

## THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 4 of the Circular apply, *mutatis mutandis*, to this "front cover".

### Action required

- If you are in any doubt as to what action you should take arising from the Circular, please consult your broker, CSDP, banker, accountant, attorney or other professional advisor immediately.
- If you have disposed of all your Brimstone Shares, please forward the Circular to the purchaser of such Brimstone Shares or to the broker, CSDP, banker, accountant, attorney or other agent through whom the disposal was effected.
- Brimstone Shareholders are referred to page 1 of the Circular, which sets out the action required by them.

**Brimstone does not accept responsibility, and will not be held liable for any action of or omission by, any CSDP or broker including, without limitation, any failures on the part of the CSDP or the broker of any beneficial owner of Brimstone Shares to notify such beneficial owner of the contents of the Circular.**



**BRIMSTONE**  
INVESTMENT CORPORATION LIMITED

## 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 Re-approval of Resolutions relating to the repurchase of Shares and the issue of Shares to the BEE Management Trust and the General Staff Trust, as a result of the Variation to the Subscription and Relationship Agreements of the BEE Management Trust and the General Staff Trust;**
- **a specific repurchase of Unencumbered Brimstone Shares for cash from the BEE Management Trust and the General Staff Trust in terms of the Unencumbered Brimstone Share Call Option;**
- **a specific issue of up to 6 250 000 Brimstone N Shares for cash to the Participating Employees in terms of the Participating Employees Call Option;**

and incorporating

- **a notice convening the General Meeting; and**
- **a form of proxy (for use by holders of Certificated Shares and Dematerialised Shares with own-name registration only).**

Investment bank and Sponsor



Legal Advisor



Independent Reporting Accountants

**Deloitte.**

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## CORPORATE INFORMATION AND ADVISORS

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### **Secretary and registered office**

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

### **Investment Bank and Sponsor**

Nedbank Corporate and Investment Banking  
A division of Nedbank Limited  
(Registration number 1951/000009/06)  
3rd Floor, Corporate Place  
135 Rivonia Road  
Sandton, 2196  
(PO Box 1144, Johannesburg, 2000)

### **Independent Reporting Accountants**

Deloitte & Touche  
(Practice number 904899E)  
1st Floor, The Square  
Cape Quarter  
27 Somerset Road  
Green Point, 8005  
(PO Box 578, Cape Town, 8000)

### **Transfer Secretaries**

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

### **Legal Advisor**

Cliffe Dekker Hofmeyr Incorporated  
(Registration number 2008/018923/21)  
11 Buitengracht Street  
Cape Town, 8001  
(PO Box 695, Cape Town, 8000)

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## ACTION REQUIRED BY BRIMSTONE SHAREHOLDERS

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The definitions commencing on page 4 of the 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 you should take arising from the Circular, please consult your broker, CSDP, banker, attorney, accountant or other professional advisor immediately.
2. If you have disposed of all of your Brimstone Shares, please forward the Circular to the purchaser of such Brimstone Shares or to the broker, CSDP, banker, attorney or other agent through whom the disposal was effected.
3. The Circular contains information relating to the Transactions. You should carefully read through the Circular and decide how you wish to vote on the Transaction Resolutions to be proposed at the General Meeting.

#### 4. GENERAL MEETING

##### 4.1 Notice of General Meeting

The notice convening the General Meeting to approve the Transactions is attached to the Circular. The General Meeting will be held at Brimstone's offices, First Floor, Slade House, Boundary Terraces, 1 Mariendahl Lane, Newlands, Cape Town, 7700 on Tuesday, 20 September 2016 at 15:00.

##### 4.2 If you hold Dematerialised Shares

###### 4.2.1 Own-name registration

You are entitled to attend in person, or be represented by proxy, 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, in accordance with the instructions contained therein, to be received by the Transfer Secretaries by no later than 15:00 on Friday, 16 September 2016:

**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

###### 4.2.2 Other than own-name registration

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. 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 it.

You must **not** complete the attached form of proxy.

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

##### 4.3 If you hold Certificated Shares

You are entitled to attend, or be represented by proxy, 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, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, by no later than 15:00 on Friday, 16 September 2016:

**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

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## SALIENT DATES AND TIMES

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The definitions commencing on page 4 of the Circular apply *mutatis mutandis* to this "Salient dates and times" section:

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**2016**

Record date to determine which Brimstone Shareholders are eligible to receive the Circular	Friday, 5 August
Circular posted to Shareholders on	Monday, 15 August
Announcement and notice of General Meeting to Shareholders on	Monday, 15 August
Last day to trade to be entitled to vote and participate in the General Meeting	Tuesday, 6 September
Record date to be entitled to vote and participate in the General Meeting	Friday, 9 September
Forms of proxy to be received by 15:00 on	Friday, 16 September
General Meeting to be held at 15:00 on	Tuesday, 20 September
Results of General Meeting to be released on SENS on	Tuesday, 20 September

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**Notes:**

1. These dates and times are subject to amendment. Any such amendment will be released on SENS.
2. The Circular is available in English only. Copies may be obtained from the registered office of Brimstone or from Nedbank CIB at the address set out in the "Corporate information and advisors" section of the Circular, or on the Company's website, [www.brimstone.co.za](http://www.brimstone.co.za), from Monday, 15 August 2016 until the date of the General Meeting.

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## DEFINITIONS

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In the 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:

"Addendum to the Subscription and Relationship Agreements"	the second addendum to the Subscription and Relationship Agreements of the BEE Management Trust and the General Staff Trust dated 29 July 2016, containing the Variation to the Subscription and Relationship Agreement of the BEE Management Trust and the General Staff Trust as set out in paragraph 3 of the Circular;
"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 Management Trust"	the Brimstone Black Executive Investment Trust, a trust established on 26 November 2010 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 management of Brimstone and may include Brimstone Group management, but shall exclude Brimstone in its capacity as a beneficiary of the BEE Management Trust;
"BEE Transaction"	the BEE transaction entered into by Brimstone in November 2010, details of which are set out in paragraph 2 of the Circular;
"Beneficiaries"	collectively the BEE Management Trust Beneficiaries, the General Staff Trust Beneficiaries and the Brimstone Broad-based BEE Trust Beneficiaries;
"Black People" or "Black Persons"	black people as defined in the BEE Act;
"Board" or "Directors"	the directors of Brimstone whose names are reflected on page 10 of the Circular;
"Brimstone" or "the Company"	Brimstone Investment Corporation Limited (Registration number 1995/010442/06), a public company registered and incorporated in South Africa, and listed on the JSE;
"Brimstone Broad-based BEE Trust"	the Brimstone Broad-based BEE Trust, a trust established on 26 November 2010 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 currently consists of the Brimstone Empowerment Share Trust;
"Brimstone Empowerment Share Trust"	the Brimstone Empowerment Share Trust (Master's reference number IT2181/2005), a trust established on 15 June 2005 and which supports a broad range of non-Government organisations and not for profit organisations;
"Brimstone Group" or "the Group"	Brimstone and its subsidiaries, from time to time;
"Business Day"	a day other than a Saturday, Sunday or official public holiday in South Africa;
"Certificated Shareholder(s)"	Brimstone Shareholder(s) who hold Certificated Share(s);
"Certificated Share(s)"	Brimstone Share(s) represented by a Share certificate(s) or other physical document(s) of title, which have not been surrendered for dematerialisation in terms of the requirements of Strate;
"the Circular"	this circular dated Monday, 15 August 2016 including the notice of General Meeting and the form of proxy;

"Cliffe Dekker Hofmeyr" or "Legal Advisor"	Cliffe Dekker Hofmeyr Inc (Registration number 2008/018923/21), a company registered and incorporated in South Africa and the Legal Advisor to Brimstone;
"Companies Act"	the Companies Act, 2008 (No. 71 of 2008), as amended;
"CSDP"	a Central Securities Depository Participant appointed by individual Shareholder(s) for the purpose of and in regard to dematerialisation of his (their) Brimstone Share(s);
"Deloitte & Touche" or "Independent Reporting Accountants"	Deloitte & Touche (Practice number 904899E), a professional partnership established in terms of South African law and the Independent Reporting Accountants to Brimstone;
"Dematerialised Shareholder(s)"	Brimstone Shareholder(s) that have dematerialised their Brimstone Share(s) through a CSDP and have instructed the CSDP to hold their Brimstone Share(s) on the sub-register maintained by the CSDP and forming part of the Brimstone Share register;
"Dematerialised Share(s)"	Brimstone Share(s) that have been dematerialised through a CSDP or broker and are held on the sub-register of Shareholders administered by CSDPs in electronic form;
"Document(s) of Title"	share certificate(s), transfer deed(s) or form(s), balance receipt(s) or any other document(s) of title acceptable to Brimstone in respect of Certificated Shareholder(s);
"EPS"	earnings per Share;
"Exercise Date of the Unencumbered Brimstone Share Call Option"	the date on which Brimstone exercises the Unencumbered Brimstone Share Call Option by the delivery of the Exercise Notice, which will be according to the tranches as set out in the Revised Final Date definition;
"Exercise Date of the Participating Employees Call Option"	the date on which the Participating Employees exercise their Participating Employees Call Option by the delivery of the Exercise Notice;
"Exercise Notice"	written notice from Brimstone to the Participating Employees in terms of the Unencumbered Brimstone Share Call Option and written notice from the Participating Employees to Brimstone in terms of the Participating Employees Call Option, as the case may be;
"Final Vesting Date"	notwithstanding the Vesting Date, 31 October 2020;
"Financial Effects"	the unaudited <i>pro forma</i> financial effects of the Unencumbered Brimstone Share Call Option and the Participating Employees Call Option;
"Financial Markets Act"	the Financial Markets Act, 2012 (No. 19 of 2012), as amended;
"First Vesting Date"	the Vesting Date in respect of the initial tranche of Unencumbered Brimstone Shares;
"General Meeting"	the general meeting of Shareholders to be held at Brimstone's offices, First Floor, Slade House, Boundary Terraces, 1 Mariendahl Lane, Newlands, Cape Town, 7700 on Tuesday, 20 September 2016 at 15:00 to consider and, if deemed appropriate, approve the Transaction Resolutions to give effect to the Transactions;
"General Staff Trust"	the Brimstone General Staff Investment Trust, a trust established on 24 November 2010 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 have been or will be offered benefits in terms of the BEE Management Trust and employees who are Directors, and shall exclude Brimstone in its capacity as a beneficiary of the General Staff Trust;
"HEPS"	headline EPS;

"IFRS"	International Financial Reporting Standards;
"INAV"	intrinsic net asset value;
"JSE"	JSE Limited (Registration number 2005/022939/06), a public company registered and incorporated in South Africa and licensed under the Financial Markets Act to operate as an exchange;
"Last Practicable Date"	the last practicable date prior to the finalisation of the Circular, being Monday, 8 August 2016;
"Listings Requirements"	the JSE Listings Requirements, as amended from time to time;
"Market Value"	the 30-day VWAP of Brimstone N Shares up to the day prior of the exercise of the Unencumbered Brimstone Share Call Option, and the Participating Employees Call Option and up to the Revised Final Date for the Revised Brimstone Call Option, as the case may be;
"Mol"	the Memorandum of Incorporation of Brimstone;
"N Share(s)" or "Brimstone N Share(s)"	"N" ordinary Share(s) of 0.001 cent each in the capital of the Company;
"NAV"	net asset value per Share;
"Nedbank CIB" or "Investment Bank and Sponsor"	Nedbank Corporate and Investment Banking, a division of Nedbank Limited, and the investment bank and sponsor to Brimstone;
"Notional Vendor Funding"	the notional vendor funding in respect of the Subscription Shares as detailed in paragraph 2 of the Circular;
"Option Contract"	an option contract to be entered into between Brimstone and the Participating Employee(s) in terms of which the Participating Employee(s) may exercise his/her Participating Employees Call Option;
"Ordinary Share(s)" or "Brimstone Ordinary Share(s)"	ordinary Share(s) of 0.1 cent each in the capital of the Company;
"Original 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 Original Final Date, a certain number of Subscription Shares from the Participants in accordance with a repurchase formula as set out in the Subscription and Relationship Agreements;
"Original Final Date(s)"	the final date(s) in relation to a particular tranche of Subscription Shares, being as follows: <ul style="list-style-type: none"> <li>• Tranche 1 – 31 October 2016;</li> <li>• Tranche 2 – 31 October 2017; and</li> <li>• Tranche 3 – 31 October 2018.</li> </ul>
"Original 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 Original Brimstone Call Option in accordance with the Original Final Date, to subscribe for the same number of new Brimstone N Shares and other securities as are repurchased in terms of the Original Brimstone Call Option;
"Overarching Agreement"	the agreement entered into between Brimstone and the Participating Employee(s) dated 29 July 2016 in terms of which, <i>inter alia</i> , the rights of the Participating Employee(s) to apply for the Participating Employees Call Option Shares and, on an award thereof, require Brimstone to enter into the Option Contract with the Participating Employee(s);
"Participants"	collectively the BEE Management Trust, the General Staff Trust and the Brimstone Broad-based BEE Trust;



"Participating Employee(s)"	an employee(s) of Brimstone or the Brimstone Group who is also a BEE Management Trust Beneficiary and/or a General Staff Trust Beneficiary, as the case may be, and who is eligible to participate in the Participating Employees Call Option;
"Participating Employees Call Option"	<p>the option to be granted by Brimstone to Participating Employees in terms of which:</p> <ul style="list-style-type: none"> <li>• the Participating Employees under the BEE Management Trust have a right to collectively subscribe during the Participating Employees Call Option Period, by way of a specific issue of shares for cash to them, for up to six million Brimstone N Shares; and</li> <li>• the Participating Employees under the General Staff Trust have a right to collectively subscribe during the Participating Employees Call Option Period, by way of a specific issue of shares for cash to them, for up to two hundred and fifty thousand Brimstone N Shares,</li> </ul> <p>subject to a maximum of 6 250 000 Brimstone N Shares, in aggregate, that may be acquired by Participating Employees pursuant to such option arrangements;</p>
"Participating Employees Call Option Period"	the period commencing on the First Vesting Date and ending sixty days after the Final Vesting Date, provided that if Brimstone is in a "prohibited period" as defined in the Listings Requirements, or there is some other regulatory prohibition on the Participating Employee exercising the Participating Employees Call Option, the period shall be automatically extended up until and including the fourteenth day after the date on which such "prohibited period" comes to an end or the date on which such prohibition no longer persists, as may be the case;
"Participating Employees Call Option Shares"	<p>up to 6 250 000 Brimstone N Shares to be issued by Brimstone to Participating Employees collectively as follows:</p> <ul style="list-style-type: none"> <li>• up to a maximum of 6 000 000 Brimstone N Shares on aggregate to Participating Employees under the BEE Management Trust; and</li> <li>• up to a maximum of 250 000 Brimstone N Shares on aggregate to Participating Employees under the General Staff Trust,</li> </ul> <p>in terms of the Participating Employees Call Option, details of which are set out in paragraph 5 of the Circular;</p>
"Re-approval of Resolutions"	the re-approval of the resolutions previously approved by Shareholders on 10 December 2010 relating to the repurchase of Brimstone N Shares and the issue of Brimstone N Shares to the BEE Management Trust and the General Staff Trust;
"Revised Brimstone Call Option"	the call option granted by the BEE Management Trust and the General Staff Trust in terms of which Brimstone has the right to repurchase, during a stipulated period calculated from the relevant Revised Final Date, a certain number of Subscription Shares from the BEE Management Trust and the General Staff Trust in accordance with a repurchase formula as set out in the Subscription and Relationship Agreements;
"Revised Final Date(s)"	<p>the final date(s) in relation to a particular tranche of Subscription Shares, being as follows:</p> <ul style="list-style-type: none"> <li>• Tranche 1 – 31 October 2016;</li> <li>• Tranche 2 – 31 October 2017;</li> <li>• Tranche 3 – 31 October 2018;</li> <li>• Tranche 4 – 31 October 2019; and</li> <li>• Tranche 5 – 31 October 2020.</li> </ul>

"Revised Participants Call Option"	the option granted by Brimstone to the BEE Management Trust and the General Staff Trust in terms of which the BEE Management Trust and the General Staff Trust have the right, during a stipulated period calculated from the date of exercise of the Revised Brimstone Call Option, to subscribe for the same number of new Brimstone N Shares and other securities as are repurchased in terms of the Revised Brimstone Call Option;
"SENS"	the Stock Exchange News Service of the JSE;
"Share(s)" or "Brimstone Share(s)"	Ordinary Share(s) and/or N Share(s) as the case may be;
"Shareholder(s)" or "Brimstone Shareholder(s)"	holder(s) of Brimstone Share(s);
"South Africa"	the Republic of South Africa;
"Strate"	Strate Proprietary Limited (Registration number 1998/022242/07), a private company registered and incorporated in South Africa, and the electronic settlement system for transactions that take place on the JSE and off-market transactions;
"Subscription and Relationship Agreements"	the subscription and relationship agreements entered into by Brimstone for the benefit of each of the Participants on 10 November 2010, as amended from time to time, which agreements 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 Original Brimstone Call Option and the Original Participants Call Option, and which set out the terms and conditions applicable to the relationship between Brimstone and the Participants;
"Subscription Price"	the price per N Share at which the Participants subscribed for their Subscription Shares, being R0.5075 per N Share in terms of the BEE Transaction;
"Subscription Share(s)"	the 39 140 000 Brimstone N Shares which were issued to and subscribed for by the Participants, as follows: <ul style="list-style-type: none"> <li>• 35 140 000 Brimstone N Shares to the BEE Management Trust;</li> <li>• 1 500 000 Brimstone N Shares to the General Staff Trust; and</li> <li>• 2 500 000 Brimstone N Shares to the Brimstone Broad-based BEE Trust;</li> </ul>
"Subscription VWAP"	the 30-day VWAP of Brimstone N Shares at the close of business on 29 October 2010, being R5.41 per Brimstone N Share;
"TNAV"	tangible net asset value per Share;
"Transaction 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;
"Transactions"	collectively the Re-approval of Resolutions relating to the Variation to the Subscription and Relationship Agreements of the BEE Management Trust and the General Staff Trust, the Unencumbered Brimstone Share Call Option and the Participating Employees Call Option;
"Transfer Secretaries" or "Computershare"	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company incorporated and registered in South Africa and the transfer secretaries of Brimstone;
"Treasury Shares"	Brimstone Shares held by a subsidiary of Brimstone or through a trust or a scheme, which, as at the Last Practicable Date amounted to 4 253 087 Brimstone Ordinary Shares and 46 184 634 Brimstone N Shares respectively for accounting purposes;

"Unencumbered Brimstone Shares"	the remaining Brimstone N Shares held by the BEE Management Trust and the General Staff Trust after the Revised Brimstone Call Option has been exercised in respect of a particular tranche of Subscription Shares earmarked for the Revised Brimstone Call Option;
"Unencumbered Brimstone Share Call Option"	the call option granted by the BEE Management Trust and the General Staff Trust in terms of which Brimstone shall be entitled, but not obliged, to repurchase, for a period of sixty-five days from the Vesting Date for each Unencumbered Tranche, all or any of the Unencumbered Brimstone Shares held by the BEE Management Trust and/or the General Staff Trust;
"Unencumbered Tranche(s)"	the tranche(s) of the Unencumbered Brimstone Shares which may become available after the exercise, on or about the relevant Revised Final Date, of the Revised Brimstone Call Option;
"Variation to the Subscription and Relationship Agreements of the BEE Management Trust and the General Staff Trust"	the proposed variation to the Subscription and Relationship Agreements of the BEE Management Trust and the General Staff Trust in relation to the Revised Brimstone Call Option and the Revised Participants Call Option, including the Revised Final Date, as fully set out in paragraph 3 of the Circular;
"Vesting Date"	in relation to each Unencumbered Tranche, the date upon which the Revised Brimstone Call Option is exercised in respect of the relevant tranche of Subscription Shares earmarked for the Revised Brimstone Call Option; and
"VWAP"	volume weighted average price.



# BRIMSTONE

INVESTMENT CORPORATION LIMITED

## BRIMSTONE INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1995/010442/06)

Share code: BRT ISIN: ZAE000015277

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### Directors

F Robertson (*Executive Chairman*)

MA Brey (*Chief Executive Officer*)

GG Fortuin (*Financial Director*)

MI Khan (*Chief Operating Officer*)

MJT Hewu\*\*

KR Moloko\*\*

\* Independent

# Non-executive

LA Parker\*\*

PL Campher (*Lead Independent Director*)\*\*

FD Roman\*\*

MK Ndebele\*\*

N Khan\*\*

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## CIRCULAR TO BRIMSTONE SHAREHOLDERS

---

### 1. INTRODUCTION AND PURPOSE OF THE CIRCULAR

Brimstone Shareholders are advised that the Board proposes, subject to Shareholder approval, the Transactions.

The purpose of the Circular is to provide Shareholders with the relevant information relating to the Transactions, the implications thereof and to enable Shareholders to make an informed decision as to whether or not they should vote in favour of the Transaction Resolutions necessary to give effect thereto.

### 2. BACKGROUND

#### 2.1 The BEE Transaction

2.1.1 Brimstone entered into the BEE Transaction during November 2010 in order to:

- retain, attract, incentivise and align the interests of a new generation of executive management and other employees, the majority of whom are Black Persons, with those of Brimstone Shareholders; and
- maintain and enhance Brimstone's BEE credentials. In terms of the latest BEE ownership certificate dated 20 June 2016 and issued to Brimstone by Empowerdex, an economic empowerment rating agency, Brimstone has achieved 75% voting rights for Black People and a 56.91% economic interest by Black People.

2.1.2 The BEE Transaction involved the issue of the Subscription Shares to the Participants at the Subscription Price of R0.5075 per Brimstone N Share. The difference between the Subscription Price and the Subscription VWAP, being R5.41 per Brimstone N Share, was financed by Notional Vendor Funding.

2.1.3 As the Subscription Price was at a discount to the Subscription VWAP and the Beneficiaries were related parties as defined in the Listings Requirements, a fairness opinion was obtained and formed part of the circular issued during November 2010.

2.1.4 The BEE Transaction comprised three distinct transactions, involving three distinct Participants whose shareholdings in Brimstone post the BEE Transaction were as follows:

- the BEE Management Trust which holds 35 140 000 Brimstone N Shares;
- the General Staff Trust which holds 1 500 000 Brimstone N Shares; and
- the Brimstone Broad-based BEE Trust which holds 2 500 000 Brimstone N Shares.

- 2.1.5 In terms of the Notional Vendor Funding, the outstanding balance of the Notional Vendor Funding accrued interest at a fixed nominal rate of 8.5%, compounded annually in arrears. In addition, the outstanding balance of the Notional Vendor Funding was reduced by any distributions received by Brimstone, whether by way of interest, dividend or any capital distributions pertaining to the Subscription Shares.
- 2.1.6 For purposes of the Notional Vendor Funding, the Subscription Shares comprised three separate tranches as follows:
- the first tranche being 50% of the Subscription Shares with the Original Final Date of 31 October 2016;
  - the second tranche being 40% of the Subscription Shares with the Original Final Date of 31 October 2017; and
  - the third tranche being 10% of the Subscription Shares with the Original Final Date of 31 October 2018.
- 2.1.7 At the relevant Original Final Date, Brimstone would, in terms of the Original Brimstone Call Option, be entitled to repurchase a certain number of the Subscription Shares from the Participants in accordance with a repurchase formula as set out in the Subscription and Relationship Agreements. The balance of the Subscription Shares of that tranche would then become Unencumbered Brimstone Shares held by the Participants.
- 2.1.8 If Brimstone exercises the Original Brimstone Call Option, the Participants have, in terms of the Original Participants Call Option, the right to subscribe for an equivalent number of new Brimstone N Shares at a cash price equal to the then market value thereof.
- 2.1.9 The rationale for the BEE Transaction was Brimstone's aim 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; and
  - social development programmes that are primarily directed at developing and empowering previously disadvantaged groupings.

## 2.2 The Transactions

Subsequent to the BEE Transaction and prior to the exercise of the first tranche of the Original Brimstone Call Option, Brimstone proposes:

- 2.2.1 the Variation to the Subscription and Relationship Agreements of the BEE Management Trust and the General Staff Trust, together with the Re-approval of Resolutions, as set out in paragraph 3 of the Circular;
- 2.2.2 the introduction of the Unencumbered Brimstone Share Call Option which will allow Brimstone to repurchase all or some of the Unencumbered Shares as set out in paragraph 4 of the Circular; and
- 2.2.3 the Participating Employees Call Option which proposes to grant an additional right and option for Participating Employees under the BEE Management Trust and the General Staff Trust to subscribe for up to 6 250 000 Brimstone N Shares as set out in paragraph 5 of the Circular.

## 3. VARIATION TO THE SUBSCRIPTION AND RELATIONSHIP AGREEMENTS OF THE BEE MANAGEMENT TRUST AND THE GENERAL STAFF TRUST AND RE-APPROVAL OF RESOLUTIONS

- 3.1 In terms of the BEE Transaction, the first tranche of the Original Brimstone Call Option may be exercised on 31 October 2016. Brimstone has reviewed the BEE Transaction and, together with the Participants, has agreed the following:
- to restructure the Notional Vendor Funding and the Original Final Dates as these relate to the BEE Management Trust and the General Staff Trust (the Revised Brimstone Call Option), to enable Brimstone to extend the BEE benefits it is currently enjoying by virtue of the BEE Transaction;

- as a consequence of the restructure of the Notional Vendor Funding and the Original Final Dates of the Original Brimstone Call Option, the Original Participants Call Option as it relates to the BEE Management Trust and the General Staff Trust will be revised on the same terms as the Revised Brimstone Call Option; and
  - the Notional Vendor Funding, the Original Final Dates and the Original Participant Call Option as it relates to the Brimstone Broad-based BEE Trust will not be varied and same will remain in place as is.
- 3.2 Brimstone is proposing the Variation to the Subscription and Relationship Agreements of the BEE Management Trust and the General Staff Trust to restructure the mechanics of the Notional Vendor Funding by extending the Original Final Date and amending the percentage of Subscription Shares that may be repurchased by Brimstone at the relevant Original Final Date. Currently there are three separate repurchase tranches to the Original Brimstone Call Option as follows:
- Tranche 1 comprises 50% of the Subscription Shares with the Original Final Date of 31 October 2016;
  - Tranche 2 comprises 40% of the Subscription Shares with the Original Final Date of 31 October 2017; and
  - Tranche 3 comprises 10% of the Subscription Shares with the Original Final Date of 31 October 2018.
- 3.3 The Variation to the Subscription and Relationship Agreements of the BEE Management Trust and the General Staff Trust will extend the Original Final Date to the Revised Final Date, resulting in five separate repurchase tranches to the Revised Brimstone Call Option as follows:
- Tranche 1 comprising 22.5% of the Subscription Shares with the Revised Final Date of 31 October 2016;
  - Tranche 2 comprising 22.5% of the Subscription Shares with the Revised Final Date of 31 October 2017;
  - Tranche 3 comprising 22.5% of the Subscription Shares with the Revised Final Date of 31 October 2018;
  - Tranche 4 comprising 22.5% of the Subscription Shares with the Revised Final Date of 31 October 2019; and
  - Tranche 5 comprising 10% of the Subscription Shares with the Revised Final Date of 31 October 2020.
- This will help sustain the level of black ownership of Brimstone and its BEE status, and align the interests of executive management and other employees with those of Brimstone Shareholders for a longer period of time.
- 3.4 The Variation to the Subscription and Relationship Agreements of the BEE Management Trust and the General Staff Trust require the approval of Brimstone, and in relation to each such trust, the relevant trustees and beneficiaries thereof.
- 3.5 The Subscription and Relationship Agreements entered into in terms of the BEE Transaction did not require Brimstone Shareholder approval. However, the implementation of a specific issue of shares for cash and a specific repurchase of Brimstone N Shares in terms of the Listings Requirements under the Original Brimstone Call Option and the Original Participants Call Option and as provided for in terms of the Subscription and Relationship Agreements required Brimstone Shareholder approval.
- 3.6 In turn, the Variation to the Subscription and Relationship Agreements of the BEE Management Trust and the General Staff Trust does not require the approval of Brimstone Shareholders. However, the implementation of a specific issue of shares for cash and a repurchase of Brimstone N Shares in terms of the Listings Requirements under the Revised Brimstone Call Option and the Revised Participants Call Option and as provided for in terms of the Variation to the Subscription and Relationship Agreements of the BEE Management Trust and the General Staff Trust require Brimstone Shareholder approval. The Re-approval of Resolutions will ensure that Brimstone Shareholders are satisfied with the implementation of the Revised Brimstone Call Option and the Revised Participants Call Option.
- 3.7 In the event that the Re-approval of Resolutions is not granted by Brimstone Shareholders, the resolutions contained in the original circular to Brimstone Shareholders dated 18 November 2010 will remain in force and the Variation to the Subscription and Relationship Agreements of the BEE Management Trust and the General Staff Trust will not be implemented.
- 3.8 The Addendum to the Subscription and Relationship Agreements contains further consequential amendments as a result of the Variation to the Subscription and Relationship Agreements of the BEE Management Trust and the General Staff Trust and the salient features of the Addendum to the Subscription and Relationship Agreements are set out in Annexure 1 to the Circular.
- 3.9 **Financial Effects of the Revised Brimstone Call Option and the Revised Participants Call Option**
- The Financial Effects of the Revised Brimstone Call Option and the Revised Participants Call Option is set out in paragraph 6 of the Circular.

#### 4. THE UNENCUMBERED BRIMSTONE SHARE CALL OPTION

##### 4.1 Details of the Unencumbered Brimstone Share Call Option

- 4.1.1 Following the exercise of the Revised Brimstone Call Option, Brimstone is also proposing that a right and option be granted by the BEE Management Trust and/or the General Staff Trust to Brimstone (or its nominee), in relation to each Unencumbered Tranche, for Brimstone to repurchase all or some of the Unencumbered Brimstone Shares at the Market Value.
- 4.1.2 Brimstone shall be entitled, but not obliged, to exercise the Unencumbered Brimstone Share Call Option in respect of the relevant Unencumbered Tranche by giving the Exercise Notice to the BEE Management Trust and/or the General Staff Trust, as the case may be, by no later than:
- sixty-five days after the Vesting Date for the relevant tranche of Unencumbered Brimstone Shares; or
  - if Brimstone is in a "prohibited period" as defined in the Listings Requirements, the Unencumbered Brimstone Share Call Option may be exercised no later than, fourteen days after the date on which such "prohibited period" comes to an end,
- failing which the Unencumbered Brimstone Share Call Option shall lapse.
- 4.1.3 The delivery of the Exercise Notice by Brimstone to the BEE Management Trust and/or the General Staff Trust, as the case may be, shall constitute the repurchase or purchase, as the case may be, by Brimstone (or its nominee) of the Unencumbered Brimstone Shares.
- 4.1.4 The Unencumbered Brimstone Shares shall be calculated as at the relevant Vesting Date and after the exercise of the Revised Brimstone Call Option. In the event of a dispute, the number of Unencumbered Shares shall be determined by an independent person agreed between Brimstone and the BEE Management Trust and/or the General Staff Trust, as the case may be.
- 4.1.5 When Brimstone exercises the Unencumbered Brimstone Share Call Option, payment shall be made by Brimstone in cash on the later of:
- the fifth Business Day after delivery by Brimstone of the Exercise Notice; or
  - if any regulatory approvals are required, on the fifth Business Day after the date on which such approvals are obtained.
- 4.1.6 The exercise of the Unencumbered Brimstone Share Call Option will involve the repurchase by Brimstone of a maximum of Brimstone N Shares at Market Value over the period of the Unencumbered Tranches, as follows:
- 39 140 000 Brimstone N Shares issued in terms of the BEE Transaction;
  - less 2 500 000 Brimstone N Shares issued to the Brimstone Broad-based BEE Trust,
  - less any Brimstone N Shares repurchased separately in terms of the Revised Brimstone Call Option over the period of the Unencumbered Tranches.
- 4.1.7 The exercise of the Unencumbered Brimstone Share Call Option will have no impact on the number of Brimstone N Shares in issue as these Brimstone N Shares were already held as Treasury Shares.
- 4.1.8 Subsequent to the exercise of the Unencumbered Brimstone Share Call Option, the Brimstone N Shares will either be held as Treasury Shares or, alternatively application will be made to the JSE for the cancellation and delisting of the Brimstone N Shares.
- 4.1.9 The exercise of the Unencumbered Brimstone Share Call Option is classified as a "specific repurchase" for Brimstone in terms of the Listings Requirements.

##### 4.2 Rationale

The exercise of the Unencumbered Brimstone Share Call Option will result in an orderly disposal process which will benefit the Participants as well as Brimstone as there is no downward pressure on the Brimstone share price. Assuming the Market Value is less than Brimstone's INAV per Share, the exercise of the Unencumbered Brimstone Share Call Option will also be enhancing to Brimstone's INAV per Share.

##### 4.3 Source of funds

The exercise of the Unencumbered Brimstone Share Call Option will be implemented out of existing cash resources.

##### 4.4 Impact of the Unencumbered Brimstone Share Call Option on financial information

The impact of the Unencumbered Brimstone Share Call Option has been investigated and the Board can confirm that the exercise of the Unencumbered Brimstone Share Call Option is immaterial on the financial information of Brimstone and has been disclosed in paragraph 6 of the Circular.

## 5. THE PARTICIPATING EMPLOYEES CALL OPTION

### 5.1 Details of the Participating Employees Call Option

- 5.1.1 In addition to the Revised Participants Call Option, the Directors of Brimstone have resolved to grant Participating Employees an additional right and option to subscribe for Brimstone N Shares as follows:
- 5.1.1.1 Participating Employees in the BEE Management Trust may subscribe for up to 1 000 000 Brimstone N Shares per Participating Employee at the Market Value thereof; and
- 5.1.1.2 Participating Employees in the General Staff Trust may subscribe for up to 50 000 Brimstone N Shares per Participating Employee at the Market Value thereof,
- with a total maximum limit of up to 6 250 000 Brimstone N shares to be subscribed for collectively by all such Participating Employees, at the Market Value thereof.
- 5.1.2 The Participating Employees Call Option will be split as follows:
- 5.1.2.1 up to a maximum of 6 000 000 Brimstone N Shares to be issued to the Participating Employees under the BEE Management Trust of which:
- 5 550 000 Brimstone N Shares are reserved and have been allocated for subscription to Participating Employees who as at the date of the Circular qualify as BEE Management Trust Beneficiaries;
  - the remaining 450 000 Brimstone N Shares shall be available for subscription by all such Participating Employees who qualify as BEE Management Trust Beneficiaries from time to time; and
- 5.1.2.2 up to a maximum of 250 000 Brimstone N Shares to be issued to the Participating Employees under the General Staff Trust of which:
- 150 000 Brimstone N Shares are reserved and have been allocated for subscription to Participating Employees who as at the date of the Circular qualify as General Staff Trust Beneficiaries; and
  - the remaining 100 000 Brimstone N Shares shall be available for subscription by all such Participating Employees who qualify as General Staff Trust Beneficiaries from time to time.
- 5.1.3 Participating Employees referred to in 5.1.2.1 and 5.1.2.2 above will enter into the Overarching Agreement and the Option Contract with Brimstone as part of the Transactions. The salient features of the Overarching Agreement are set out in Annexure 1 to the Circular.
- 5.1.4 To the extent that new Participating Employees become eligible, Brimstone shall determine such allocations based on the number of remaining Brimstone N Shares available as set out in paragraphs 5.1.2.1 and 5.1.2.2 above.
- 5.1.5 A determination by Brimstone shall be final and binding on the Participating Employees. If Brimstone accepts an application for the remaining Participating Employees Call Option Shares, Brimstone must confirm the number of Brimstone N Shares allocated to the Participating Employee and on request of the Participating Employee enter into the Option Contract.
- 5.1.6 Participating Employees shall in terms of the Option Contract be required to exercise the Participating Employees Call Option in respect of all or any of the Participating Employees Call Option Shares allocated to them by submitting the Exercise Notice during the Participating Call Option Period, failing which the Participating Call Option Period shall lapse.
- 5.1.7 The subscription resulting from the valid exercise of the Participating Employees Call Option shall be effective and be implemented on the fifth Business Day following the Exercise Date of the Participating Employees Call Option. On this date:
- the Participating Employee shall pay to Brimstone the Market Value per Brimstone Share; and
  - Brimstone shall, against payment of the Market Value per Brimstone Share, allot and issue the Participating Employees Call Option Shares to the Participating Employee and ensure that the Participating Employees Call Option Shares are listed on the JSE and pay all costs relating to the listing fees of the Participating Employees Call Option Shares.



## 5.2 Rationale

The Participating Employees Call Option allows the Beneficiaries, other than Brimstone, to be direct holders of Brimstone N Shares and will help sustain Brimstone's continued BEE credentials and align the interests of executive management and other employees with those of Brimstone Shareholders.

## 5.3 Further terms of the Option Contract

5.3.1 The Participating Employees Call Option will only be available for exercise:

- during the Participating Employees Call Option Period;
- for as long as the Participating Employee is an employee of Brimstone; and
- if, prior to the Exercise Date, the Participating Employee has provided Brimstone with sufficient security to the satisfaction of Brimstone, acting reasonably, for the full and complete payment of the purchase consideration payable by the Participating Employee for the Participating Employee Call Option Shares.

5.3.2 The Participating Employees Call Option may be exercised independent of any other options which the Participating Employee may acquire or has acquired from Brimstone.

5.3.3 The Participating Employees Call Option may be exercised in whole or in part and in different tranches during the Participating Employees Call Option Period.

5.3.4 The Participating Employees Call Option may not be ceded, assigned or otherwise transferred without the prior written consent of Brimstone.

5.3.5 No consideration is payable by the Participating Employee to Brimstone for the granting of the Participating Employees Call Option.

## 5.4 Impact of the Participating Employees Call Option on financial information

The impact of the Participating Employees Call Option on the financial information of Brimstone has been disclosed in paragraph 6 of the Circular.

## 5.5 Intended use of funds

The funds received on exercise of the Participating Employees Call Option will be added to cash-on-hand.

5.6 The exercise of the Participating Employees Call Option is classified as a "specific issue of shares for cash" for Brimstone in terms of the Listings Requirements.

5.7 Messrs GG Fortuin and MI Khan are Participating Employees and are also non-public shareholders as defined in the Listings Requirements as they are also Directors of Brimstone.

## 6. FINANCIAL EFFECTS OF THE UNENCUMBERED BRIMSTONE SHARE CALL OPTION AND THE PARTICIPATING EMPLOYEES CALL OPTION

The Financial Effects of the Transactions are presented below and should be read in conjunction with the *pro forma* income statement and *pro forma* statement of financial position presented in Annexure 2 to the Circular. The Financial Effects are presented in accordance with the Listings Requirements, the Guide on *Pro Forma* Financial Information issued by The South African Institute of Chartered Accountants, ISAE 3420 and the measurement and recognition requirements of IFRS.

The Financial Effects have been prepared for illustrative purposes only to provide information on how the Transactions might have impacted the financial results and position of Brimstone and, because of their nature, may not give a fair presentation of Brimstone's financial position, changes in equity or results of operations or cash flows after the Transactions.

The Financial Effects have been prepared using accounting policies that are consistent with IFRS and with the basis on which the historical financial information has been prepared in terms of the Group's accounting policies.

The Financial Effects are the responsibility of the Directors.

The Financial Effects must be read in conjunction with the Independent Reporting Accountants' report thereon as contained in Annexure 3 to the Circular.

	Before the Transactions <sup>(1)</sup>	The Revised Brimstone Call Option and the Revised Participants Call Option <sup>(4)</sup>	The Unencumbered Brimstone Share Call Option <sup>(5)(6)</sup>	The Participating Employees Call Option <sup>(7)(8)</sup>	After the Transactions <sup>(2)(3)</sup>	Percentage change (%)
EPS (cents)	(284.8)	(2.5)	(0.9)	1.6	(286.6)	0.6
HEPS (cents)	(295.3)	(2.5)	(0.8)	1.7	(296.9)	0.5
Diluted EPS (cents)	(284.8)	(2.5)	(0.9)	1.6	(286.6)	0.6
Diluted HEPS (cents)	(295.3)	(2.5)	(0.8)	1.7	(296.9)	0.5
NAV (cents)	1 044.0	(0.5)	(12.2)	0.7	1 032.0	(1.1)
TNAV (cents)	1 000.8	(0.5)	(12.2)	1.0	989.1	(1.2)
Number of shares in issue (net of Treasury Shares) (000) <sup>(9)</sup>	242 371	–	–	1 091	243 462	0.5
Weighted average number of shares in issue (000) <sup>(9)</sup>	245 392	–	–	1 091	246 483	0.4

**Notes:**

- The "Before the Transactions" information has been extracted without adjustment from Brimstone's audited annual financial statements for the 12 months ended 31 December 2015.
- The EPS and HEPS "After the Transactions" are based on the assumption that the Transactions were effected on 1 January 2015 for income statement purposes.
- The NAV and TNAV "After the Transactions" are based on the assumption that the Transactions were effected on 31 December 2015 for statement of financial position purposes.
- The Revised Brimstone Call Option and the Revised Participants Call Option involves a once-off increased cost in the fair value of the share-based payment of R4.973 million and once-off transaction costs of R1.2 million as a result of the Variation to the Subscription and Relationship Agreements of the BEE Management Trust and the General Staff Trust, i.e. which now comprise five tranches.
- The Unencumbered Brimstone Share Call Option involves interest of R2.862 million (at an interest rate of 8.918%) payable on the exercise of the Unencumbered Brimstone Share Call Option as well as a tax effect of R801 000, being 28% on the interest payable.
- The Unencumbered Brimstone Share Call Option also has the following impact:
  - an amount of R30.798 million is payable in cash for the Unencumbered Shares following the exercise of the Unencumbered Brimstone Share Call Option;
  - an amount of R29.588 million relating to the exercise of the Unencumbered Brimstone Share Call Option has been debited to capital reserves as Treasury Shares; and
  - an amount of R1.21 million for deposits received from the BEE Management Trust Participants and the General Staff Trust Participants has been debited to non-controlling interests.
- The Participating Employees Call Option involves interest of R1.216 million (at an interest rate of 8.918%) receivable on the exercise of the Participating Employees Call Option as well as a tax effect of R341 000 on the interest receivable.
- The Participating Employees Call Option results in the receipt of R13.089 million in cash on exercise of the Participating Employees Call Option and an equivalent amount being credited to capital reserves.
- The number of shares in issue and the weighted average number of shares in issue has increased by 1.091 million Brimstone N Shares through the exercise of the Participating Employees Call Option, with a consequential impact on EPS, diluted EPS, HEPS, diluted HEPS, NAV and TNAV. However, the exercise of the Unencumbered Brimstone Share Call Option of 2.466 million Brimstone N Shares has no impact on the number of shares in issue nor the weighted average number of shares in issue as these shares were already held as Treasury Shares.
- All income statement items affected by the Transactions are of a non-continuing nature except if Brimstone should elect to exercise its option at any future Revised Final Date. Such exercise would exclude any items which have been specifically referred to as "once-off" items.
- There are no other subsequent events that require adjustment to the Financial Effects.

**Assumptions:**

- The Financial Effects calculations are based on a share price of R12.00 per Brimstone N Share, assuming this to be the approximate 30-day VWAP at the date of the exercise of the Revised Brimstone Call Option.
- It has been assumed that Brimstone exercises the Unencumbered Brimstone Share Call Option up to the maximum number of Unencumbered Shares available after the exercise of the Revised Brimstone Call Option at the relevant Revised Final Date of 31 October 2016, being 2.466 million Brimstone N Shares.

Full details of the Financial Effects of the Transactions on Brimstone's audited income statement and statement of financial position for the 12 months ended 31 December 2015 are set out in Annexure 2 to the Circular.

The Independent Reporting Accountants' assurance report on the Financial Effects is set out in Annexure 3 to the Circular.

## 7. SHARE CAPITAL OF BRIMSTONE

The Share capital before and after the exercise of the Unencumbered Brimstone Share Call Option and the Participating Employees Call Option is as follows:

<b>Before the exercise of the Unencumbered Brimstone Share Call Option and the Participating Employees Call Option</b>	R'000
<i>Authorised Share capital</i>	
Ordinary Shares	
500 000 000 Shares of 0.1 cent each	500
N Shares	
1 000 000 000 Shares of 0.001 cent each	10
<i>Issued Share capital</i>	
Ordinary Shares	
42 757 604 Shares of 0.1 cent each	43
N Shares	
246 330 843 Shares of 0.001 cent each	2
Total share premium	344 526
<b>Total share capital and premium</b>	<b>344 571</b>
<b>After the exercise of the Unencumbered Brimstone Share Call Option and the Participating Employees Call Option</b>	
<i>Authorised Share capital</i>	
Ordinary Shares	
500 000 000 Shares of 0.1 cent each	500
N Shares	
1 000 000 000 Shares of 0.001 cent each	10
<i>Issued Share capital</i>	
Ordinary Shares	
42 757 604 Shares of 0.1 cent each	43
N Shares	
247 421 627 Shares of 0.001 cent each	2
Total share premium	357 615
<b>Total share capital and premium</b>	<b>357 660</b>

It has been assumed that the N Shares repurchased in terms of the Revised Brimstone Call Option and the Unencumbered Brimstone Share Call Option will be held as Treasury Shares, therefore, after the exercise of the Unencumbered Brimstone Share Call Option and the Participating Employees Call Option, 4 253 087 Brimstone Ordinary Shares and 46 184 634 Brimstone N Shares will be held as Treasury Shares respectively.

## 8. SALIENT INFORMATION ON BRIMSTONE

### 8.1 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).

### 8.2 Nature of the business

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

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

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

### 8.3 Prospects

The Company has a 20-year track record of creating and unlocking shareholder value in a sustainable way and has the team with the skills and experience to conclude value adding deals. The Company is defined by *bona fide* empowerment credentials, and its ability to enhance NAV and pay dividends. Brimstone has over the years demonstrated its resilience to withstand tough economic conditions and remains well capitalised to pursue value enhancing transactions based on cash generative quality assets. The Company maintains a long-term view and partnership approach to its underlying investments.

### 8.4 Share price history of Brimstone

The share price history of Brimstone Ordinary Shares and Brimstone N Shares on the JSE is set out in Annexure 4 to the Circular.

## 9. DIRECTORS AND MANAGEMENT

9.1 The names, qualifications, ages, functions and business addresses of the Directors and management of Brimstone are set out below:

Name, age and qualification	Business address	Function
<b>Directors of Brimstone</b>		
Frederick Robertson DPhil (h.c.) (62)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Executive chairman
Mustaq Ahmed Enus-Brey BCompt (Hons), CA(SA) (62)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Chief executive officer
Geoffrey George Fortuin BCom(Acc) Cum Laude, BCom (Acc)(Hons), CA(SA) (49)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Financial Director
Mohamed Iqbal Khan BCompt(Hons), CA(SA) (50)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Chief operating officer
Philip Leon Campher BEcon (68)	Bridge House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Lead independent Director
Mzwandile John Terrold Hewu BCom(Hons), BPhil (52)	14 Queen Victoria Street 7th Floor, Union House Cape Town, 8001	Independent non-executive Director
Keneilwe Rachel Moloko NDip(Building Survey), BSc(QS), BCom, PGDA, CA(SA) (47)	8 Melkhout Crescent Plattekloof 3 Cape Town, 7500	Independent non-executive Director

<b>Name, age and qualification</b>	<b>Business address</b>	<b>Function</b>
Liyaqat Allie Parker (62)	FPG House 1 Fairways Close N1 City	Independent non-executive Director
Nazeem Khan BSc(QS), MAQS, AAARB (60)	2 Orphan Lane Cape Town, 8001	Independent non-executive Director
Mpho Kathleen Ndebele BA(Economics), MSW(Social Planning)(USA Denver) (66)	10 Manatoka Close Pinelands Cape Town, 7405	Independent non-executive Director
Felicia Dawn Roman BA, Post Graduate Secondary Teacher's Diploma (52)	19 Glenluce Drive Douglasdale Johannesburg, 2191	Independent non-executive Director
<b>Management team of Brimstone</b>		
Takula Jenkins Tapela BCompt (48)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Managing executive
Tiloshani Moodley BA(Law), LLB (41)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Company secretary
Michael O'Dea BCom, CA(SA) (63)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Chief financial officer
Muhammad Brey BCompt(Hons), CA(SA) (38)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Managing executive
Nisaar Ahmed Pangarker BBusSc, MBA (44)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Managing executive
Gerhard Kotze BCom(Hons), CA(SA) (47)	1st Floor, Slade House Boundary Terraces 1 Mariendahl Lane Newlands Cape Town, 7700	Managing executive
Sebastian Patel BBusSc, FIA (35)	39 Ferguson Road Illovo Johannesburg, 2146	Managing executive

## 9.2 **Abridged *curricula vitae***

### **Directors of Brimstone**

#### **Frederick Robertson (Executive Chairman)**

Fred is a co-founder and serves as Executive Chairman of Brimstone. His non-executive chairmanships include Lion of Africa Insurance Company Limited, Lion of Africa Life Assurance Company Limited, Sea Harvest Holdings Proprietary Limited and House of Monatic Proprietary Limited. He also serves as non-executive director on the boards of Remgro Limited, Aon Re Africa Proprietary Limited, Old Mutual Emerging Markets Limited, Novus Holdings Limited and Swiss Re South Africa.

Fred received the CNBC AFRICA All Africa Business Leadership Awards (AABLA) Entrepreneur of the Year Award 2014. Fred was conferred an Honorary Doctorate in Philosophy by the University of the Western Cape in April 2016.

#### **Mustaq Ahmed Enus-Brey (Chief Executive Officer)**

A co-founder and Chief Executive Officer of Brimstone, Mustaq is a qualified chartered accountant and currently serves as non-executive chairman of Oceana Group Limited and Life Healthcare Group Holdings Limited. He also serves on the boards of Aon Re Africa Proprietary Limited, Lion of Africa Insurance Company Limited, House of Monatic Proprietary Limited and International Frontier Technologies SOC Limited.

#### **Geoffrey George Fortuin (Financial Director) (Appointed 9 May 2016)**

Geoff is a qualified chartered accountant and was a Partner at Deloitte & Touche for 15 years during which time he was responsible for a number of South African listed companies, including the audit of Brimstone up to 31 December 2012. He was also a member of the Deloitte South Africa Board. Geoff currently serves on the boards of Oceana Group Limited and Quantum Foods Holdings Limited.

#### **Mohamed Iqbal Khan (Chief Operating Officer) (Appointed 9 May 2016)**

Iqbal is a qualified chartered accountant and is a former partner of Ernst & Young where he spent over 10 years. He has recently re-joined Brimstone team after having spent two years as Chief Operating Officer at Old Mutual Investment Group. He is currently an independent non-executive director of Cricket SA, and serves as non-executive director on the boards of Lion of Africa Insurance Company Limited and Sea Harvest Holdings Proprietary Limited. He currently serves as non-executive chairman of Afena Capital Proprietary Limited.

#### **Philip Leon Campher**

The lead independent director of Brimstone, Leon is founder of Syfrets Managed Assets as well as Coronation Fund Managers Limited and African Harvest. His current directorships include: Sun International Limited, Savings and Investments Association of South Africa (ASISA), International Investment Funds Association, Equites Property Fund Limited and JSE Clear (SARCOM).

#### **Mzwandile John Terrold Hewu**

Mzwandile holds a BCom(Hons) degree from UNISA and a BPhil from University of Stellenbosch. He currently serves as the Chief Director for Community and Partnership Development in the Western Cape Department of Social Development. Having worked as a Head Master in two different schools he has expertise in people and broader strategic management. He served as the Provincial Head of the biggest teachers' union in the country, SADTU, where he managed to build a number of value adding networks. His directorships and trusteeships include: Elevated 154 Property Investments Proprietary Limited, The Lokoza Dywanisi Family Trust and Lokoza Property Investment Family Trust.

#### **Keneilwe Rachel Moloko**

Keneilwe started her career as a Quantity Surveyor with Grinaker Building, Dawson & Frazer and CP De Leeuw Quantity Surveyors. After a period of six years in the construction industry, she went back to study to become a chartered accountant. On completion of her articles at KPMG working in the financial services and tax divisions, she took up the position of development executive at Spearhead Properties. Thereafter, she joined Coronation Fund Managers as a Fixed Interest credit analyst and a member of the Coronation Credit Committee. Her directorships include: The Prescient Foundation, KWV Holdings, Fairvest Property Holdings,

Inkari Basadi Investments, Prescient Limited, ESOR Limited, Holdsport Limited and Ikamva Labantu Charitable Trust.

### **Liyaqat Allie Parker**

Liyaqat is a founder member and former Chief Executive Officer of the Foodworld Stores Group, a FMCG retail chain in the Western Cape which was sold to Shoprite in 2005. He has extensive expertise in the retail sector and has more than 25 years' experience in the commercial property sector. He currently serves as Chairman of FPG Group Proprietary Limited, one of the larger privately owned commercial property funds in the country with a portfolio of prime retail real estate. He is also a director of various companies including Al Amien Foods Proprietary Limited, FPG Investments Proprietary Limited, FPG Foods Proprietary Limited, and a Board Member of The Friends of the Children's Hospital Association.

### **Nazeem Khan**

Nazeem obtained a B.Sc (QS) degree from the University of Natal (Durban). He has been in the profession for the past 32 years and has varied experience in all aspects of property development. His directorships include: Stonefountain Properties Proprietary Limited, Perthpark Properties Proprietary Limited, BTKM Inc, Proman Project Management Services Proprietary Limited, Business Park Development Company Proprietary Limited and Equites Property Fund Limited. His current memberships include the Association of Arbitrators and the Royal Institution of Chartered Surveyors. He is a Council Member of the South African Council for Quantity Surveyors and chairs the disciplinary committee.

### **Mpho Kathleen 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 past director of the Trans-Caledon Tunnel Authority, Siphumelele Investment Corporation, Impumelelo Social Innovations Centre, the Black Sash Trust and the Social Change Assistance Trust. She is currently a trustee of the Imam Abdullah Haron Education Trust and the Desmond Tutu HIV/AIDS Foundation.

### **Felicia Dawn Roman**

Over a period of 10 years Felicia's employment record includes 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 responsible for Enterprise Development across the group. Since leaving Sun International, Felicia acquired Umlingo Proprietary Limited, a supplier to the casino industry. Felicia is a shareholder and director of District Few – a boutique executive search firm.

### **Management of Brimstone**

#### **Takula Jenkins Tapela**

TJ joined Brimstone in June 2005. He was previously Executive Assistant to the Old Mutual SA MD and was employed at Old Mutual SA Corporate Finance, African Harvest and the JSE. He is a non-executive director of Old Mutual Investment Group Property Investments (former Old Mutual Properties), House of Monatic Proprietary Limited and Hot Platinum Proprietary Limited (Alternate).

#### **Tiloshani Moodley**

Tiloshani joined Brimstone in 2001 as the CEO's professional assistant and became Brimstone's Compliance Officer in 2004. She was appointed as Brimstone's Company Secretary in 2010. She is a director of Obsidian Health and Company Secretary to Lion of Africa Insurance Company Limited. She is responsible for the review of legal agreements, monitoring of Brimstone's continuing legal contractual obligations and group-wide governance and compliance.

#### **Michael O'Dea**

Mike joined Brimstone in September 2002. His work experience includes being CFO of Protea Assurance Limited and FD of Cashbank Limited. Mike heads up group financial management and reporting and is also responsible for on-going liaison with Brimstone's institutional counter-parties.

### **Muhammad Brey**

Muhammad is a qualified chartered accountant and joined Brimstone in October 2009 after having previously spent six years at Nedbank Capital Corporate Finance implementing a number of BEE, M&A, capital/debt raising, advisory and listing transactions. Muhammad is actively engaged in pursuing investment opportunities for the Company and the funding thereof as well as helping to manage Brimstone's current investment portfolio.

### **Nisaar Ahmed Pangarker**

Nisaar joined Brimstone in 1995 as part of the founding team. He holds a BBusSc(Finance Hons) from UCT and an MBA from University of Stellenbosch. He serves on the boards of African Peoples Investment Company Proprietary Limited, Commlife Holdings Proprietary Limited, Community Life Insurance Company Limited, Lion of Africa Fund Managers Proprietary Limited, and Lion of Africa Life Assurance Company Limited. He is an alternate Director and member of the investment committee of the Masisizane Fund and is chairman of the Ilimaethu Trust. He also serves on the boards of Die Suidoosterfees and Cape Town Philharmonic Orchestra. His focus is on group marketing, corporate communications, and investor relations.

### **Gerhard Kotze**

Gerhard joined Brimstone in July 2010. Gerhard previously spent six years at Nedbank Capital, three years as Joint Head of the Corporate Finance division. Whilst at Nedbank Capital, Gerhard advised Brimstone on the Old Mutual and Nedbank BEE transactions, the Oceana BEE transaction, the Sea Harvest LBO and the Life Healthcare transactions. Gerhard is a member of the South African Institute of Chartered Accountants and is based in Cape Town. His focus is on evaluating prospective investment opportunities and managing the treasury function for Brimstone as well as helping to manage Brimstone's current investment portfolio. Gerhard is also an alternate director of Grindrod Limited.

### **Sebastian Patel**

Sebastian joined Brimstone in July 2010. Sebastian previously spent six and a half 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 Life Healthcare transactions. Sebastian is a Fellow of the Institute of Actuaries and is based in Johannesburg. His focus is on evaluating prospective investment opportunities for Brimstone as well as helping to manage Brimstone's current investment portfolio. Sebastian serves on the board of Afena Capital.

## **9.3 Directors' emoluments and benefits**

Details of the Directors' emoluments and benefits for the year ended 31 December 2015 are set out below:

### **Executive Directors**

<b>Director</b>	<b>Basic salary R</b>	<b>Other benefits R</b>	<b>Bonus R</b>	<b>Total R</b>
MA Brey	2 431 000	344 000	2 142 000	4 917 000
F Robertson	2 482 000	319 000	2 142 000	4 943 000
LZ Brozin*	2 537 000	228 000	2 142 000	4 907 000
<b>Total</b>	<b>7 450 000</b>	<b>891 000</b>	<b>6 426 000</b>	<b>14 767 000</b>

\* Retired on 9 May 2016.



## Non-executive Directors

Director	Board fees R	Committee fees R	Total R
PL Campher	329 000	315 000	644 000
MJT Hewu	170 000	128 000	298 000
N Khan	170 000	194 000	364 000
MK Ndebele	170 000	102 000	272 000
K Moloko	170 000	51 000	221 000
LA Parker	170 000	119 000	289 000
FD Roman	170 000	34 000	204 000
<b>Total</b>	<b>1 349 000</b>	<b>943 000</b>	<b>2 292 000</b>

There will be no variation in the remuneration receivable by any of the Directors of Brimstone as a consequence of the Transactions.

### 9.4 Directors' interests in Brimstone Shares

As at 31 December 2015, the Directors' interests in Brimstone Shares were as follows:

#### Ordinary Shares

Director	Direct		Indirect		Total	% held*
	Beneficial	Non-beneficial	Beneficial	Non-beneficial		
MA Brey	1 299 039	–	3 817 893	117 664	5 234 596	12.24
LZ Brozin**	58 714	–	2 029 954	–	2 088 668	4.88
F Robertson	485 414	–	5 193 713	–	5 679 127	13.28
M Hewu	103 000	–	–	–	103 000	0.24
N Khan	128 136	–	126 712	–	254 848	0.60
LA Parker	-	–	403 000	–	403 000	0.94
<b>Total</b>	<b>2 074 303</b>	<b>–</b>	<b>11 571 272</b>	<b>117 664</b>	<b>13 763 239</b>	<b>32.18</b>

\* Based on 42 757 604 Brimstone Ordinary Shares in issue as at 31 December 2015.

\*\* Retired on 9 May 2016.

The following changes to the Directors' Ordinary Shareholdings have taken place between 31 December 2015 and the Last Practicable Date.

Director	Date	Nature of transaction	Nature of interest	Number of shares
MA Brey	27 May 2016	On market purchase	Indirect beneficial	250 000
MA Brey	27 May 2016	On market purchase	Indirect beneficial holding of 25% in African Monarch	500 000
F Robertson	27 May 2016	On market purchase	Indirect beneficial holding of 25% in African Monarch	500 000
F Robertson	27 May 2016	On market purchase	Direct beneficial	10 000
F Robertson	27 May 2016	On market purchase	Indirect beneficial	35 000
LA Parker	27 May 2016	On market purchase	Indirect beneficial	250 000
N Khan	27 May 2016	On market purchase	Indirect beneficial	100 000

## N Shares

Director	Direct		Indirect		Total	% held*
	Beneficial	Non-beneficial	Beneficial	Non-beneficial		
MA Brey	414 308	–	16 199 718	181 028	16 795 054	6.88
LZ Brozin**	91 756	–	13 411 153	–	13 502 909	5.53
F Robertson	73 742	–	15 184 895	–	15 258 637	6.22
M Hewu	212 650	–	–	5 000	217 650	0.09
N Khan	123 227	–	1 062 039	–	1 185 266	0.49
MK Ndebele	102 554	–	–	–	102 554	0.04
LA Parker	–	–	2 103 366	–	2 103 366	0.86
Total	1 018 237	–	47 961 171	186 028	49 165 436	20.11

\* Based on 244 103 200 Brimstone N Shares in issue as at 31 December 2015.

\*\* Retired on 9 May 2016.

The following changes to the Directors' N Shareholdings have taken place between 31 December 2015 and the Last Practicable Date.

Director	Date	Nature of transaction	Nature of interest	Number of shares
MA Brey	10 March 2016	Exercise of share options	Indirect beneficial	153 880
MA Brey	10 March 2016	Grant and acceptance of forfeitable shares	Indirect beneficial	326 211
L Z Brozin*	10 March 2016	Exercise of share options	Indirect beneficial	93 100
L Z Brozin*	10 March 2016	Grant and acceptance of forfeitable shares	Indirect beneficial	326 211
F Robertson	10 March 2016	Grant and acceptance of forfeitable shares	Indirect beneficial	326 211
F Robertson	14 March 2016	Exercise of share options	Indirect beneficial	93 100

\* Retired on 9 May 2016.

### 9.5 Directors' service contracts

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

### 9.6 Directors' interests in transactions

None of the current Directors nor any former Directors who have resigned as Directors of Brimstone during the past 18 months have any interest in the Transactions as contemplated in the Circular nor in any other transaction by Brimstone that was effected during the current or immediately preceding financial year or during an earlier financial year and which remains in any material respect outstanding or unperformed, save for Messrs GG Fortuin and MI Khan who were appointed as Directors of Brimstone on 9 May 2016 and who are Beneficiaries of the BEE Management Trust.

## 10. MAJOR SHAREHOLDERS OF BRIMSTONE

As at the Last Practicable Date, the following Brimstone Shareholders beneficially held in excess of 5% of the issued Brimstone Ordinary Shares:

Shareholder	Number of Ordinary Shares	Percentage held (%)*
Septen Investments Proprietary Limited	4 253 087	9.95
African Monarch 710 Investment Holdings Proprietary Limited	3 983 151	9.32
Cape Monarch Investments Proprietary Limited	3 538 104	8.27
Max Brozin Investment Corporation Proprietary Limited	3 608 499	8.44
<b>Total</b>	<b>15 382 841</b>	<b>35.98</b>

\* Based on 42 757 604 Brimstone Ordinary Shares in issue as at the Last Practicable Date.

As at the Last Practicable Date, the following Brimstone Shareholders beneficially held in excess of 5% of the issued Brimstone N Shares:

Shareholder	Number of N Shares	Percentage held (%)*
Cape Monarch Investments Proprietary Limited	48 549 671	19.71
The Brimstone Black Executive Investment Trust	35 140 000	14.27
Government Employees Pension Fund	13 801 380	5.60
<b>Total</b>	<b>97 491 051</b>	<b>39.58</b>

\* Based on 246 330 843 Brimstone N Shares in issue as at the Last Practicable Date.

## 11. MATERIAL CONTRACTS

The following material contracts have been entered into by Brimstone in the two years preceding the date of the Circular:

- a bid implementation agreement between Brimstone's subsidiary, Sea Harvest Holdings Proprietary Limited, with Mareterram Limited on 7 April 2016 to acquire up to 59.6% of the equity of Mareterram Limited. The offer was for a maximum consideration of R225.4 million. The transaction was a category 2 transaction for Brimstone in terms of the Listings Requirements. Details of the offer were set out in an announcement released on SENS on 8 April 2016;
- a share sale agreement entered into between Brimstone's wholly owned subsidiary, Brimco Proprietary Limited, with Kagiso Strategic Investments III Proprietary Limited on 8 April 2016 to acquire Kagiso Strategic Investments III Proprietary Limited's interest in Sea Harvest Holdings Proprietary Limited, increasing Brimstone's shareholding in Sea Harvest Holdings Proprietary Limited from 58.44% to 85%. The transaction was for a consideration of c.R270 million and was effected on 30 April 2016. The transaction was a category 2 transaction for Brimstone in terms of the Listings Requirements. Details of the transaction were set out in an announcement released on SENS on 8 April 2016;
- a subscription agreement entered into between Brimstone and Equites Property Fund Limited relating to the subscription by Brimstone, via a wholly owned subsidiary of Brimstone, Newshelf 1331 Proprietary Limited, of a circa 10% stake in Equites Property Fund Limited. The transaction was for a cash consideration of R350 million and was effected on 19 November 2015. Details of the transaction were set out in an announcement released on SENS on 18 November 2015;
- a forward sale transaction concluded with Citigroup Global Markets Limited by Brimstone, through its indirect controlling beneficial interest in Brimstone Mtha UK SPV Limited, relating to the disposal of 11 390 000 Old Mutual ordinary shares. The transaction was for a total consideration of R459 043 367 and was effected on 21 April 2015. Details of the transaction were set out in an announcement released on SENS on 22 April 2015; and
- the disposal of 1 806 233 Nedbank Ordinary shares on the open market by Brimstone, through its controlling beneficial interest in Brimstone Mtha Financial Services Trust, for a total consideration of R442.5 million. The transaction was effected on 4 March 2015. Further details were set out in an announcement released on SENS on 5 March 2015.

## 12. MATERIAL LOANS

Details of material loans made to Brimstone are set out in Annexure 5 to the Circular.

## 13. MATERIAL CHANGES

There have been no material changes in the affairs or financial position of the Company and its subsidiaries between 31 December 2015 and the Last Practicable Date.

## 14. LITIGATION STATEMENT

The Directors are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have or have had in the previous 12 months, a material effect on the Group's financial position.

## 15. OPINIONS, RECOMMENDATIONS AND UNDERTAKINGS

The Board is of the opinion that the Transactions are in the best interests of Brimstone and its subsidiaries and recommend that Brimstone Shareholders vote in favour of the Transactions and the Transaction Resolutions to be proposed at the General Meeting.

The Directors intend to vote in favour of the Transaction Resolutions to be proposed at the General Meeting in respect of their personal holdings in the issued share capital of Brimstone.

## 16. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of Brimstone, whose names are given on page 10 of the Circular:

- collectively and individually, accept full responsibility for the accuracy of the information given;
- 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;
- have made all reasonable enquiries to ascertain such facts; and
- that the Circular contains all information required by law and the Listings Requirements.

## 17. WORKING CAPITAL STATEMENT

The Board will only enter into the Unencumbered Brimstone Share Call Option if it is of the opinion that, for a period of 12 months subsequent to the date of the exercise of the Unencumbered Brimstone Share Call Option:

- the Company and the Group will be in a position to repay their debts in the ordinary course of business;
- the assets of the Company and the Group, being fairly valued in accordance with IFRS, will be in excess of the liabilities of the Company and the Group;
- the Ordinary and N Share capital and reserves of the Company and the Group are adequate for ordinary business purposes; and
- the available working capital will be adequate for ordinary business purposes.

A resolution by the Board will be passed in accordance with the requirements of the Companies Act, stating that the Board has applied the solvency and liquidity test and has reasonably concluded that the Company will satisfy the solvency and liquidity test upon exercising the Unencumbered Brimstone Share Call Option.

## 18. GENERAL MEETING AND BRIMSTONE SHAREHOLDER APPROVAL

### 18.1 Notice of General Meeting

The notice convening the General Meeting to approve the Transactions is attached to the Circular. The General Meeting will be held at Brimstone's offices, First Floor, Slade House, Boundary Terraces, 1 Mariendahl Lane, Newlands, Cape Town, 7700 on Tuesday, 20 September 2016 at 15:00.

## 18.2 If you hold Dematerialised Shares

### 18.2.1 Own-name registration

You are entitled to attend in person, or be represented by proxy, 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, in accordance with the instructions contained therein, to be received by the Transfer Secretaries by no later than 15:00 on Friday, 16 September 2016.

#### **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

### 18.2.2 Other than own-name registration

You are entitled to attend, or be represented by proxy, at the General Meeting. You must advise your CSDP or broker timeously if you wish to attend, or be represented at the General Meeting. If you do 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.

You must not complete the attached form of proxy.

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

## 18.3 If you hold Certificated Shares

You are entitled to attend, or be represented by proxy, 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, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, by no later than 15:00 on Friday, 16 September 2016.

#### **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

## 18.4 Shareholder approval

The Transactions are subject to Brimstone Shareholder approval as set out in the notice of General Meeting forming part of the Circular.

## 18.5 Voting rights

All issued Brimstone Ordinary Shares and Brimstone N Shares rank *pari passu* with each other.

At the General Meeting, a Brimstone Shareholder is entitled to:

- one vote on a show of hands; and
- on a poll, a Brimstone N Shareholder is entitled to one vote for each Brimstone N Share held and a Brimstone Ordinary Shareholder is entitled to 100 votes for each Brimstone Ordinary Share held.

It should be noted that Treasury Shares and the Participants will not be eligible to vote on the Transaction Resolutions as contained in the notice of General Meeting forming part of the Circular.

## 19. CONSENTS

Nedbank CIB, Cliffe Dekker Hofmeyr Inc, Deloitte & Touche and Computershare have provided their written consents to act in the capacity stated and to their name being used in the Circular and have not withdrawn their consent prior to the publication of the Circular.

## 20. EXPENSES RELATING TO THE TRANSACTIONS

The expenses relating to the Transactions are estimated at approximately R1.2 million (excluding VAT) and comprise:

Description	R
Nedbank CIB (Investment Bank and Sponsor)	650 000
Cliffe Dekker Hofmeyr Inc (Legal Advisor)	285 000
Deloitte & Touche (Independent Reporting Accountants)	75 000
JSE documentation fees	36 842
Printing costs	150 000
<b>Total</b>	<b>1 196 842</b>

## 21. 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.

### 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.

### 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.

### Brimstone Shareholders in other jurisdictions

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.

## 22. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection by Brimstone Shareholders at the registered office of Brimstone from Monday, 15 August 2016 up to and including the date of the General Meeting, during normal business hours:

- a signed copy of the Circular;
- the circular regarding the BEE Transaction dated 18 November 2010;
- historical annual financial statements of Brimstone for the years ended 31 December 2015, 31 December 2014 and 31 December 2013;
- the Independent Reporting Accountants' assurance report on the Financial Effects;
- the Addendum to the Subscription and Relationship Agreements;

- the Overarching Agreement;
- the Subscription and Relationship Agreements;
- the BEE Management Trust deed;
- the Brimstone Broad-based Trust deed;
- the General Staff Trust deed;
- directors' service contracts;
- the material contracts detailed in paragraph 11 above;
- the Mol of Brimstone; and
- the written consents of Nedbank CIB, Cliffe Dekker Hofmeyr Inc, Deloitte & Touche and Computershare as set out in paragraph 19 of the Circular.

*The Circular is signed in Cape Town on behalf of all the Directors in terms of powers of attorney granted on 5 August 2016.*

**MA Enus-Brey**  
*Chief Executive Officer*

15 August 2016  
Cape Town

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## SALIENT FEATURES OF THE ADDENDUM TO THE SUBSCRIPTION AND RELATIONSHIP AGREEMENTS AND THE OVERARCHING AGREEMENT

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The definitions commencing on page 4 of the Circular apply, *mutatis mutandis*, to this salient features section.

These salient features are intended to provide an overview of the key terms of the Addendum and the Overarching Agreement. They are not, nor are they intended to be, a complete description of these agreements. These agreements are available for inspection, as set out in paragraph 22 of the Circular.

### ADDENDUM

#### 1. INTRODUCTION

- 1.1 Brimstone wishes to extend the benefits it is currently enjoying by virtue of the lock-in mechanism introduced for BEE purposes in terms of the Subscription and Relationship Agreement.
- 1.2 Brimstone also wishes to continue to sustain the level of black ownership of Brimstone and its BEE status post the expiry of the said lock-in mechanism.
- 1.3 For purposes of extending the said benefits and the maintenance of Brimstone's level of black ownership, Brimstone is willing to amend certain arrangements under the Subscription and Relationship Agreement and provide certain beneficiaries of the different trusts the right and option to acquire, for their personal account, a direct shareholding in Brimstone N Shares.
- 1.4 The changes to the Subscription and Relationship Agreement are contained in the Addendum and the aforesaid right and option is contained within the Overarching Agreement read with the Option Contract.

#### 2. EXTENT OF THE VARIATIONS

##### 2.1 Repurchase Option (being the Revised Brimstone Call Option)

- 2.1.1 The tranches of designated shares being the subject matter of Brimstone's repurchase option will be increased from 3 tranches to 5 tranches and as a result, save in relation to the final tranche, a different number or percentage of designated shares will comprise a particular tranche.
- 2.1.2 The maturity dates for the first and second tranches of designated shares will remain unaltered, but the maturity date for the final tranche will be altered and new maturity dates for the additional tranches will be introduced.
- 2.1.3 The first tranche of designated shares will change from 50% to 22.5% of the subscription shares and all other designated shares acquired by the trust by virtue of those subscription shares, but the maturity date of the first tranche will remain 31 October 2016 ("First Repurchase Tranche").
- 2.1.4 The second tranche of designated shares will change from 40% to 22.5% of the subscription shares and all other designated shares acquired by the trust by virtue of those subscription shares, but the maturity date of the second tranche will remain 31 October 2017 ("Second Repurchase Tranche").
- 2.1.5 The third tranche of designated shares will comprise 22.5% of the subscription shares and all other designated shares acquired by the trust by virtue of those subscription shares and the maturity date of the third tranche will be 31 October 2018 ("Third Repurchase Tranche").
- 2.1.6 The fourth tranche of designated shares will comprise 22.5% of the subscription shares and all other designated shares acquired by the trust by virtue of those subscription shares and the maturity date of the fourth tranche will be 31 October 2019 ("Fourth Repurchase Tranche").
- 2.1.7 The final tranche of designated shares will remain 10% of the subscription shares and all other designated shares acquired by the trust by virtue of those subscription shares, but the maturity date of the final tranche will change to 31 October 2020 ("Final Repurchase Tranche").

##### 2.2 Unencumbered Brimstone Share Call Option

- 2.2.1 Brimstone will acquire the right and option to repurchase from a trust, other than the Brimstone Broad-based BEE Trust, all or a portion of any Unencumbered Shares held by such trust.



- 2.2.2 The Unencumbered Shares shall comprise five separate Unencumbered Tranches, being:
  - 2.2.2.1 the first Unencumbered Tranche, comprising 100% of the Unencumbered Shares remaining after Brimstone repurchases or purchases the tranche of designated shares under the First Repurchase Tranche;
  - 2.2.2.2 the second Unencumbered Tranche, comprising 100% of the Unencumbered Shares remaining after Brimstone repurchases or purchases the tranche of designated shares under the Second Repurchase Tranche;
  - 2.2.2.3 the third Unencumbered Tranche, comprising 100% of the Unencumbered Shares remaining after Brimstone repurchases or purchases the tranche of designated shares under the Third Repurchase Tranche;
  - 2.2.2.4 the fourth Unencumbered Tranche, comprising 100% of the Unencumbered Shares remaining after Brimstone repurchases or purchases the tranche of designated shares under the Fourth Repurchase Tranche;
  - 2.2.2.5 the final Unencumbered Tranche, comprising 100% of the Unencumbered Shares remaining after Brimstone repurchases or purchases the tranche of designated shares under the Final Repurchase Tranche.
- 2.2.3 Each Unencumbered Tranche has a different maturity date, being:
  - 2.2.3.1 in respect of the first Unencumbered Tranche, the date on which Brimstone exercises its repurchase option in respect of the First Repurchase Tranche;
  - 2.2.3.2 in respect of the second Unencumbered Tranche, the date on which Brimstone exercises its repurchase option in respect of the Second Repurchase Tranche;
  - 2.2.3.3 in respect of the third Unencumbered Tranche, the date on which Brimstone exercises its repurchase option in respect of the Third Repurchase Tranche;
  - 2.2.3.4 in respect of the fourth Unencumbered Tranche, the date on which Brimstone exercises its repurchase option in respect of the Fourth Repurchase Tranche; and
  - 2.2.3.5 in respect of the final Unencumbered Tranche, the date on which Brimstone exercises its repurchase option in respect of the Final Repurchase Tranche.
- 2.2.4 Brimstone may in writing nominate another person to repurchase or purchase, as may be applicable, the Unencumbered Shares if Brimstone has exercised the Unencumbered Brimstone Share Call Option.
- 2.2.5 Brimstone shall be entitled to exercise the Unencumbered Brimstone Share Call Option by not later than the date ending on the later of:
  - 2.2.5.1 65 days after the relevant maturity date; and
  - 2.2.5.2 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.
- 2.2.6 The number of Unencumbered Shares to be repurchased shall be calculated as at the relevant maturity date and the sale shall be effective as of such date.
- 2.2.7 The aggregate purchase price for the Unencumbered Share(s) shall be an amount equal to the aggregate volume-weighted-average-price of such share(s) or security(ies) for the 30 (thirty) Trading Days ending on the Trading Day immediately preceding the date on which Brimstone exercises the Unencumbered Brimstone Share Call Option, and in the case of any Brimstone Share or any other security listed on any stock exchange forming part of the Unencumbered Shares the aggregate volume-weighted-average-price of each class of such shares in the issued share capital of Brimstone or such other relevant company, as the case may be, over the 30 (thirty) Trading Days ending on the Trading Day immediately preceding the date on which Brimstone exercises the Unencumbered Brimstone Share Call Option.
- 2.2.8 Any outstanding balance of the purchase consideration for the Unencumbered Shares shall bear interest at the Prime Rate from the date on which Brimstone exercises the Unencumbered Brimstone Share Call Option to (but excluding) the date of payment in full of such purchase consideration.

- 2.2.9 On the date on which Brimstone exercises the Unencumbered Brimstone Share Call Option, a sale in respect of all (or some, in the event the option being exercised in relation to a portion) of the relevant Unencumbered Shares shall be deemed to have been concluded, subject to the suspensive condition that any shareholder or regulatory approval that is required to give effect to the sale is obtained.
  - 2.2.10 The sale of the repurchased shares will be voetstoots and without any warranties or representations of any nature, save that:
    - 2.2.10.1 the participant is the registered and beneficial owner of the Unencumbered Shares; and
    - 2.2.10.2 no person has any prior right of any nature whatsoever to acquire the Unencumbered Shares in question.
  - 2.2.11 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.
  - 2.2.12 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 Unencumbered Brimstone Share 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.
- 2.3 Save for the aforesaid and amendments to the numbering of clauses and cross-references therein, the Subscription and Relationship Agreement will remain unaltered.

## OVERARCHING AGREEMENT

### 1. INTRODUCTION

- 1.1 There are two separate overarching agreements, each governing the transaction between the relevant Beneficiary and the Company.
- 1.2 The parties to the BEE Management Trust Overarching Agreement are the Company, the BEE Management Trust and the BEE Management Trust Beneficiaries. BEE Management Trust Beneficiaries can accede to and become a party to the agreement. In terms of the agreement the Company shall issue new Brimstone N Shares to BEE Management Trust Beneficiaries as follows:
  - 1.2.1 up to 5 550 000 (five million five hundred and fifty thousand) Brimstone N shares exclusively to the existing BEE Management Trust Beneficiaries ("Reserve Call"); and
  - 1.2.2 up to 450 000 (four hundred and fifty thousand) Brimstone N shares collectively to existing and future BEE Management Trust Beneficiaries ("General Call"),

provided that none of the BEE Management Trust Beneficiaries may subscribe for in excess of 1 000 000 new Brimstone N Shares.
- 1.3 The parties to the General Staff Trust Overarching Agreement are the Company, the General Staff Trust and the General Staff Trust Beneficiaries. General Staff Trust Beneficiaries can accede to and become a party to the agreement. In terms of the agreement the Company shall issue new Brimstone N Shares to General Staff Trust Beneficiaries as follows:
  - 1.3.1 up to 150 000 (one hundred and fifty thousand) Brimstone N shares exclusively to the existing General Staff Trust Beneficiaries ("Reserve Call"); and
  - 1.3.2 up to 100 000 (one hundred thousand) Brimstone N shares collectively to existing and future General Staff Trust Beneficiaries ("General Call"),

provided that none of the General Staff Trust Beneficiaries may subscribe for in excess of 50 000 new Brimstone N Shares.
- 1.4 The key terms of the Subscription and Relationship Agreements are outlined below. Save for the difference in the numbers of Subscription Shares, the Overarching Agreements are identical.

**2. PARTICIPATING EMPLOYEE CALL RIGHTS**

- 2.1 In relation to the Reserve Call, Brimstone and each of the existing Beneficiaries shall conclude an Option Contract in terms whereof Brimstone grants such Beneficiary the right and option to subscribe for up to such number of new Brimstone N Shares which Brimstone has allocated to such Beneficiary as at the date of signature of the Overarching Agreement.
- 2.2 In relation to the General Call, Brimstone, each Beneficiary, including future Beneficiaries may apply for the allocation of new Brimstone N Shares and, against Brimstone's written acceptance and confirmation of award of either all or a portion of the shares applied for by such Beneficiary, the Beneficiary shall become entitled to require Brimstone to enter into an Option Contract with such Beneficiary in terms whereof Brimstone shall grant such Beneficiary the right and option to subscribe for his/her allocation of Brimstone N Shares as set out in the confirmation of acceptance.

**3. STIPULATIO ALTERI**

Each Overarching Agreement has been stipulated for the benefit of the Beneficiaries of the relevant trust who shall be entitled to accede to the terms and conditions of the Overarching Agreement.

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## FINANCIAL EFFECTS OF THE TRANSACTIONS

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The *pro forma* income statement for the year ended 31 December 2015 and the *pro forma* statement of financial position as at 31 December 2015 are presented below to provide information on how the Transactions might have impacted the results and financial position of Brimstone. The Financial Effects are presented in accordance with the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by The South African Institute of Chartered Accountants.

The Financial Effects and *pro forma* information have been prepared for illustrative purposes only to provide information on how the Transactions might have impacted the financial results and position of Brimstone assuming the Transactions had been implemented at 31 December 2015 for statement of financial position purposes and with effect from 1 January 2015 for income statement purposes. Due of their nature, the Financial Effects may not give a fair presentation of Brimstone's financial position, changes in equity or results of operations or cash flows after the Transactions.

The Financial Effects and *pro forma* information have been prepared using accounting policies that are consistent with IFRS and with the basis on which the historical financial information has been prepared in terms of the Group's accounting policies. The Financial Effects have been prepared applying accounting policies on the same basis as would normally have been adopted in the preparation of Brimstone's annual financial statements.

The compilation, contents and preparation of the Financial Effects are the responsibility of the Directors.

The Financial Effects and *pro forma* information as set out below should be read in conjunction with the Independent Reporting Accountants' report set out in Annexure 3 to the Circular.

**Pro Forma Income Statement for the year ended 31 December 2015**

R'000	Before the Transactions <sup>(1)</sup>	The Revised Brimstone Call Option and the Revised Participants Call Option <sup>(3)</sup>	The Unencumbered Brimstone Share Call Option <sup>(4)</sup>	The Participating Employees Call Option <sup>(5)</sup>	After the Transactions <sup>(2)</sup>	Percentage change (%)
<b>Revenue</b>	2 208 137	–	–	–	2 208 137	–
Sales and fee Income	1 899 954	–	–	–	1 899 954	–
Dividends received	308 183	–	–	–	308 183	–
Operating expenses	(2 022 394)	(6 173)	–	–	(2 028 567)	0.3
<b>Operating profit</b>	185 743	(6 173)	–	–	179 570	(3.3)
Fair value (losses)/gains	(429 562)	–	–	–	(429 562)	–
Exceptional items	32 846	–	–	–	32 846	–
Share of losses of associates and joint ventures	(341 545)	–	–	–	(341 545)	–
<b>(Loss)/profit before finance costs</b>	(552 518)	(6 173)	–	–	(558 691)	1.1
Income from investments	30 991	–	–	–	30 991	–
Finance costs	(224 237)	–	(2 862)	1 216	(225 883)	0.7
<b>Net (loss)/profit before taxation</b>	(745 764)	(6 173)	(2 862)	1 216	(753 583)	1.0
Taxation	77 625	–	801	(341)	78 085	0.6
<b>(Loss)/profit for the year</b>	(668 139)	(6 173)	(2 061)	875	(675 498)	1.1
(Loss)/profit attributable to:						
Equity holders of the parent	(698 978)	(6 173)	(2 061)	875	(706 337)	1.1
Non-controlling interests	30 839	–	–	–	30 839	–
	(668 139)	(6 173)	(2 061)	875	(675 498)	1.1
(Loss)/earnings per share (cents)						
Basic	(284.8)	(2.5)	(0.9)	1.6	(286.6)	0.6
Diluted	(284.8)	(2.5)	(0.9)	1.6	(286.6)	0.6
Headline (loss)/earnings per share						
Basic	(295.3)	(2.5)	(0.8)	1.7	(296.9)	0.5
Diluted	(295.3)	(2.5)	(0.8)	1.7	(296.9)	0.5
Number of shares in issue (net of Treasury Shares) (000) <sup>(6)</sup>	242 371	–	–	1 091	243 462	0.5
Weighted average number of shares in issue (000) <sup>(6)</sup>	245 392	–	–	1 091	246 483	0.4
<b>Headline (loss)/earnings calculation</b>						
Net (loss)/profit attributable to equity holders of the parent	(698 978)	(6 173)	(2 061)	875	(706 337)	1.1
(Profit)/loss on disposal of property, plant, equipment and vehicles	(2 119)	–	–	–	(2 119)	–
Realised profit on disposal of associate	(44 841)	–	–	–	(44 841)	–
Impairment of investment in associate	11 994	–	–	–	11 994	–
Adjustments relating to results of associate	66	–	–	–	66	–
Total tax effects of adjustments	9 337	–	–	–	9 337	–
<b>Headline (loss)/earnings</b>	(724 541)	(6 173)	(2 061)	875	(731 900)	1.0

**Notes:**

1. The "Before the Transactions" information has been extracted without adjustment from Brimstone's audited annual financial statements for the 12 months ended 31 December 2015.
2. The EPS and HEPS "After the Transactions" are based on the assumption that the Transactions were effected on 1 January 2015 for income statement purposes.
3. The Revised Brimstone Call Option and the Revised Participants Call Option involves a once-off increased cost in the fair value of the share-based payment of R4.973 million and once-off transaction costs of R1.2 million as a result of the Variation to the Subscription and Relationship Agreements of the BEE Management Trust and the General Staff Trust, i.e. which now comprise five tranches.
4. The Unencumbered Brimstone Share Call Option involves interest of R2.862 million (at an interest rate of 8.918%) payable on the exercise of the Unencumbered Brimstone Share Call Option as well as a tax effect of R801 000 being 28% on the interest payable.
5. The Participating Employees Call Option involves interest of R1.216 million (at an interest rate of 8.918%) receivable on the exercise of the Participating Employees Call Option as well as a tax effect of R341 000 on the interest receivable.
6. The number of shares in issue and the weighted average number of shares in issue has increased by 1.091 million Brimstone N Shares through the exercise of the Participating Employees Call Option, with a consequential impact on EPS, diluted EPS, HEPS, diluted HEPS, NAV and TNAV. However, the exercise of the Unencumbered Brimstone Share Call Option of 2.466 million Brimstone N Shares has no impact on the number of shares in issue nor the weighted average number of shares in issue as these shares were already held as Treasury Shares.
7. All income statement items affected by the Transactions are of a non-continuing nature except if Brimstone should elect to exercise its option at any future Revised Final Date. Such exercise would exclude any items which have been specifically referred to as "once-off" items.

**Assumptions:**

1. The Financial Effects calculations are based on a share price of R12.00 per Brimstone N Share, assuming this to be the approximate 30-day VWAP at the date of the exercise of the Revised Brimstone Call Option.
2. It has been assumed that Brimstone exercises the Unencumbered Brimstone Share Call Option up to the maximum number of Unencumbered Shares available after the exercise of the Revised Brimstone Call Option at the relevant Revised Final Date of 31 October 2016, being 2.466 million Brimstone N Shares.

**Pro Forma Statement of Financial Position as at 31 December 2015**

R'000	Before the Transactions <sup>(1)</sup>	The Revised Brimstone Call Option and the Revised Participants Call Option <sup>(3)</sup>	The Unencumbered Brimstone Share Call Option <sup>(4)</sup>	The Participating Employees Call Option <sup>(5)</sup>	After the Transactions <sup>(2)</sup>	Percentage change (%)
<b>ASSETS</b>						
<b>Non-current assets</b>	<b>5 996 570</b>	–	–	–	5 996 570	
Property, plant, equipment and vehicles	499 942	–	–	–	499 942	–
Goodwill	12 140	–	–	–	12 140	–
Intangible assets	92 455	–	–	–	92 455	–
Investment in associate companies and joint ventures	1 114 419	–	–	–	1 114 419	–
Investments	4 044 276	–	–	–	4 044 276	–
Deferred taxation	25 489	–	–	–	25 489	–
Insurance assets	204 057	–	–	–	204 057	–
Other financial assets	3 792	–	–	–	3 792	–
<b>Current assets</b>	<b>1 656 025</b>	(1 200)	(30 798)	13 089	1 637 116	(1.1)
Inventories	258 831	–	–	–	258 831	–
Trade and other receivables	604 366	–	–	–	604 366	–
Insurance assets	532 498	–	–	–	532 498	–
Other financial assets	2 456	–	–	–	2 456	–
Taxation	8 500	–	–	–	8 500	–
Cash and cash equivalents	249 374	(1 200)	(30 798)	13 089	230 465	(7.6)
<b>TOTAL ASSETS</b>	<b>7 652 595</b>	(1 200)	(30 798)	13 089	7 633 686	(0.2)
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>	<b>2 652 972</b>	(1 200)	(30 798)	13 089	2 608 063	(0.7)
Share capital	41	–	–	–	41	–
Capital reserves	427 049	4 973	(29 588)	13 089	415 523	(2.7)
Revaluation reserves	14 143	–	–	–	14 143	–
Cash flow hedging reserve	(42 414)	–	–	–	(42 414)	–
Changes in ownership	(11 839)	–	–	–	(11 839)	–
Retained earnings	2 143 330	(6 173)	–	–	2 137 157	(0.3)
Attributable to equity holders of the parent	2 530 310	(1 200)	(29 588)	13 089	2 512 611	(0.7)
Non-controlling interests	96 662	–	(1 210)	–	95 452	(1.3)
<b>Non-current liabilities</b>	<b>3 387 466</b>	–	–	–	3 387 466	–
Long-term interest bearing borrowings	2 624 018	–	–	–	2 624 018	–
Long-term provisions	25 427	–	–	–	25 427	–
Insurance liabilities	270 525	–	–	–	270 525	–
Deferred taxation	467 496	–	–	–	467 496	–
<b>Current liabilities</b>	<b>1 638 157</b>	–	–	–	1 638 157	–
Short-term interest bearing borrowings	174 003	–	–	–	174 003	–
Bank overdrafts	21 644	–	–	–	21 644	–
Trade payables	508 884	–	–	–	508 884	–
Other payables	226 484	–	–	–	226 484	–
Insurance liabilities	685 787	–	–	–	685 787	–
Short-term provisions	19 180	–	–	–	19 180	–
Taxation	2 175	–	–	–	2 175	–
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7 652 595</b>	(1 200)	(30 798)	13 089	7 633 686	(0.2)
<b>Net asset value per share (cents)</b>	<b>1 044.0</b>	(0.5)	(12.2)	0.7	1 032.0	(1.1)
<b>Tangible net asset value per share (cents)</b>	<b>1 000.8</b>	(0.5)	(12.2)	1.0	989.1	(1.2)
<b>Shares in issue at end of year (net of Treasury Shares) (000's)</b>	<b>242 371</b>	–	–	1 091	243 462	0.5

**Notes:**

1. The "Before the Transactions" information has been extracted without adjustment from Brimstone's audited annual financial statements for the 12 months ended 31 December 2015.
2. The NAV and TNAV "After the Transactions" are based on the assumption that the Transactions were effected on 31 December 2015 for statement of financial position purposes.
3. The Revised Brimstone Call Option and the Revised Participants Call Option involves a one-off increased cost in the fair value of the share-based payment of R4.973 million and once-off transaction costs of R1.2 million as a result of the Variation to the Subscription and Relationship Agreements of the BEE Management Trust and the General Staff Trust, i.e. which now comprise five tranches.
4. The Unencumbered Brimstone Share Call Option has the following impact:
  - an amount of R30.798 million is payable in cash for the Unencumbered Shares following the exercise of the Unencumbered Brimstone Share Call Option;
  - an amount of R29.588 million relating to the exercise of the Unencumbered Brimstone Share Call Option has been debited to capital reserves as Treasury Shares; and
  - an amount of R1.21 million for deposits received from the BEE Management Trust Participants and the General Staff Trust Participants has been debited to non-controlling interests.
5. The Participating Employees Call Option results in the receipt of R13.089 million in cash on exercise of the Participating Employees Call Option and an equivalent amount being credited to capital reserves.
6. There are no other subsequent events that require adjustments to the Financial Effects.
7. All income statement items affected by the Transactions are of a non-continuing nature except if Brimstone should elect to exercise its option at any future Revised Final Date. Such exercise would exclude any items which have been specifically referred to as "once-off" items.

**Assumptions:**

1. The Financial Effects calculations are based on a share price of R12.00 per Brimstone N Share, assuming this to be the approximate 30-day VWAP at the date of the exercise of the Revised Brimstone Call Option.
2. It has been assumed that Brimstone exercises the Unencumbered Brimstone Share Call Option up to the maximum number of Unencumbered Shares available after the exercise of the Revised Brimstone Call Option at the relevant Revised Final Date of 31 October 2016, being 2.466 million Brimstone N Shares.



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## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE FINANCIAL EFFECTS

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The Directors  
Brimstone Investment Corporation Limited  
PO Box 44580  
Newlands  
7735

Dear Sirs/Mesdames

### **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN A CIRCULAR**

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Brimstone Investment Corporation Limited by the directors. The *pro forma* financial information, as set out in paragraph 6 and Annexure 2 of the circular ("the circular"), to be dated on or about 15 August 2016, consists of the *Pro Forma* Income Statement, *Pro Forma* Statement of Financial Position and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in paragraphs 4 – 6 of the circular, on the company's financial position as at 31 December 2015, and the company's financial performance for the period then ended, as if the corporate action or event had taken place at 1 January 2015, being the commencement date of the financial period for the purposes of the statement of comprehensive income and at 31 December 2015, being the last day of the financial period for the purposes of the statement of financial position. As part of this process, information about the company's financial position and financial performance has been extracted by the directors from the company's financial statements for the year ended 31 December 2015, on which an unmodified auditor's report was issued on 15 March 2016.

#### *Directors' responsibility for the Pro Forma Financial Information*

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 6 and Annexure 2 of the circular.

#### **Quality control**

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **Independence and other ethical requirements**

We have complied with the independence and other ethical requirements of the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), which is consistent with Parts A and B of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

#### *Reporting accountant's responsibility*

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

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

As the purpose of *pro forma* financial information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2015 would have been as presented.

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

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

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

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

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

#### *Opinion*

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 6 and Annexure 2 of the circular.

**Deloitte & Touche**  
*Registered Auditors*

*Per: LP Cotten*  
*Partner*

8 August 2016

1st Floor The Square  
Cape Quarter  
27 Somerset Road  
Greenpoint 8005  
Western Cape

National Executive: \*LL Bam Chief Executive Officer \*TMM Jordan Deputy Chief Executive Officer \*MJ Jarvis Chief Operating Officer  
\*GM Pinnock Audit \*N Sing Risk Advisory \*NB Kader Tax TP Pillay Consulting S Gwala BPaaS \*K Black Clients & Industries  
\*JK Mazzocco Talent & Transformation \*MJ Comber Reputation & Risk \*TJ Brown Chairman of the Board  
Regional Leader: MN Alberts

A full list of partners and directors is available on request

\*Partner and Registered Auditor

**B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code**

Associate of Deloitte Africa, a Member of the Deloitte Touche Tohmatsu Limited

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**SHARE PRICE HISTORY OF BRIMSTONE**


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**Brimstone Ordinary Shares**

The high, low and closing price of Brimstone's Ordinary Shares on the JSE, and the aggregated monthly volumes and values traded from 1 August 2015 were as follows:

Month ended	High (cents per share)	Low (cents per share)	Close (cents per share)	Volume (shares)	Value (R'm)
31 August 2015	1 495	0	1 398	112 997	1.895
30 September 2015	1 398	0	1 398	463 285	6.354
31 October 2015	1 379	0	1 350	1 681 883	23.068
30 November 2015	1 350	0	1 300	756 158	9.739
31 December 2015	1 350	0	1 350	4 198 215	54.521
31 January 2016	1 270	0	1 210	24 811	0.287
29 February 2016	1 249	0	1 200	10 712	0.130
31 March 2016	1 360	0	1 300	153 126	1.841
30 April 2016	1 350	0	1 330	7 456	0.090
31 May 2016	1 349	0	1 349	3 712 412	48.234
30 June 2016	1 390	0	1 350	313 570	4.280
31 July 2016	1 475	0	1 390	11 668	0.158

The high, low and closing price of Brimstone's Ordinary Shares on the JSE for each trading day from 20 June 2016 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	Value (R'm)
20 June 2016	0	0	1 375	0	0.000
21 June 2016	0	0	1 375	0	0.000
22 June 2016	1 350	1 350	1 350	500	0.007
23 June 2016	1 350	1 350	1 350	3 500	0.047
24 June 2016	0	0	1 350	0	0.000
27 June 2016	0	0	1 350	0	0.000
28 June 2016	0	0	1 350	0	0.000
29 June 2016	0	0	1 350	0	0.000
30 June 2016	0	0	1 350	0	0.000
1 July 2016	0	0	1 350	0	0.000
4 July 2016	0	0	1 350	0	0.000
5 July 2016	1 475	1 350	1 475	1 061	0.014
6 July 2016	0	0	1 475	0	0.000
7 July 2016	1 475	1 475	1 475	2 939	0.043
8 July 2016	0	0	1 475	0	0.000
11 July 2016	0	0	1 475	0	0.000
12 July 2016	0	0	1 475	0	0.000
13 July 2016	0	0	1 475	0	0.000
14 July 2016	0	0	1 475	0	0.000
15 July 2016	1 470	1 470	1 470	668	0.010
18 July 2016	0	0	1 470	0	0.000
19 July 2016	0	0	1 470	0	0.000
20 July 2016	0	0	1 470	0	0.000
21 July 2016	0	0	1 470	0	0.000

Daily	High (cents per share)	Low (cents per share)	Close (cents per share)	Volume	Value (R'm)
22 July 2016	0	0	1 470	0	0.000
25 July 2016	0	0	1 470	0	0.000
26 July 2016	0	0	1 470	0	0.000
27 July 2016	1 470	1 200	1 200	4 950	0.064
28 July 2016	1 340	1 250	1 340	1 750	0.022
29 July 2016	1 390	1 390	1 390	300	0.004

#### Brimstone N Shares

The high, low and closing price of Brimstone's N Shares on the JSE and the aggregated monthly volumes and values traded from 1 August 2015 were as follows:

Month ended	High (cents per share)	Low (cents per share)	Close (cents per share)	Volume	Value (R'm)
31 August 2015	1 418	0	1 350	1 370 020	18.700
30 September 2015	1 351	0	1 340	787 201	10.279
31 October 2015	1 375	0	1 300	4 450 357	60.569
30 November 2015	1 320	0	1 300	657 451	8.388
31 December 2015	1 300	0	1 270	393 005	5.006
31 January 2016	1 270	0	1 115	54 824	0.604
29 February 2016	1 199	0	1 199	946 775	9.973
31 March 2016	1 195	0	1 100	1 669 443	19.498
30 April 2016	1 180	0	1 150	2 508 037	27.854
31 May 2016	1 205	0	1 185	1 551 588	18.478
30 June 2016	1 190	0	1 180	10 961 224	126.477
31 July 2016	1 200	0	1 200	5 272 468	61.228

The high, low and closing price of Brimstone's N Shares for each trading day from 20 June 2016 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)
20 June 2016	1 190	1 170	1 178	350 000	4.124
21 June 2016	1 180	1 180	1 180	144 853	1.709
22 June 2016	1 189	1 165	1 165	1 110 007	13.049
23 June 2016	1 180	1 169	1 170	354 523	4.178
24 June 2016	1 179	1 101	1 179	35 800	0.407
27 June 2016	1 170	1 100	1 170	2 953	0.033
28 June 2016	1 175	1 150	1 175	48 927	0.570
29 June 2016	1 180	1 160	1 180	8 013 005	92.152
30 June 2016	0	0	1 180	0	0.000
1 July 2016	1 180	1 180	1 180	4 628	0.055
4 July 2016	1 170	1 170	1 170	18 718	0.219
5 July 2016	1 170	1 150	1 150	1 254 564	14.600
6 July 2016	1 155	1 150	1 150	3 059 263	35.334
7 July 2016	0	0	1 150	0	0.000
8 July 2016	0	0	1 150	0	0.000
11 July 2016	1 160	1 160	1 160	8 140	0.094
12 July 2016	0	0	1 160	0	0.000
13 July 2016	1 160	1 160	1 160	75	0.001
14 July 2016	0	0	1 160	0	0.000
15 July 2016	1 160	1 160	1 160	10 111	0.117

Daily	High (cents per share)	Low (cents per share)	Close (cents per share)	Volume (shares)	Value (R'm)
18 July 2016	1 160	1 160	1 160	1 300	0.015
19 July 2016	1 160	1 150	1 160	17 300	0.200
20 July 2016	1 100	1 100	1 100	3 210	0.035
21 July 2016	1 160	1 160	1 160	100	0.001
22 July 2016	1 158	1 158	1 158	24 785	0.287
25 July 2016	1 160	1 159	1 160	74 055	0.859
26 July 2016	1 185	1 160	1 180	55 996	0.659
27 July 2016	1 180	1 180	1 180	164 179	1.937
28 July 2016	1 180	1 180	1 180	497 579	5.871
29 July 2016	1 200	1 200	1 200	78 465	0.942

Source: INet

## MATERIAL LOANS

R'000	2015
Loan from financial institution to the property owning subsidiary secured by a first mortgage bond over the property. The loan bears interest at a rate of 0.75% below prime and is repayable by 1 June 2017. At 31 December 2015 the monthly instalment payable was R271 251.	16 505
Loan from a financial institution to the property owning subsidiary secured by a second mortgage bond over the property. The loan bears interest at prime minus 0.75% and is repayable by 1 June 2017. At 31 December 2015 the monthly instalment payable was R63 734.	4 206
Interest free shareholders' loans to subsidiary. The shareholders may vary such rate, provided it does not exceed the prime rate. These loans are unsecured and are repayable only if and to the extent that such payment is permissible under the third party funding agreements and the directors resolve that they shall be repaid. Based on the terms of the third party funding agreement, these loans will not be repaid before 31 December 2016.	17 775
Loans from financial institutions to Sea Harvest Corporation Proprietary Limited	
– Loan repayable in full on expiry on 29 March 2019. The loan is subject to a variable interest rate of Jibar plus 1.8% and is effective from 31 March 2014. The average quarterly repayment is R8.7 million. The loan is secured by a general notarial bond over all of Sea Harvest Corporation Proprietary Limited's moveable assets.	98 879
– The loan is repayable in full on expiry on 29 March 2019. Interest payments are made quarterly in arrears and the loan is subject to a variable interest rate of JIBAR plus 2.1%. The loan is secured by a general notarial bond over all of Sea Harvest Corporation Proprietary Limited's moveable assets.	197 000
– Loan repayable in full on expiry on 29 March 2019. Interest payments are made quarterly in arrears. Interest is charged at variable rate linked to a 3 month Jibar and matures on 29 March 2019. The loan is secured by a general notarial bond over all of Sea Harvest Corporation Proprietary Limited's moveable assets.	40 000
– Instalment sale agreements repayable in monthly instalments of R13 256, inclusive of interest, as from 1 August 2014. Until such time, interest payments are made monthly. Interest is charged at a rate of 8.25% and matures on 1 October 2018.	394
– Instalment sale agreements repayable in monthly instalments of R6 824, inclusive of interest, as from 1 October 2014. Until such time, interest payments are made monthly. Interest is charged at a rate of 8.25% and matures on 1 September 2019.	263
– Instalment sale agreements repayable in monthly instalments of R8 425, inclusive of interest, as from 1 August 2014. Until such time, interest payments are made monthly. Interest is charged at a rate of 8.25% and matures on 1 September 2019.	281
– Instalment sale agreements repayable in monthly instalments of R8 681, inclusive of interest, as from 1 October 2014. Until such time, interest payments are made monthly. Interest is charged at a rate of 8.25% and matures on 1 September 2019.	302
– Instalment sale agreements repayable in monthly instalments of R26 202, inclusive of interest, as from 1 October 2014. Until such time, interest payments are made monthly. Interest is charged at a rate of 8.25% and matures on 1 September 2019.	751
Class D floating rate cumulative redeemable non-participating preference shares of R200 million issued by a subsidiary, Newshelf 831 (RF) Proprietary Limited, on 15 December 2010 with a redemption date of 13 November 2017. The dividend rate is 79% of the prime bank lending rate. Preference share dividends are payable not later than four Business Days following the payment of interim and final dividends by Life Healthcare Group Holdings Limited. The Class D floating rate preference shares (together with the other preference shares issued by Newshelf 831 (RF) Proprietary Limited) are secured by a cession and pledge of 23 000 000 (2014 – 23 000 000) shares in Life Healthcare Group Holdings Limited held by Newshelf 831 (RF) Proprietary Limited.	161 221

<p>Class E floating rate cumulative redeemable non-participating preference shares of R50 million issued by a subsidiary, Newshelf 831 (RF) Proprietary Limited, on 7 June 2011 with a redemption date of 13 November 2017. The dividend rate is 79% of the prime bank lending rate. Preference share dividends are payable not later than four Business Days following the payment of interim and final dividends by Life Healthcare Group Holdings Limited. The Class E floating rate preference shares (together with the other preference shares issued by Newshelf 831 (RF) Proprietary Limited) are secured by a cession and pledge of 23 000 000 (2014 – 23 000 000) shares in Life Healthcare Group Holdings Limited held by Newshelf 831 (RF) Proprietary Limited.</p>	46 543
<p>Class F floating rate cumulative redeemable non-participating preference shares of R80 million issued by a subsidiary, Newshelf 831 (RF) Proprietary Limited, on 1 October 2014 and have a redemption date of 13 November 2017. The dividend rate is 79% of the prime bank lending rate. Preference share dividends are payable not later than four Business Days following the payment of interim and final dividends by Life Healthcare Group Holdings Limited. The Class F floating rate preference shares (together with the other preference shares issued by Newshelf 831 (RF) Proprietary Limited) are secured by a cession and pledge of 23 000 000 (2014 – 23 000 000) shares in Life Healthcare Group Holdings Limited held by Newshelf 831 (RF) Proprietary Limited.</p>	74 468
<p>Class A floating rate cumulative redeemable preference shares of R285 million issued by a subsidiary, Newshelf 1064 (RF) Proprietary Limited, on 4 December 2015. The preference shares are redeemable in full on 4 December 2020. The dividend rate is 92.5% of the prime bank lending rate. The preference shares are secured by a cession and pledge of 9 688 652 shares in Oceana Group Limited held by Newshelf (RF) 1064 Proprietary Limited.</p>	285 304
<p>Class A floating rate cumulative redeemable non-participating preference shares of R297.44 million issued by a subsidiary, Newshelf 1269 (RF) Proprietary Limited, in tranches commencing on 22 April 2014. The preference shares are redeemable in full in five years from date of first issue. The dividend rate is 90% of the prime bank lending rate. Newshelf 1063 (RF) Proprietary Limited, the sole shareholder of Newshelf 1269 (RF) Proprietary Limited has given the preference shareholder a limited recourse guarantee secured by a pledge and cession of its shares and claims in and against Newshelf 1269 (RF) Proprietary Limited.</p>	233 760
<p>Class B participating redeemable preference share issued on 22 April 2014. The terms of the Class B preference share allow for the Class B preference shareholder to receive one seventh of any distribution payable to the ordinary shareholder of Newshelf 1269 (RF) Proprietary Limited as well as a Class B Final Preference Dividend which is between 10% and 12.5% of the amount by which the market value of the relevant assets in Newshelf 1269 (RF) Proprietary Limited exceed the aggregate of the outstanding Class A preference shares and all potential tax liabilities and costs in Newshelf 1269 (RF) Proprietary Limited. The preference share is redeemable in full in six to eight years from date of first issue.</p>	59 925
<p>Floating rate cumulative redeemable non-participating preference shares of R75 million issued by a subsidiary, Friedshelf 1535 (RF) Proprietary Limited, on 15 December 2014. The preference shares are redeemable in full on 15 December 2018. The dividend rate is 107% of the prime bank lending rate. The preference shares are secured by a cession and pledge of the shares and claims in and against Newshelf 1062 (RF) Proprietary Limited, a wholly-owned subsidiary of Friedshelf 1535 (RF) Proprietary Limited.</p>	57 935
<p>Class A3 variable rate cumulative redeemable preference shares of R1 132.8 million issued by a subsidiary, Newshelf 1063 (RF) Proprietary Limited, which were previously designated as Class A1 and Class A2 variable rate cumulative redeemable preference shares and reclassified on 4 November 2015 and are redeemable in full on 4 November 2020. The dividend rate in respect of the preference shares is 87% of the prime bank lending rate nominal annual compounded monthly. The company is not obliged (but is entitled) to declare and pay any scheduled preference share dividends that are deemed to accrue during the first three years after 4 November 2015 on 1 March and 1 September of these years. The company is obliged to declare and pay any scheduled preference share dividends that are deemed to accrue during the fourth and fifth years after 4 November 2015 on 1 March and 1 September of these years. Brimstone has agreed to guarantee to the holders of the preference shares the due and full performance by the company of the guaranteed liabilities and to pay all guaranteed amounts and gross up amounts to the holders.</p>	1 031 770

R'000	2015
<p>Class A4 variable rate cumulative redeemable preference shares of R138 million issued by a subsidiary, Newshelf 1063 (RF) Proprietary Limited, on 12 November 2015 and are redeemable in full on 12 November 2020. The dividend rate in respect of the preference shares is 87% of the prime bank lending rate nominal annual compounded monthly. The company is not obliged (but is entitled) to declare and pay any scheduled preference share dividends that are deemed to accrue during the first three years after 12 November 2015 on 1 March and 1 September of these years. The company is obliged to declare and pay any scheduled preference share dividends that are deemed to accrue during the fourth and fifth years after 12 November 2015 on 1 March and 1 September of these years. Brimstone has agreed to guarantee to the holders of the preference shares the due and full performance by the company of the guaranteed liabilities and to pay all guaranteed amounts and gross up amounts to the holders.</p>	138 889
<p>Term loan from financial institution repayable in full upon expiry on 18 November 2020. Interest is charged at a variable rate linked to 3 month Jibar. Interest is capitalised on a quarterly basis and is payable upon receipt of distributions from the underlying investment in Equites Property Fund Limited. The loan is secured by a cession and pledge of 28 million shares in Equites Property Fund Limited and 16.5 million shares in Life Healthcare Group Holdings Limited.</p>	303 246
Total	2 769 427
Less: amount transferred to short-term borrowings	(145 409)
	<b>2 624 018</b>





**BRIMSTONE**  
INVESTMENT CORPORATION LIMITED

**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

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**NOTICE OF GENERAL MEETING OF BRIMSTONE SHAREHOLDERS**

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In this notice unless the contrary appears from the context, words, phrases used will have the defined meanings given thereto in the Circular of which this notice forms part.

Notice is hereby given that the General Meeting of Brimstone Shareholders will be held at Brimstone's offices, First Floor, Slade House, Boundary Terraces, 1 Mariendahl Lane, Newlands, Cape Town, 7700 on Tuesday, 20 September 2016 at 15:00, for the purpose of considering and, if deemed fit, passing with or without modification the Transaction Resolutions set out in this notice of General Meeting.

Shareholders are advised that Treasury Shares and the Participants are not eligible to vote on the Transaction Resolutions set out below.

**Special Resolution Number 1: Re-approval of Resolution relating to the repurchase of Shares from the BEE Management Trust**

"Resolved, as a special resolution, that (1) by way of a specific authority in terms of paragraph 5.69 of the Listings Requirements and clause 20 of the Mol of the Company, the Board of the Company (or a subsidiary of the Company) are hereby authorised to repurchase or purchase Shares from the BEE Management Trust in accordance with the Revised Brimstone Call Option as provided for in clause 8 of the BEE Management Trust Subscription and Relationship Agreement, as amended from time to time, and/or the pledge and cession agreement attached thereto, as amended from time to time; (2) the decision of the Board of the Company (or a subsidiary of the Company) to repurchase such Shares of the Company in accordance with the said provisions of the BEE Management Trust Subscription and Relationship Agreement, as amended from time to time, are hereby approved for purposes of section 48 of the Companies Act."

**Ordinary Resolution Number 1: Re-approval of Resolution relating to the issue of Shares and disposal of other securities to the BEE Management Trust in terms of the Revised Participants Call Option**

"Resolved, as an ordinary resolution, subject to the passing of Special Resolution Number 1, that the Board of the Company be and are hereby authorised: (1) by way of a specific authority in terms 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 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 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, as amended from time to time, 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, as amended from time to time."

In terms of Listings Requirements, for this Ordinary Resolution Number 1 to be approved, it must be supported by at least 75% of the voting rights exercised on the resolution.

**Special Resolution Number 2: Re-approval of Resolution relating to the repurchase of Shares from the General Staff Trust**

"Resolved, as a special resolution, that (1) by way of a specific authority in terms of paragraph 5.69 of the Listings Requirements and clause 20 of the Mol of the Company, the Board of the Company (or a subsidiary of the Company) are hereby authorised to repurchase or purchase Shares from the General Staff Trust in accordance with the Revised Brimstone Call Option as provided for in clause 7 of the General Staff Trust Subscription and Relationship Agreement, as amended

from time to time, and/or the pledge and cession agreement attached thereto, as amended from time to time; (2) the decision of the Board of the Company (or a subsidiary of the Company) to repurchase such Shares of the Company in accordance with the said provisions of the General Staff Trust Subscription and Relationship Agreement, as amended from time to time, are hereby approved for purposes of section 48 of the Companies Act.”

**Ordinary Resolution Number 2: Re-approval of Resolution relating to the issue of Shares and disposal of other securities to the General Staff Trust in terms of the Revised Participants Call Option**

“Resolved, as an ordinary resolution, subject to the passing of Special Resolution Number 2, that the Board of the Company be and are hereby: (1) authorised, by way of a specific authority in terms 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, as amended from time to time, 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, as amended from time to time.”

In terms of Listings Requirements, for this Ordinary Resolution Number 2 to be approved, it must be supported by at least 75% of the voting rights exercised on the resolution.

**Special Resolution Number 3: Specific repurchase of Unencumbered Brimstone Shares from the BEE Management Trust in terms of the Unencumbered Brimstone Share Call Option**

“Resolved, as a special resolution, that (1) by way of a specific authority in terms of paragraph 5.69 of the Listings Requirements and clause 20 of the Mol of the Company, the Board of the Company (or a subsidiary of the Company) are hereby authorised to repurchase or purchase Shares from the BEE Management Trust in accordance with the Unencumbered Brimstone Share Call Option provided for in clause 16 of the BEE Management Trust Subscription and Relationship Agreement, as amended from time to time; and (2) the decision of the Board of the Company (or a subsidiary of the Company) to repurchase such Shares of the Company in accordance with the said provisions of the BEE Management Trust Subscription and Relationship Agreement, as amended, are hereby approved for purposes of section 48 of the Companies Act.”

**Special Resolution Number 4: Specific repurchase of Unencumbered Brimstone Shares from the General Staff Trust in terms of the Unencumbered Brimstone Share Call Option**

“Resolved, as a special resolution, that (1) by way of a specific authority in terms of paragraph 5.69 of the Listings Requirements and clause 20 of the Mol of the Company, the Board of the Company (or a subsidiary of the Company) are hereby authorised to repurchase or purchase Shares from the General Staff Trust in accordance with the Unencumbered Brimstone Share Call Option provided for in clause 15 of the General Staff Trust Subscription and Relationship Agreement, as amended from time to time; and (2) the decision of the Board of the Company (or a subsidiary of the Company) to repurchase such Shares of the Company in accordance with the said provisions of the General Staff Trust Subscription and Relationship Agreement, as amended, are hereby approved for purposes of section 48 of the Companies Act.”

**Ordinary Resolution Number 3: Specific issue of up to 6 000 000 Brimstone N Shares to Participating Employees under the BEE Management Trust**

“Resolved, as an ordinary resolution, that the Board of the Company be and are hereby authorised by way of a specific authority in terms 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 N Shares of 0.001 cent each in the share capital of Brimstone in the event that the Participating Employees have exercised the Participating Employees Call Option provided for in the Overarching Agreement of the BEE Management Trust, as amended from time to time and any relevant Option Contract concluded pursuant thereto or thereunder, as amended from time to time, and following the implementation of the relevant Participating Employees Call Option.”

In terms of Listings Requirements, for this Ordinary Resolution Number 3 to be approved, it must be supported by at least 75% of the voting rights exercised on the resolution.

**Ordinary Resolution Number 4: Specific issue of up to 250 000 Brimstone N Shares to Participating Employees under the General Staff Trust**

“Resolved, as an ordinary resolution, that the Board of the Company be and are hereby authorised by way of a specific authority in terms 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 N Shares of 0.001 cent each in the share capital of Brimstone in the event that the Participating Employees have exercised the Participating Employees Call Option provided for in the Overarching Agreement of the General Staff Trust, as amended from time to time and any relevant Option Contract concluded pursuant thereto or thereunder, as amended from time to time, and following the implementation of the Participating Employees Call Option.”

In terms of Listings Requirements, for this Ordinary Resolution Number 4 to be approved, it must be supported by at least 75% of the voting rights exercised on the resolution.

#### **Ordinary Resolution Number 5: Signature of documents**

“Resolved that any of the directors or the company secretary of the Company be and are hereby authorised to do all such things and sign all documents including company forms and to take all such action as they consider necessary to give effect to and implement the Transaction Resolutions.”

#### **Voting and proxies**

The record date in terms of section 59 of the Companies Act for Shareholders to be recorded on the securities register of the Company in order to be able to attend, participate and vote at the General Meeting is Friday, 9 September 2016 and the last day to trade in the Company’s Shares in order to be recorded on the securities register of the Company in order to be able to attend, participate and vote at the General Meeting is Tuesday, 6 September 2016.

A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy or proxies to attend, speak, and vote in his/her stead. A proxy need not be a Shareholder of the Company. For the convenience of Certificated Shareholders and Dematerialised Shareholders with “own-name” registration of the Company, a form of proxy is enclosed herewith. On a show of hands, every Shareholder of the Company present or represented by proxy shall have one vote only. On poll, every Shareholder of the Company present or represented by proxy shall have 100 votes for every Ordinary Share and 1 vote for every N Share held in Brimstone by such Shareholder.

The attached form of proxy is only to be completed by those Shareholders who are:

- holding Shares in certificated form; or
- dematerialised with “own-name” registration.

All other beneficial owners who have dematerialised their Shares through a Central Securities Depository Participant (“CSDP”) or broker other than “own-name” and who wish to attend the General Meeting, must instruct their CSDP or broker to provide them with a letter of representation or a they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Forms of proxy should be lodged with or mailed to Computershare Investor Services Proprietary Limited:

#### **Hand deliveries to:**

Ground Floor  
70 Marshall Street  
Johannesburg, 2001

#### **Postal deliveries to:**

PO Box 61051  
Marshalltown, 2107

Forms of proxy are to be received by no later than 15:00 on Friday, 16 September 2016 (or 48 hours before any adjourned general meeting which date, if necessary, will be notified on SENS and in the press).

By order of the Board

#### **MA Enus-Brey**

*Chief Executive Officer*

Monday, 15 August 2016  
Cape Town

#### **Registered office**

1st Floor, Slade House  
Boundary Terraces  
1 Mariendahl Lane  
Newlands  
Cape Town, 7700

#### **Transfer Secretaries**

Computershare Investor Services Proprietary Limited  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)





# BRIMSTONE

INVESTMENT CORPORATION LIMITED

## 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

### FORM OF PROXY

For use by the Brimstone Ordinary and N Certificated Shareholders or Ordinary and N Dematerialised Shareholders with "own-name" registration at the General Meeting of the Company to be held at Brimstone's offices, First Floor, Slade House, Boundary Terraces, 1 Mariendahl Lane, Newlands, Cape Town, 7700 on Tuesday, 20 September 2016 at 15:00 and at adjournment thereof. Dematerialised Ordinary and N Shareholders holding Shares in "own-name" registration, must inform their CSDP or broker to issue them with the necessary letter of representation to attend the General Meeting in person and to vote or provide their CSDP or broker with their voting instructions should they not wish to attend the General Meeting in person, but who wish to be represented thereat. These Shareholders must not use this form of proxy.

I/We (full name in block letters) (name/s in block letters) \_\_\_\_\_

of (address) \_\_\_\_\_

Telephone number ( ) \_\_\_\_\_ Cellphone number \_\_\_\_\_

e-mail address \_\_\_\_\_

being a Shareholder/Shareholders of Brimstone and holding, \_\_\_\_\_ Ordinary Shares in the Company

being a Shareholder/Shareholders of Brimstone and holding, \_\_\_\_\_ N Shares in the Company

hereby appoint:

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 Transaction Resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the Transaction Resolutions and/or abstain from voting in respect of the Brimstone Ordinary and N Shares registered in my/our name(s), in accordance with the following instructions:

	Number of Ordinary Shares*			Number of N Shares*		
	For	Against	Abstain	For	Against	Abstain
Special Resolution Number 1: Re-approval of Resolution relating to the repurchase of Shares from the BEE Management Trust						
Ordinary Resolution Number 1: Re-approval of Resolution relating to the issue of Shares and disposal of other securities to the BEE Management Trust in terms of the Revised Participants Call Option						
Special Resolution Number 2: Re-approval of Resolution relating to the repurchase of Shares from the General Staff Trust						
Ordinary Resolution Number 2: Re-approval of Resolution relating to the issue of Shares and disposal of other securities to the General Staff Trust in terms of the Revised Participants Call Option						
Special Resolution Number 3: Specific repurchase of Unencumbered Brimstone Shares from the BEE Management Trust in terms of the Unencumbered Brimstone Share Call Option						
Special Resolution Number 4: Specific repurchase of Unencumbered Brimstone Shares from the General Staff Trust in terms of the Unencumbered Brimstone Share Call Option						
Ordinary Resolution Number 3: Specific issue of up to 6 000 000 Brimstone N Shares for cash to the Participating Employees under the BEE Management Trust						
Ordinary Resolution Number 4: Specific issue of up to 250 000 Brimstone N Shares for cash to the Participating Employees under the General Staff Trust						
Ordinary Resolution Number 5: Signature of documents						

\*Note: Please indicate with an "X" in the appropriate space above how you wish your vote to be cast. Unless otherwise instructed, my/our proxy may vote as she/he thinks fit

Signed at (place) \_\_\_\_\_ on (date) \_\_\_\_\_ 2016

Shareholder's Signature \_\_\_\_\_

Please read the notes below and on the reverse side hereof.

### Important notes about the General Meeting

1. The General Meeting will start promptly at 10:00. Shareholders wishing to attend are advised to be in the presentation room by no later than 09:50.
2. Shareholders and other attending the General Meeting are asked to register at the registration desk. The registration of Shareholders will close at 10:00.
3. This form of proxy must only be used by Certificated Ordinary and N Shareholders or Dematerialised Ordinary and N Shareholders who hold Dematerialised Ordinary and N Shares with "own-name" registration.
4. Dematerialised Ordinary and N Shareholders are reminded that the onus is on them to communicate with their CSDP or broker.
5. Each Shareholder is entitled to appoint one or more proxies (who need not be a Shareholder(s) of the Company) to attend, speak and on poll, vote in place of that Shareholder at the General Meeting.
6. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the spaces provided, with or without deleting "the chairman of the general meeting". The person whose name stands first on the proxy form and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those names that follow.
7. A Shareholders instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that Shareholder in the appropriate box(es) provided. Failure to comply with the above will be deemed to authorise the chairman of the General Meeting, or any other proxy to vote or to abstain from voting at the General Meeting as she/he deems fit, in respect of all the Shareholder's votes exercisable thereat.
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's transfer office or waived by the chairman of the General Meeting.
9. The chairman of the meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a Shareholder wishes to vote.
10. Any alterations or corrections to this forms of proxy must be initialled by the signatory(ies).
11. 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.
12. A minor must be assisted by her/his parent or guardian unless relevant documents establishing her/his legal capacity are produced or have been registered by the Company.
13. Where there are joint holders of any Share:
  - any one holder may sign this form of proxy:
  - the vote(s) of the senior Shareholders (for that purpose of 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 joint Shareholder(s)
14. Section 63(1) of the Companies Act requires that a person wishing to participate in the General Meeting (including any representative or proxy) must provide a reasonably satisfactory identification before they may attend or participate at such general meeting.
15. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory/ies.
16. Forms of proxy should be lodged with or mailed to Computershare Investor Services Proprietary Limited:

**Hand deliveries of proxy forms to:**

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

**Postal deliveries of proxy forms to:**

Computershare Investor Services Proprietary Limited  
PO Box 61051  
Marshalltown, 2107

to be received by no later than 15:00 on Friday, 16 September 2016 (or 48 hours before any adjourned general meeting which date, if necessary, will be notified on SENS).