

BRIMSTONE INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1995/010442/06

Share Code: BRT ISIN: ZAE000015277

Share Code: BRN ISIN: ZAE000015285

("Brimstone" or the "Company")

REPLACEMENT BEE SHAREHOLDER SECURED IN RESPECT OF THE CLOVER TRANSACTION AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. BACKGROUND

Shareholders are referred to the announcements released by Brimstone on the Stock Exchange News Service of the JSE Limited ("**JSE**") on 4 February, 7 February, 22 March, 12 April and 18 April 2019, in relation to Brimstone's participation in, and subsequent withdrawal from, the Clover Industries Limited transaction (the "**Clover Transaction**").

To summarise, the board of directors of Brimstone (the "**Board**") resolved to not proceed with the Clover Transaction, and thus entered into an agreement with Milco SA Proprietary Limited ("**Milco SA**") and International Beer Breweries Limited, to facilitate Brimstone's exit from its participation in the Clover Transaction, should Brimstone not conclude a transaction with a suitable replacement B-BBEE investor ("**Replacement B-BBEE Shareholder**") before 31 December 2019. Shareholders are reminded that the Company received a ruling from the JSE in terms of which the JSE confirmed that the provisions of Section 9 of the JSE Listings Requirements are not applicable i.e. Brimstone will not be required to call a shareholders' meeting for their subscription in Milco SA nor its decision to not proceed with this investment.

2. REPLACEMENT AGREEMENT

Shareholders are hereby advised that Brimstone has successfully concluded an agreement ("**Replacement Agreement**") with BEEMilk Proprietary Limited ("**BEEMilk**"), an entity representing a consortium of investors (the "**Consortium**") comprising Khulasande Capital Trust through its fund manager Khulasande Capital III Proprietary Limited, Global Capital Empowerment Fund and Ubisi Noju Proprietary Limited, such that Brimstone will exit its participation in the Clover Transaction.

3. PRO FORMA FINANCIAL EFFECTS

The anticipated total once-off costs incurred and to be incurred to give effect to the Board's decisions to enter into and exit the Clover Transaction are listed below:

- R55 million relating to Brimstone's contribution in disposing of its right to subscribe for Milco SA shares in terms of the Clover Transaction;
- R6.2 million in legal and regulatory fees;
- R7.3 million in advisory fees; and
- R0.2 million in other costs.

The table below sets out the *pro forma* financial effects of the Board's decision to enter into and exit the Clover Transaction on Brimstone's published audited consolidated financial results for the year ended 31 December 2018. The *pro forma* financial effects have been prepared for illustrative purposes only and because of their *pro forma* nature, may not fairly present Brimstone's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of these events going forward.

The *pro forma* financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the published audited consolidated financial results of Brimstone for the year ended 31 December 2018. The *pro forma* financial effects are presented in accordance with the JSE Listings Requirements and the Guide on Pro Forma Financial Information issued by the South African Institute of Chartered Accountants.

The Board is responsible for the compilation, contents and preparation of the Brimstone *pro forma* financial effects. Their responsibility includes determining that the Brimstone *pro forma* financial effects have been properly compiled on the basis stated, which is consistent with the accounting policies of Brimstone and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial effects disclosed pursuant to the JSE Listings Requirements.

Per Brimstone share (cents)	Before^(a)	<i>Pro forma</i> after	Percentage change (%)
Basic loss per Brimstone share ^(b)	(32.4)	(58.2)	(79.6)
Diluted loss per Brimstone share ^(b)	(32.4)	(58.2)	(79.6)
Basic headline loss per Brimstone share ^(b)	(21.1)	(46.8)	(121.8)
Diluted headline loss per Brimstone share ^(b)	(21.1)	(46.8)	(121.8)
Net asset value per Brimstone share (NAV) ^(c)	1 123.8	1 100.5	(2.1)
Tangible net asset value per Brimstone share (TNAV) ^(c)	610.3	586.9	(3.8)
Intrinsic net asset value per Brimstone share (INAV) ^(c)	1 615.1	1 591.8	(1.4)
Weighted average number of Brimstone shares in issue ('000)	241 946	241 946	-
Diluted weighted average number of Brimstone shares in issue ('000)	241 946	241 946	-
Number of Brimstone shares in issue ('000)	241 446	241 446	-

Notes and assumptions:

- The "Before" information has been extracted without adjustment from Brimstone's published audited consolidated financial results for the year ended 31 December 2018.
- The basic and diluted loss per share and basic headline and diluted headline loss per share "*Pro forma* after" amounts are based on the assumption that the Clover Transaction was implemented on 1 January 2018. The total anticipated once-off costs of R68.7million are debited to the statement of profit or loss, additional finance costs of R5.9 million to fund these costs are incurred and a tax saving of R12.3 million is credited to the statement of profit or loss.
- The NAV, TNAV and INAV "*Pro forma* after" amounts are based on the assumption that the Clover Transaction was implemented on 31 December 2018 and the total anticipated costs of the transaction (less taxation of R12.3 million) reduce capital and reserves by R56.4 million.

4. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

As Brimstone has now announced the conclusion of the Replacement Agreement, Brimstone shareholders are no longer required to exercise caution when dealing in the Company's securities.

Cape Town

26 July 2019

Sponsor to Brimstone

Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Legal Advisor to Brimstone

Bernadt Vukic Potash and Getz Attorneys