

AVENG LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1944/018119/06)

Share code: AEG

Share ISIN: ZAE000111829

JSE 2019 Convertible Bond Code: AEGCB

JSE 2019 Convertible Bond ISIN: ZAE000194940

("Aveng", "the Company" or "the Group")

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RIGHTS OFFER DECLARATION ANNOUNCEMENT

1 Introduction

Shareholders are referred to the announcements released by Aveng on the Stock Exchange News Service ("SENS") on Thursday, 26 April 2018 ("Capital Markets Transaction Announcement") and on Friday, 18 May 2018 ("M&R Transaction Announcement") respectively, in which Aveng announced (i) its intention to early redeem the R2 billion, 7.25% senior unsecured convertible registered bonds due 24 July 2019 ("Existing Convertible Bonds") still in issue ("Early Bond Redemption"), (ii) its intention to launch a renounceable rights offer of up to R500 million to qualifying Aveng shareholders to raise cash to fund internal liquidity requirements ("Rights Offer"), and (iii) that the boards of directors of Aveng ("Aveng Board") and Murray & Roberts Limited ("Murray & Roberts") have reached in principle agreement regarding the proposed terms of a potential combination of Aveng and Murray & Roberts ("M&R Transaction"). Shareholders are further referred to the announcement released by Aveng on SENS on Tuesday, 29 May 2018 ("Update Announcement"), in which Aveng restated its commitment to launching the Rights Offer and that the Aveng Board remains of the opinion that there is merit in the potential combination of Aveng and Murray & Roberts and is continuing to progress the M&R Transaction.

Shareholders are also referred to the results of the general meeting announcement released by Aveng on 29 May 2018 wherein shareholders were advised that the necessary resolutions to implement the Rights Offer had been passed. Such resolutions included:

- authorisation to convert par value shares to no par value shares and the amendment of the MOI to take account of the conversion;
- authorisation to increase authorised share capital from 882 034 263 shares to 180 882 034 263 shares; and
- the granting of authority to the Directors to issue such number of new Aveng ordinary shares as may be required for the purposes of implementing the Capital Markets Transaction, including authorisation to issue new Aveng ordinary shares for that purpose with voting power that may, upon issue, exceed 30% of the existing voting power of the Aveng ordinary shares currently in issue.

Aveng hereby declares its intention to undertake the Rights Offer in the form of a renounceable rights offer to all qualifying Aveng shareholders, in order to raise up to an aggregate amount of R500 million.

2 Salient terms of the Rights Offer

The Rights Offer will comprise an offer of approximately 5 billion new ordinary shares ("Rights Offer Shares"), issued in the ratio of 1 199.98772 Rights Offer Shares for every 100 ordinary Aveng shares held on the record date for the Rights Offer, at a subscription price of R0.10 per Rights Offer Share ("Rights Offer Price"), in order to raise up to R500 million. The Rights Offer Price represents a 82% discount to the closing Aveng share price and a 87% discount to the 30 day volume weighted average price on Monday, 4 June 2018.

3 Rationale for the Rights Offer

As communicated in the Capital Markets Transaction Announcement, the rationale for the Rights Offer and the Early Bond Redemption is to delever the Aveng balance sheet to a sustainable level; to derisk the business through the

removal of the refinance overhang related to the Existing Convertible Bond; and to raise interim liquidity for the Company to fund operations.

In addition to the proceeds to be raised from the Rights Offer, the Company is finalising the terms of a new R200 million super senior debt facility ("New SSF Debt") from its bank funders to further improve its interim liquidity position. As indicated in the Capital Markets Transaction Announcement, the New SSF Debt will increase Aveng total bank debt to R1.8 billion.

To the extent that the M&R Transaction is not successful, Aveng remains committed to early redeem the outstanding Existing Convertible Bonds as soon as practically possible. The amended terms and conditions of the Existing Convertible Bonds will allow for the early redemption of the outstanding Existing Convertible Bonds, which redemption is to be settled in cash or by the issue of new Aveng shares or both. In the event that the M&R Transaction is not successful, Aveng will consider the viability of raising new cash from either the issue of new equity or a new debt instrument to settle all or a portion of the outstanding Existing Convertible Bonds. To the extent this is not viable, the outstanding Existing Convertible Bonds will be settled by the issue of new Aveng shares. In this event, Aveng will allot and issue such Aveng shares to the Existing Convertible Bondholders as a specific issue of shares for cash in accordance with the applicable requirements of the Listings Requirements of the JSE and the provisions of the Companies Act, 2008 ("Specific Issue"). To the extent required, the Specific Issue will be priced at the same price as the Rights Offer and will be conditional on approval from independent shareholders.

Aveng will announce the terms of the Early Bond Redemption as soon as practically possible, if the M&R Transaction is not successful.

4 Shareholder undertakings and indication of support

4.1 Shareholder undertakings

The Company has received undertakings to follow or support rights, as applicable, for approximately R245 million ("Shareholder Undertakings"), subject to the restrictions listed below.

Details of the Shareholder Undertakings are set out below:

Shareholder	Number of Aveng shares held	Number of Aveng shares subject to the Shareholder Undertaking	Number of Rights Offer Shares in the ratio of 1199.98772 for every 100 Aveng ordinary shares		% of Rights Offer
			Value (Rand million)		
Allan Gray ^{1,2}	100 511 612	83 334 187	1 000 000 011	100.0	20.0
Coronation ^{3,4}	85 889 168	83 334 187	1 000 000 011	100.0	20.0
Institutional Shareholder ⁵	50 000 442	37 500 000	449 995 395	45.0	9.0
				245.0	49.0

Notes:

- Allan Gray Proprietary Limited ("Allan Gray") is the appointed discretionary investment manager of clients who are beneficial and/or registered holders of Aveng ordinary shares. Allan Gray is not the beneficial owner of the shares and has irrevocably undertaken to recommend to its clients to follow their rights. This commitment is subject to the continuing mandates of its clients in their current form and in the absence of any instructions from its clients to the contrary. Allan Gray has limited its commitment such that its clients' rights need not be followed by the clients to the extent that the exercise thereof would result in Allan Gray clients' aggregate holding of the issued shares in the capital of Aveng exceeding 34.9%.
- Allan Gray has limited its clients' commitment to 83 334 187 shares, representing R100 million, subject to the restrictions outlined in (1).
- Coronation Asset Management Proprietary Limited ("Coronation") holds the shares on behalf of its clients that are the beneficial owners of the shares in terms of a revocable investment mandate. Coronation has limited its commitment such that its clients' rights need not be followed by the clients to the extent that the exercise thereof would result in Coronation aggregate holding of the issued shares in the capital of Aveng exceeding 30%.
- Coronation has limited its commitment to R100 million, representing 83 334 187 shares, subject to the restrictions outlined in (3).

5. An institutional asset manager ("Institutional Shareholder") acts as investment manager and agent for and on behalf of various clients, entitling them to deal with the shares in terms of the mandates entered into between themselves and their clients. The Institutional Shareholder has limited its commitment to 75% of the shares currently held by its clients. This commitment is subject to the continuing mandates of its clients in their current form and an absence of any instructions from its clients to the contrary.

4.2 Impact of restrictions on Shareholder Undertakings

The impact of the restrictions on the Shareholder Undertakings in Notes (1) and (3) above is that the effective committed amount - if no other shareholders follow their rights in terms of the Rights Offer and no excess applications are made, is approximately R154 million.

5 Fractional entitlements

Rights Offer Shares representing fractional entitlements will not be issued. Where necessary, entitlements to Rights Offer Shares of 0.5 or greater will be rounded up and less than 0.5 will be rounded down to the nearest whole number.

6 Excess applications

Shareholders will be permitted to apply for additional Rights Offer Shares over and above their entitlement. Should there be excess Rights Offer Shares available for allocation, such excess Rights Offer Shares will be allocated equitably, as contemplated in paragraph 5.33 of the Listings Requirements of the JSE.

7 Salient dates and times of the Rights Offer

The proposed salient dates and times for the Rights Offer are set out below:

2018

Finalisation date	Thursday, 7 June
Last day to trade in shares in order to participate in the Rights Offer (cum entitlement)	Tuesday, 12 June
Shares commence trading ex-entitlement at 09:00 on	Wednesday, 13 June
Listing of and trading in the Letters of Allocation under code AEGN and ISIN ZAE000257937 on the JSE commences at 09:00 on	Wednesday, 13 June
Circular and a Form of Instruction, where applicable, posted to Qualifying Certificated Shareholders on	Thursday, 14 June
Record Date at 17:00 on	Friday, 15 June
Rights Offer opens at 09:00 on	Monday, 18 June
In respect of Qualifying Certificated Shareholders, Letters of Allocation credited to an electronic account held with the Transfer Secretaries at 09:00 on	Monday, 18 June
In respect of Qualifying Dematerialised Shareholders, CSDP or Broker accounts credited with Letter of Allocation at 09:00 on	Monday, 18 June
Circular, where applicable, posted to Qualifying Dematerialised Shareholders on	Tuesday, 19 June
Last day to trade Letters of Allocation on the JSE	Tuesday, 26 June
In respect of Qualifying Certificated Shareholders wishing to sell all or some of their Letters of Allocation, Forms of Instruction to be lodged with the Transfer Secretaries by 12:00 on	Tuesday, 26 June
Listing of Rights Offer Shares and trading therein on the JSE commences at 09:00 on	Wednesday, 27 June
In respect of Qualifying Certificated Shareholders (or their renounees) wishing to exercise all or some of their rights, payment to be made and Forms of Instruction to be lodged with the Transfer Secretaries by 12:00 on	Friday, 29 June
Rights Offer closes at 12:00 on	Friday, 29 June
Record date for Letters of Allocation on	Friday, 29 June
Rights Offer Shares issued on	Monday, 2 July
In respect of Qualifying Dematerialised Shareholders (or their renounees), CSDP or Broker accounts debited with the aggregate Rights Offer Price and updated with Rights Offer Shares at 09:00 on	Monday, 2 July
In respect of Qualifying Certificated Shareholders (or their renounees), share certificates in respect of Rights Offer Shares posted on or about	Monday, 2 July
Results of the Rights Offer announced on SENS on	Monday, 2 July
Results of the Rights Offer published in the press on	Tuesday, 3 July

In respect of successful excess applications (if applicable), Rights Offer Shares issued to Qualifying Dematerialised Shareholders and/or share certificates posted by registered post to Qualifying Certificated Shareholders on or about

Wednesday, 3 July

In respect of unsuccessful excess applications (if applicable), refund payments made to Certificated Shareholders on or about

Wednesday, 3 July

Notes:

1. Share certificates may not be dematerialised or rematerialised between Wednesday, 13 June 2018 and Friday, 15 June 2018, both days inclusive.
2. If you are a Qualifying Dematerialised Shareholder you are required to notify your duly appointed CSDP or Broker of your acceptance of the Rights Offer in the manner and time stipulated in the agreement governing the relationship between yourself and your CSDP or Broker.
3. CSDPs effect payment on a delivery versus payment method in respect of Qualifying Dematerialised Shareholders.
4. All times are South African times.
5. Share certificates will be posted by registered post at the risk of the Qualifying Certificated Shareholders (or their renounees)

8 Conditions precedent

The implementation of the Rights Offer is subject to the fulfilment of the following conditions precedent which are expected to be fulfilled on Thursday, 7 June 2018:

- approval being obtained from the JSE Limited ("JSE") for the Rights Offer circular; and
- approval being obtained from the JSE for the listing of the Letters of Allocation and the listing of the Rights Offer Shares.

9 Further announcement and documentation

It is anticipated that the finalisation announcement for the Rights Offer will be released on SENS on or about Thursday, 7 June 2018 and in the South African press on or about Friday, 8 June 2018.

The Rights Offer circular will be made electronically available on Aveng's website (www.aveng.co.za) from Wednesday, 13 June 2018.

5 June 2018
Jet Park, Johannesburg

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The Rights Offer shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold, directly or indirectly, in the United States, absent registration or an exemption from, or transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of the Rights Offer shares in the United States.

Neither this announcement nor the Rights Offer constitutes or is intended to constitute an offer to the public in South Africa in terms of the South African Companies Act 71 of 2008 (as amended).

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Rand Merchant Bank (A division of FirstRand Bank Limited) is acting for Aveng and no one else, in connection with the Rights Offer and will not be responsible to anyone other than Aveng for providing the protections offered to clients of the advisers, nor for providing advice in relation to the Rights Offer.