a public company incorporated and registered in South Africa (share code JSE), licensed as an exchange under the Securities Services Act;
"last practicable date"	the last practicable date prior to the finalisation of this circular, being Thursday, 11 November 2010;
"Life Healthcare"	Life Healthcare Group Holdings Limited (Registration number 2003/002733/07), a private company incorporated and registered in South Africa and listed on the JSE (share code LHC);
"listed assets"	securities listed on an exchange (including Brimstone N shares which are currently listed on the JSE);
"Listings Requirements"	the Listings Requirements of the JSE, as amended from time to time;
"market value"	market value as defined in the subscription and relationship agreements being, in relation to:

- listed assets – the 30-trading day VWAP of a share on the relevant exchange at the close of business on the day before any particular date;
- unlisted assets – the fair market value as agreed between the parties to the relevant subscription and relationship agreement, and failing such agreement as determined by an independent expert;

"MSI"	Mvelaphanda Strategic Investments (Proprietary) Limited (Registration number 1998/007485/07), a private company incorporated and registered in South Africa and a wholly-owned subsidiary of Mvelaphanda;
"Mvelaphanda"	Mvelaphanda Group Limited (Registration number 1995/004153/06), a public company incorporated and registered in South Africa, the ordinary and preference shares of which are listed on the JSE (ordinary share code MVG);
"NAV"	net asset value per share;
"Nedbank"	Nedbank Limited (Registration number 1951/000009/06), a public company incorporated and registered in South Africa and a wholly-owned subsidiary of the JSE-listed Nedbank Group Limited (share code NED);
"Newshelf 778"	Newshelf 778 (Proprietary) Limited (Registration number 2005/011914/07), a private company incorporated and registered in South Africa and a wholly-owned subsidiary of Health;
"Newshelf 831"	Newshelf 831 (Proprietary) Limited (Registration number 2006/017554/07), a private company incorporated and registered in South Africa and a wholly-owned subsidiary of Brimstone;
"non-resident"	a person not ordinarily resident in South Africa;
"notional vendor funding"	the notional vendor funding in respect of the subscription shares, as described in paragraph 7 below and more fully described in the subscription and relationship agreements;
"ownership scorecard"	the general ownership scorecard in the measurement of the ownership element of BEE contained in the BEE Codes;
"ownership scorecard points"	points on the ownership scorecard earned or capable of being earned by Brimstone in terms of the ownership scorecard by applying the principles of the BEE Codes;
"participants"	collectively, the BEE Management Trust, the General Staff Trust and the Brimstone Broad-based BEE Trust;
"participants call option"	the option granted by Brimstone to the participants in terms of which the participants have the right, for a period of 60 days from the date of exercise of the Brimstone call option, to subscribe for the same number of new Brimstone N shares and other securities as are repurchased in terms of the Brimstone call option as described in paragraph 8.4 below and set out in the respective subscription and relationship agreements, the salient features of which are set out in Annexure 4;
"pledge and cession agreements"	the agreements entered into between Brimstone and the participants for the pledge of their rights and interests in the subscription shares held by them. The salient features of the pledge and cession agreements are set out in Annexure 4;
"Rand"	South African Rand, the official currency of South Africa;
"related parties"	related parties as defined in the Listings Requirements;
"Remco"	the remuneration committee of Brimstone;

"repurchase formula"	the formula in terms of which the outstanding notional vendor funding and the number of subscription shares held by the participants that Brimstone, at the relevant final date, is entitled to repurchase in terms of the Brimstone call option, is calculated, as summarised in paragraph 7.6 below and as fully set out in the relevant subscription and relationship agreement, the salient features of which are set out in Annexure 4;
"resolutions"	the ordinary and special resolutions to be approved by the requisite majority of Brimstone shareholders at the general meeting, necessary to give effect to the transactions;
"second-tier management"	a staff member in the permanent employ of Brimstone who has managerial functions assigned to him/her in terms of a written contract of employment, excluding a consultancy agreement or independent contractor arrangement or any fixed period employment contract, other than current directors. The current second-tier management of Brimstone are Elke Visagie, Gerhard Kotze, Mohamed Iqbal Khan, Michael O'Dea, Muhammad Brey, Sebastian Patel, Takula Jenkins Tapela and Tiloshani Moodley;
"Securities Services Act"	Securities Services Act, 2004 (Act 36 of 2004), as amended;
"SENS"	the Securities Exchange News Service of the JSE;
"shareholders" or "Brimstone shareholders"	registered holders of Brimstone shares, from time to time;
"South Africa"	the Republic of South Africa;
"Strate"	Strate Limited (Registration number 1998/022242/06), a public company registered and incorporated in South Africa which is registered as a central securities depository in terms of the Securities Services Act, and which is responsible for the electronic settlement system for transactions that take place on the JSE and off-market trades;
"subscription and relationship agreements"	the subscription and relationship agreements entered into by Brimstone for the benefit of each of the participants on Wednesday, 10 November 2010, which agreements shall govern, <i>inter alia</i> , the allotment and issue of the subscription shares to the participants, the potential repurchase by Brimstone of a certain number of the subscription shares in terms of the Brimstone call option and the participants call option, and which set out the terms and conditions applicable to the relationship between Brimstone and the participants. The salient features of the subscription and relationship agreements are set out in Annexure 4;
"subscription date"	the second business day after the last of the conditions precedent to the transactions is fulfilled or waived;
"subscription price"	the price per share at which the participants will subscribe for their subscription shares, being R0.5075 per share;
"subscription share(s)"	the 39 140 000 (thirty-nine million one hundred and forty thousand) Brimstone N shares to be issued by Brimstone to the participants, being a 12.5% interest in the enlarged issued share capital of Brimstone, and to be subscribed for by the participants, as follows: <ul style="list-style-type: none"> • 35 140 000 (thirty-five million one hundred and forty thousand) Brimstone N shares by the BEE Management Trust; • 1 500 000 (one million five hundred thousand) Brimstone N shares by the General Staff Trust; and • 2 500 000 (two million five hundred thousand) Brimstone N shares by the Brimstone Broad-based BEE Trust,

and, in terms of the subscription and relationship agreements, the subscription shares may in the future include, any further or lesser securities to which the holder of such subscription shares may become entitled by virtue of holding such subscription shares;

"subscription VWAP"	the 30-trading day VWAP of Brimstone N shares at the close of business on Friday, 29 October 2010, being R5.41 per Brimstone N share;
"TNAV"	tangible net asset value per share;
"transactions"	collectively, the proposed transactions in terms of which, <i>inter alia</i> , the participants will subscribe for the subscription shares, Brimstone may exercise the Brimstone call option and the participants may exercise the participants call option on the basis set out in the subscription and relationship agreements;
"transaction term"	in relation to a particular tranche of subscription shares, the period from (and including) the subscription date to (and including) the relevant final date;
"transfer secretaries" or "Computershare"	Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07), a private company registered and incorporated in South Africa and the transfer secretaries of Brimstone;
"treasury shares"	shares owned by Brimstone and the Brimstone Equity Share Trust which, at the last practicable date, amounted to 4 548 004 Brimstone ordinary shares and 27 643 566 Brimstone N shares;
"units"	a notional unit issued merely for administrative convenience and evidencing the rights and interests of a beneficiary under the relevant trust deed and the applicable participation agreement;
"unlisted assets"	securities or assets not listed on an exchange; and
"VWAP"	the volume weighted average price of traded securities at the close of business on the day before any particular date.



BRIMSTONE

INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1995/010442/06)
Share code: BRT ISIN: ZAE000015277
Share code: BRN ISIN: ZAE000015285

Directors

Prof G J Gerwel* (*Chairperson*)
F Robertson (*Executive Deputy Chairperson*)
M A Brey (*Chief Executive Officer*)
L Z Brozin (*Financial Director*)
P L Campher*+
M Hewu*+
N Khan*+
M K Ndebele*+
Y Pahad*+
L A Parker*+
A A Roberts*+
F D Roman*+

* Non-executive
+ Independent

CIRCULAR TO BRIMSTONE SHAREHOLDERS

1. INTRODUCTION

- 1.1 Brimstone participates meaningfully in the South African economy. Whilst it continues to do so, it has remained firmly committed to BEE in South Africa. Brimstone believes that the meaningful participation of black people in the mainstream economy is essential to sustaining South Africa's economic and democratic values and structures.
- 1.2 Against this background the Board is proposing the implementation of the transactions in order to retain, attract, incentivise and align the interests of a new generation of executive management and other employees (excluding current directors), the majority of whom are black persons, with those of Brimstone shareholders. The transactions will further maintain and enhance Brimstone's BEE credentials. It is proposed that, in terms of the transactions, the participants will subscribe in aggregate for 39 140 000 newly issued Brimstone N shares, representing in aggregate 12.5% of Brimstone's enlarged issued share capital.
- 1.3 The participants will subscribe for the 39 140 000 Brimstone N shares at a subscription price of R0.5075 per share, with the difference between the subscription price and the subscription VWAP being notionally funded by Brimstone through notional vendor funding. At the relevant final date, Brimstone will, in terms of the Brimstone call option, be entitled to repurchase that number of subscription shares which, at the then market value, have a value equal to the then outstanding notional vendor funding. If the Brimstone call option is exercised, the participants will retain the balance of the subscription shares.
- 1.4 The transactions have an overall term of eight years.
- 1.5 The issue of the subscription shares will be regarded as a specific issue of shares for cash in terms of the Listings Requirements.

- 1.6 The transactions comprise three distinct transactions, involving three distinct participants, namely:
- 1.6.1 the BEE Management Trust, an executive equity investment scheme established for the benefit of the second-tier management of Brimstone, which will hold 11.2% of Brimstone's enlarged issued share capital, being 35 140 000 Brimstone N shares. It is envisaged that at the inception of the transactions 55.8% of the units in the BEE Management Trust will be allocated to current second-tier management while the remaining 44.2% will be warehoused by Brimstone for future allocation to new and existing second-tier management and Brimstone group management. At inception 77.9% of the units in the BEE Management Trust will be held by black people (this includes the units warehoused by Brimstone);
 - 1.6.2 the General Staff Trust, an employee equity investment scheme established in line with the requirements of the BEE Codes for the benefit of the broader staff of Brimstone, all of whom are black, which will hold 0.5% of Brimstone's enlarged issued share capital, being 1 500 000 Brimstone N shares. It is envisaged that at the inception of the transactions 55.8% of the units in the General Staff Trust will be allocated to current general staff while the remaining 44.2% will be reserved for future allocation to new and existing general staff; and
 - 1.6.3 the Brimstone Broad-based BEE Trust, a broad-based equity investment scheme, which will hold 0.8% of Brimstone's enlarged issued share capital, being 2 500 000 Brimstone N shares.

2. PURPOSE OF THIS CIRCULAR

The purpose of this circular is to provide Brimstone shareholders with relevant information regarding the transactions and to achieve:

- 2.1 the authority required for the specific issue of 39 140 000 Brimstone N shares for cash to the participants as set out in the notice of general meeting attached to this circular;
- 2.2 the sanctioning of any financial assistance given by the Company for the purpose of or in connection with the transactions;
- 2.3 the authority required for the specific repurchase of Brimstone N shares and purchase of other shares from the participants in terms of the Brimstone call options;
- 2.4 the authority required for the specific issue of Brimstone N shares and, if applicable, the disposal of other securities derived therefrom, in terms of the participants call options, should any of them be exercised in the future;
- 2.5 the convening of a general meeting of shareholders in terms of the notice of general meeting forming part of this circular, at which meeting the resolutions required to approve and implement the transactions will be proposed.

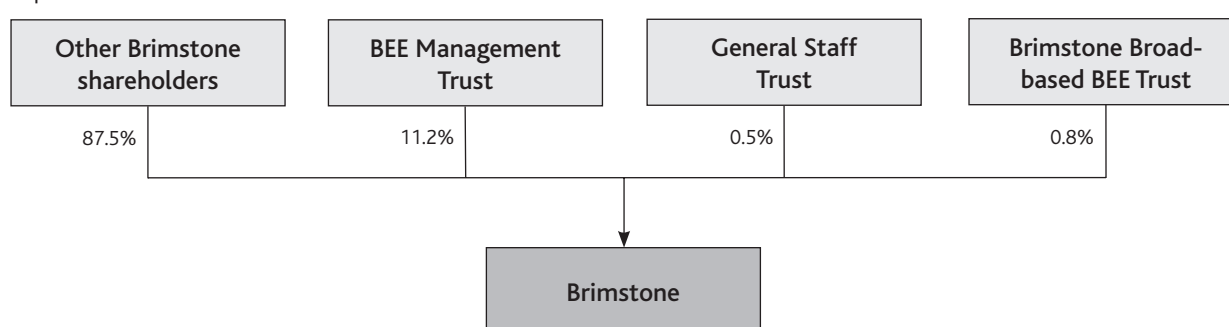
3. RATIONALE FOR THE TRANSACTIONS

- 3.1 Brimstone aims to assist in ensuring meaningful participation by black people in the mainstream economy by adopting and implementing a BEE strategy aimed at achieving:
 - black ownership;
 - a meaningful number of black senior management within Brimstone;
 - a staff complement that reflects South Africa's diverse demographic profile;
 - the transfer of skills to black employees;
 - procurement policies that recognise the principles of BEE;
 - social development programmes that are primarily directed at developing and empowering previously disadvantaged groupings.
- 3.2 The transactions build on the success thus far achieved by Brimstone and achieves a number of Brimstone's key objectives in line with its incentivisation and BEE strategy, namely:
 - retaining existing second-tier management and general staff, whom are mainly black people;
 - attracting top professional and management skills to the Company and to the Brimstone group;
 - incentivising and rewarding second-tier management and general staff;
 - aligning the interests of second-tier management and general staff with shareholders;

- entrenching the entrepreneurial mindset by requiring second-tier management to make available their contributions;
- allowing for structured succession planning;
- improving Brimstone's BEE credentials to 62.11% black voting ownership and 58.02% black economic ownership, in terms of the BEE Codes;
- preserving and enhancing Brimstone's current business in South Africa;
- ensuring Brimstone is competitive in South Africa in the context of BEE by maintaining and enhancing Brimstone's BEE credentials;
- further benefiting a broad base of community and regional groups; and
- furthering the assistance in respect of the social and compassionate needs of Brimstone's black employees and their immediate families and the broad-based groupings.

4. SHAREHOLDING STRUCTURE

The structure of the participants' shareholding in Brimstone's enlarged issued share capital pursuant to the transactions is set out below. This represents shareholdings in the combined Brimstone ordinary and Brimstone N ordinary share capital.



5. BACKGROUND INFORMATION ON THE PARTICIPANTS

5.1 The BEE Management Trust

5.1.1 The BEE Management Trust is a notionally unitised special purpose investment trust formed for the benefit of current as well as future second-tier management, excluding current directors. The current second-tier management are related parties and include the following directors of subsidiaries:

- Mohamed Iqbal Khan – Sea Harvest Holdings (Proprietary) Limited and House of Monatic (Proprietary) Limited; and
- Takula Jenkins Tapela – House of Monatic (Proprietary) Limited.

5.1.2 At the inception of the transactions 55.8% of the units in the BEE Management Trust will be allocated to current second-tier management whilst the remaining 44.2% will be warehoused by Brimstone and reserved for future allocation to new and existing second-tier management and Brimstone group management.

5.1.3 The objective of establishing the BEE Management Trust is, amongst other things, to:

- retain existing second-tier management, which are mainly black people;
- attract top professional and management skills to the Company and to the Brimstone group;
- incentivise and reward second-tier management;
- align the interests of second-tier management with shareholders;
- entrench the entrepreneurial mindset by requiring second-tier management to make available their contributions;
- allow for structured succession planning;
- improve Brimstone's BEE credentials to 62.11% black voting ownership and 58.02% black economic ownership, in terms of the BEE Codes;
- preserve and enhance Brimstone's current business in South Africa.

5.2 The General Staff Trust

5.2.1 The General Staff Trust is a notionally unitised special purpose investment trust formed for the benefit of employees who are not directors and who do not form part of second-tier management of Brimstone.

5.2.2 The objectives of establishing the General Staff Trust are, amongst other things, to:

- retain existing general staff, all of whom are black people;
- attract general staff to the Company;
- incentivise and reward general staff;
- align the interests of general staff with shareholders;
- improve Brimstone's BEE credentials to 62.11% black voting ownership and 58.02% black economic ownership, in terms of the BEE Codes;
- preserve and enhance Brimstone's current business in South Africa.

5.2.3 At the inception of the transactions 55.8% of the units in the General Staff Trust will be allocated to current employees whilst the remaining 44.2% will be reserved for future allocation to new and existing general staff of Brimstone.

5.3 Criteria for allocation of units

The criteria for the allocation of units to BEE Management Trust beneficiaries and General Staff Trust beneficiaries are determined by Remco and include the following:

- length of service;
- gross annual remuneration;
- role and assigned responsibilities; and
- any other factors that Remco may deem important from time to time.

5.4 The Brimstone Broad-based BEE Trust

5.4.1 The Brimstone Broad-based BEE Trust is a notionally unitised special purpose investment trust formed for the benefit of broad-based community and regional organisations who will receive benefits either directly from the Brimstone Broad-based BEE Trust or indirectly via the Brimstone Equity Share Trust.

5.4.2 At the inception of the transactions 100% of the units in the Brimstone Broad-based BEE Trust will be allocated to the Brimstone Equity Share Trust, which represents the interests of a broad base of community and regional organisations, including:

5.4.2.1 SHALAMUKA FOUNDATION

A supporter of the Penreach programme, which is the largest school outreach project in Africa, through which the quality of education is promoted and a learning culture inculcated at disadvantaged schools.

5.4.2.2 YABONGA

Yabonga trains women and men who are living with HIV with skills to enable them to become educators and lay counsellors at Yabonga Support Centres, which are based at clinics in the communities where they live.

5.4.2.3 SAKHIKAMVA INVESTMENTS

The targeted beneficiaries of Sakhikamva Investments are black South Africans who have been, and continue to be, excluded from access to real economic opportunities. Of particular importance are groups that have been most disadvantaged and marginalised.

5.4.2.4 CAPE FLATS DEVELOPMENT ASSOCIATION

This child and family organisation provides numerous services to disadvantaged communities and is committed to the social and economic development of Cape Flats communities.

5.4.2.5 THE LEAGUE OF FRIENDS OF THE BLIND

The League of Friends of the Blind provides a wide range of independence development services to blind and visually impaired adults and children.

5.4.2.6 MUSTADAFIN FOUNDATION

Mustadafin Foundation was established in 1986 and is a non-profit organisation that is committed to the eradication of unemployment, illiteracy and dependency in South Africa.

5.4.2.7 THE TERTIARY SCHOOL IN BUSINESS ADMINISTRATION

The Tertiary School in Business Administration is a higher education institution based in Cape Town and offers full tuition scholarships to scholars and potential students who would otherwise not have access to tertiary level education.

5.4.2.8 NELSON MANDELA FOUNDATION

The Nelson Mandela Foundation was established in 1999 to support Mr Mandela's post-presidential work. The Foundation has a rich history in the areas of education and health and has contributed significantly toward the upliftment of disadvantaged communities.

5.4.2.9 IMAM ABDULLAH HARON EDUCATION TRUST

The principal aim of the Imam Abdullah Haron Education Trust is to provide funding across the entire spectrum of education, ranging from the provision of infrastructure for pre-primary educational institutions to grants for post-graduate study.

5.4.2.10 DITIKENI INVESTMENT TRUST

Ditikeni Investment Trust is a broad-based BEE investment holding company with a ten-year track record of acquiring investments and distributing the profits to beneficiaries.

- 5.4.3 Further units may be allocated to qualifying participants that are also public benefit organisations, approved as such by the South African Revenue Service, including community and regional non-profit organisations. This may result in a dilution to the Brimstone Equity Share Trust.

6. DETAILS OF THE TRANSACTIONS

6.1 The BEE Management Trust

6.1.1 *Contribution, subscription, funding, Brimstone call option and participants call option*

- 6.1.1.1 The BEE Management Trust will be capitalised with a capital contribution from each of its beneficiaries, amounting to a total of R17 833 550. Current second-tier management of Brimstone will contribute 55.8% or R9 950 000, thereby entrenching the entrepreneurial mindset. Brimstone will also become an initial beneficiary of the BEE Management Trust as initial holder of 44.2% of the total units in this trust. These units are to be warehoused by Brimstone for future allocations to current and future second-tier management of Brimstone and Brimstone group management. Brimstone will therefore contribute 44.2%, or R7 883 550, of the total capital contributions that will be required to pay the subscription price in terms of the relevant subscription and relationship agreement.
- 6.1.1.2 The BEE Management Trust will utilise the capital contributions to subscribe for the subscription shares at the subscription price for cash (in aggregate R17 833 550). The difference between the aggregate subscription VWAP and the aggregate subscription price is subject to notional vendor funding as described in paragraph 7 below. The subscription shares are to be issued in accordance with Article 5.2 of the articles of association on the terms and conditions and with the rights and restrictions attaching thereto as are set out in the relevant subscription and relationship agreement, the salient terms of which are summarised below and set out in more detail in Annexure 4. In and during the transaction term the BEE Management Trust will not have any entitlement to any distributions, whether by way of interest, dividend or any capital distribution, including capitalisation issues, scrip dividends and bonus issues (but excluding distributions of underlying securities by way of unbundlings) in relation to its subscription shares. Any distributions not received by the BEE Management Trust shall be taken into account as a notional credit in terms of the repurchase formula as further discussed hereunder.
- 6.1.1.3 For purposes of the notional vendor funding arrangement, the subscription shares comprise three separate tranches. The first tranche comprises 50% of the subscription shares and has a final date of 31 October 2016. The second tranche comprises 40% of the subscription shares and has a final date of 31 October 2017. The third tranche comprises 10% of the subscription shares and has a final date of 31 October 2018.

- 6.1.1.4 At the relevant final date of the notional vendor funding period of each tranche, Brimstone will, in terms of the Brimstone call option, be entitled to repurchase a certain number of subscription shares (as well as any unbundled shares and other shares acquired by the BEE Management Trust by virtue of its holding of the subscription shares) from the BEE Management Trust at the subscription price in accordance with the provisions of the relevant subscription and relationship agreement. In relation to each tranche, the number of shares to be purchased will be calculated in terms of the repurchase formula as set out in the subscription and relationship agreement and is calculated as that number of subscription shares and other shares which, at the then market value thereof, have a value equal to the then outstanding notional vendor funding. The balance of the subscription shares of that tranche will become unencumbered in the BEE Management Trust. Details are more fully set out in the salient features of the agreements summary in Annexure 4.
- 6.1.1.5 If Brimstone has exercised its rights under the Brimstone call option and has purchased from the BEE Management Trust the relevant subscription shares (and any unbundled shares and other shares acquired by the BEE Management Trust by virtue of its holding of the subscription shares) the BEE Management Trust has, in terms of the participants call option, the right to subscribe for an equivalent number of new Brimstone N shares and/or Brimstone ordinary shares (or to purchase from Brimstone an equivalent number of unbundled shares and other shares) at a cash price equal to the then market value thereof.
- 6.1.1.6 The BEE Management Trust's subscription and relationship agreement also provides for:
- Brimstone's call option over the BEE Management Trust's subscription shares to be accelerated in the event of a breach of any of the terms of the subscription and relationship agreement;
 - Brimstone's call option over the BEE Management Trust's subscription shares to be accelerated in the event of an involuntary BEE event such as a change in the BEE Codes or any legislation or regulations pertaining to BEE which has or is likely to have a materially adverse impact on Brimstone's score under the ownership scorecard resulting from the transaction at the time as set out in the BEE Codes and/or results or will reasonably likely result in Brimstone no longer being able to comply with the current BEE Requirements under the ownership scorecard;
 - specific provisions in relation to the effect of corporate actions relating to Brimstone (including rights offers, unbundlings, changes of control and take-over offers) on the BEE Management Trust and Brimstone's rights under the Brimstone call option and the repurchase formula.
- 6.1.1.7 The BEE Management Trust will pledge its subscription shares to Brimstone in terms of a pledge and cession agreement, as security for the performance of its obligations under its subscription and relationship agreement.

6.1.2 ***Qualifying employees***

Current and future second-tier management and Brimstone group management, excluding current directors, who are employed on a permanent basis and are selected by Brimstone will qualify for allocations of units in the BEE Management Trust.

6.1.3 ***Allocation of benefits***

In relation to unallocated units in the BEE Management Trust, the Remco will formulate the criteria to determine the level of participation of the BEE Management Trust beneficiaries. The maximum allocation that any BEE Management Trust beneficiary may hold is 20% of the total units in the BEE Management Trust which are issued to fund the subscription for the subscription shares.

6.1.4 ***Vesting of rights***

- 6.1.4.1 The BEE Management Trust beneficiaries' have no right to the capital and assets of the trust, other than to the net trust assets on termination of the trust. However, they have a vested right to receive all net income of the trust.
- 6.1.4.2 The BEE Management Trust beneficiaries may not sell or encumber their units in the BEE Management Trust, other than with the permission of Brimstone and the trustees.

6.1.5 ***Deemed offer events***

Until the final date in relation to each tranche, if a beneficiary dies, leaves the employ of Brimstone, is subject to an insolvency or credit event or breaches any provision of the trust deed his units will be offered for sale to Brimstone and/or the other beneficiaries. The price at which the units are offered for sale will be the market value thereof, unless the event giving rise to the deemed offer was a breach of a provision of the trust deed, or the termination of employment was due to misconduct or voluntary resignation, in which case a discount will be applied to the market value of the units. Details are more fully set out in the salient features of the agreements summary in Annexure 4.

6.1.6 ***Trustees***

There will be three trustees, the majority of whom are intended to be black persons. Brimstone may appoint one trustee, the BEE Management Trust beneficiaries may appoint one trustee, and there will be one independent trustee. Details are more fully set out in the salient features of the agreements summary in Annexure 4.

6.1.7 ***Voting of shares***

The trustees will vote the subscription shares in their discretion. Given the manner in which the subscription and relationship agreements and the trust deeds have been structured the participants will not be entitled to vote on any resolution governed by the Listings Requirements.

6.1.8 ***Costs and expenses***

All costs and expenses in respect of the administration of the BEE Management Trust shall be borne by the BEE Management Trust out of trust income or by capital contributions made by its beneficiaries. Brimstone may, but is not obliged to contribute, by way of grants or loans, to the operational funding requirements of the BEE Management Trust if there is insufficient trust income.

6.1.9 ***Categorisation of participants for purposes of the Listings Requirements***

Given the manner in which the subscription and relationship agreements and the trust deeds have been structured, the participants will not be regarded as "public" shareholders for purposes of the Listings Requirements.

6.1.10 ***Termination***

The BEE Management Trust shall continue indefinitely but will terminate once all trust assets have been disposed of or when the trustees agree to terminate it and Brimstone and the beneficiaries approve such agreement, provided that no resolution may be taken to terminate it until the later of the final date of the last tranche of the subscription shares and the notional settlement of all notional outstanding indebtedness by the BEE Management Trust to Brimstone. Upon termination of the BEE Management Trust, the trustees shall, if they have not already done so, liquidate the net assets of the BEE Management Trust and distribute the net proceeds to the BEE Management Trust beneficiaries in proportion to their beneficiary interests.

6.2 **The General Staff Trust**

6.2.1 ***Subscription, funding, Brimstone call option and participants call option***

6.2.1.1 The General Staff Trust will be funded by a payment by Brimstone, in an amount of R761 250, made by Brimstone to the General Staff Trust. The General Staff Trust will use the payment to subscribe for its subscription shares at the subscription price for cash.

6.2.1.2 The provisions of the General Staff Trust's subscription and relationship agreement, including the Brimstone call option, the repurchase formula, the participants call option and the notional vendor funding arrangements are in all material respects the same as that of the BEE Management Trust's subscription and relationship agreement.

6.2.2 ***Qualifying employees***

Current and future general staff of Brimstone who are employed on a permanent basis, and who do not form part of second-tier management and who are not directors and are selected by Brimstone, will qualify for allocations.

6.2.3 **Important terms of the General Staff Trust**

Save as set out above and in Annexure 4, the General Staff Trust is structured and will operate in the same way as the BEE Management Trust.

6.3 **Brimstone Broad-based BEE Trust**

6.3.1 **Subscription, funding, Brimstone call option and participants call option**

6.3.1.1 The Brimstone Broad-based BEE Trust will be funded by a payment by Brimstone, in an amount of R1 268 750, made by Brimstone to the Brimstone Broad-based BEE Trust. The Brimstone Broad-based BEE Trust will use the payment to subscribe for its subscription shares at the subscription price for cash.

6.3.1.2 The provisions of the Broad-based BEE Trust's subscription and relationship agreement, including the Brimstone call option, the repurchase formula, the participants call option and the notional vendor funding arrangements are in all respects materially the same as that of the BEE Management Trust's subscription and relationship agreement.

6.3.2 **Qualifying beneficiaries and allocation of benefits**

The beneficiaries of the Brimstone Broad-based BEE Trust shall be the Brimstone Equity Share Trust and may include various public benefit organisations, approved as such by the South African Revenue Service, including community and regional non-profit organisations, community and regional non-profit organisations.

6.3.3 **Important terms of the Brimstone Broad-based BEE Trust**

Save as set out above and in Annexure 4, the Brimstone Broad-based BEE Trust is structured and will operate in the same way as the BEE Management Trust.

7. **MECHANICS OF THE NOTIONAL VENDOR FUNDING STRUCTURE**

- 7.1 At the subscription date the participants will subscribe for the subscription shares at the subscription price (being R0.5075 per share). The difference between the subscription price and the subscription VWAP will be notionally funded by Brimstone through the notional vendor funding structure.
- 7.2 The outstanding balance of the notional vendor funding will accrue notional interest at the hurdle rate (being a fixed nominal rate of 8.5%, compounded annually in arrears).
- 7.3 The outstanding balance of the notional vendor funding will be reduced by any distributions received by Brimstone, whether by way of interest, dividend or any capital distribution, including capitalisation issues, scrip dividends and bonus issues (but excluding distributions of underlying securities by way of unbundlings) pertaining to the subscription shares.
- 7.4 For purposes of the notional vendor funding arrangement, the subscription shares comprise three separate tranches. The first tranche comprises 50% of the subscription shares and has a final date of 31 October 2016. The second tranche comprises 40% of the subscription shares and has a final date of 31 October 2017. The third tranche comprises 10% of the subscription shares and has a final date of 31 October 2018.
- 7.5 At the relevant final date of the notional vendor funding period of each tranche, Brimstone will, in terms of the Brimstone call option, be entitled to repurchase a certain number of subscription shares (as well as any unbundled shares and other shares acquired by the participants by virtue of its holding of the subscription shares) from the participants at the subscription price in accordance with the provisions of the relevant subscription and relationship agreement.
- 7.6 In relation to each tranche, the number of shares to be purchased will be calculated in terms of the repurchase formula as set out in the subscription and relationship agreement and is calculated as that number of subscription shares and other shares which, at the then market value thereof, have a value equal to the then outstanding notional vendor funding. The balance of the subscription shares of that tranche will become unencumbered in the relevant participant. Details are more fully set out in the salient features of the agreements summary in Annexure 4.

8. **SPECIFIC REPURCHASE AND ACQUISITION OF SHARES**

In terms of the transactions, the following instances might result in Brimstone repurchasing certain of the subscription shares issued to the participants at or below the subscription price (R0.5075 per share), subject to compliance with the Companies Act and the Listings Requirements:

8.1 **Brimstone call option**

The repurchase of the subscription shares from the participants in accordance with the terms and conditions of the respective subscription and relationship agreements and as described in paragraph 7.5 above.

8.2 **Brimstone's call options in the event of a breach event or involuntary BEE event and in terms of the pledge and cession agreements**

The acquisition of the subscription shares pursuant to Brimstone's call option in the event of a breach of the subscription and relationship agreements or the pledge and cession agreements.

8.3 **Source of funds for exercising Brimstone call options**

Available cash resources will fund the specific repurchase. Brimstone will comply with the Companies Act and the Listings Requirements in relation to working capital prior to implementation of the specific repurchase.

8.4 **Participants call option**

If Brimstone has exercised its rights under the Brimstone call option and has purchased from a participant the relevant subscription shares (and any unbundled shares and other shares acquired by the participant by virtue of its holding of the subscription shares) the participant has, in terms of the participants call option, the right to subscribe for an equivalent number of new Brimstone N shares and/or Brimstone ordinary shares (or to purchase from Brimstone an equivalent number of unbundled shares and other shares) at a cash price equal to the then market value thereof.

9. **CONDITIONS PRECEDENT**

Each transaction is subject to the conditions precedent that, by no later than 31 December 2011:

- 9.1 all resolutions required to effect the relevant transaction, as set out in the notice of general meeting forming part of this circular, shall have been approved by the requisite majority of Brimstone shareholders;
- 9.2 the initial trustee of the relevant participant shall have been issued letters of authority by the Master of the Western Cape High Court, Cape Town and that the relevant trust shall have acceded to the relevant subscription and relationship agreement and cession and pledge agreement; and
- 9.3 any regulatory approvals required to effect the relevant transaction have been received.

Each transaction is subject to the conditions precedent that by no later than 31 January 2011:

- 9.4 all special resolutions required to effect the relevant transactions shall have been registered with CIPRO.

10. **APPLICATION OF THE COMPANIES ACT**

10.1 Section 38(1) of the Companies Act generally prohibits the provision by a company of financial assistance to another person for the purpose of a purchase or subscription of shares in that company. However, section 38(2A) of the Companies Act provides that such financial assistance is not prohibited, provided that:

10.1.1 the company's board is satisfied that:

- 10.1.1.1 subsequent to the transaction, the company's consolidated assets, fairly valued, will be more than its consolidated liabilities;
- 10.1.1.2 subsequent to the providing the assistance, and for the duration of the transaction, the company will be able to pay its debts as they fall due in the ordinary course of business;

10.1.2 the terms upon which the assistance is given is sanctioned by special resolution of its members.

10.2 The Company has been advised that the manner in which the transactions have been structured does not in all cases have the legal effect of providing financial assistance for the purchase or subscription of shares in the Company for purposes of section 38(1) of the Companies Act. In addition, in the case of the BEE Management Trust and the General Staff Trust, it would in any event be permissible to provide such assistance by virtue of the exception contained in section 38(2)(a) of the Companies Act dealing with employee equity plans. However, given that certain of the transactions do involve financial assistance, and also for the sake of good order and in the interests of good governance, the Board nevertheless wishes to seek and obtain shareholder approval of all the transactions under section 38(2A) of the Companies Act. The notice of general meeting attached to this circular accordingly contains certain proposed special resolutions dealing with this matter.

10.3 The Board is satisfied that, subsequent to the transactions, the Company's consolidated assets, fairly valued, will be more than its consolidated liabilities and that, subsequent to the provision of the assistance, and for the duration of the transactions, the Company will be able to pay its debts as they fall due in the ordinary course of business.

11. LISTING ON THE JSE

It is intended that the subscription shares issued in terms of the transactions will be listed on the JSE at the subscription VWAP once all the conditions precedent have been met. An application for the listing of such shares has been approved by the JSE.

12. FINANCIAL INFORMATION RELATING TO THE TRANSACTIONS

12.1 Cost to shareholders

The cost of the transactions, as at the calculation date, determined in accordance with the statement on share-based payments, IFRS 2 and including transaction costs, is R66.62 million and equates to 3.14% of the Brimstone market capitalisation for an equivalent 10% BEE transaction. This compares favourably with precedent BEE transactions. It is important to note that this cost will be amortised in the Company's statement of comprehensive income over the transaction term and does not represent a cash cost.

12.2 Unaudited *pro forma* financial effects of the transactions

Based on Brimstone's published unaudited results for the six months ended 30 June 2010, the *pro forma* financial effects of the transactions on Brimstone's EPS, HEPS, Diluted EPS, Diluted HEPS, NAV and TNAV are set out below. These financial effects have been prepared for illustrative purposes only in order to assist shareholders to assess the impact of the transactions and, because of their nature, may not give a fair presentation of Brimstone's financial position after the transactions. The financial effects are the responsibility of the Board.

	Before the transactions ⁽¹⁾	After the transactions ⁽²⁾⁽³⁾⁽⁴⁾	Percentage change
EPS (cents) ⁽²⁾	146.3	142.4	(2.7)
HEPS (cents) ⁽²⁾	149.0	145.1	(2.6)
Diluted EPS (cents) ⁽³⁾	146.3	138.1	(5.6)
Diluted HEPS (cents) ⁽³⁾	149.0	140.8	(5.5)
NAV (cents) ⁽⁴⁾	1 133.5	1 133.1	–
TNAV (cents) ⁽⁴⁾	1 047.2	1 046.8	–
Number of shares in issue ('000)	241 995	241 995	–
Weighted average number of shares in issue ('000)			
– EPS and HEPS	239 065	239 065	–
– diluted EPS and HEPS	239 065	246 509	3.1

Notes:

1. The "Before the transactions" information has been extracted, without adjustment, from Brimstone's published unaudited results for the six months ended 30 June 2010.
2. The EPS and HEPS "After the transactions" are based on the assumption that the transactions were effected on 1 January 2010 for statement of comprehensive income purposes.
3. The diluted EPS and HEPS "After the transactions" are based on the assumption that an additional 7 444 000 Brimstone N shares will be issued.
4. The NAV and TNAV "After the transactions" are based on the assumption that the transactions were effected on 30 June 2010 for statement of financial position purposes. The transactions are share-based payment expenses, interest received, expenses relating to the transactions and taxation.

Details of the *pro forma* financial effects of the transactions on Brimstone's consolidated statement of comprehensive income and the consolidated statement of financial position for the six months ended 30 June 2010 are contained in Annexure 1 to this circular.

The independent reporting accountants' report on the abovementioned *pro forma* financial effects and the *pro forma* consolidated statement of comprehensive income and the *pro forma* consolidated statement of financial position of Brimstone is set out in Annexure 2 to this circular.

13. SALIENT INFORMATION ON BRIMSTONE

13.1 Incorporation and history

Brimstone was incorporated in South Africa in 1995 and listed on the JSE in the "Investment Companies" sector in 1998 (share codes BRT and BRN).

13.2 Nature of the business

13.2.1 Brimstone is a black owned and controlled investment holding company currently holding investments, *inter alia*, in the industrial, healthcare and financial services sectors.

13.2.2 The overriding theme running through all facets of the Company's business is active partnership with well-established players in the particular industry in which Brimstone chooses to do business.

13.2.3 Brimstone's investment philosophy hinges on its pragmatic approach in seeking above average returns for shareholders by utilising, *inter alia*, its impeccable empowerment credentials, by contributing capital and by being actively involved in the management of the companies in which it chooses to invest.

13.3 Prospects

The financial challenges of the past year may well present opportunities for the future, not only for South Africa and its people, but also for companies like Brimstone. Brimstone's strong balance sheet is based on a portfolio of solid investments that are well-positioned to generate cash profits in the year ahead and ensure the sustained growth of the Company over the longer term. The Brimstone group continues to implement measures which seek to provide greater transparency and accountability in the governance of the business and its responsibilities to Brimstone shareholders. Under the guidance and expertise of Brimstone's expanded executive team, Brimstone continues to vigorously pursue its mission of being profitable, empowering and having a positive social impact on Brimstone shareholders, business partners, the communities in which it conducts its business and its employees.

The transactions concluded over the past six months, as set out in the circulars to Brimstone shareholders, dated 23 April 2010 and 28 June 2010, have placed Brimstone on course to write a new chapter in its evolution as one of South Africa's leading empowerment investment companies. In the past fifteen years, the Company has pursued opportunities that bring about wealth creation and measurable empowerment opportunities for its business partners and shareholders. The Company will continue to pursue value enhancing transactions for its shareholders and to this end it has broadened its team through the further employment of highly-skilled staff.

13.4 Share price history of Brimstone

Brimstone's price history regarding shares traded on the JSE is set out in Annexure 5 to this circular.

14. DIRECTORS AND DIRECTORS' INTERESTS

14.1 Directors' details

The names, qualifications, ages, business addresses and functions of the directors of Brimstone, directors of its major subsidiaries and major managers of Brimstone group are set out below. All directors are South African:

Name, qualifications and age	Business address	Function
Directors of Brimstone		
Prof G J Gerwel BA, BA Hons (UWC), DLitt et Phil (Brussels), LicGermPhil, DHumSC (hc) (Missouri) (64)	3rd Floor, Rhodes Building 150 St Georges Mall Corner St Georges and Wale Streets Cape Town, 8001	Non-executive chairperson
F Robertson (56)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Executive deputy chairperson
M A Brey B.Compt (Hons), CA(SA) (56)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Chief executive officer

Name, qualifications and age	Business address	Function
L Z Brozin B.Comm, BAcc, CA(SA) (54)	64, 3rd Avenue Inanda, 2196	Financial director
P L Campher BEcon (62)	Bridge House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Lead independent director
M Hewu B Comm (Hons) (46)	14 Queen Victoria Street 7th Floor, Union House Cape Town, 8001	Independent non-executive director
N Khan BSc(QS), MAQS, AAArb (53)	2 Orphan Lane Cape Town, 8001	Independent non-executive director
M K Ndebele BA (Economics), MSW (Social Planning) (USA Denver) (61)	10 Manatoka Close Pinelands, 7405	Independent non-executive director
Y Pahad (61)	36 Hiddingh Avenue Hiddingh Estate Newlands, 7700	Independent non-executive director
L A Parker (56)	108 Bofors Circle Epping Industria, 7460	Independent non-executive director
A A Roberts Dipl.(Gen. Man.), Dipl. (Proj. Man.), Post-Grad Dipl. (Industrial Econ.) (57)	18 Surcingle Road Hout Bay, 7806	Independent non-executive director
F D Roman BA, Post-graduate Secondary Teacher's Diploma (46)	19 Glenluce Drive Douglasdale, 2191 Johannesburg	Independent non-executive director
Directors of Lion of Africa who are not directors of Brimstone		
M A Samie FCII, ASRM, PMD (59)	Sunridge Park 62 Wierda Road East Wierda Valley Sandton, 2196	Executive director
V Mahlati MSc (Social Policy & Planning (LSE)) (45)	Sunridge Park 62 Wierda Road East Wierda Valley Sandton, 2196	Independent non-executive director
K Lagler B.Comm, Post-graduate Diploma in Accounting, B.Comm (Hons) Taxation, CA(SA) (40)	Sunridge Park 62 Wierda Road East Wierda Valley Sandton, 2196	Independent non-executive director
Directors of Sea Harvest who are not directors of Brimstone		

Name, qualifications and age	Business address	Function
G Bezuidenhout B.Acc (Hons), CA(SA) (50)	1st Floor, Block C Boulevard Office Park Searle Street Woodstock, 7925	Managing director
C J Hess B.Comm (Acc), CA(SA) (35)	1st Floor, Block C Boulevard Office Park Searle Street Woodstock, 7925	Financial director
I Esau B.Comm (41)	1st Floor, Block C Boulevard Office Park Searle Street Woodstock, 7925	Operations director
F Ratheb BSc Eng (Hons), Diploma in International Trade, MBA (37)	1st Floor, Block C Boulevard Office Park Searle Street Woodstock, 7925	Sales and marketing director
A C Nissen BA (Hons), MA (52)	1st Floor, Block C Boulevard Office Park Searle Street Woodstock, 7925	Non-executive director
L Bakoro B.Comm, Post-graduate Diploma in Accounting, Higher Diploma in Tax Law, CA(SA) (36)	The Cottage at the Oval 1 Oakdale Road Newlands, 7700	Non-executive director
M I Khan B.Compt (Hons), CA(SA) (44)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Non-executive director
S Bhika B.Comm, B.Compt (Hons), CA(SA) (46)	16 Fricker Road Illovo Boulevard Illovo, 2196	Non-executive director
L Penzhorn B.Comm (64)	1st Floor, Block C Boulevard Office Park Searle Street Woodstock, 7925	Non-executive director
M Norris Chemistry Diploma, BSc (63)	1st Floor, Block C Boulevard Office Park Searle Street Woodstock, 7925	Non-executive director
Major managers of Brimstone group		
E Visagie BTech CMA, B.Compt (Hons) (33)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Assistant accountant
G Kotze B Comm (Hons), CA(SA) (41)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Managing executive

Name, qualifications and age	Business address	Function
M Brey B.Compt (Hons) CA(SA) (32)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Managing executive
M O'Dea B.Com, CA(SA) (57)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Chief Financial Officer
M I Khan B.Compt (Hons), CA(SA) (44)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Chief Information Officer
T Moodley BA (Law), LLB (36)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Company Secretary and legal and compliance officer
T J Tapela B.Compt (42)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Managing executive
S Patel BBusSci, FIA (29)	64, 3rd Avenue Inanda, 2196	Managing executive

14.2 **Abridged *curricula vitae* of directors of Brimstone, directors of its major subsidiaries and major managers of Brimstone group**

Directors of Brimstone:

Professor G J Gerwel (Non-executive Chairman)

Jakes Gerwel is Chancellor of Rhodes University, Distinguished Professor in the Humanities at the University of the Western Cape, and Honorary Professor in the Humanities at the University of Pretoria. He was Vice-Chancellor and Rector of the University of the Western Cape from 1987 to 1994. From May 1994 to June 1999 he served as Director-General in the Office of President Mandela and Secretary of the Cabinet in the Government of National Unity.

He is presently a non-executive director of Naspers Limited. He is non-executive chairman of Brimstone and Life Healthcare. He chairs the Boards of Trustees of the Nelson Mandela Foundation, the Mandela Rhodes Foundation, the Allan Gray Orbis Foundation and is vice chairman of the Peace Parks Foundation.

F Robertson (Executive Deputy Chairman)

Executive deputy chairman and co-founder of Brimstone, Fred Robertson is a leading figure in the South African business community, gaining experience on the national and international business stage through his directorships of Remgro Limited, AON SA (Proprietary) Limited, Savings and Investments Association of South Africa, AON Re (Proprietary) Limited, Arabella South Africa Holdings (Proprietary) Limited, Old Mutual Life Assurance Company (South Africa) Limited, chairmanships of Lion of Africa Life Assurance Company Limited, Lion of Africa Insurance Company Limited, Sea Harvest Holdings (Proprietary) Limited and House of Monatic (Proprietary) Limited. He is a Trustee on the Business Trust, a business initiative on job creation and human capacity development.

M A Brey (Chief Executive Officer)

A founder member of Brimstone. Mustaq is a chartered accountant and currently serves as non-executive chairman of Oceana Group Limited, and serves on the boards of Nedbank, AON SA (Proprietary) Limited, AON Re SA (Proprietary) Limited, The Scientific Group (Proprietary) Limited, Lion of Africa Insurance Company Limited, Health and Life Healthcare. He also serves on the audit committee of the South African Revenue Service.

L Z Brozin (Financial Director)

Part of the management team at Brimstone since October 1996, Lawrie has played a valuable role in growing Brimstone to the stage of its listing in July 1998. Lawrie was appointed Financial Director of Brimstone in 2007. Lawrie is a non-executive director of Nando's Group Holdings Limited, The Scientific Group (Proprietary) Limited and alternate director at Sea Harvest Holdings (Proprietary) Limited, Health and Life Healthcare.

P L Campher

The lead independent director of Brimstone, Leon is a founder of Syfrets Managed Assets as well as Coronation Fund Managers Limited and African Harvest. His current directorships include: Sun International Limited, Amalgamated Appliances Limited, Strate Limited and Investments Association of South Africa. He also serves on the directorate of Market Abuse, Financial Markets Advisory Board and the Financial Sector Charter Council.

M Hewu

A non-executive director of Brimstone since 1997, Mzwandile is the Chief Director in the Social Transformation Management Department of Social Development. His directorships include: Southern Ambition Trading, Kayamnandi Investments, Onyx Financial Services and Amahlathi Logistics.

N Khan

A qualified Quantity Surveyor since 1981, Nazeem currently manages the Cape Town region of the Quantity Surveying and Project Management practice of Bham Tayob Khan & Matunda. He is a member of the Association of Arbitrators and is registered with the Council of SA Quantity Surveyors. He serves on the boards of Stonefountain Properties (Proprietary) Limited, Perthpark Properties (Proprietary) Limited, Attfund Limited, BTKM Incorporated and Proman Management Services (Proprietary) Limited.

Y Pahad

A director with YP Properties, Nazraf Investments (Proprietary) Limited, Camp Country (Proprietary) Limited and black empowerment group Quintessence.

L A Parker

A founder member of the Foodworld Group Limited. He is an executive committee member of the Western Cape Traders' Association, Director of Al Amien Foods CC and a board member of the Red Cross Children's Hospital.

M K Ndebele

Mpho was educated in South Africa, Lesotho and the United States of America and attained a BA (Economics) from UBLS and MSW (Social Planning) from the University of Denver. She is a past director of the Trans-Caledon Tunnel Authority, Siphumelele Investment Corporation and the Black Sash and is currently a Trustee of the Social Change Assistance Trust and Impumelelo Innovations Awards and also serves as Canon of the Diocese of Cape Town and Chancellor of St. Georges Cathedral.

A A Roberts

Alan is a director at the Lisemma Holdings Group, Foundation for Contemporary Research and the Hout Bay Development Forum.

F D Roman

Over a period of 10 years her employment record spans being the head of the regional office of the Friedrich-Ebert Foundation, the co-ordinator of the Provincial Development Council, the provincial director of the National Business Initiative and the deputy CEO of WESGRO. She joined Kfm Radio (Proprietary) Limited in May 2001 as managing director. In July 2006 Felicia joined Sun International (Proprietary) Limited as the general manager of The Golden Valley Casino in Worcester and has been promoted to senior management in Johannesburg. She is a non-executive director of Creda Communications (Proprietary) Limited.

Directors of Lion of Africa who are not directors of Brimstone:

M A Samie

Adam is Chief Executive Officer and founder of Lion of Africa Insurance. He holds non-executive directorships with the SA Actuarial Development Programme, SA Insurance Association, SA Special Risks Insurance Association and Sasguard Insurance.

Adam is the first black President of the Insurance Institute of South Africa and he represented the short-term insurance industry in the development of the financial sector BEE charter. Adam is a fellow of the Chartered Insurance Institute in the UK and an associate of the Institute of Risk Management of South Africa.

V Mahlati

Vuyo is a business and development entrepreneur and started her Strategy and Development Planning Consultancy in 1993 with offices in South Africa and Zimbabwe. This has transcended into participation in major business ventures that include the listed Sasol Oil and Tongaat Hulett. Vuyo is trained as a development planning specialist with an MSc (Social Policy and Planning) from the London School of Economics in the United Kingdom.

Vuyo was appointed in May 2010 by the President of South Africa to serve as one of the inaugural members of the National Planning Commission for five years. She is also a member of the Institute of Directors and International Women's Forum South Africa. Her current directorships include being the Chairperson of the South African Post Office Board of Directors which includes the Post Bank. She previously served for two terms on the Financial Markets Advisory Board as well as member of the Financial Services Board Licensing Committee.

K Lagler

Kari is a qualified chartered accountant, who completed her articles with KPMG. Kari was appointed tax partner at the Cape Town office of KPMG in 1999. She was approached in 2000 by Old Mutual to join their corporate tax department, where she was responsible for providing tax consulting services on a wide range of tax issues, including taxation of life offices and retirement funds, structured insurance, investment products and financial instruments, structured finance arrangements, unbundlings, mergers, private equity transactions and group restructures. Kari represented Old Mutual on the Life Offices Association (LOA) Taxation Standing Committee for the period 2002 – 2004.

Kari left Old Mutual in 2008 and currently operates as an independent consultant. In the latter half of 2008 she was approached by National Treasury to assist them in their review of the taxation of the long-term insurance industry.

Directors of Sea Harvest who are not directors of Brimstone:

G Bezuidenhout

A qualified chartered accountant, George was born in Harare and educated at Prince Edward Boys High School. He attained his B. Acc. (Hons) at University of Stellenbosch in 1981. George joined Sea Harvest as Financial Director in 1998 and was appointed Managing Director in 2007. He serves on the Executive Committee of the SA Deep Sea Trawling Industry Association and participates in various industry related forums.

C J Hess

Cindy graduated top of her class at UWC in 1997 with B.Com (Acc), and was sent to study small business in Italy, before completing her PGDA at UCT in 1998. She completed her articles at KPMG Cape Town and qualified as a chartered accountant in 2001. She was appointed as Financial Executive at the National Ports Authority (Transnet) the following year, and stayed there for two years before joining Woolworths in a similar role. Cindy joined Sea Harvest as Financial Director in 2007. She serves on various boards and other forums like SAICA's education committee.

I Esau

Born in Piketberg, Irvin obtained a B.Com at the University of Stellenbosch. Irvin joined Sea Harvest in 1998 as Fleet Management Accountant and was appointed Operations Executive in 2006 and became an executive director in July 2009.

F Ratheb

Felix completed his BSc Engineering degree (Hons) in 1995 at the University of the Witwatersrand and went on to be an International Trade Executive working in various locations in the Far East. He completed his Diploma in International Trade in 1997 and successfully operated his own trading business in South Africa. In 2000 he completed his MBA at UCT where he topped his class and was awarded the Old Mutual Gold Medal for academic excellence. Felix was also a visiting lecturer at UCT for five years where he lectured Business Strategy and consulted to various firms on strategy projects. He joined Sea Harvest in 2003 and is currently the Sales & Marketing Director.

A C Nissen

Chris has been extensively involved in the development and upliftment of communities, both as a Minister in the Presbyterian Church and as a community leader, serving in a number of capacities including Chairperson of the Western Cape ANC. He has executive experience in a number of industries and has proactively led transformation at a number of listed companies. His other directorships include: Boschendal Limited, Standard Bank Group, Woolworths and JCI Limited.

L Bakoro

Lindiwe has over 10 years' experience in merchant banking areas of project and structured finance. She started her merchant banking career in 1999 with Rand Merchant Bank, as a structured financier focusing on property finance. Since 2006 she has worked as an independent project financier specialising in financial advisory debt and equity arranging for infrastructure-related transactions. She serves as non-executive director on the board of Sea Harvest Holdings. Her other directorships include: Group Five, Imperial Bank and Woolworths.

M I Khan

The Chief Information Officer of the group, Iqbal is a chartered accountant that trained at BDO in Johannesburg and qualified in 1990. He has been involved in accounting practice for more than 12 years commencing in a small black firm and terminating as the partner in charge of IT audit services in the Cape Town office of Ernst & Young.

Iqbal is the only Cape Town member of the IRBA investigation committee for the past 5 years and he chairs the audit committee of the University of the Western Cape.

Iqbal is a director of House of Monatic, a 100% subsidiary of Brimstone, where he has temporarily assumed the role of CEO and has been responsible for successful turnaround of the business to sustainable profitability. He further serves as a non-executive director of Sea Harvest.

Iqbal is responsible for the oversight of the financial reporting process at Brimstone.

He heads up the corporate governance implementation team and is responsible for the development and reporting of the sustainability forum and information for the group.

S Bhika

Sanjay Bhikha is an Executive Director of Kagiso Ventures Limited and has been involved with private equity and fund management for the past nine years. Prior to this, he was employed at the Industrial Development Corporation for seven years. Sanjay obtained a B.Com. degree from the University of the Witwatersrand in 1985 and thereafter he completed his B.Compt. (Hons) degree in 1988 through UNISA. He qualified as a chartered accountant in 1989 after serving his articles with KPMG. Sanjay serves as director on various boards within the Kagiso Ventures portfolio.

L Penzhorn

Louis graduated from University of Stellenbosch with a B.Comm degree in 1969. After graduating he held a number of marketing positions in multi-national FMCG companies and joined Sea Harvest as Marketing Manager in 1976. Louis was appointed as a director of Sea Harvest in 1983 and as Managing Director in 1996. He served a number of terms as Chairman of the South African Deep Sea Trawling Association and retired from Sea Harvest in 2006.

M Norris

Mike has over 32 years' experience in the Pharmaceutical and FMG industries. He started his career with Unilever South Africa and held various senior technical positions, both in South Africa and the United Kingdom. During this period he graduated with a Chemistry Diploma and BSc degree from Natal University. After leaving Unilever in 1982 he joined CG Smith/Tiger Brands and held Board, Managing Director and CEO positions within the group. During his Pharmaceutical CEO tenure he served on the Executive of the Pharmaceutical Manufacturers Association of South Africa and as President for four terms. He retired from Tiger Brands in 2007 and is currently a Non-Executive Board Member of Sea Harvest Holdings and Vuna Fishing.

Major managers of Brimstone group:

G Kotze

Gerhard joined Brimstone in July 2010. He previously spent 6 years at Nedbank Capital, 3 years of which he acted as Joint Head of the Corporate Finance division.

Whilst at Nedbank Capital, Gerhard advised Brimstone on the Old Mutual and Nedbank BEE transactions, the acquisition of an additional shareholding in Life Healthcare from Afrox, the Oceana BEE transaction, the Sea Harvest LBO and the recent Life Healthcare and Health Strategic Investments transactions. Gerhard has 15 years' experience in corporate finance advisory in positions held at Anglo American Corporation, Brait and Wiphold. He has acted as corporate advisor for, inter alia, Tiger Brands, AVI, Netcare, Astral, Nedbank, Merafe, Lonmin, the Eyabantu Consortium in relation to the Exxaro BEE transaction, Consol, Wooltru, SA Druggists, Anglo American Industrial Corporation, Mondi, Transnet, SAA, Radiospoor and JCI.

Gerhard is a member of the South African Institute of Chartered Accountants and is based in Cape Town. He will be focusing on evaluating prospective investment opportunities for Brimstone as well as helping to manage Brimstone's current investments.

S Patel

Sebastian joined Brimstone in July 2010. Sebastian previously spent 6.5 years at Nedbank Capital, the majority of which was spent in the Corporate Finance division.

Whilst at Nedbank Capital, Sebastian advised Brimstone on the Sea Harvest LBO, the Tiger Brands BEE transaction and the recent Life Healthcare transactions. Sebastian also advised on, inter alia, the listing of TWP, the acquisition of Booyendal by Afripalm and Mvelaphanda Resources, the takeout of CBS Property Portfolio by the PIC, Nedbank's preference share issue and the amendments to Nedbank's BEE schemes.

Sebastian is a Fellow of the Institute of Actuaries and will be based in Johannesburg. He will be focusing on evaluating prospective investment opportunities for Brimstone as well as helping to manage Brimstone's current investments.

M Brey

Muhammad joined Brimstone in Oct 2009. Muhammad did articles at KPMG and went on to spend 6 years at Nedbank Capital in the Corporate Finance division.

Since joining Brimstone he has project managed the recent Life Healthcare transactions, the settlement of funding relating thereto and the acquisition and funding of the acquisition of Santam and CommLife's interests in Lion of Africa. Whilst at Nedbank Capital, Muhammad advised Brimstone on the Old Mutual and Nedbank BEE transaction, the Sea Harvest LBO and the Tiger Brands BEE transaction.

Muhammad also advised on, inter alia, the acquisition of ABI by SABMiller, the Nedbank BEE transaction and amendments thereto, the Nedbank Eyethu Retail offer, Nedbank's preference share issue, the listing of Eland Platinum, Cipla's defence of the hostile Adcock bid, and Old Mutual's sale of OMHC to Medscheme. His speciality is in the healthcare space.

Muhammad is a qualified CA (SA) and will be based in Cape Town. He will be focusing on identifying and evaluating prospective investment opportunities, the implementation and funding of those opportunities, interacting with Brimstone shareholders as well as helping to manage Brimstone's current investment portfolio.

T J Tapela

Takula (known as TJ) supports the CEO and Executive Directors of Brimstone. He co-ordinates and directs the strategic activities of the executive team in deal origination, transacting and investment monitoring. His role includes interacting with the CEOs and other executives of Brimstone's target companies, investee companies and counter-parties as well as Brimstone's financial partners and its professional advisors.

TJ joined Brimstone in June 2005 from OMSA where he was Executive Assistant to the Managing Director. Prior to this he worked in OMSA's Corporate Finance team for 2 years, where he was involved in, inter alia, the structuring, negotiation and implementation of several of Old Mutual's empowerment transactions (as proprietary/shareholder investments as opposed to policyholder or third-party assets).

TJ joined Old Mutual from African Harvest Limited where he was the then-listed company's strategic and regional investments executive, having started in 1998 at the inception of African Harvest as Group Financial Manager & Company Secretary. Prior to joining African Harvest TJ had worked briefly in Corporate Finance for FBC Merchant Bank in Johannesburg and before that, for the Johannesburg Stock Exchange (now JSE Ltd) as a Surveillance Officer in the Inspectorate Division.

Prior to this, TJ completed his articles with the then Coopers & Lybrand in Bulawayo, after which he worked for two years as Financial Manager at National Breweries Ltd (now Delta Corporation Ltd), the Zimbabwean operations of SAB-Miller plc before moving to South Africa in 1995.

M O'Dea

A chartered accountant and the Group Chief Financial Officer, Mike joined Brimstone in September 2002.

He was previously Chief Financial Officer of Protea Assurance Limited and Financial Director of Cashbank Limited. Mike heads up group financial management, reporting and company secretarial and is responsible for on-going liaison with Brimstone's institutional counter-parties.

T Moodley

The Company Secretary, Tiloshani joined Brimstone in 2001 as the then Chief Executive Officer's professional assistant.

She became Brimstone Compliance Officer in 2004 and Company Secretary in 2010 and is a director of The Scientific Group and Company, Secretary to Lion of Africa, Sea Harvest and House of Monatic Group.

Tiloshani is responsible for legal review of agreements, monitoring of Brimstone's continuing legal contractual obligations and group-wide governance and compliance.

E Visagie

Elke obtained her Bachelor of Technology in Cost and Management Accounting at the Cape Town University of Technology (formerly Cape Technikon) in 2000.

Subsequent thereto she completed her Articles in Accounting at BDO Spencer Steward, Cape Town.

In 2004 after serving her articles, Elke joined the Brimstone Group as the assistant Financial Accountant. Whilst in the employ of Brimstone she studied towards and obtained her B.Compt (Hons) from the University of South Africa.

Elke assists with the accounting of Brimstone and its subsidiary companies.

Elke was appointed Trustee of the Twilight Group Pension and Provident Fund in 2010.

MI Khan

The Chief Information Officer of the group, Iqbal is a chartered accountant that trained at BDO in Johannesburg and qualified in 1990. He has been involved in accounting practice for more than 12 years commencing in a small black firm and terminating as the partner in charge of IT audit services in the Cape Town office of Ernst & Young.

Iqbal is the only Cape Town member of the IRBA investigation committee for the past 6 years and he chairs the audit committee of the University of the Western Cape.

Iqbal is a director of House of Monatic, a 100% subsidiary of Brimstone, where he has temporarily assumed the role of CEO and has been responsible for successful turnaround of the business to sustainable profitability. He further serves as a non executive director of Sea Harvest.

Iqbal is responsible for the oversight of the financial reporting process at Brimstone

He heads up the corporate governance implementation team and is responsible for the development and reporting of the sustainability forum and information for the group.

14.3 Directors' emoluments and benefits

Details of directors' emoluments and benefits for the twelve months ended 31 December 2009 are set out below:

Executive directors

Director	Basic salary	Other benefits	Bonus	Gain on exercise of share options	Total
	R	R	R	R	R
M A Brey	1 732 000	156 000	1 246 000	2 720 000	5 854 000
L Z Brozin	1 501 000	140 000	1 080 000	2 720 000	5 441 000
F Robertson	1 528 000	135 000	1 122 000	2 720 000	5 505 000
Total	4 761 000	431 000	3 448 000	8 160 000	16 800 000

Notes:

1. The executive directors do not receive fees as directors.
2. Other benefits include Company contributions to retirement funds and medical aid.

3. No sums were paid by way of expense allowance, commission, gain or profit-sharing arrangements.
4. Options exercised on 13 May 2009.
5. There will be no variation in the remuneration receivable by any of the directors of Brimstone as a consequence of the transactions.

Non-executive directors

Director	Board fees R	Committee fees R	Gain on exercise of share options R	Total R
G J Gerwel	567 000	8 000	3 906 000	4 481 000
P L Campher	53 000	40 000	–	93 000
M Hewu	53 000	16 000	–	69 000
N Khan	53 000	44 000	–	97 000
M K Ndebele	53 000	5 000	–	58 000
Y Pahad	53 000	21 000	–	74 000
L A Parker	53 000	21 000	–	74 000
T M F Phaswana (resigned)	53 000	5 000	–	58 000
A A Roberts	53 000	16 000	–	69 000
F D Roman	53 000	11 000	–	64 000
O Shisana (resigned)	13 000	–	–	13 000
Total	1 057 000	187 000	3 906 000	5 150 000

Notes:

1. No sums were paid by way of expense allowance, commission, gain or profit-sharing arrangements.
2. There will be no variation in the remuneration receivable by any of the directors of Brimstone as a consequence of the transactions.

14.4 Directors' interests in Brimstone

As at 31 December 2009, the aggregate interests of the directors in the Brimstone ordinary share capital were as follows:

Director	Direct	Indirect	Total	% held ⁽¹⁾
M A Brey	1 239 814	3 930 030	5 169 844	11.05
L Z Brozin	34 514	1 523 216	1 557 730	3.33
F Robertson	785 414	4 257 766	5 043 180	10.78
G J Gerwel	791 799	887 966	1 679 765	3.59
M Hewu	103 000	–	103 000	0.22
N Khan	128 136	126 712	254 848	0.54
Y Pahad	210 529	49 100	259 629	0.56
L A Parker	–	403 000	403 000	0.86
A A Roberts	55 000	–	55 000	0.11
Total	3 348 206	11 177 790	14 525 996	31.05

Note:

1. Based on 45 111 547 ordinary shares in issue as at 31 December 2009.

Subsequent to 31 December 2009, the following directors' dealings in Brimstone ordinary shares took place:

Director	Date	Number of ordinary shares	
		Purchase/ Exercise of share options	Sale
M A Brey	23 June 2010	264 097	–
G J Gerwel	23 June 2010	264 097	–
L Z Brozin	23 June 2010	264 097	–
F Robertson	23 June 2010	264 097	–

As at 31 December 2009, the aggregate interests of the directors in the Brimstone N share capital were as follows:

Director	Direct	Indirect	Total	% held ⁽¹⁾
M A Brey	380 017	13 260 567	13 640 584	6.11
L Z Brozin	284 136	12 832 034	13 116 170	5.88
F Robertson	720 578	14 980 498	15 701 076	7.04
G J Gerwel	1 675 701	12 161 523	13 837 224	6.20
M Hewu	356 750	–	356 750	0.16
N Khan	123 227	1 163 494	1 286 721	0.58
M K Ndebele	100 000	–	100 000	0.04
Y Pahad	175 397	1 918 525	2 093 922	0.94
L A Parker	–	2 043 975	2 043 975	0.92
A A Roberts	660 000	–	660 000	0.30
Total	4 475 806	58 360 616	62 836 422	28.16

Note:

1. Based on 223 150 166 N shares in issue as at 31 December 2009.

Subsequent to 31 December 2009, the following directors' dealings in Brimstone N shares took place:

Director	Date	Number of N shares	
		Purchase/ Exercise of share options	Sale
J G Gerwel	24 May 2010	704	–
L Z Brozin	24 May 2010	704	–
F Robertson	24 May 2010	704	–
L A Parker	24 May 2010	58 114	–
M A Brey	24 May 2010	5 917	–
M Ndebele	24 May 2010	2 554	–
N Khan	24 May 2010	16 549	–
M A Brey	23 June 2010	368 765	–
G J Gerwel	23 June 2010	368 765	–
L Z Brozin	23 June 2010	368 765	–
F Robertson	23 June 2010	368 765	–
M Hewu	28 June 2010	–	50 000
M Hewu	30 June 2010	–	94 100

14.5 Directors' service contracts and terms of office

At present, all executive directors of Brimstone have employment contracts with Brimstone, the terms of which are standard.

14.6 Directors' interests in transactions

The directors of Brimstone have no direct or indirect beneficial interests in the transactions or in transactions effected by the Company during the current financial year or in the preceding financial year or during any prior financial year and which remain in any respect outstanding or unperformed.

15. CORPORATE GOVERNANCE

The Corporate governance policy of Brimstone is set out in Annexure 6.

16. SHARE CAPITAL

The table below sets out the authorised and issued ordinary and N share capital of Brimstone as at the last practicable date, before the transactions:

Before the transactions	R'000
<i>Authorised ordinary share capital</i>	
500 000 000 ordinary shares of 0.1 cent each	500
<i>Authorised N share capital</i>	
1 000 000 000 N shares of 0.001 cent each	10
<i>Issued ordinary share capital</i>	
46 775 135 ordinary shares of 0.1 cent each	47
<i>Issued N share capital</i>	
227 340 204 N shares of 0.001 cent each	2
Total share premium	316 703
Total share capital and premium	316 752
<hr/>	
After the transactions	R'000
<i>Authorised ordinary share capital</i>	
500 000 000 ordinary shares of 0.1 cent each	500
<i>Authorised N share capital</i>	
1 000 000 000 N shares of 0.001 cent each	10
<i>Issued ordinary share capital</i>	
46 775 135 ordinary shares of 0.1 cent each	47
<i>Issued N share capital</i>	
266 480 204 N shares of 0.001 cent each	3
Total share premium	336 566
Total share capital and premium	336 616

Note:

1. Inclusive of treasury shares which comprises:
 - (a) Brimstone ordinary shares – 4 548 004;
 - (b) Brimstone N shares – 27 587 847.

17. MAJOR BRIMSTONE SHAREHOLDERS

As at the last practicable date the following Brimstone ordinary shareholders beneficially held in excess of 5% of the issued ordinary shares of the Company:

	Number of ordinary shares	% holding ordinary shares ⁽¹⁾
Corocapital Limited	6 000 000	12.83
African Monarch 710 Investment Holdings (Proprietary) Limited ⁽²⁾	4 594 492	9.82
RMB Securities (Proprietary) Limited	3 664 039	7.73
Septen Investments (Proprietary) Limited ⁽³⁾	3 624 400	7.75
Brozin & Circuit Finance (Proprietary) Limited ⁽⁴⁾	3 174 700	6.79
Mushaky Family Trust ⁽⁵⁾	2 623 700	5.61
Lion of Africa Insurance Company Limited	2 574 300	5.50
Total	26 255 631	56.03

Notes:

1. Based on 46 775 135 ordinary shares in issue as at the last practicable date.
2. The beneficial shareholders are MA Brey, L Z Brozin, F Robertson and Prof G J Gerwel.
3. Treasury shares.
4. This entity is controlled by parties related to L Z Brozin.
5. MA Brey has a beneficial interest in this entity.

As at the last practicable date the following Brimstone N shareholders beneficially held in excess of 5% of the issued N shares of the Company:

	Number of N shares	% holding N shares ⁽¹⁾
African Monarch 710 Investment Holdings (Proprietary) Limited ⁽²⁾	50 024 730	22.00
RMB Securities (Proprietary) Limited	20 425 674	8.98
Total	70 450 404	30.98

Notes:

1. Based on 227 340 204 N shares in issue as at the last practicable date.
2. The beneficial shareholders are MA Brey, L Z Brozin, F Robertson and Prof G J Gerwel.

18. MATERIAL CONTRACTS

The following material transactions (being more than 10% of Brimstone's market capitalisation at the time of entering into the agreement) have been entered into during the three years preceding the date of this circular:

- Brimstone entered into an agreement with Tiger Brands on 10 March 2009 to acquire a further 35.42% effective shareholding in Sea Harvest Corporation Limited. Prior to the agreement, Brimstone held an effective 21.52% shareholding. Details were set out in the circular to Brimstone shareholders dated 13 May 2009;
- Brimstone's subsidiary, Newshelf 778, entered into an agreement with Bidco 931 on 20 April 2010 to effect a share buyback of Bidco 931 shares from Newshelf 778 as set out in a circular to Brimstone shareholders dated 23 April 2010;
- Brimstone's subsidiary, Newshelf 831, entered into an agreement with Life Healthcare on 20 April 2010 to effect a share buyback of Life Healthcare shares from Newshelf 831 as set out in a circular to Brimstone shareholders dated 23 April 2010;
- Brimstone entered into a memorandum of understanding between Life Healthcare shareholders on Thursday, 4 March 2010 and as set out in a circular to Brimstone shareholders dated 23 April 2010;
- the sale of shares agreement entered into between Brimstone, Health and Mvelaphanda on 21 June 2010 and as set out in a circular to Brimstone shareholders dated 28 June 2010;
- the implementation agreement entered into between Brimstone, Mvelaphanda, Health, Newshelf 778, MSI, Bidco 931 and Bidco 813 on 21 June 2010 and as set out in a circular to Brimstone shareholders dated 28 June 2010; and
- the subscription agreement entered into between Brimstone and Newshelf 778 on 21 June 2010 and as set out in a circular to Brimstone shareholders dated 28 June 2010.

Other than this and the agreements entered into to effect the transactions contemplated in this circular, no material contracts, other than in the ordinary course of business, have been entered into at any time containing an obligation or settlement that is material to Brimstone or its subsidiaries as at the last practicable date.

19. MATERIAL CHANGES

There have been no material changes in the financial or trading position of Brimstone and its subsidiaries between 30 June 2010 and the last practicable date.

20. LITIGATION STATEMENT

The directors, whose names are set out on page 12 of this circular, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have in the previous 12 months, had a material effect on the Brimstone group's financial position.

21. OPINIONS, RECOMMENDATIONS AND UNDERTAKINGS

21.1 Fairness opinion

In terms of the Listings Requirements, the transactions require a fairness opinion from an independent expert as the BEE Management Trust beneficiaries are related parties. Ernst & Young has been appointed by the Board as independent expert to Brimstone and has provided a fairness opinion to the Board that the terms and conditions of the transactions, as they relate to each of the participants and in particular price and funding, are fair to Brimstone shareholders. The text of the letter from Ernst & Young is included in Annexure 3 to this circular and the letter has not been withdrawn prior to the publication of this circular.

21.2 Directors' recommendations in respect of the transactions

After taking into consideration the opinion of the independent expert, the Board is of the opinion that the transactions are in the best interests of Brimstone shareholders and recommends that Brimstone shareholders vote in favour of the transactions and the resolutions to be proposed at the general meeting. The directors intend to vote in favour of the resolutions to be proposed at the general meeting in respect of their personal holdings in the issued share capital of Brimstone.

It should be noted that treasury shares and any beneficiaries of the participants will not be eligible to vote.

22. DIRECTORS' RESPONSIBILITY STATEMENTS

The directors of Brimstone, whose names appear on page 12 of this circular:

- 22.1 have considered all statements of fact and opinion in this circular;
- 22.2 collectively and individually, accept full responsibility for the accuracy of the information given;
- 22.3 certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading;
- 22.4 certify that, to the best of their knowledge and belief, statements regarding BEE credentials following the transactions are correct;
- 22.5 have made all reasonable enquiries in this regard; and
- 22.6 certify that, to the best of their knowledge and belief, the circular contains all information required by law and the Listings Requirements.

23. GENERAL MEETING AND SHAREHOLDER APPROVAL

23.1 Notice of general meeting

A notice convening a general meeting of Brimstone shareholders is attached to this circular. The general meeting will be held at The Athenaeum, Boundary Terraces, No 1 Mariendahl Lane, Newlands, Cape Town at 08h30 on Friday, 10 December 2010 to consider and, if deemed fit, pass, with or without modification the resolutions to approve and implement the transactions.

23.2 If you have dematerialised ordinary shares

- Own-name registration

You are entitled to attend, or be represented by proxy, and may vote at the general meeting.

If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*yellow*), in accordance with the instructions contained therein, to be received by the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 08h30 on Wednesday, 8 December 2010.

- Other than own-name registration

If your CSDP or broker has **not** contacted you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

You must not complete the attached form of proxy (*yellow*). In accordance with the mandate between you and your CSDP or broker, you must advise your CSDP or broker timeously if you wish to attend, or be represented at, the general meeting.

Your CSDP or broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented at, the general meeting.

23.3 If you hold certificated ordinary shares

- You are entitled to attend, or be represented by proxy, and may vote at the general meeting.
- If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*yellow*), in accordance with the instructions contained therein, to be received by the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 08h30 on Wednesday, 8 December 2010.

23.4 Brimstone shareholder approval

The transactions are subject to shareholder approval as set out in the notice of general meeting attached to this circular.

23.5 Voting rights

All issued Brimstone ordinary shares rank *pari passu* with each other. All issued Brimstone N shares rank *pari passu* with each other.

At the general meeting:

- every Brimstone ordinary shareholder present or represented by proxy shall have one vote on a show of hands, and on a poll, one hundred votes for every Brimstone ordinary share held; and
- every Brimstone N shareholder present or represented by proxy shall have one vote on a show of hands, and on a poll, one vote for every Brimstone N share held.

Treasury shares and any beneficiaries of the participants will not be eligible to vote.

24. CONSENTS

Nedbank Capital, Cliffe Dekker Hofmeyr, Deloitte & Touche, Ernst & Young and Computershare have consented in writing to act in the capacities stated and to their names being stated in this circular and have not withdrawn their consents prior to the last practicable date.

25. EXPENSES RELATING TO THE TRANSACTIONS

The expenses relating to the transactions are estimated at approximately R1 081 000 and comprise:

Description	R ⁽¹⁾
Nedbank Capital	300 000
Cliffe Dekker Hofmeyr	100 000
Deloitte & Touche	130 000
Ernst & Young	275 000
Bowman Gilfillan	100 000
Public relations, printing and publication costs	75 000
JSE documentation fees	20 000
JSE listing fees	81 000
Total	1 081 000

Note:

1. Amounts above are exclusive of value-added tax.

26. EXCHANGE CONTROL REGULATIONS OF SOUTH AFRICA

The following summary is intended only as a guide and is therefore not comprehensive. The utilisation of any proceeds for investment outside the common monetary area, comprising: South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland, requires prior approval of the Exchange Control Department of the South African Reserve Bank.

26.1 Emigrants from the common monetary area

New certificates issued to any emigrant in terms of the transactions will be restrictively endorsed and deposited with the authorised dealer controlling such emigrant's blocked assets. In terms of the Exchange Control Regulations, such Brimstone shares are not freely transferable from the common monetary area. The CSDP or broker will ensure that all requirements of Exchange Control are adhered to in respect of their clients falling into this category of investor, whether shares are held in dematerialised or certificated form.

26.2 All other non-residents of the common monetary area

In terms of the Exchange Control Regulations of South Africa, non-residents will receive Brimstone shares which will be endorsed "non-resident". The CSDP or broker will ensure that all requirements of Exchange Control are adhered to in respect of their clients falling into this category of investor, whether shares are held in dematerialised or certificated form.

26.3 Brimstone shareholders in other jurisdiction

The issue of Brimstone shares to residents in, or citizens or nationals of jurisdictions outside South Africa or custodians, nominees or trustees for residents in, or citizens or nationals of other countries may be prohibited or affected by the laws of the relevant jurisdictions. Such persons should acquaint themselves with and observe any applicable legal requirement.

27. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by Brimstone shareholders at the registered office of the Company and at the offices of the corporate advisor, investment bank and sponsor during normal business hours on normal business days from the date of this circular up to and including the date of the general meeting, being Friday, 10 December 2010:

- 27.1 a signed copy of this circular;
- 27.2 the independent reporting accountants' assurance report on the *pro forma* financial information of Brimstone as set out in Annexure 2 to this circular;
- 27.3 the signed fairness opinion relating to the issue to and subscription by the participants, the text of which has been attached as Annexure 3 to this circular.
- 27.4 the memoranda and articles of association of Brimstone and its subsidiaries;
- 27.5 the audited consolidated historical financial information of Brimstone for the preceding three financial years, together with all notes, namely the 2007, 2008 and 2009 consolidated financial statements;
- 27.6 the subscription and relationship agreement entered into between by Brimstone for the benefit of BEE Management Trust dated Wednesday, 10 November 2010, and the related cession and pledge agreement;
- 27.7 the subscription and relationship agreement entered into between by Brimstone for the benefit of Brimstone Broad-based BEE Trust dated Wednesday, 10 November 2010, and the related cession and pledge agreement;
- 27.8 the subscription and relationship agreement entered into between by Brimstone for the benefit of General Staff Trust dated Wednesday, 10 November 2010, and the related cession and pledge agreement;
- 27.9 the BEE Management Trust deed dated Wednesday, 10 November 2010;
- 27.10 the Brimstone Broad-based BEE Trust deed dated Wednesday, 10 November 2010;
- 27.11 the General Staff Trust deed dated Wednesday, 10 November 2010;
- 27.12 directors' service contracts;
- 27.13 the circulars to Brimstone shareholders dated 13 May 2009, 23 April 2010 and 28 June 2010;
- 27.14 the material contracts detailed in paragraph 18 above; and
- 27.15 the consent letters of the appointed professional advisors as set out in paragraph 24 above.

This circular signed at Cape Town on behalf of all the directors in terms of powers of attorney granted on Monday, 8 November 2010.

Cape Town
Thursday, 18 November 2010

Mustaq Ahmed Enus-Brey
Chief Executive Officer

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

The table below sets out the unaudited *pro forma* financial effects of the transactions on Brimstone shareholders. The *pro forma* financial effects are calculated for the six months ended 30 June 2010 for the purposes of the consolidated statement of comprehensive income and as at 30 June 2010 for the purpose of the consolidated statement of financial position. These financial effects are prepared for illustrative purposes only, to provide information about how the transactions might have affected the financial information presented by Brimstone and, because of their *pro forma* nature, may not give a fair reflection on Brimstone's future earnings. The directors of Brimstone are responsible for the preparation of the unaudited *pro forma* financial information.

The independent reporting accountants' assurance report on the abovementioned *pro forma* financial effects is included as Annexure 2 to this circular.

Unaudited *pro forma* consolidated statement of comprehensive income

	Before the transactions ⁽¹⁾ R'000	Adjustment R'000	After the transactions ⁽²⁾ R'000
Revenue	896 606	–	896 606
Sales and fee income	711 436	–	711 436
Dividends received	185 170	–	185 170
Operating expenses	(695 747)	(9 400) ⁽³⁾⁽⁶⁾	(705 147)
Operating profit/(loss)	200 859	(9 400)	191 459
Fair value losses	(109 628)	–	(109 628)
Exceptional items	(4 273)	–	(4 273)
Profit before net finance costs	86 958	(9 400)	77 558
Income from investments	10 410	290 ⁽⁴⁾	10 700
Finance costs	(113 067)	–	(113 067)
Share of profits of associates	16 218	–	16 218
Net profit/(loss) before taxation	519	(9 110)	(8 591)
Taxation	352 120	(81) ⁽⁵⁾	352 039
Profit/(Loss) for the year	352 639	(9 191)	343 448
Other comprehensive income			
Net value gain on available-for-sale financial asset	–	–	–
Total comprehensive income for the year	352 639	(9 191)	343 448
Profit/(Loss) attributable to:			
Equity holders of the parent	349 684	(9 191)	340 493
Non-controlling interests	2 955	–	2 955
	352 639	(9 191)	343 448
Earnings per share (cents)			
– Basic	146.3	(3.9)	142.4
– Headline	149.0	(3.9)	145.1
Diluted earnings per share (cents)			
– Basic	146.3	(8.2)	138.1
– Headline	149.0	(8.2)	140.8
Weighted average number of shares in issue ('000)			
– Basic and headline	239 065	–	239 065
– Diluted basic and headline	239 065	7 444	246 509

Notes:

1. Based on Brimstone's published unaudited results for the six months ended 30 June 2010.
2. *Pro forma* financial effects for the six months ended 30 June 2010 assuming the transactions were effective 1 January 2010.
3. After taking into account the expenses of R1 081 000 relating to the transactions.
4. Interest earned on the cash received of R290 000. The proceeds from the specific issue will be invested in an interest bearing account. Assumed interest rate of 6.5% based on commercial call rates. This will have a continuing effect.
5. Taxation of R81 000 on interest earned on cash received.
6. Share-based payment expense of R8 319 000. R2 949 000 relates to the BEE Management Trust and the General Staff which have a continuing effect of R5 898 000 annually until the last final date. R5 370 000 relates to the Brimstone Broad-based BEE Trust and is a once-off charge.

Unaudited *pro forma* consolidated statement of financial position

	Before the transactions ⁽¹⁾ R'000	Adjustment R'000	After the transactions ⁽²⁾ R'000
ASSETS			
Non-current assets	2 024 004	–	2 024 004
Property, plant, equipment and vehicles	323 515	–	323 515
Goodwill	12 140	–	12 140
Intangible assets	196 682	–	196 682
Deferred acquisition costs	30 103	–	30 103
Investments in associate companies	274 197	–	274 197
Investments	1 185 039	–	1 185 039
Deferred taxation	2 328	–	2 328
Current assets	2 950 003	8 869	2 958 872
Inventories	207 582	–	207 582
Trade and other receivables	385 917	–	385 917
Reinsurance contracts	359 292	–	359 292
Taxation	1 370	–	1 370
Cash and cash equivalents	397 599	8 869 ⁽³⁾	406 468
	1 351 760	8 869	1 360 629
Non-current asset classified as held for distribution to equity holders	1 485 705	–	1 485 705
Non-current asset classified as held for sale	112 538	–	112 538
TOTAL ASSETS	4 974 007	8 869	4 982 876

	Before the transactions ⁽¹⁾ R'000	Adjustment R'000	After the transactions ⁽²⁾ R'000
EQUITY AND LIABILITIES			
Capital and reserves	2 848 574	8 869	2 857 443
Share capital	45	–	45
Capital reserves	272 005	5 370 ⁽⁴⁾	277 375
Revaluation reserves	6 753	–	6 753
Retained earnings	2 464 222	(6 451) ⁽⁵⁾	2 457 771
Attributable to equity holders of the parent	2 743 025	(1 081)	2 741 944
Non-controlling interests	105 549	9 950 ⁽⁶⁾	115 499
Non-current liabilities	945 732	–	945 732
Long-term interest bearing borrowings	724 155	–	724 155
Long-term provisions	19 188	–	19 188
Deferred taxation	202 389	–	202 389
Current liabilities	1 179 701	–	1 179 701
Short-term interest bearing borrowings	364 498	–	364 498
Bank overdrafts	14 734	–	14 734
Trade payables	244 710	–	244 710
Other payables	75 559	–	75 559
Insurance contracts	465 434	–	465 434
Short-term provisions	14 249	–	14 249
Taxation	517	–	517
TOTAL EQUITY AND LIABILITIES	4 974 007	8 869	4 982 876
NAV per share (cents)	1 133.5	(0.4)	1 133.1
TNAV per share (cents)	1 047.2	(0.4)	1 046.8
Shares in issue at end of period ('000)	241 995	–	241 995

Notes:

1. Based on Brimstone's published unaudited results for the six months ended 30 June 2010.
2. *Pro forma* financial effects for the six months ended 30 June 2010 assuming the transactions were effective 30 June 2010.
3. Taking into account the cash received of R9 950 000 and taking into account expenses of R1 081 000 relating to the transactions.
4. Share-based payment expense relating to the Brimstone Broad-based BEE Trust which is written off at inception.
5. Comprises transfer to capital reserves of R5 370 000, being the share-based payment expenses of the Brimstone Broad-based BEE Trust which is written off at inception and expenses relating to the transactions of R1 081 000 which are once-off in nature.
6. Capital contribution of participants in the BEE Management Trust.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

"The Directors
Brimstone Investment Corporation Limited
PO Box 44850
Claremont
7735

11 November 2010

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF BRIMSTONE INVESTMENT CORPORATION LIMITED ("BRIMSTONE")

We have performed our limited assurance engagement in respect of the unaudited *pro forma* financial effects and the unaudited *pro forma* consolidated statement of financial position and statement of comprehensive income (collectively, "the *pro forma* financial information") set out in paragraph 12.2 and Annexure 1 to the circular to Brimstone Shareholders ("the circular"), to be dated on or about 18 November 2010 and issued in connection with the specific issue of 39 140 000 Brimstone N shares for cash to the participants, being the BEE Management Trust, the General Staff Trust and the Brimstone Broad-based BEE Trust ("the transactions"). The *pro forma* financial information has been prepared in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the transactions might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the *pro forma* consolidated statement of financial position being reported on.

Directors' responsibility

The directors are responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the *pro forma* financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Brimstone; and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express our limited assurance conclusion on the *pro forma* financial information included in the circular to Brimstone shareholders. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Guide on Pro Forma Financial Information* issued by SAICA. This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Brimstone, considering the evidence supporting the *pro forma* adjustments and discussing the adjusted *pro forma* financial information with the directors of the Company in respect of the corporate action that is the subject of the circular.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of Brimstone and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with *International Standards on Auditing* or *International Standards on Review Engagements* and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that, in terms of Sections 8.17 and 8.30 of the JSE Listings Requirements:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of the issuer;
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed.

Consent

We consent to the inclusion of this report, which will form part of the circular, to be issued on or about 18 November 2010, in the form and context in which it will appear.

DELOITTE & TOUCHE

Registered Auditors

Per **G G Fortuin**

Partner

1st Floor, The Square
Cape Quarter
27 Somerset Road
Green Point
Cape Town
8005

National Executive: G G Gelink *Chief Executive*, A E Swiegers *Chief Operating Officer*, G M Pinnock *Audit*, D L Kennedy *Tax, Legal and Risk Advisory* L Geeringh *Consulting* L Bam *Corporate Finance* C R Beukman *Finance* T J Brown *Clients & Markets* N T Mtoba *Chairman of the Board*, M J Comber *Deputy Chairman of the Board*

A full list of partners and directors is available on request."

INDEPENDENT EXPERT'S OPINION REGARDING THE TRANSACTIONS

The Directors
 Brimstone Investment Corporation Limited
 1st Floor, Slade House
 Boundary Terraces
 1 Mariendahl Lane
 Newlands
 7700

17 November 2010

FAIRNESS OPINION – BRIMSTONE INVESTMENT CORPORATION LIMITED ("BRIMSTONE" OR "THE COMPANY") – ISSUE OF NEW N SHARES AND FORMATION OF SHARE INCENTIVE TRUSTS

Dear Sirs

Introduction

Our understanding is that Brimstone is proposing to issue new N shares ("the New Shares"). Such New Shares will be allocated to newly created Brimstone management, staff and broad-based trusts ("the Trusts") for the benefit of Company management and staff in the employ of the Company and certain broad-based BEE organisations ("the Transaction"). The shares will be issued at a price of R0.5075 per share with the difference between this price and the 30-day volume weighted average price ("VWAP") of the N Share at 29 October 2010 of R5.41 being funded by Brimstone in the form of a notional loan. Via the terms of the Transaction, Brimstone will also receive entitlement to options which will enable the Company to buy back shares from the Trusts at future dates. The details of the Transaction are contained in the circular to be issued to existing Brimstone shareholders on or around [18] November 2010 ("the Circular").

Structure of the transaction in relation to the issue of the New Shares

The following agreements relating to the formation of the Trusts were finalized and signed by the relevant parties:

- The Brimstone Black Executives Investment Trust dated 10 November 2010 ("the Management Trust");
- The Brimstone General Staff Investment Trust dated 10 November 2010 ("the Staff Trust"); and
- The Brimstone Broad-based BEE Trust dated 10 November 2010 ("the Broad Based Trust");

The objective of the Transaction and the formation of the Trusts is to:

- Support Brimstone's BEE strategy that strives to ensure meaningful participation by black people in the mainstream economy aimed at achieving:
 - black ownership and ensuring that the Company has a meaningful number of black senior management within Brimstone;
 - a staff complement that reflects South Africa's diverse demographic profile;
 - the transfer of skills to black employees;
 - procurement policies that recognise the principles of BEE; and
 - social development programmes that are primarily directed at developing and empowering previously disadvantaged groupings.
- Improve black voting and ownership (approximately 62.11% black voting ownership and 58.02% black economic ownership);
- retain existing management and staff, which are mainly black people;
- attract top professional and management skills to the Company;
- incentivise and reward management and staff;
- align the interests of management and staff with shareholders;

- allow for structured succession planning;
- preserve and enhance Brimstone's current business in South Africa;
- ensure Brimstone is competitive in South Africa in the context of BEE by maintaining and enhancing Brimstone's BEE credentials;
- further benefit a broad base of community and regional groups; and
- further assist in respect of the social and compassionate needs of Brimstone's black employees and their immediate families and the broad-based groupings

The salient terms of the Trusts and the Transaction are as follows:

- Brimstone N Shares will be issued to each of the Trusts at a price of R0.5075 per share;
- The difference between this price of R0.5075 and the VWAP of the N Shares at 29 October 2010 of R5.41 per share will be funded by Brimstone in the form of a notional loan;
- At inception (and for a period of time thereafter) Brimstone will also be a beneficiary of Trust Units (unallocated portion) until such time that they are able to 'transfer' their units to new (or existing) beneficiaries;
- In the Management Trust, the beneficiaries will pay the R0.5075 in cash from their own cash resources. In the other two Trusts, the R0.5075 will be funded by Brimstone in the form of a non-repayable grant/donation; and
- Via the terms of the Transaction, Brimstone will also receive entitlement to options which will enable it to buy back that number of shares from the Trusts at future dates that equates to the then outstanding notional funding. The buy-back will also be done at a price of R0.5075.

The terms of the Transaction are more fully described in the Circular to be dated on or around 17 November 2010 and the description of the Transaction and certain other information contained herein is qualified in its entirety by reference to the more detailed information incorporated in the Circular.

Definition of fairness

'Fairness' is primarily based on quantitative factors. In this regard, we have considered the following aspects of the Transaction:

1. A comparison of i) the economic cost of the Transaction including the economic cost of the share options created via the implementation of the Transaction ("the Economic Cost") to ii) the financial benefit of increasing the level of black ownership and shareholding in Brimstone and the retention and attraction of management of Brimstone ("the Financial Benefit").

A transaction is generally fair if the cost of doing the transaction is equal to or less than the benefit(s) derived from the successful implementation of the transaction; and

2. The terms of the notional funding to be provided by the Company to the Trusts for purposes of facilitating the terms of the Transaction and the acquisition of the New Shares by the Trusts. Whilst this notional loan is not a loan that will be included in the accounts of the Company, it is a primary input into the calculation of the repurchases of Trusts' shares to be made in the future.

A transaction is generally fair if the funding to be provided by the Company attracts interest at a rate which equals or exceeds the estimates or forecasts of interest rates in the market in future over the period of the loan.

Each of the above aspects of the Transaction will be looked at independently and hence the fairness of aspect 1 listed above will not be dependent on the fairness of aspect 2 listed above (and similarly the fairness of aspect 2 will not be dependent on the fairness of aspect 1).

In opining on whether or not the Transaction is fair to the shareholders of Brimstone, we have assumed that the factors above, which relate to costs and benefits to the Company, are representative of the costs and benefits relating to the shareholders of Brimstone ("the Opinion").

Scope

We have been appointed by the Board of Brimstone as an independent professional expert (by way of providing a fairness opinion) in terms of Section 5.50 and 5.51 of the JSE Limited ("JSE") Listings Requirements. We understand that the independent fairness opinion is required as the proposed transaction has been deemed by the JSE to be a related party transaction.

In terms of Section 5.50 and 5.51 of the JSE Limited ("JSE") Listings Requirements, an opinion is required to be obtained from an independent professional expert, acceptable to the JSE, indicating whether or not the proposed transaction with a related party is fair to the shareholders of Brimstone. In this Transaction, the "related parties" are deemed to be certain directors of certain subsidiaries who will become beneficiaries of the Management Trust.

Sources of information

In arriving at our Opinion, we have relied upon the following principal sources of public information:

- historical audited annual financial statements of Brimstone for the financial year ended 31 December 2009;
- historical unaudited results for Brimstone for the 6 month financial period ended 30 June 2010;
- financial and industry information from equity research reports on Brimstone (and some of its listed subsidiaries) sourced from independent data providers including, but not limited to, Thomson Reuters, Company Infogator, Factiva and McGregor BFA;
- publicly available information relating to Brimstone that we deemed to be relevant, including media articles;
- precedent transactions of a similar nature;
- information regarding prevailing economic, financial, market and other conditions at the date of the issue of this Opinion;
- macro-economic forecasts in relation to economic and industry growth rates, inflation, long term interest rates, other relevant financial sector forecasts; and
- the Circular.

Furthermore, we have relied upon the following principal sources of non-public information delivered to us by or on behalf of Brimstone:

- documents or information prepared by the management team of Brimstone ("Management") setting out the structure, terms and conditions of the Transaction and the funding structure;
- spreadsheets detailing calculations regarding the Transaction prepared by Management;
- legal documentation for the Transaction, including the Trust deeds;
- forecast financial information and budgets and assumptions thereon prepared by Management in relation to Brimstone and its underlying investments; and
- representations made by Management.

Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of supporting our Opinion, whether received in writing or obtained in discussion with management of Brimstone, and we are satisfied with the appropriateness of such information.

Approaches and Procedures

In arriving at our Opinion, we have undertaken the procedures detailed below. Note that all discussions with management were held in order to help us obtain a better understanding of either i) the nature of an asset or ii) a component of economic cost or financial benefit of doing the Transaction. These discussions were necessary in order to ensure we were able to apply the correct methodology and approach to valuing an asset or to the quantification of a component of economic cost or financial benefit. All final conclusions on valuations and values and quantifications of costs or benefits were done independently of management views.

Economic Cost versus Financial Benefit

Economic Cost

- Determined the Economic Cost to shareholders of Brimstone. In determining this cost, the following procedures were performed:
 - identified the various costs that would be incurred in doing the Transaction which would make up the "Economic Cost". Via discussions with Management, formulated the best estimates of each of these costs;
 - reviewed the cost of the option by reperforming Management's share option cost calculation (which forms one of the components of the overall Economic Cost). This included an indicative desktop valuation of the Company to value Brimstone N shares on a pre-Transaction basis - valued each underlying investment held by Brimstone. In valuing each of the underlying investments, we used the Discounted Cash Flow ("DCF") approach as our primary approach

wherever where Management was able to provide us with meaningful forecasts. In situations where forecasts were not available, we considered alternate methodologies such as Price Earnings multiples or Price to NAV depending on the nature of the asset being valued. This intrinsic NAV ("INAV") valuation was used as an input into the calculation of the cost of options;

- we reviewed Management's calculation of the cost of the options.
- our actuarial team calculated their own cost of the options using the Black Scholes option pricing model. This model is a closed-form solution for the valuation of European style options on stock, and is widely used for the valuation of IFRS 2 share options. The main inputs into the valuation model were the market value of the underlying shares .i.e. INAV, the option exercise price, the option exercise date, the share price volatility, the dividend yield and the risk-free interest rate. Where available, independent market values were used to determine the values of inputs to the model.
- compared the cost of the options as calculated by us to Management's calculation and information on precedent transactions in the market.
- analysed the historical share price performance of Brimstone N Shares on the JSE and the liquidity of the share over the past few months; and
- obtained an estimate of any other costs expected to be incurred in connection with the issue of Brimstone shares, including advisors' transaction costs and any grants made by the Company to staff and broad based entities as part of implementing the Transaction.

Financial Benefit

- Prepared an estimate of the Financial Benefit to Brimstone of concluding the Transaction. In estimating this benefit, the following procedures were performed:
 - identified possible financial benefits that could stem from doing the Transaction, including existing benefits where the value or cash flows would be lost if the deal was not concluded;
 - we looked at the possible loss that could be incurred is the Company lost key investments (if they default on BEE status) as a proxy for the deemed value or Financial Benefit of maintaining the Company's BEE status;
 - Certain investments held by the Company require that the Company holds and maintains its BEE shareholding above 50%. This requirement is included as a clause in the investment holding agreement entered into between the Company and the 'issuer'.
 - Of the investments held by the Company, the following were subject to such BEE clauses, that is, option investments in:
 - Old Mutual,
 - Nedbank; and
 - Tiger Brands.
 - For these investments, we therefore looked at the possible loss that could be incurred by the Company should it lose its BEE status and thereby lose its share of the investment. In doing this, we only considered the remaining years during which the Company will hold the investment in the options.
 - When valuing the investment options, we took into account option pricing models and valuation methodologies and the present values of future cash flows related to these investments.
 - For each remaining year in which the share option will be held by the Company (in terms of the investment agreement), an equal probability was assigned to the possibility of the Company defaulting on their BEE shareholding. We applied a probability of default to each year remaining in the investment agreement for each investment. There was no need to apply a Discounted Cash Flow again because the way in which the investment option was valued means that the value represents the present value of expected future cashflows already;
 - On this basis, we were able to calculate the total possible loss that the Company could experience on the share option investments if it had to default on its BEE shareholding in future. This loss was deemed to be representative of the Financial Benefit of this component of doing the Transaction.

Note that in determining the Economic Cost (as explained above), we also used option pricing methodologies but this was used primarily for purposes of calculating the cost of the option that Brimstone would have in future to buy back shares. For purposes of doing the 'option cost' exercise referred to in the Economic Cost section above, our actuarial team considered the value of the 'option investments' which Brimstone holds in companies like Old Mutual, Nedbank and Tiger Brands as these formed part of INAV calculation. So for purposes of this letter, we differentiate between:

- ‘option cost’ which refers to the cost of Brimstone having an option to buy back shares; and
 - ‘option investments’ which is Brimstones investment in options to acquire shares in Old Mutual, Nedbank and Tiger Brands.
- Finally we compared the Economic Cost against the Financial Benefit, as determined above, in determining whether the Transaction is fair to shareholders or not.

Terms of funding

- Obtained an understanding from Management on the structure of the Transaction and how the notional funding will be implemented as part of the Transaction;
- Reviewed the terms of the funding as described to us by Management and as described in the Circular.
- In determining the fairness of the terms of the funding, the following procedures, amongst others, were performed:
 - compared the interest rates to be used in the notional funding of the Transaction to forecast market related interest rates and related instruments and research information; and
 - compared the Transaction funding terms to similar deals done in the market where vendor funding was provided as well. This included looking at historic deals in which Brimstone itself received vendor finance.

Assumptions and key value drivers

Our Opinion is based on the following key assumptions:

- current economic, regulatory and market conditions will not change materially;
- there are no undisclosed contingencies that could affect the value of Brimstone;
- the structure of the Transaction will not give rise to any undisclosed tax liabilities; and
- representations made by Management in the form of discussions with Management and the information provided during the course of forming this Opinion are accurate.

The key internal value drivers in our valuation and the approach we have taken in formulating our Opinion are:

- Managements’ description of the Transaction and the structure of the notional funding;
- The historical financial performance and forecast information, where available, of the Company’s underlying investments; and
- Discount rates.

The key external value drivers in our valuations are:

- The expected long term return on equities, bonds and cash;
- South Africa inflation rates; and
- Comparable company information.

Limiting conditions

We have relied upon the accuracy of the information used by us in deriving our Opinion albeit that, where practicable, we have corroborated the reasonableness of such information through, amongst other things, reference to work performed by independent third party/ies, historic precedent or our own knowledge and understanding. While our work has involved an analysis of the annual financial statements 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. Accordingly, we assume no responsibility and make no representations with respect to the accuracy of any information provided to us in respect of Brimstone and its underlying investments.

We have also assumed that the proposed transaction will have the legal, accounting and taxation consequences described in discussions with, and in materials furnished to us by, advisers of Brimstone and we express no opinion on such consequences.

The opinion expressed below is necessarily based upon the information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have assumed that all conditions precedent in the transaction agreements, including any material regulatory and other approvals required in connection with the proposed transaction have been or will be properly fulfilled/obtained. Subsequent developments may affect our opinion, however, we are under no obligation to update, revise or re-affirm such.

Opinion

Our opinion is required as a result of the proposed Transaction. We have considered the terms and conditions of the proposed Transaction and performed the procedures listed above in the 'Approaches and Procedures' paragraph. Based upon and subject to the conditions set out below, we are of the opinion that the proposed Transaction (including the notional funding that will form part of the Transaction) is [fair] to Brimstone shareholders.

In providing this opinion, we have considered:

- The underlying value of each investment held by the Company and the resulting INAV of the Company;
- The treatment of the options provided to Brimstone in the Transaction, the calculation of the cost of the options and the components used to calculate the cost;
- The likely components making up the Economic Costs of doing the Transaction;
- The likely components making up the Financial Benefits from doing the Transaction;
- The notional loan to be provided by the Company and its role in the calculation of future share buybacks to be made by the Company as part of the Transaction; and
- The interest rate to be applied to the notional loan and forecast interest rates.

This opinion does not purport to cater for each individual shareholder's circumstances and/or risk profile, but rather that of the general body of Brimstone N shareholders taken as a whole. Each shareholder's decision will be influenced by such shareholder's particular circumstances and accordingly shareholders should consult with an independent advisor if they are in any doubt as to the merits or otherwise of the transaction.

Use of this opinion

This opinion is provided solely for the use of the Board of Directors of Brimstone ("the Board") and Brimstone shareholders in connection with and for the purpose of their consideration of the Transaction. This opinion shall not, in whole or in part, be disclosed, reproduced, disseminated, quoted, summarised or referred to at any time, in any manner or for any purpose, nor shall any public references to Ernst & Young or Ernst & Young Advisory Services Limited be made by Brimstone or any of its affiliates, without the prior consent of Ernst & Young Advisory Services Limited.

Independence and consent to publication

We have been retained by the Board as an independent advisor to the Board and shareholders in connection with the Transaction and we will receive a fixed fee for the services provided in connection herewith, which fee is payable upon delivery of this opinion. We confirm that, other than the aforementioned, we have no interest, direct or indirect, beneficial or non-beneficial, in Brimstone or in the success or failure of the transaction which forms the subject matter hereof.

We hereby consent to this letter and the references thereto being made public to holders of Brimstone shares in the form and context in which they are to be published in this document to shareholders on or about 18 November 2010. We confirm that we have given and have not withdrawn our consent prior to the issue of the said document to Brimstone shareholders.

Yours faithfully,

S H Alt

Director

Ernst & Young Advisory Services Ltd

SALIENT FEATURES OF THE TRANSACTION AGREEMENTS

The definitions commencing on page 6 of this circular apply, *mutatis mutandis*, to this salient features of the transaction section.

These salient features are intended to provide an overview of the key terms of the transaction agreements. They are not, nor are they intended to be, a complete description of the transaction agreements. The transaction agreements are available for inspection, as set out in paragraph 27 of the circular.

1. SUBSCRIPTION AND RELATIONSHIP AGREEMENTS

1.1 Introduction

- 1.1.1 There are three separate subscription and relationship agreements, each governing the transaction between the relevant participant and the Company.
- 1.1.2 The parties to the BEE Management Trust subscription and relationship agreement are the Company and Peter Hesseling, acting for the benefit of the BEE Management Trust. As soon as letters of authority have been issued by the Master of the Western Cape High Court, Cape Town to the trustees of the BEE Management Trust, the BEE Management Trust shall accede to and become a party to the agreement in the place of Peter Hesseling. In terms of the agreement the Company shall issue 35 140 000 (thirty five million one hundred and forty thousand) Brimstone N shares to the BEE Management Trust.
- 1.1.3 The parties to the General Staff Trust subscription and relationship agreement are the Company and Peter Hesseling, acting for the benefit of the General Staff Trust. As soon as letters of authority have been issued by the Master of the Western Cape High Court, Cape Town to the trustees of the General Staff Trust shall accede to and become a party to the agreement in the place of Peter Hesseling. In terms of the agreement the Company shall issue 1 500 000 (one million five hundred thousand) Brimstone N shares to the General Staff Trust.
- 1.1.4 The parties to the Brimstone Broad-based BEE Trust subscription and relationship agreement are the Company and Peter Hesseling, acting for the benefit of the Broad-based BEE Trust. As soon as letters of authority have been issued by the Master of the Western Cape High Court, Cape Town to the trustees of the Brimstone Broad-based BEE Trust, the Brimstone Broad-based BEE Trust shall accede to and become a party to the agreement in the place of Peter Hesseling. In terms of the agreement the Company shall issue 2 500 000 (two million five hundred thousand) Brimstone N shares to the Brimstone Broad-based BEE Trust.
- 1.1.5 The key terms of the subscription and relationship agreements are outlined below. Save for the difference in the numbers of subscription shares, and the manner in which the subscription price will be secured, the subscription and relationship agreements are identical.

1.2 Securing of the subscription price

- 1.2.1 In the case of the BEE Management Trust, its intended beneficiaries were required to pay the subscription price for the allocated portion of the subscription shares (being 55.8%) into a bank account of the Company, or provide payment undertakings to the satisfaction of the Company, by no later than the date of signature of 8 November 2010. This requirement has been complied with. The interest on the funds deposited will be paid to the intended beneficiaries of BEE Management Trust if the transaction proceeds. If it does not proceed, such funds with accrued interest will be refunded to the intended beneficiaries of BEE Management Trust.
- 1.2.2 In the case of the unallocated portion of the subscription shares relating to the BEE Management Trust (being 44.2%) and the other transactions, given that Brimstone is providing the funding required by the participants to pay the subscription price, there are no arrangements for the subscription price to be secured.

1.3 Subscription

- 1.3.1 The participant shall, on the subscription date, subscribe for the subscription shares at the subscription price and Brimstone shall, against receipt of payment in full of the subscription price on the subscription date, allot and issue the subscription shares to the participant.
- 1.3.2 Brimstone shall:
 - 1.3.2.1 ensure that the subscription shares are listed on the JSE on or as soon as practicable after the subscription date; and
 - 1.3.2.2 pay the costs relating to all listing fees of the subscription shares, it being recorded that no issue duty is payable.
- 1.3.3 The term "designated shares" refers to the subscription shares and any other Brimstone shares and other securities that are subsequently acquired by the participant by virtue of its holding of the subscription shares, subject to stated exceptions. The designated shares constitute a pool of assets which forms the subject matter of the Brimstone call option, and which serves as Brimstone's security.

1.4 Terms and conditions of the issue of the subscription shares

- 1.4.1 In terms of Article 5.1 of the articles, the subscription shares shall be issued on the terms and conditions, and subject to the limitations, set out below and in the remainder of the agreement:
 - 1.4.1.1 Distributions
 - 1.4.1.1.1 The parties agree that, during the notional funding period, the participant shall not, if it is the owner of any designated shares, be entitled to any distributions in respect of the designated shares and no distributions in respect of the designated shares shall accrue to the participant.
 - 1.4.1.1.2 If, notwithstanding the foregoing, the participant nevertheless receives any distribution in respect of any designated shares, such distribution shall be the property of Brimstone and shall never be the property of the participant, and the participant shall forthwith pay or transfer such distribution to Brimstone, net of any taxes that may be payable by the participant in respect of such distribution.
 - 1.4.1.1.3 In the case of a distribution in cash, an amount equal to the value of the distribution shall be credited to the notional funding amount in the repurchase formula.
 - 1.4.1.1.4 In the case of a distribution comprising a security (such as a capitalisation issue, scrip dividend or bonus issue) an amount equal to the market value of the distribution as at the date of the making of the distribution, shall be credited to the notional funding amount in the repurchase formula.
 - 1.4.1.1.5 In the case of a distribution where the holders of the designated shares can make an election between one comprising cash and one comprising securities, the amount credited to the notional funding amount in the repurchase formula shall be the higher of the two amounts contemplated in the two preceding paragraphs.
 - 1.4.1.2 Rights issues
 - 1.4.1.2.1 The participant shall be entitled to participate in any rights issue made during the notional funding period.
 - 1.4.1.2.2 If any rights issue is made, the participant shall firstly follow its rights under the rights issue in respect of all the relevant designated shares held by the participant, to the extent that it has been placed in funds to do so by its beneficiaries. The securities so acquired shall not be held subject to this agreement or the articles and shall not constitute designated shares.
 - 1.4.1.2.3 To the extent that it is unable to follow the rights because it has not been placed in funds to do so by its beneficiaries, the participant shall endeavour to dispose of such number of its rights under the rights issue for value as would enable the participant to have sufficient funds with which to follow all the remaining rights. The securities acquired with such proceeds shall be held subject to the provisions of this agreement and the articles and shall constitute designated shares.

- 1.4.1.3 Unbundlings
 - 1.4.1.3.1 The participant shall be entitled to participate in any unbundling made in respect of any designated shares during the notional funding period.
 - 1.4.1.3.2 If it is entitled to make an election as to whether or not to participate in an unbundling, it shall always elect to participate to the fullest extent possible, and it hereby irrevocably authorises and instructs Brimstone to effect such election on its behalf.
 - 1.4.1.3.3 Any securities received by the participant pursuant to an unbundling shall be held subject to the provisions of the agreement and the articles, and shall constitute designated shares.
- 1.4.1.4 On expiry of the notional funding period, the restrictions contemplated in this clause 1.5 shall cease to be of force and effect.

1.5 **Brimstone call option**

- 1.5.1 The designated shares shall comprise three separate tranches, being:
 - 1.5.1.1 the first tranche, comprising 50% of the subscription shares, and all other designated shares acquired by the trust by virtue of those subscription shares;
 - 1.5.1.2 the second tranche, comprising 40% of the subscription shares, and all other designated shares acquired by the trust by virtue of those subscription shares; and
 - 1.5.1.3 the final tranche, comprising 10% of the subscription shares, and all other designated shares acquired by the trust by virtue of those subscription shares.
- 1.5.2 Each tranche has a different maturity date, being:
 - 1.5.2.1 in respect of the first tranche, 31 October 2016;
 - 1.5.2.2 in respect of the second tranche, 31 October 2017; and
 - 1.5.2.3 in respect of the final tranche, 31 October 2018.
- 1.5.3 Brimstone has the option, in relation to each tranche of designated shares, to repurchase from the trust (or to purchase to the extent that they are not Brimstone shares) that number of the designated shares forming part of the relevant tranche as is determined in accordance with the repurchase formula and the remaining provisions of the agreement.
- 1.5.4 Brimstone may in writing nominate another person or member of the Brimstone group to repurchase or purchase, as may be applicable, the repurchased shares if Brimstone has exercised the Brimstone call option.
- 1.5.5 Brimstone shall be entitled to exercise the Brimstone call option by not later than the earlier of:
 - 1.5.5.1 the date ending on the later of:
 - 1.5.5.1.1 60 days after the relevant maturity date; or
 - 1.5.5.1.2 if Brimstone is in a 'prohibited period' (as contemplated in the JSE Listings Requirements) during the period contemplated above, 14 days after the date on which such 'prohibited period' comes to an end; or
 - 1.5.5.2 60 days after the date upon which certain corporate actions occur, in the event that the notional funding period is reduced.
- 1.5.6 Brimstone shall not exercise the Brimstone call option if it is a unit holder in the participant. If, at the end of the relevant Brimstone call option period Brimstone is still a unit holder, then the relevant date by which the Brimstone call option will expire shall be extended for such further period as Brimstone may reasonably require, which shall never be more than 90 days, to dispose of its units and to be able to exercise the Brimstone call option.
- 1.5.7 The number of shares to be repurchased shall be calculated as at the relevant maturity date and the sale shall be effective as of such date.

- 1.5.8 If the designated shares comprising the relevant tranche include any securities other than Brimstone N shares and the repurchase formula will have the result that the repurchased shares will not comprise all of the designated shares of the relevant tranche, the repurchased shares shall comprise:
- 1.5.8.1 firstly, Brimstone N shares;
 - 1.5.8.2 secondly, to the extent required and if and to the extent that the relevant tranche includes any, Brimstone ordinary shares; and
 - 1.5.8.3 finally, to the extent required, any other securities forming part of the designated shares of the relevant tranche, as selected by Brimstone.
- 1.5.9 If: (1) the aggregate market value of the designated shares of the relevant tranche, as determined for purposes of the repurchase formula, plus the aggregate subscription price of the designated shares of the relevant tranche is more than the notional funding amount of the relevant tranche, and (2) the notional funding amount of the relevant tranche plus the aggregate subscription price of the designated shares of the relevant tranche is less than the aggregate market value of the designated shares of the relevant tranche, the price payable by Brimstone for each repurchased share of the relevant tranche shall be:
- 1.5.9.1 if the designated shares of the relevant tranche comprise only subscription shares, an amount equal to the subscription price of the relevant tranche; and
 - 1.5.9.2 if the designated shares of the relevant tranche include any securities other than subscription shares, an amount equal to that proportion of the subscription price which: (1) the base cost that must be applied to the relevant repurchased share for Capital Gains Tax purposes bears to (2) the aggregate of the base costs that must be applied to each kind of the designated shares for capital gains tax purposes.
- 1.5.10 If: (1) the aggregate market value of the relevant tranche of designated shares, as determined for purposes of the repurchase formula, plus the aggregate subscription price of the relevant tranche of designated shares is more than the notional funding amount of the relevant tranche, and (2) the notional funding amount of the relevant tranche plus the aggregate subscription price of the relevant tranche of designated shares is more than the aggregate market value of the relevant tranche of designated shares, the aggregate repurchase price of all the repurchased shares of the relevant tranche shall be the difference between the aggregate market value of the relevant tranche of designated shares and the notional funding amount of the relevant tranche.
- 1.5.11 If the aggregate market value of the relevant tranche of designated shares, as determined for purposes of the repurchase formula, plus the aggregate subscription price of the relevant tranche of designated shares is less than the notional funding amount of the relevant tranche, the aggregate repurchase price of all the relevant tranche of repurchased shares payable by Brimstone shall be one Rand.
- 1.5.12 Such repurchase price shall bear interest at the prime rate from the effective date of the sale to the date of payment.
- 1.5.13 The sale of the repurchased shares will be voetstoots and without any warranties or representations of any nature, save that:
- 1.5.13.1 the participant is the registered and beneficial owner of the repurchased shares;
 - 1.5.13.2 no person has any prior right of any nature whatsoever to acquire the repurchased shares in question.
- 1.5.14 The securities transfer tax payable in respect of the registration of the transfer of the repurchased shares sold in terms hereof shall be borne by Brimstone.
- 1.5.15 If Brimstone is unable to comply with the provisions of the applicable companies legislation relating to share repurchases or if there is some other regulatory prohibition on Brimstone exercising the Brimstone call option, the option period shall be extended until such time as Brimstone is able to comply with the relevant requirements and in such event the purchase consideration shall bear interest at the prime rate from the effective date to the date of payment.

1.5.16 Once a Brimstone call option has been exercised and a sale of the repurchased shares has come into effect, the remaining designated shares forming part of the relevant tranche shall no longer be designated shares and shall no longer in any way be subject to any of the provisions of the agreement or the cession and pledge.

1.6 Repurchase formula

The number of repurchased shares being the subject matter of the Brimstone call option in respect of a particular tranche, shall be calculated in accordance with the following formula:

$$A_t = (B_t - D_t) / (C_t - E_x)$$

A_t = the number of designated shares comprising the repurchased shares, (Brimstone N shares in this case)

$B_t = B_{t-1} \times [(1 + 0.085)^{H_t}]$ where, $B_0 = F \times G$

C_t = the market value of a Brimstone N share at "t", being the effective date of the sale

$D_t = D_{t-1} \times [(1 + 0.085)^{H_t}] + I_t$ where, $D_0 = 0$

E_x = the base cost of the relevant security being purchased, on a per share basis, where the relevant security is identified by x

F = the market value per subscription share calculated up to 29 October 2010 of R5.41 less R0.5075

G = the number of subscription shares in that tranche

H_t = number of days in calculation period divided by 365

I_t = amount or market value (as may be applicable) of a distribution made during the relevant calculation period that was not received by the trust in respect of that tranche of designated shares as a result of the terms and conditions attaching to the designated shares

\wedge = denotes "to the power of"

"**Calculation Period**" or "**t**" means a period ending on the last day of a calendar year except when payment of a distribution is made, in which event the period will end on the date of the payment. the next calculation period will commence on the day immediately following the date on which the previous calculation period ended. the final calculation period will end on the effective date.

To the extent that the formula above results in all the Brimstone N shares which constitute designated shares of that tranche held by the trust being repurchased shares (J_t), (i.e. A_t exceeds the actual number of Brimstone N shares which form part of the designated shares (J_t)), then K_t shall be determined as the number of designated shares [Brimstone ordinary shares in this case] being repurchased shares.

$$K_t = [(A_t - J_t) \times (C_t - E_x)] / L_t$$

L_t = the market value of a Brimstone ordinary share at "t", being the effective date of the sale.

To the extent that the formula above results in all the [Brimstone ordinary shares] which constitute designated shares of that tranche held by the trust being repurchased shares (M_t), (i.e. K_t exceeds the actual number of Brimstone ordinary shares which form part of the designated shares (M_t)), then N_t shall be determined as the number of designated shares [other securities forming part of the designated shares in this case] being repurchased shares.

$$N_t = [(K_t - M_t) \times (L_t - E_x)] / O_t$$

O_t = the market value of the other security being repurchased at "t", being the effective date of the sale.

The notional funding amount in respect a particular tranche shall be calculated in accordance with the following formula:

$$P = B_t - D_t$$

where **P** is the notional funding amount.

1.7 Participants call option

1.7.1 If a Brimstone call option is exercised upon its normal maturity, the participant will have a participants call option to:

1.7.1.1 subscribe for a number of new Brimstone shares which is equivalent to all the Brimstone shares which are included in the repurchased shares; and

- 1.7.1.2 purchase from Brimstone other securities of a kind and number which is equivalent to all the securities, other than Brimstone Shares, which are included in the repurchased shares.
- 1.7.2 The participant shall be entitled, but not obliged, to exercise the participants call option in respect of all or any of the Brimstone shares and other securities, by not later than 60 days following the date of exercise by Brimstone of the relevant Brimstone call option.
- 1.7.3 The subscription or purchase consideration, as the case may be, payable by the Trust for the relevant Brimstone shares and other securities shall be an amount equal to the market value thereof as at date of exercise of the participants call option, and shall be paid in cash.
- 1.7.4 The subscription for, and allotment and issue of, the relevant Brimstone shares will be voetstoots and without any warranties or representations of any nature being given or made by Brimstone.
- 1.7.5 The sale of the relevant other securities by will be voetstoots and without any warranties or representations of any nature being given or made by Brimstone, save that:
 - 1.7.5.1 Brimstone is the registered and beneficial owner thereof; and
 - 1.7.5.2 no person has any prior right of any nature whatsoever to acquire the relevant securities.
- 1.7.6 The securities transfer tax payable in respect of the registration of the transfer of the securities sold in terms of this clause 1.7 shall be borne by the participant.

1.8 **Default call option**

In the event that the participant breaches any of the material provisions of this agreement or the cession and pledge, Brimstone shall be entitled, in addition to any other remedy available to it, to accelerate and exercise any or all of the Brimstone call options.

1.9 **Changes in BEE legislation**

Should, at any time before the expiry of the notional funding period, there be a change in the applicable BEE requirements which has or will be likely to have a materially adverse impact on Brimstone's score under the ownership scorecard resulting from the transaction, and should the parties fail for a period of three months to agree on a solution which results in Brimstone maintaining the score under the ownership scorecard in respect of the subscription shares at the same level at which it would have been had the change not occurred, Brimstone may accelerate and exercise any or all of the Brimstone call options.

1.10 **Pre-emptive right**

- 1.10.1 Should the participant, at any time before the expiry of the notional funding period in respect of a particular tranche, wish to dispose of the whole or any part of the designated shares forming part of the relevant tranche, then the participant shall first offer such designated shares for sale to Brimstone.
- 1.10.2 Should Brimstone not accept the offer then the participant shall be entitled, within 120 days after such non-acceptance, to sell and transfer all the sale designated shares through the mechanism of the JSE or to a named third party, provided that such sale is concluded at a price not less than 95% if sold through the JSE and not less than 100% if not sold through the JSE, of the price and on terms and conditions no more favourable than those offered to Brimstone.

1.11 **Corporate action**

- 1.11.1 In the event that corporate action is proposed by or in respect of Brimstone or any designated shares, the participant shall vote the designated shares in relation to such corporate action as it deems fit.
- 1.11.2 In the event that Brimstone shares are consolidated or sub-divided or in any other way reorganised, or the issued ordinary share capital of Brimstone is reduced or increased during the notional funding period, the board shall, if fair and appropriate having regard to the rights and obligations of the parties, adjust the repurchase formula so as to leave the parties, as far as is possible, neutral to such change.
- 1.11.3 In the event of there being a change of control of Brimstone, then, unless otherwise agreed between the participant and Brimstone, Brimstone shall immediately reduce the notional funding period in respect of any or all tranches and exercise all the Brimstone call options.

1.11.4 In the event of an actual or proposed scheme of arrangement or other actual or proposed transaction during the notional funding period, other than a transaction contemplated in the preceding paragraph, in terms of which any of the designated shares will, or are likely to be, compulsorily acquired from the participant, Brimstone shall immediately be entitled to reduce the notional funding period in respect of all (and, unless otherwise agreed between the trustees and Brimstone, not only some of) the tranches and to exercise the Brimstone call option.

1.11.5 If the designated shares forming part of any tranche are for any reason sold during the relevant notional funding period, the right to receive the consideration payable for such designated shares are ceded and made over to Brimstone in respect of such an amount as would put Brimstone and Brimstone shareholders as near as possible in the commercial position that they would have been in had the relevant notional funding period been reduced at that time and had the relevant Brimstone call option been exercised and the resulting transaction implemented.

2. CESSIONS AND PLEDGES

2.1 There are three separate cession and pledge agreements, each pertaining to the transaction between the relevant participant and the Company.

2.2 The key terms of the cession and pledge agreements are outlined below. The cession and pledge agreements are all identical.

2.3 The subject matter of the cession and pledge is the designated shares and the right to the broker or CSDP account into which any cash proceeds arising from the disposal of designated shares must always be retained.

2.4 In order to secure all its obligations to Brimstone under the subscription and relationship agreement, the participant pledges all the designated shares and the right to the relevant broker or CSDP account to Brimstone by way of cession *in securitatem debiti*.

2.5 If an event of default (being a breach of the subscription and relationship agreement or the cession and pledge) occurs, then, in addition to any other rights which the sessionary may have Brimstone shall be entitled to realise the security afforded by the cession and pledge by:

2.5.1 taking over (i.e. acquiring) the security at the fair market value thereof; or

2.5.2 selling or otherwise disposing of the security.

2.6 The participant shall be entitled to exercise its voting rights in relation to the designated shares, notwithstanding the cession and pledge thereof, but Brimstone may direct how they are to be voted once an event of default has occurred.

3. BEE MANAGEMENT TRUST DEED

3.1 Parties

3.1.1 The initial parties to the trust deed are the initial trustee, Charl Wayne Williams, and Brimstone.

3.1.2 The parties to the trust deed from time to time shall be Brimstone, the initial trustee and other trustees from time to time, and all unit holders from time to time.

3.2 Creation, donation and duration

3.2.1 Brimstone established the trust by the donation to the trust of the sum of R100.

3.2.2 Brimstone may from time to time make donations, grants or loans to the trust (without thereby becoming a beneficiary), and the trustees have the power to accept same. Brimstone shall also be entitled to make capital contributions, thereby becoming a unit holder and beneficiary of the trust.

3.2.3 The name of the trust shall be "The Brimstone Black Executives Investment Trust".

3.2.4 The trust shall come into existence on the commencement date and shall endure until it is terminated by the trustees.

3.3 Trust objectives

3.3.1 The main objective of the trust is to serve as the vehicle via which participating second-tier management acquire an economic exposure to an investment in Brimstone shares.

3.3.2 The trust shall be a special purpose vehicle, with its objectives and purpose limited to giving effect to the main and ancillary objectives of the trust. The powers of the trustees shall be limited to the extent that they may only be exercised for the purposes of realising the trust's objectives and purpose.

3.4 Brimstone's interests

3.4.1 The trustees shall not be entitled to amend the provisions of the trust deed, terminate the trust, select, admit or remove any beneficiaries, or approve any disposal of units, without the prior written consent of Brimstone.

3.4.2 Brimstone may appoint one trustee to the board of trustees.

3.5 Beneficiaries

3.5.1 Every participating existing executive shall be a beneficiary.

3.5.2 Every other person, including any participating future executive, to whom units are from time to time issued or transferred in compliance with the trust deed, shall be a beneficiary

3.6 Units

3.6.1 The trustees shall notionally, and purely for administrative convenience, unitise the interests of the beneficiaries in the trust, granted from time to time under an applicable participation agreement, into units.

3.6.2 The number of units in issue following implementation of the subscription agreement shall be 10 000 (ten thousand) units. Such units shall constitute the first class of units in issue.

3.6.3 Units are issued merely for administrative convenience. A unit evidences the rights and interests of a beneficiary under this trust deed and the applicable participation agreement and does not constitute a separate contractual right or title of the unit holder.

3.6.4 The units that are issued in order to capitalise the trust to enable it to acquire the subscription shares are all of the same class, and the subscription shares shall comprise a single pool of trust assets which may result in a pool of trust income which may be distributed in respect of those units only. However, given the possibility that the trust may in future be presented with opportunities to make other investments, for example in the case of rights offers undertaken by Brimstone, or in the case of the option which the trust has under the subscription agreement to subscribe for an equivalent number of new Brimstone shares pursuant to the participants call option, the trustees may, in order to raise the funding required to participate in such opportunities, invite unit holders to make fresh capital contributions in their unit holders' proportions, and the trustees shall issue new units in respect of such capital contributions received. If and to the extent that the issue of any such units could in any way result in any financial prejudice to or inequality between existing unit holders, the new units issued shall be of a different class and the new investment so acquired shall be constituted as a separate and ring-fenced pool of trust assets which may result in a separate pool of trust income and which may be distributed in respect of those new units only. All Units of the same class shall rank *pari passu* in all respects.

3.7 Participation agreements, funding of the trust, and allocations and issue of initial units

3.7.1 The trustees shall conclude a participation agreement with each participating existing executive and Brimstone to record the terms and conditions under which the participating existing executive and Brimstone agrees to take up a unit(s) and pay to the trust the capital contribution for such unit(s).

Any other person, including a participating existing executive, who from time to time becomes a new beneficiary, and any existing beneficiary who acquires additional units, shall also be required to conclude a participation agreement in respect of such units.

- 3.7.2 The capital contributions required to be made by the first beneficiaries shall be equal to the subscription price for the relevant subscription shares under the relevant subscription and relationship agreement.
- 3.7.3 The trustees shall meet all trust expenditure (other than the subscription price for the subscription shares in terms of the subscription agreement) incurred for the proper execution of their duties out of trust income, if any, capital contributions made by the beneficiaries, and loans, grants, and/or donations by third parties (including Brimstone) to the trust, procured by the trustees upon such terms as the trustees are able to arrange.
- 3.7.4 The unit holders shall be liable, in their respective unit holder's proportions, to capitalise the trust (by making capital contributions) to enable it to pay any expenses and costs lawfully incurred by the trust and in respect of which the trust does not have sufficient own cash to pay such expenses and costs.

3.8 Trustees

- 3.8.1 Charl Wayne Williams is the initial trustee of the trust.
- 3.8.2 There shall at all times after the implementation of the transaction be three trustees, on the bases that:
 - 3.8.2.1 Brimstone shall appoint one trustee on written notice to the trust. It may also from time to time remove such trustee on written notice to the trust;
 - 3.8.2.2 the beneficiaries shall appoint one trustee by special resolution. They may also from time to time by special resolution remove such trustee;
 - 3.8.2.3 there shall at all times be one trustee who is independent from Brimstone and the beneficiaries, in the sense that he or she is neither a beneficiary nor a director or employee of Brimstone or any member of the group. Brimstone shall appoint the first such independent trustee on written notice to the trust. Such independent trustee may from time to time be removed if the beneficiaries so resolve by special resolution and if Brimstone has in writing agreed to such removal. Any replacement of the independent trustee may be made by agreement between Brimstone and the beneficiaries (by means of a special resolution).
- 3.8.3 A trustee shall be disqualified from being a trustee if an application for the sequestration of his or her estate is made, and a provisional or final order is obtained; or he or she files an application for the surrender of his estate as being insolvent; or he or she is placed under curatorship or is declared by a court of competent jurisdiction to be incapable of managing his or her own affairs; or he or she would, in terms of the Companies Act, not be able to hold office as a director of a company; or he or she is removed by the unit holder who appointed him or her.
- 3.8.4 Any trustee shall be entitled to resign his or her office on the giving of one month's written notice to the trustees.
- 3.8.5 The trustees shall not be entitled to any remuneration in respect of any meeting attended or other services rendered by him or her in terms of this trust deed.
- 3.8.6 The trust shall not reimburse a trustee in respect of any out-of-pocket expense incurred by such trustee in the course of performing his or her duties as trustee.
- 3.8.7 The trustees shall only have the power to incur expenditure to the extent that such expenditure is reasonable and is strictly necessary for the purpose of realising the trust objectives and complying with the trust deed.

3.9 Transfers and disposals of units: general principles

- 3.9.1 The trustees shall not authorise the transfer or registration of any proposed transfer of units where such proposed transfer results in a contravention of the provisions of this trust deed. In particular, the trustees may not approve any disposal of units without the prior written consent of Brimstone.

- 3.9.2 A unit holder shall not, except with the prior written consent of the trustees and Brimstone encumber any of his or her units or dispose of or enter into any contract to dispose of any of his or her units or any of the rights reflected by the units, except in the case of a deemed offer described below.
- 3.9.3 Unless Brimstone and the trustees have agreed otherwise in writing, no disposal or issue of units may have the result that any one participating executive any time holds units of the first class of units that was issued, which represent more than 20% of the units of that class in issue.
- 3.9.4 If a unit holder has become entitled to dispose of units, he or she may only dispose of the full allocation of units acquired under an applicable participation agreement and participation certificate and may not dispose of a portion of such an allocation.

3.10 Pre-emptive rights

- 3.10.1 No unit holder shall, except where expressly otherwise provided in the trust deed, be entitled to dispose of his or her units unless that unit holder has offered to dispose of his or her units to Brimstone and such offer has not been accepted in respect of the units offered.
- 3.10.2 In respect of an offer of units of the first class of units that was created, being those that were issued to fund the subscription by the trust of the subscription shares, the offer shall be open for acceptance by Brimstone only, but if it has accepted the offer the relevant units shall in turn be made available by Brimstone to other unit holders *pro rata* to their holding of units of the first class to the extent that Brimstone does not wish to retain them.
- 3.10.3 In respect of an offer of units of any other class of units, the offer shall be open for acceptance by Brimstone only, but if it has accepted the offer the relevant units shall in turn be made available by Brimstone to other unit holders *pro rata* to their holding of units of the first class.

3.11 Brimstone transfers

- 3.11.1 It is contemplated that, immediately following the implementation of the transaction:
 - 3.11.1.1 the participating existing second-tier management will hold 55.8% of the units in issue; and
 - 3.11.1.2 Brimstone or another member of the group will hold 44.2% of the units in issue ("initial Brimstone units").
- 3.11.2 If a member of the group holds any units, it may at any time transfer any number of such units to any person then employed by or intended to be employed or holding office in any member of group, including any participating existing executive or participating future executive.
- 3.11.3 Notwithstanding the foregoing, and unless otherwise agreed to by the beneficiaries other than Brimstone, by way of a special resolution:
 - 3.11.3.1 Brimstone shall retain and reserve at least 50% of the initial Brimstone units for possible future sales to participating second-tier management, in accordance with such principles as may be established by Brimstone from time to time; and
 - 3.11.3.2 Brimstone shall not at any time transfer more than 50% of the initial Brimstone units to participating future second-tier management who are not participating existing second-tier management.
- 3.11.4 Brimstone shall be entitled to transfer all or any of its units to any entity which is a part of the group.

3.12 Deemed offers

- 3.12.1 Any unit holder who becomes subject to any provisional or final order for its sequestration, or is made subject to any similar dispensation at the instance of any third party; or is a participating executive, and ceases to be employed in the group; or who dies; or who commits a material breach of any of the material terms of the trust deed or his or her participation agreement, shall be deemed to have offered his or her units to Brimstone and the other unit holders for sale at the price specified below.
- 3.12.2 In the case of a participating executive who ceases to be employed in the group that person shall be categorised as:

- 3.12.2.1 a "good leaver" if his employment with the group has terminated for one of the following reasons, namely he has retired in terms of his employment contract (or any employment practice adopted by relevant member of the group by which he is employed, if applicable); he has retired early due to injury, ill-health, disability or with the consent of the relevant member of the group by which he is employed; he has retired after his contractual retirement date; he is retrenched; or he has died; or
- 3.12.2.2 a "bad leaver" if his employment with the group has terminated for any reason other than one of those listed above, and a bad leaver shall further be categorised as either:
 - 3.12.2.2.1 a "category 1 bad leaver", where the reason for termination of employment is resignation; or
 - 3.12.2.2.2 a "category 2 bad leaver", where the reason for termination of employment is dismissal for misconduct, any crime or offence involving dishonesty, or any other reason.
- 3.12.3 The price at which the units shall be offered shall be:
 - 3.12.3.1 in the case of a category 1 bad leaver, an amount equal to:
 - 3.12.3.1.1 if the event occurs before the first anniversary of the date of issue of the units, an amount equal to the lower of: (1) the market value of the relevant units and (2) the capital contribution made in respect of the relevant units;
 - 3.12.3.1.2 if the event occurs after the first but before the second anniversary of the date of issue of the units, the lower of: (1) the market value of the relevant units and (2) the capital contribution made in respect of the relevant units plus 10% of the market value thereof;
 - 3.12.3.1.3 if the event occurs after the second but before the third anniversary of the date of issue of the units, the lower of: (1) the market value of the relevant units and (2) the capital contribution made in respect of the relevant units plus 20% of the market value thereof;
 - 3.12.3.1.4 if the event occurs after the third but before the fourth anniversary of the date of issue of the units, the lower of: (1) the market value of the relevant units and (2) the capital contribution made in respect of the relevant units plus 30% of the market value thereof;
 - 3.12.3.1.5 if the event occurs after the fourth but before the fifth anniversary of the date of issue of the units, the lower of: (1) the market value of the relevant units and (2) the capital contribution made in respect of the relevant units plus 40% of the market value thereof;
 - 3.12.3.1.6 if the event occurs after the fifth but before the sixth anniversary of the date of issue of the units, the lower of: (1) the market value of the relevant units and (2) the capital contribution made in respect of the relevant units plus 50% of the market value thereof;
 - 3.12.3.1.7 if the event occurs after the sixth anniversary of the date of issue of the units, the market value thereof; and
 - 3.12.3.2 in the case of a category 2 bad leaver and in the case of a material breach, an amount equal to the lower of: (1) the market value of the relevant units, and (2) the capital contribution made in respect of the relevant units;
 - 3.12.3.3 in all other instances, the market value thereof.
- 3.12.4 In the case of a bad leaver or material breach, the offer shall be extended to and be capable for acceptance by Brimstone only.

3.13 Valuation

The market value of any units means the fair market value thereof, calculated on the basis of the market value of the trust assets (calculated on the basis contemplated in the subscription and relationship agreement) less: (1) all actual and contingent liabilities of the trust and (2) the "outstanding notional funding" contemplated in the subscription agreement, as agreed between the affected parties or, in the event

of the affected parties failing to so agree for whatever reason within 10 (ten) days of a request by any affected party to so agree, the fair market value thereof as determined by an independent expert.

3.14 Corporate and other actions in respect of designated shares

3.14.1 Rights issues

3.14.1.1 If any rights issue is made, the trustees shall make the opportunity to in effect participate in the rights issue available to unit holders of the relevant class in their unit holder's proportions and in such manner and subject to such conditions as they consider to be fair and reasonable in the circumstances, on the basis that, if an additional investment is required to be made by the trust in order to follow all the rights under a rights issue, it shall allow the unit holders of the relevant class to provide the requisite funding to the trust by providing additional capital contributions in their respective unit holder proportions, against the issue to them of further units. Where unit holders do not provide such capital contributions in their unit holders' proportions, the new units issued shall be of a separate class.

3.14.1.2 The trustees shall follow the trust's rights under any rights issue in respect of all designated shares held by the trust from time to time, to the extent they are placed in funds to do so by the unit holders. The shares so acquired shall:

3.14.1.2.1 not be held subject to the subscription agreement and shall not constitute designated shares; and

3.14.1.2.2 constitute trust assets and not trust income.

3.14.1.3 To the extent they are unable to follow the rights because they have not been placed in funds to do so by the unit holders, the trustees shall endeavour to dispose of such number of the rights for value as would enable them to have sufficient funds with which to follow all the remaining rights, and the shares acquired with such proceeds shall:

3.14.1.3.1 be held subject to the provisions of the subscription agreement and shall constitute designated shares; and

3.14.1.3.2 constitute trust assets and not trust income.

3.14.2 Cash dividends, scrip dividends, capitalisation issues and bonus issues

In terms of the subscription agreement and the articles, the trust will never become entitled to any cash dividends, other cash distributions, scrip dividends, capitalisation issues and bonus issues in respect of the designated shares.

3.14.3 Unbundlings

3.14.3.1 In terms of the subscription agreement and the articles, the trust shall participate in unbundlings (being distributions of underlying securities) made in respect of the designated shares.

3.14.3.2 Any securities received by the trust pursuant to an unbundling shall:

3.14.3.2.1 be held subject to the provisions of the subscription agreement and shall constitute designated shares; and

3.14.3.2.2 constitute trust assets and not trust income.

3.14.4 Voting

The trustees shall at all times decide how any securities held by the trust shall be voted. If they are unable to resolve how they shall be voted, they shall abstain from voting prior to making a decision on how to vote, and to the extent reasonably practicable, but without limiting their unfettered discretion as to how to vote, they shall consult with unit holders in relation to such decision.

3.15 Administration

3.15.1 The trustees shall procure that annual financial statements of the trust are prepared and audited annually by the auditors within three months of the financial year-end of the trust.

3.15.2 The trustees shall meet all trust expenditure incurred for the proper execution of their duties out of the trust's own resources.

3.15.3 Brimstone may reimburse the trust in respect of any expenses and costs lawfully incurred by the trust. Where the trust incurs expenses and costs the nature and extent of which have been previously approved by the directors of Brimstone, Brimstone shall reimburse the trust in respect of any expenses and costs.

3.15.4 Brimstone shall administer the trust at its cost and on such other terms and conditions as may be agreed between Brimstone and the trust, provided that the cost of any external advisors, external auditors and the like, shall be for the account of the trust.

3.16 Distribution of net trust income

3.16.1 The beneficiaries have a vested right to the net trust income in the year of assessment in which trust income is received by, or accrues to the trust. The trustees shall distribute and, as soon as practicable, pay the net trust income to the beneficiaries.

3.16.2 The trustees have no discretion to withhold any net trust income.

3.16.3 Trust income in the form of securities or other assets may be realised for cash and the net proceeds may then be distributed.

3.16.4 All distributions of net trust income shall be made in the unit holder proportions.

3.17 Redemption

3.17.1 The redemption date shall be the date upon which all of the trust assets have been disposed of.

3.17.2 On the redemption date all units shall automatically be cancelled, and the unit holders shall, save for the entitlement to net trust income and net trust assets that will accrue to a unit holder upon the dissolution of the trust, no longer have any rights in respect of the trust.

3.17.3 As soon as practically possible after the redemption date, the trustees shall, to the extent they have not already done so, dispose of the remaining trust assets, settle the relevant outstanding debts and distribute the relevant net proceeds and funds to the relevant unit holders.

3.18 Termination

3.18.1 The trust shall terminate on the day that all units have been redeemed, or on any other date if the trustees so resolve, and the unit holders in general meeting approve such agreement by way of a special resolution, provided that such date may not be before the date upon which the trust's obligations under the subscription and relationship agreement have been discharged.

3.18.2 Upon termination of the trust:

3.18.2.1 the assets and liabilities of the trust shall be liquidated within a reasonable time to allow realisation of maximum value and by a liquidator appointed by the trustees, it being specifically agreed however that the trust assets may never be distributed to the unit holders *in specie*; and

3.18.2.2 the liquidator of the trust shall award and distribute the net proceeds of the liquidation to the unit holders of the relevant class in accordance with the unit holder proportions.

3.19 Decisions of unit holders

Decisions of unit holders shall be taken by way of resolutions taken in general meetings, in a manner comparable with a public company.

3.20 Amendment of trust deed

3.20.1 The trust deed may be amended by written agreement between the trustees and Brimstone.

3.20.2 Where any proposed amendment adversely affects the vested rights of unit holders, or any class of them, then, such amendment must also be approved by unit holders, or the relevant class of unit holders, by way of a special resolution, before it can become effective.

3.20.3 In addition to the foregoing, any requirements of any securities exchange on which Brimstone shares may be listed must be complied with in relation to any amendment of this trust deed.

4. GENERAL STAFF TRUST DEED

- 4.1 The trust deed in respect of the General Staff Trust is in all material respects the same as the trust deed in respect of the BEE Management Trust, save for the following differences:
- 4.1.1 Brimstone will, by way of a non-refundable grant, fund the trust in an amount equal to the subscription price payable for the relevant subscription shares under the relevant subscription and relationship agreement.
 - 4.1.2 The beneficiaries shall be selected from members of the general body of staff of the group, who do not qualify for participation under the BEE Management Trust and who are not directors.
 - 4.1.3 The initial beneficiaries will be allocated their units for no consideration.
 - 4.1.4 A total of 10 000 units are intended to be ultimately issued to qualifying staff. On completion of the transaction, 55.8% of such units will have been issued and allocated. The remaining 44.2% of the units shall be issued and allocated over time, also for no consideration. Such units will therefore initially be unissued and will not be issued and held by Brimstone, as in the case of the BEE Management Trust.

5. BRIMSTONE BROAD-BASED BEE TRUST DEED

- 5.1 The trust deed in respect of the Brimstone Broad-based BEE Trust is in all material respects the same as the trust deed in respect of the BEE Management Trust, save for the following differences:
- 5.1.1 The trust is established for charitable purposes, and is intended to be registered with the South African Revenue Service as a public benefit organisation. The beneficiaries of the trust shall be the Brimstone Equity Share Trust and various public benefit organisations, approved as such by the South African Revenue Service, including community and regional non-profit organisations, community and regional non-profit organisations.
 - 5.1.2 Brimstone will, by way of a loan (which is convertible to a donation), fund the trust in an amount equal to the subscription price payable for the relevant subscription shares under the relevant subscription and relationship agreement.
 - 5.1.3 The beneficiaries will be allocated their units for no consideration.
 - 5.1.4 A total of 10 000 units are intended to be ultimately issued to beneficiaries. 100% of such units will have been issued and allocated to the Brimstone Equity Share Trust on completion of the transaction. Further units may be issued to new beneficiaries in the future which will result in dilution for the Brimstone Equity Share Trust.
 - 5.1.5 Given that the beneficiaries are not employees of the group, no good leaver and bad leaver provisions are applicable.

SHARE PRICE HISTORY RELATING TO BRIMSTONE

The price histories of Brimstone ordinary shares and N shares on the JSE is set out below:

Brimstone ordinary shares

The high, low and closing price of Brimstone's ordinary shares on the JSE, and the aggregated quarterly volumes and values traded for the 8 quarters ended 30 September 2009 were as follows:

Quarter ended	High (cents per share)	Low (cents per share)	Close (cents per share)	Volume (shares)	Value (R'm)
31 December 2007	900	750	865	307 320	2.452
31 March 2008	757	575	700	41 251	0.281
30 June 2008	700	400	400	107 580	0.630
30 September 2008	540	405	510	6 539 248	29.482
31 December 2008	530	450	450	477 314	2.351
31 March 2009	550	440	510	157 821	0.761
30 June 2009	600	530	560	23 561	0.139
30 September 2009	690	560	685	307 500	1.846

The high, low and closing price of Brimstone's ordinary shares on the JSE, and the aggregated monthly volumes and values traded from 1 October 2009 were as follows:

Month ended	High (cents per share)	Low (cents per share)	Close (cents per share)	Volume (shares)	Value (R'm)
31 October 2009	750	748	750	22 088	0.166
30 November 2009	750	750	750	119 412	0.896
31 December 2009	810	750	810	27 054	0.204
31 January 2010	900	800	900	66 040	0.562
28 February 2010	1 050	900	1 000	69 840	0.641
31 March 2010	1 200	1 050	1 175	62 680	0.708
30 April 2010	1 550	1 200	1 280	221 252	2.782
31 May 2010	1 320	1 205	1 320	249 167	3.252
30 June 2010	1 325	1 101	1 125	152 945	1.828
31 July 2010	1 200	1 125	1 165	67 410	0.780
31 August 2010	1 165	700	700	37 579	0.413
30 September 2010	700	700	700	5 393	0.038
31 October 2010	740	700	710	14 025	0.099

The high, low and closing price of Brimstone's ordinary shares on the JSE for each trading day from 30 September 2010 until the day preceding the last practicable date, and the daily trading volumes and values were as follows:

Daily	High (cents per share)	Low (cents per share)	Close (cents per share)	Volume (shares)	Value (R'm)
30 September 2010	–	–	700	–	–
1 October 2010	–	–	700	–	–
4 October 2010	–	–	700	–	–
5 October 2010	735	700	700	325	0.002
6 October 2010	–	–	700	–	–
7 October 2010	–	–	700	–	–
8 October 2010	–	–	700	–	–
11 October 2010	–	–	700	–	–
12 October 2010	–	–	700	–	–
13 October 2010	700	700	700	300	0.002
14 October 2010	–	–	700	–	–
15 October 2010	–	–	700	–	–
18 October 2010	–	–	700	–	–
19 October 2010	740	700	710	1 400	0.009
20 October 2010	–	–	710	–	–
21 October 2010	–	–	710	–	–
22 October 2010	710	710	710	12 000	0.085
25 October 2010	–	–	710	–	–
26 October 2010	–	–	710	–	–
27 October 2010	–	–	710	–	–
28 October 2010	–	–	710	–	–
29 October 2010	–	–	710	–	–
1 November 2010	720	720	720	150	0.002
2 November 2010	730	719	720	15 020	0.018
3 November 2010	–	–	720	–	–
4 November 2010	–	–	720	–	–
5 November 2010	–	–	720	–	–
8 November 2010	720	720	720	9 591	0.069
9 November 2010	720	720	720	8 000	0.058
10 November 2010	–	–	720	–	–

Brimstone N shares

The high, low and closing price of Brimstone's N shares on the JSE, and the aggregated quarterly volumes and values traded for the 8 quarters ended 30 September 2009 were as follows:

Quarter ended	High (cents per share)	Low (cents per share)	Close (cents per share)	Volume (shares)	Value (R'm)
31 December 2007	730	650	670	11 309 652	80.117
31 March 2008	680	500	540	8 756 410	47.514
30 June 2008	575	401	510	8 129 412	41.113
30 September 2008	500	350	425	10 581 735	43.796
31 December 2008	450	330	400	6 926 037	26.053
31 March 2009	440	320	415	7 103 184	27.172
30 June 2009	530	400	530	5 484 540	24.529
30 September 2009	699	530	690	8 181 786	52.048

The high, low and closing price of Brimstone's N shares on the JSE and the aggregated monthly volumes and values traded from 1 October 2009 were as follows:

Month ended	High (cents per share)	Low (cents per share)	Close (cents per share)	Volume (shares)	Value (R'm)
31 October 2009	700	670	695	1 594 841	10.899
30 November 2009	715	680	715	2 372 887	16.511
31 December 2009	800	700	780	4 197 676	30.563
31 January 2010	950	750	950	3 237 568	27.349
28 February 2010	1 060	910	1 060	4 541 013	44.035
31 March 2010	1 219	1 080	1 194	5 781 716	65.397
30 April 2010	1 305	1 194	1 288	6 141 062	77.862
31 May 2010	1 288	1 151	1 239	3 593 702	45.060
30 June 2010	1 240	1 080	1 125	1 392 832	15.944
31 July 2010	1 170	1 065	1 100	1 642 112	18.379
31 August 2010	1 100	550	590	750 490	6.257
30 September 2010	590	500	565	924 841	5.178
31 October 2010	565	500	540	1 679 987	8.997

The high, low and closing price of Brimstone's N shares for each trading day from 30 September 2010 until the day preceding the last practicable date, and the daily trading volumes and values were as follows:

Daily	High (cents per share)	Low (cents per share)	Close (cents per share)	Volume (shares)	Value (R'm)
30 September 2010	570	560	565	205 000	1.153
1 October 2010	–	–	565	–	–
4 October 2010	565	565	565	10 026	0.057
5 October 2010	565	530	541	15 720	0.086
6 October 2010	550	505	550	55 408	0.297
7 October 2010	550	550	550	1 000	0.006
8 October 2010	550	550	550	398 000	2.189
11 October 2010	–	–	550	–	–
12 October 2010	–	–	550	–	–
13 October 2010	550	540	550	107 400	0.585
14 October 2010	550	535	550	40 647	0.234
15 October 2010	–	–	550	–	–
18 October 2010	550	550	550	11 200	0.062
19 October 2010	535	520	520	87 843	0.470
20 October 2010	530	500	530	205 208	1.061
21 October 2010	530	529	530	37 610	0.199
22 October 2010	530	530	530	693 000	3.673
25 October 2010	550	550	550	425	0.002
26 October 2010	540	525	540	11 500	0.061
27 October 2010	540	540	540	5 000	0.027
28 October 2010	–	–	540	–	–
29 October 2010	–	–	540	–	–
1 November 2010	–	–	540	–	–
2 November 2010	538	510	538	9 570	0.050
3 November 2010	535	535	535	325	0.002
4 November 2010	538	530	530	564 837	2.995
5 November 2010	539	480	530	2 090 868	10.288
8 November 2010	530	530	530	100	0.001
9 November 2010	–	–	530	–	–
10 November 2010	530	530	530	22 312	0.119

Source: INet

CORPORATE GOVERNANCE

The Board remains fully committed to the principles of integrity, transparency and accountability in its dealing with its shareholders and other stakeholders. It endorses good corporate governance and ensures that the Company is compliant with the Code of Corporate Practices and Conduct contained in the King Report on Corporate Governance. The Company welcomes the King Report on Corporate Governance for South Africa 2009 (King III) and has taken steps to ensure that it has and will comply with the obligations placed upon the Company as a consequence thereof.

Financial statements

The directors are responsible for the timeous preparation and integrity and objectivity of the annual financial statements and apply suitable accounting policies in accordance with International Financial Reporting Standards. The going concern basis has been adopted in preparing the annual financial statements and the directors believe that the group will continue to be a going concern in the foreseeable future.

Company secretary

All directors have access to the advice and services of the Company secretary, who provides guidance to the Board as a whole and the individual directors with regard to how their responsibilities should properly be discharged in the best interests of the Company.

Roles and responsibilities of the Board

The Board is ultimately responsible for the strategic directions, risk appetite, performance and affairs of the Company. After approving operational and investment plans and strategies, the Board empowers executive management to implement these and to provide relevant feedback on progress made.

Board Charter

A charter has been implemented in order to define the role and responsibilities of the Board. It includes direction on matters such as fiduciary responsibilities, selection, composition, evaluation and succession planning of the Board.

Board

The Board comprises three executive directors, eight independent non-executive directors and one non-executive chairman who collectively determine major policies and strategies and ensure that the highest standards of corporate governance and compliance are maintained. The Board provides strategic direction to the Company and the group by examining and evaluating management's plans and adding its own input based on its own extensive experience. The number and calibre of non-executive directors sufficiently balance the Board in its deliberations and resolutions. Non-executive directors are independent of management and free from any relationship that could materially interfere with the execution of their independent judgement. The role of the chairman is separate from executive management.

In terms of the Company's articles, one-third of the directors retire by rotation annually and may be re-elected at an annual general meeting. The Board meets at least four times a year and maintains full and effective control over the Company and its subsidiaries. Should circumstances arise where a non-executive director needs to obtain independent professional advice in order to act in the best interests of the Company, this is encouraged and reasonable costs will be paid for by the Company. Directors are also provided unhindered access to the executive deputy chairman, chief executive officer and the Company secretary.

Directors are obliged to notify the chairman of any intention to buy or sell shares in the Company whether directly or indirectly. Directors and any employees who become aware of sensitive financial information cannot directly or indirectly deal in the Company's shares until the information is in the public domain. A register of all directors' shareholdings is maintained by the Company secretary.

Board committees

Specific responsibilities have been delegated to board committees with defined terms of reference set out in their respective charters. Copies of the Board and committee charters are available on request from the Company secretary. The current sub-committees of the Board are the audit and risk committee, the investment committee and the human resources and nominations committee.

Audit and risk committee

Constitution

The audit and risk committee members comprise of independent non-executive directors N Khan (*Chairman*), P L Campher, L A Parker and F D Roman. The executive directors and management make themselves available to attend meetings and answer questions.

Objective

- The audit and risk committee is a committee of the Board and is answerable to the Board.
- The overall objective of the audit and risk committee is to assist the directors to discharge their duties relating to the safeguarding of assets, the operation of adequate systems and controls and the reviewing of financial information and preparation of annual financial statement which shall be provided to the shareholders and others.
- The audit and risk committee does not relieve the directors of any of their responsibilities, but assists them in fulfilling those responsibilities.
- The audit and risk committee is an advisory committee and not an executive committee. As such it shall not perform any management functions or assume and management responsibilities and shall have an objective independent role, operating as overseer and a maker of recommendations to the Board for its approval or final decision.

Duties and responsibilities

- The audit and risk committee shall provide an open venue of communication between the internal auditors, external auditors and the Board.
- The audit and risk committee shall review its terms of reference annually.
- It shall enquire of management, head of internal auditing and the representative of the external auditors about significant risks or exposures and assess the steps management has taken to minimise such risks to the Company.
- Consider in consultation with external and internal auditors, their audit scope and plans.
- Review with the head of internal audit and the representative of the external auditors the co-ordination of audit effort to ensure completeness of coverage, reduction of redundant efforts and effective use of audit resources.
- The audit and risk committee shall review with the internal and external auditors:
 - the adequacy and effectiveness of the Company's internal controls, including computerised information system controls and security;
 - the quality of financial information produced to ensure integrity and reliability;
 - compliance with the requirements for audit committees as set out in the King Report on Corporate Governance;
 - any related significant findings and recommendations of the internal and external auditors together with management's responses thereto; and
 - the effectiveness of the risk management process.
- It shall oversee the internal audit function, which shall include:
 - approving the internal audit charter;
 - confirming and ensuring the independence of the internal audit function;
 - reviewing and concurring in the appointment, reassignment or dismissal of the head of internal auditing and/or internal audit service provider;
 - ensuring that the objectives and goals, staffing, budgets and plans provide adequate support for the goals and objectives of the audit and risk committee;
 - satisfying itself that the audit plan makes provision for effectively addressing the critical risk areas in the business;
 - considering and reviewing with management and the internal auditors, significant findings during the year and management's responses thereto in relation to reliable reporting, corporate governance and effective internal control;
 - monitoring and evaluating the performance of the internal audit function in terms of agreed goals and objectives;

- considering and reviewing any difficulties encountered in the course of the audits, including any restrictions on the scope of its work or access to required information;
- considering any changes required in the planned scope of the audit plan; and
- ensuring that the head of internal audit has unrestricted access to the chairman of the audit committee and/or the chairman of the Board.
- To oversee the external audit function, which shall include:
 - making recommendations on the appointment, retention or discharge of the external auditors to the Board;
 - reviewing and discussing the scope of the statutory audit;
 - satisfying itself that the audit plan makes provision for effectively addressing the critical risk in the business;
 - reviewing the management letter and management’s response thereto;
 - considering problems, reservations and observations arising from the external auditors’ interim and final audit;
 - considering differences of opinion between management and auditors, including unrecorded errors or differences found by the external auditors; and
 - evaluating the performance of auditors.
- To examine and review the interim and annual financial statements before submission to the Board and prior to press announcements, focusing particularly on:
 - review of accounting policies adopted and any changes in accounting policies and practices;
 - significant financial estimates based on judgement which are included in the financial statements;
 - the appropriateness of major adjustments processed at year-end;
 - the going concern assumption;
 - compliance with accounting standards;
 - whether the annual financial statements present a balanced and understandable assessment of the group’s position, performance and prospects;
 - the directors’ statement to be included in the annual financial statements including the statement on effectiveness of the systems of internal control.
- To review significant cases of employee conflicts of interest, misconduct and fraud.
- To consider other topics as defined by the Board from time to time and to investigate any activity which the audit committee, in its sole discretion, considers to all within the scope of its powers.
- To review the Risk Management Policy for approval by the Board annually.
- To review policies and procedures with respect to senior executive discretionary expenditure including their expense accounts, prerequisites and use of corporate assets and consider the results of any review of these areas by the internal and external auditors.
- To review compliance with legal, statutory and regulatory matters and any current or pending litigation or regulatory proceedings in which the Company is involved in any way, as well as to review significant transactions not directly related to the Company’s normal business which the audit committee might deem appropriate.
- To review and advise on the adequacy of insurance cover for confirmation of recommendations by the Board.
- To obtain any information required from any employees. Such employees may be directed by the chairman of the Board to co-operate with any request made by the audit committee.
- To obtain outside professional advice when required.
- To obtain the requisite resources for the effective discharge of its responsibilities.
- The audit and risk committee also determines the audit fee and the nature and extent of any non-audit services the external auditor may provide. In addition, the audit and risk committee also pre-approves any proposed contracts with the auditor for the provision of non-audit services to the Company.
- The audit and risk committee satisfies itself that the Financial Director of the Company has the appropriate experience and expertise on an annual basis.

Investment committee

Executive management makes recommendations to the investment committee comprising independent non-executive directors P L Campher (chairman), N Khan, Y Pahad and A A Roberts who then submit investment decisions to the Board for approval. The investment committee meets at least twice a year and when the need arises.

The objectives of the investment committee:

- The investment committee is a committee of the Board and is accountable to the Board.
- The overall objective of the investment committee is to assist the directors to discharge their duties relating to the development and recommendation of long-term investment opportunities for the Company.
- The investment committee does not relieve the directors of any of their responsibilities, but assists them in fulfilling those responsibilities.
- The investment committee shall not perform any management functions or assume any management responsibilities and shall provide the Board with independent and objective oversight and review of the information provided by executive management around investment decisions and make recommendations to the Board for its approval or final decision.

Human resources and nominations committee

Brimstone strives to be an employer of choice that reflects the rich potential of the whole of South African society. The human resources and nominations committee comprises non-executive chairman Prof G J Gerwel (*Chairman*) and independent non-executive directors M Hewu and M K Ndebele. The purpose of this committee is to discharge the Board's responsibilities in respect of strategic human resources issues of the group, with special focus on executive appointments, remuneration and succession, and the management of the Company's Code of Ethics. The committee also approves any offers of shares to management and staff in terms of the share trust. The committee meets at least twice a year. The committee is also responsible for nominating directors for appointment and it annually participates in evaluating the performance of executive and non-executive directors. Directors do not have long-term contracts or exceptional benefits associated with the termination of services.

Directors' attendance at meetings

As disclosed in the Company's annual report for the year ended 31 December 2009, directors' attendance at meetings was as follows:

Attendance by directors	Board		Audit committee		Investment committee		Human resources and nominations committee	
	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended
G J Gerwel	5	5	–	–	–	–	2	2
F Robertson	5	5	–	–	–	–	–	–
L Z Brozin	5	5	–	–	–	–	–	–
M A Brey	5	5	–	–	–	–	–	–
P L Campher	5	4	3	3	3	3	–	–
M J Hewu*	5	5	–	–	1	1	2	2
N Khan	5	5	3	3	3	3	–	–
M K Ndebele**	3	3	–	–	–	–	2	1
Y Pahad***	5	5	1	1	3	3	–	–
L A Parker****	5	5	2	2	1	1	–	–
T M F Phaswana	5	3	–	–	–	–	2	1
A A Roberts*****	5	4	–	–	2	2	2	2
F D Roman*****	5	4	2	2	–	–	–	–

* Mr M Hewu ceased to be a member of the investment committee due to the reconstitution of the various committees and was appointed to the human resources and nominations committee effective 19 February 2009.

** Mrs M K Ndebele was granted one year's leave of absence, effective June 2008.

*** Mr Y Pahad ceased to be a member of the audit committee due to the reconstitution of the various committees and was appointed to the investment committee effective 19 February 2009.

**** Mr L A Parker ceased to be a member of the investment committee due to the reconstitution of the various committees and was appointed to the audit committee effective 19 February 2009.

***** Mr A A Roberts was appointed to the investment committee effective 19 February 2009.

***** Ms F D Roman was appointed to the audit committee effective 19 May 2009.

Employment equity and employee development

The group is committed to empowering its workers, particularly those from previously disadvantaged backgrounds. The Employment Equity and Skills Development Acts provide a useful framework for formalising our approach. Advancement is achieved by training, exposing workers to standards existing in other parts of the world and actively nurturing those who show promise to enable them to realise their full potential.

All companies in the group have complied with requirements for submission of employment equity plans. We are also committed to empowering workers at all levels to acquire share ownership in the group and to share in the superior performance of their own entities by receiving incentive bonuses.

HIV/AIDS

The group has recognised the threat of HIV/AIDS to its employees, the community and itself. A programme which focuses on education, counselling and free voluntary and confidential HIV testing has been implemented.

Communication

The Board appreciates that it is required to provide timeous, relevant and accurate information to all its stakeholders. To that end we consistently strive to maintain direct dialogue with all of those who have a relationship with Brimstone on any level. Reports and announcement are conveyed to all audiences through the media, the Brimstone website and through direct correspondence. We encourage transparent, objective and relevant communication with our shareholders, with members of the investment community and with our business associates and partners.

While Board members are expected to attend Brimstone's annual general meeting, we further encourage shareholder attendance at our annual general meetings. These meetings offer an opportunity for shareholders to provide input into the running of their company, to raise issues of concern to them and to participate in discussions related to items included in the notice of meeting.



BRIMSTONE

INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1995/010442/06)
Share code: BRT ISIN: ZAE000015277
Share code: BRN ISIN: ZAE000015285
("Brimstone" or "the Company")

NOTICE OF GENERAL MEETING OF BRIMSTONE SHAREHOLDERS

Notice is hereby given that a general meeting of shareholders of the Company will be held at The Athenaeum, Boundary Terraces, 1 Mariendahl Lane, Newlands, Cape Town on Friday, 10 December 2010, commencing at 08h30 for the purpose of considering and, if deemed fit, passing with or without modification, the following ordinary and special resolutions.

Each resolution (other than Ordinary Resolution Number 7) is subject to the fulfilment of the conditions precedent referred to in paragraph 9 on page 20 of the circular to which this notice of general meeting is attached and of which it forms part, the provisions of which, including for clarity the definitions unless separately denied herein, are deemed to be incorporated herein.

RESOLUTIONS PERTAINING TO THE BRIMSTONE BLACK EXECUTIVES INVESTMENT TRUST ("BEE MANAGEMENT TRUST") TRANSACTION:

ORDINARY RESOLUTION NUMBER ONE (relating to the issue of the ordinary N shares of 0.001 cent each in the share capital of Brimstone ("N shares") to the BEE Management Trust)

"RESOLVED, as an ordinary resolution, subject to the passing and where appropriate, the registration of, Special Resolutions Number One and Two and Ordinary Resolution Number Two, that the directors of the Company be and are hereby authorised, by way of a specific authority in terms of section 221 and, if applicable, section 222 of the Companies Act, 1973, as amended ("the Companies Act"), and a specific authority in terms of paragraph 5.51 of the Listings Requirements of the JSE Limited ("the Listings Requirements"), to allot and issue for cash 35 140 000 N shares to the BEE Management Trust at a price of R0.5075 per share, pursuant to and on the terms and conditions contained in the subscription and relationship agreement dated Wednesday, 10 November 2010, a copy of which has been tabled at the meeting and initialled by the chairman for purposes of identification ("the BEE Management Trust subscription and relationship agreement"). Such N shares shall, in terms of Article 5.2 of the Company's Articles of Association, be allotted and issued on the basis that they shall be subject to the rights and restrictions as are set out in the BEE Management Trust subscription and relationship agreement."

Note: *In terms of the Listings Requirements, the Company will only be entitled to allot and issue the shares which are the subject of Ordinary Resolution Number One if the resolution is passed by a majority of 75% (seventy-five per cent) or more of the votes cast by all ordinary shareholders of the Company present or represented by proxy at the general meeting, excluding the votes which may be cast by any parties and their associates participating in this specific issue for cash.*

SPECIAL RESOLUTION NUMBER ONE (relating to the granting of financial assistance to the BEE Management Trust)

"RESOLVED THAT, as a special resolution, subject to the passing and where appropriate, the registration of, Ordinary Resolution Number One, Special Resolution Number Two and Ordinary Resolution Number Two, insofar as any transactions contemplated in the BEE Management Trust subscription and relationship agreement and the trust deed in respect of the BEE Management Trust, including the making of a capital contribution and the subscription by the Company for units in the BEE Management Trust may constitute financial assistance given by the Company for the purpose of or in connection with the purchase or subscription for any shares in the Company as contemplated in section 38(1) of the Companies Act, the provision and the terms of such financial assistance, be and are hereby sanctioned by the shareholders of the Company in terms of section 38(2A)(b) of the Companies Act.

Section 38(1) of the Companies Act generally prohibits the provision by a company of financial assistance to another person for the purpose of a purchase or subscription of shares in that company.

However, section 38(2A) of the Companies Act provides that such financial assistance is not prohibited provided that:

- the company's board is satisfied that:
 - subsequent to the transaction, the company's consolidated assets, fairly valued, will be more than its consolidated liabilities; and
 - subsequent to providing the assistance, and for the duration of the transaction, the company will be able to pay its debts as they fall due in the ordinary course of business; and
- the terms upon which the assistance is given is sanctioned by special resolution of its members."

The reason for Special Resolution Number One is to sanction, in terms of section 38(2A)(b) of the Companies Act, the giving of any financial assistance that may be regarded as being given by the Company for the purpose of or in connection with the subscription by the BEE Management Trust of N shares in terms of the BEE Management Trust transaction. Whereas the Company is entitled to provide financial assistance to the BEE Management Trust under section 38(2)(a) of the Companies Act without such financial assistance requiring sanctioning by shareholders, the Company nevertheless wishes shareholders to seek and obtain shareholder approval of such assistance. The Board is satisfied that, subsequent to the transaction, the Company's consolidated assets, fairly valued, will be more than its consolidated liabilities and that, subsequent to providing the assistance, and for the duration of the transaction, the Company will be able to pay its debts as they fall due in the ordinary course of business.

The effect of Special Resolution Number One is to permit the Company, insofar as it may be doing so, to provide financial assistance to the BEE Management Trust in terms of the relevant agreements.

SPECIAL RESOLUTION NUMBER TWO (relating to the repurchase of shares by the Company from the BEE Management Trust)

"RESOLVED THAT, as a special resolution, subject to the passing and where appropriate, the registration of, Ordinary Resolution Number One, Special Resolution Number One and Ordinary Resolution Number Two, the Company hereby grants a specific approval, as contemplated in sections 85(2) and 89 of the Companies Act, Article 37 of the Company's Articles of Association and paragraph 5.69 of the Listings Requirements, for the Company (or a subsidiary of the Company) to repurchase or purchase shares from the BEE Management Trust in accordance with the call option provided for in or any other provisions of the BEE Management Trust subscription and relationship agreement and/or the pledge and cession agreement attached thereto."

The reason for Special Resolution Number Two is to obtain a specific authority in terms of sections 85(2) and 89 of the Companies Act and the applicable provisions of the Company's Articles of Association and the Listings Requirements, to implement any repurchase or purchase of shares that may result from the exercise by Brimstone of the call option provided for in or any other provisions of the BEE Management Trust subscription and relationship agreement and/or the pledge and cession agreement attached thereto.

The effect of Special Resolution Number Two is that the Company or a subsidiary of the Company will be authorised to repurchase or purchase some or all of the shares held by the BEE Management Trust pursuant to the exercise by Brimstone of the call option provided for in or the application of any other provisions of the BEE Management Trust subscription and relationship agreement and/or the pledge and cession agreement attached thereto.

The board is satisfied that if such repurchase was to be implemented in respect of all of the relevant shares immediately, the Company's consolidated assets, fairly valued, will be more than its consolidated liabilities and that the Company will be able to pay its debts as they fall due in the ordinary course of business.

Note: *In terms of paragraph 5.69(b) of the Listings Requirements, Special Resolution Number Two shall only be deemed effective in the event that the resolution is passed by a majority of 75% (seventy-five per cent) or more of the votes cast by all shareholders of the Company present or represented by proxy at the general meeting, excluding any shareholder and its associates that are participating in the repurchase.*

ORDINARY RESOLUTION NUMBER TWO (relating to the issue of shares and disposal of other securities to the BEE Management Trust in terms of the call option)

"RESOLVED, as an ordinary resolution, subject to the passing and where appropriate, the registration of, Ordinary Resolution Number One and Special Resolutions Numbers One and Two, that the directors of the Company be and are hereby authorised: (1) by way of a specific authority in terms of section 221 and, if applicable, section 222 of the Companies Act, and a specific authority in terms of paragraph 5.51 of the Listings Requirements, to allot and issue for cash such number of ordinary N shares of 0.001 cent each in the share capital of Brimstone and/or ordinary shares of 0.1 cent in the share

capital of Brimstone ("Brimstone shares") and (2) if applicable, sell to the BEE Management Trust such other securities, and at such price, as may be required to comply with the Company's obligations in the event that the Company has exercised the call option provided for in clause 8 of the BEE Management Trust subscription and relationship agreement and following the implementation of the resulting repurchase of Brimstone shares, the BEE Management Trust has exercised the call option provided for in clause 10 of the BEE Management Trust subscription and relationship agreement."

Note: *In terms of the Listings Requirements, the Company will only be entitled to allot and issue the shares which are the subject of Ordinary Resolution Number Two if the resolution is passed by a majority of 75% (seventy-five per cent) or more of the votes cast by all ordinary shareholders of the Company present or represented by proxy at the general meeting, excluding the votes which may be cast by any parties and their associates participating in this specific issue for cash.*

RESOLUTIONS PERTAINING TO THE BRIMSTONE GENERAL STAFF INVESTMENT TRUST ("GENERAL STAFF TRUST") TRANSACTION:

ORDINARY RESOLUTION NUMBER THREE (relating to the issue of N shares to the General Staff Trust)

"RESOLVED, as an ordinary resolution, subject to the passing and where appropriate, the registration of, Special Resolutions Numbers Three and Four and Ordinary Resolution Number Four, that the directors of the Company be and are hereby authorised, by way of a specific authority in terms of section 221 and, if applicable, section 222 of the Companies Act, and a specific authority in terms of paragraph 5.51 of the Listings Requirements, to allot and issue for cash 1 500 000 N shares to the General Staff Trust at a price of R0.5075 per share, pursuant to and on the terms and conditions contained in the subscription and relationship agreement dated Wednesday, 10 November 2010, a copy of which has been tabled at the meeting and initialled by the chairman for purposes of identification ("General Staff Trust subscription and relationship agreement"). Such N shares shall, in terms of Article 5.2 of the Company's Articles of Association, be allotted and issued on the basis that they shall be subject to the rights and restrictions as are set out in the General Staff Trust subscription and relationship agreement."

Note: *In terms of the Listings Requirements, the Company will only be entitled to allot and issue the shares which are the subject of Ordinary Resolution Number One if the resolution is passed by a majority of 75% (seventy-five per cent) or more of the votes cast by all ordinary shareholders of the Company present or represented by proxy at the general meeting, excluding the votes which may be cast by any parties and their associates participating in this specific issue for cash.*

SPECIAL RESOLUTION NUMBER THREE (relating to the granting of financial assistance to the General Staff Trust)

"RESOLVED THAT, as a special resolution, subject to the passing and where appropriate, the registration of, Ordinary Resolution Number Three, Special Resolution Number Four and Ordinary Resolution Number Four, insofar as any transactions contemplated the General Staff Trust subscription and relationship agreement and the trust deed in respect of the General Staff Trust, including the making of a grant by the Company to the General Staff Trust to enable it to pay the subscription price payable by the General Staff Trust for the N shares to be subscribed for by it in terms of the General Staff Trust subscription and relationship agreement, may constitute financial assistance given by the Company for the purpose of or in connection with the purchase or subscription for any shares in the Company as contemplated in section 38(1) of the Companies Act, the provision and the terms of such financial assistance, be and are hereby sanctioned by the shareholders of the Company in terms of section 38(2A)(b) of the Companies Act.

Section 38(1) of the Companies Act generally prohibits the provision by a company of financial assistance to another person for the purpose of a purchase or subscription of shares in that company.

However, section 38(2A) of the Companies Act provides that such financial assistance is not prohibited provided that:

- the company's board is satisfied that:
 - subsequent to the transaction, the company's consolidated assets, fairly valued, will be more than its consolidated liabilities; and
 - subsequent to the providing the assistance, and for the duration of the transaction, the company will be able to pay its debts as they fall due in the ordinary course of business; and
- the terms upon which the assistance is given is sanctioned by special resolution of its members."

The reason for Special Resolution Number Three is to sanction, in terms of section 38(2A)(b) of the Companies Act, the giving of any financial assistance that may be regarded as being given by the Company for the purpose of or in connection with the subscription by the General Staff Trust of N shares in terms of the General Staff Trust transaction. Whereas the Company is entitled to provide financial assistance to the General Staff Trust under section 38(2)(a) of the Companies Act without such financial assistance requiring sanctioning by shareholders, the Company nevertheless wishes shareholders to seek and obtain shareholder approval of such assistance. The Board is satisfied that subsequent to the transaction, the

Company's consolidated assets, fairly valued, will be more than its consolidated liabilities and that, subsequent to the providing the assistance, and for the duration of the transaction, the Company will be able to pay its debts as they fall due in the ordinary course of business.

The effect of Special Resolution Number Three is to permit the Company, insofar as it may be doing so, to provide financial assistance to the General Staff Trust in terms of the relevant agreements.

SPECIAL RESOLUTION NUMBER FOUR (relating to the repurchase of shares by the company from the General Staff Trust)

"RESOLVED THAT, as a special resolution, subject to the passing and where appropriate, the registration of, Ordinary Resolution Number Three, Special Resolution Number Three and Ordinary Resolution Number Four, the Company hereby grants a specific approval, as contemplated in sections 85(2) and 89 of the Companies Act, Article 37 of the Company's Articles of Association and paragraph 5.69 of the Listings Requirements, for the Company (or a subsidiary of the Company) to repurchase or purchase shares from the General Staff Trust in accordance with the call option provided for in or any other provisions of the General Staff Trust subscription and relationship agreement and/or the pledge and cession agreement attached thereto."

The reason for Special Resolution Number Four is to obtain a specific authority in terms of sections 85(2) and 89 of the Companies Act and the applicable provisions of the Company's Articles of Association and the Listings Requirements, to implement any repurchase or purchase of shares that may result from the exercise by Brimstone of the call option provided for in or any other provisions of the General Staff Trust subscription and relationship agreement and/or the pledge and cession agreement attached thereto.

The effect of Special Resolution Number Four is that the Company or a subsidiary of the Company will be authorised to repurchase or purchase some or all of the shares held by the General Staff Trust pursuant to the exercise by Brimstone of the call option provided for in or the application of any other provisions of the General Staff Trust subscription and relationship agreement and/or the pledge and cession agreement attached thereto.

The board is satisfied that if such repurchase was to be implemented in respect of all of the relevant shares immediately, the Company's consolidated assets, fairly valued, will be more than its consolidated liabilities and that the Company will be able to pay its debts as they fall due in the ordinary course of business.

Note: *In terms of paragraph 5.69(b) of the Listings Requirements, Special Resolution Number Four shall only be deemed effective in the event that the resolution is passed by a majority of 75% (seventy-five per cent) or more of the votes cast by all shareholders of the Company present or represented by proxy at the general meeting, excluding any shareholder and its associates that are participating in the repurchase.*

ORDINARY RESOLUTION NUMBER FOUR (relating to the issue of shares and disposal of other securities to the General Staff Trust in terms of the call option)

"RESOLVED, as an ordinary resolution, subject to the passing and where appropriate, the registration of, Ordinary Resolution Number Three and Special Resolutions Number Three and Four, that the directors of the Company be and are hereby: (1) authorised, by way of a specific authority in terms of section 221 and, if applicable, section 222 of the Companies Act, and a specific authority in terms of paragraph 5.51 of the Listings Requirements, to allot and issue for cash such number of Brimstone shares and (2) if applicable, sell to the General Staff Trust such number of other securities, and at such price, as may be required to comply with the Company's obligations in the event that the Company has exercised the call option provided for in clause 8 of the General Staff Trust subscription and relationship agreement and following the implementation of the resulting repurchase of Brimstone shares, the General Staff Trust has exercised the call option provided for in clause 9 of the General Staff Trust subscription and relationship agreement."

Note: *In terms of the Listings Requirements, the Company will only be entitled to allot and issue the shares which are the subject of Ordinary Resolution Number Four if the resolution is passed by a majority of 75% (seventy-five per cent) or more of the votes cast by all ordinary shareholders of the Company present or represented by proxy at the general meeting, excluding the votes which may be cast by any parties and their associates participating in this specific issue for cash.*

RESOLUTIONS PERTAINING TO THE BRIMSTONE BROAD-BASED BEE TRUST ("BRIMSTONE BROAD-BASED BEE TRUST") TRANSACTION:

ORDINARY RESOLUTION NUMBER FIVE (relating to the issue of N shares to the Brimstone Broad-based BEE Trust)

"RESOLVED, as an ordinary resolution, subject to the passing and where appropriate, the registration of, Special Resolutions Numbers Five and Six and Ordinary Resolution Number Eight, that the directors of the Company be and are hereby authorised, by way of a specific authority in terms of section 221 and, if applicable, section 222 of the Companies Act, and

a specific authority in terms of paragraph 5.51 of the Listings Requirements, to allot and issue for cash 1 500 000 N shares to the Brimstone Broad-based BEE Trust at a price of R0.5075 per share, pursuant to and on the terms and conditions contained in the subscription and relationship agreement between dated Wednesday, 10 November 2010, a copy of which has been tabled at the meeting and initialled by the chairman for purposes of identification ("Brimstone Broad-based BEE Trust subscription and relationship agreement"). Such N shares shall, in terms of Article 5.2 of the Company's Articles of Association, be allotted and issued on the basis that they shall be subject to the rights and restrictions as are set out in the Brimstone Broad-based BEE Trust subscription and relationship agreement."

Note: *In terms of the Listings Requirements, the Company will only be entitled to allot and issue the shares which are the subject of Ordinary Resolution Number Five if the resolution is passed by a majority of 75% (seventy-five per cent) or more of the votes cast by all ordinary shareholders of the Company present or represented by proxy at the general meeting, excluding the votes which may be cast by any parties and their associates participating in this specific issue for cash.*

SPECIAL RESOLUTION NUMBER FIVE (relating to the granting of financial assistance to the Brimstone Broad-based BEE Trust)

"RESOLVED THAT, as a special resolution, subject to the passing and where appropriate, the registration of, Ordinary Resolution Number Five, Special Resolution Number Six and Ordinary Resolution Number Six, insofar as any transactions contemplated in the Brimstone Broad-based BEE Trust subscription and relationship agreement and the trust deed in respect of the Brimstone Broad-based BEE Trust, including the making of a grant by the Company to the Brimstone Broad-based BEE Trust to enable it to pay the subscription price payable by the Brimstone Broad-based BEE Trust for the N shares to be subscribed for by it in terms of the Brimstone Broad-based BEE Trust subscription and relationship agreement, may constitute financial assistance given by the company for the purpose of or in connection with the purchase or subscription for any shares in the Company as contemplated in section 38(1) of the Companies Act, the provision and the terms of such financial assistance, be and are hereby sanctioned by the shareholders of the Company in terms of section 38(2A)(b) of the Companies Act.

Section 38(1) of the Companies Act generally prohibits the provision by a company of financial assistance to another person for the purpose of a purchase or subscription of shares in that company.

However, section 38(2A) of the Companies Act provides that such financial assistance is not prohibited provided that:

- the company's board is satisfied that:
 - subsequent to the transaction, the company's consolidated assets, fairly valued, will be more than its consolidated liabilities; and
 - subsequent to providing the assistance, and for the duration of the transaction, the company will be able to pay its debts as they fall due in the ordinary course of business; and
- the terms upon which the assistance is given is sanctioned by special resolution of its members."

The reason for Special Resolution Number One is to sanction, in terms of section 38(2A)(b) of the Companies Act, the giving of any financial assistance that may be regarded as being given by the Company for the purpose of or in connection with the subscription by the Brimstone Broad-based BEE Trust of N shares in terms of the Brimstone Broad-based BEE Trust transaction. The board is satisfied that subsequent to the transaction, the Company's consolidated assets, fairly valued, will be more than its consolidated liabilities and that, subsequent to the providing the assistance, and for the duration of the transaction, the Company will be able to pay its debts as they fall due in the ordinary course of business.

The effect of Special Resolution Number Five is to permit the Company, insofar as it may be doing so, to provide financial assistance to the Brimstone Broad-based BEE Trust in terms of the relevant agreements.

SPECIAL RESOLUTION NUMBER SIX (relating to the repurchase of shares by the company from the Brimstone Broad-based BEE Trust)

"RESOLVED THAT, as a special resolution, subject to the passing and where appropriate, the registration of, Ordinary Resolution Number Five, Special Resolution Number Five and Ordinary Resolution Number Six, the Company hereby grants a specific approval, as contemplated in sections 85(2) and 89 of the Companies Act, Article 37 of the Company's Articles of Association and paragraph 5.69 of the Listings Requirements, for the Company (or a subsidiary of the Company) to repurchase or purchase shares from the Brimstone Broad-based BEE Trust in accordance with the call option provided for in or any other provisions of the Brimstone Broad-based BEE Trust subscription and relationship agreement and/or the pledge and cession agreement attached thereto."

The reason for Special Resolution Number Six is to obtain a specific authority in terms of sections 85(2) and 89 of the Companies Act and the applicable provisions of the Company's Articles of Association and the Listings Requirements to implement any repurchase or purchase of shares that may result from the exercise by Brimstone of the call option provided for in or any other provisions of the Brimstone Broad-based BEE Trust subscription and relationship agreement and/or the pledge and cession agreement attached thereto.

The effect of Special Resolution Number Six is that the Company or a subsidiary of the Company will be authorised to repurchase or purchase some or all of the shares held by the Brimstone Broad-based BEE Trust pursuant to the exercise by Brimstone of the call option provided for in or the application of any other provisions of the Brimstone Broad-based BEE Trust subscription and relationship agreement and/or the pledge and cession agreement attached thereto.

The board is satisfied that if such repurchase was to be implemented in respect of all of the relevant shares immediately, the Company's consolidated assets, fairly valued, will be more than its consolidated liabilities and that the Company will be able to pay its debts as they fall due in the ordinary course of business.

Note: *In terms of paragraph 5.69(b) of the Listings Requirements, Special Resolution Number Six shall only be deemed effective in the event that the resolution is passed by a majority of 75% (seventy-five per cent) or more of the votes cast by all shareholders of the company present or represented by proxy at the general meeting, excluding any shareholder and its associates that are participating in the repurchase.*

ORDINARY RESOLUTION NUMBER SIX (relating to the issue of shares and disposal of other securities to the Brimstone Broad-based BEE Trust in terms of the call option)

"RESOLVED, as an ordinary resolution, subject to the passing and where appropriate, the registration of, Ordinary Resolution Number Five and Special Resolutions Number Five and Six, that the directors of the Company be and are hereby authorised: (1) by way of a specific authority in terms of section 221 and, if applicable, section 222 of the Companies Act, and a specific authority in terms of paragraph 5.51 of the Listings Requirements, to allot and issue for cash such number of Brimstone shares and (2) if applicable, sell to the Brimstone Broad-based BEE Trust such number of other securities, and at such price, as may be required to comply with the Company's obligations in the event that the Company has exercised the call option provided for in clause 8 of the Brimstone Broad-based BEE Trust subscription and relationship agreement and following the implementation of the resulting repurchase of Brimstone shares, the Brimstone Broad-based BEE Trust has exercised the call option provided for in clause 10 of the Brimstone Broad-based BEE Trust subscription and relationship agreement."

Note: *In terms of the Listings Requirements, the Company will only be entitled to allot and issue the shares which are the subject of Ordinary Resolution Number Six if the resolution is passed by a majority of 75% (seventy-five per cent) or more of the votes cast by all ordinary shareholders of the Company present or represented by proxy at the general meeting, excluding the votes which may be cast by any parties and their associates participating in this specific issue for cash.*

ORDINARY RESOLUTION NUMBER SEVEN (authorising directors of the Company to sign documents)

"RESOLVED as an ordinary resolution that any two of the directors of the Company, or any one director and the Company secretary, each with the power of substitution, be and are hereby authorised to do all such things and sign all such documents as may be necessary or incidental to give effect to all of the ordinary resolutions and the special resolutions which are proposed and passed at the general meeting at which this Ordinary Resolution Number Seven is proposed."

VOTING

The ordinary shareholders and N shareholders of the Company, save as is set out below, are entitled to attend the general meeting and to vote on all of the ordinary and special resolutions:

- **Voting exclusions**

The Brimstone subsidiary which is the holder of treasury shares and holds 4 548 004 Brimstone ordinary shares and 27 587 847 Brimstone N shares shall not be entitled to vote on any of the resolutions.

Brimstone Share Incentive Trust (1998), if at any time it holds any shares, shall, in terms of the Listings Requirements, not be entitled to vote on any of the resolutions.

Any party who will benefit from the transactions, shall, in terms of the Listings Requirements, not be entitled to vote on any of the resolutions. This includes Elke Visagie, Gerhard Kotze, Mohamed Iqbal Khan, Michael O'Dea, Muhammad Brey, Sebastian Patel, Takula Jenkins Tapela and Tiloshani Moodley who are beneficiaries of the BEE Management Trust.

In accordance with Article 56.2 of the articles of association of the Company, on a show of hands every shareholder of the Company who is present in person or by proxy at the general meeting, and entitled to vote, will have one vote (irrespective of the number of ordinary shares held in the Company and irrespective of the number of members represented by a proxy), and on a poll, every shareholder of the Company who is present in person or by proxy and entitled to vote, shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by him bears to the aggregate amount of the nominal value of all the shares issued by the Company and which are able to vote.

Voting and proxies

- A shareholder entitled to attend and vote at the general meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. For the convenience of registered certificated shareholders or shareholders who have dematerialised their shares with own-name registration, a form of proxy (*yellow*) is attached hereto. Duly completed forms of proxy must be lodged at the registered office of the Company or at the transfer secretaries at the addresses below by no later than 08h30 on Wednesday, 8 December 2010.
- Shareholders who have dematerialised their shares and have not selected own-name registration must advise their Central Securities Depository Participant ("CSDP") or broker of their voting instructions should they be unable to attend the general meeting but wish to be represented thereat. Dematerialised shareholders without own-name registration should contact their CSDP or broker with regard to the cut-off time for their voting instructions. If, however, such members wish to attend the general meeting in person, then they will need to request their CSDP or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between the dematerialised shareholder and their CSDP or broker.

Hand deliveries to:

Computershare Investor Services (Proprietary) Limited
Ground Floor, 70 Marshall Street
Johannesburg, 2001

Postal deliveries to:

Computershare Investor Services (Proprietary) Limited
PO Box 61051
Marshalltown, 2107

- Forms of proxy are to be received by no later than 08h30 on Wednesday, 8 December 2010 (or 48 hours before any adjournment of the general meeting which date, if necessary, will be released on SENS and published in the South African press).

By order of the Board

18 November 2010

Mustaq Ahmed Enus-Brey
Chief Executive Officer

Registered office

1st Floor, Slade House
Boundary Terraces
1 Mariendahl Lane
Newlands, 7700
(PO Box 44580, Claremont, 7735)



BRIMSTONE

INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)
 (Registration number 1995/010442/06)
 Share code: BRT ISIN: ZAE000015277
 Share code: BRN ISIN: ZAE000015285
 ("Brimstone" or "the Company")

FORM OF PROXY

for use by Brimstone shareholders who hold dematerialised shares in own-name or hold certificated shares

This form of proxy is for the use of shareholders who hold certificated shares or who are registered as own-name in dematerialised form only. Brimstone shareholders who have dematerialised their shares, other than with own-name registration, are requested to refer to the "Action required" provided on page 2 of this circular to which this form of proxy is attached, for a full understanding of the action required by them.

For use by Brimstone shareholders at the general meeting of the Company to be held at 08h30 on Friday, 10 December 2010, at The Athenaeum, Boundary Terraces, 1 Mariendahl Lane, Newlands, Cape Town or at any adjournment thereof.

I/We (Please print names in full)

of (address)

being the holder(s) of Brimstone ordinary shares, and/or
 Brimstone N shares,

do hereby appoint (see note 2):

1. _____ of _____ or failing him/her,
2. _____ of _____ or failing him/her,

3. the chairman of the general meeting,
 as my/our proxy to act for me/us and on my/our behalf at the general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against such resolutions and/or abstain from voting in respect of the Brimstone ordinary shares and/or Brimstone N shares registered in my/our name(s), in accordance with the following instructions (see note 3):

	Number of ordinary shares			Number of N shares		
	For	Against	Abstain	For	Against	Abstain
Ordinary Resolution Number One relating to the issue of Brimstone N shares to the BEE Management Trust						
Special Resolution Number One relating to the granting of financial assistance to the BEE Management Trust						
Special Resolution Number Two relating to the repurchase of shares by the Company from the BEE Management Trust						
Ordinary Resolution Number Two relating to the issue of shares to the BEE Management Trust in terms of the participants call option						
Ordinary Resolution Number Three relating to the issue of Brimstone N shares to the General Staff Trust						
Special Resolution Number Three relating to the granting of financial assistance to the General Staff Trust						
Special Resolution Number Four relating to the repurchase of shares by the Company from the General Staff Trust						
Ordinary Resolution Number Four relating to the issue of shares to the General Staff Trust in terms of the participants call option						
Ordinary Resolution Number Five relating to the issue of Brimstone N shares to the Brimstone Broad-based BEE Trust						
Special Resolution Number Five relating to the granting of financial assistance to the Brimstone Broad-based BEE Trust						
Special Resolution Number Six relating to the repurchase of shares by the Company from the Brimstone Broad-based BEE Trust						
Ordinary Resolution Number Six relating to the issue of shares to the Brimstone Broad-based BEE Trust in terms of the participants call option						
Ordinary Resolution Number Seven authorising directors of the Company to sign documents						

***Note:** Please indicate with an "X" or the number of shares in the spaces above how you wish your votes to be cast. If no indication is given, the proxy will vote or abstain in his/her discretion.

Any Brimstone ordinary and Brimstone N shareholders of the Company entitled to vote at the general meeting may appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the Company.

Signed at _____ on _____ 2010

Signature/s _____

Name in BLOCK LETTERS (full name if signing in a representative capacity) _____

Assisted by (where applicable) _____

Notes:

1. This form of proxy must only be used by shareholders who hold Brimstone ordinary shares and/or Brimstone N shares that are not dematerialised or who hold dematerialised Brimstone ordinary shares and/ or Brimstone N shares in their own-name.
2. A shareholder entitled to attend and vote may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the general meeting". A proxy need not be a shareholder of the Company. The person whose name stands first on this form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A shareholder is entitled to one vote on a show of hands and on a poll a Brimstone shareholder is entitled to one vote for each Brimstone ordinary share held and 0.01 votes for every Brimstone N share held. A shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the shareholder in the appropriate box. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of all the shareholder's votes.
4. A vote given in terms of an instrument of proxy shall be valid in relation to the general meeting, notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the Brimstone ordinary shares or Brimstone N shares in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the transfer secretaries, not less than 48 hours before the commencement of the general meeting.
5. If a shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the general meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
6. The chairman of the general meeting may reject or accept any form of proxy, power of attorney or letter or representation which is completed and/or received, other than in compliance with these notes.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company or unless this requirement is waived by the chairman of the general meeting.
9. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Company.
10. Where there are joint holders of ordinary shares:
 - any one holder may sign this form of proxy;
 - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of shareholders appear in the Company's register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
11. Forms of proxy, power of attorney or letters of representation should be lodged with or mailed to Computershare Investor Services (Proprietary) Limited:

Hand deliveries to:

Computershare Investor Services (Proprietary) Limited
Ground Floor, 70 Marshall Street
Johannesburg 2001

Postal deliveries to:

Computershare Investor Services (Proprietary) Limited
PO Box 61051
Marshalltown, 2107

to be received by no later than 08h30 on Wednesday, 8 December 2010 (or 48 hours before any adjournment of the general meeting which date, if necessary, will be notified in the press and on the JSE Limited Securities Exchange News Service).

12. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory/ies.