

Brimstone Investment Corporation Limited

(Incorporated in the Republic of South Africa)

Registration number 1995/010442/06

ISIN Number: ZAE000015277 Share Code: BRT

ISIN Number: ZAE000015285 Share Code: BRN

("Brimstone" or the "Company")

PARTIAL DISPOSAL OF BRIMSTONE'S INDIRECT SHAREHOLDING IN PHUTHUMA NATHI

1. Introduction

Brimstone shareholders are advised that the Company's wholly-owned subsidiary, Newshelf 1269 (RF) Proprietary Limited ("**Brimstone Subco**"), has entered into an agreement ("**Agreement**") dated 29 May 2020 with a wholly-owned subsidiary of Kagiso Capital (RF) Proprietary Limited, Main Street 1765 Proprietary Limited ("**Kagiso Subco**"), in terms of which Brimstone Subco has agreed to dispose of 1 895 425 ordinary shares ("**Sale Shares**") held by Brimstone Subco in Phuthuma Nathi Investments (RF) Limited ("**Phuthuma Nathi**") to Kagiso Subco ("**Disposal**") for an aggregate cash consideration of R175 255 989.64 ("**Disposal Consideration**").

The Sale Shares amount to 50% of Brimstone's total indirect holding in Phuthuma Nathi, and the Disposal would reduce its indirect shareholding in Phuthuma Nathi from 5.62% to 2.81%.

2. Rationale for the Disposal and use of proceeds

As recently communicated to shareholders, in light of the general economic uncertainty at present, the board of directors of Brimstone ("**Board**") has undertaken a strategic review of its investment portfolio having regard to its long-term strategy. The Board has identified assets that it believes can be partially or fully disposed of at acceptable valuations without jeopardising this strategy.

The disposal of a portion of Brimstone's indirect shareholding in Phuthuma Nathi is in accordance with the outcome of this strategic review and the Board is confident that it is a prudent course of action to take at this time.

The proceeds from the Disposal will be used to reduce the Company's short-term debt obligations.

3. Information on Phuthuma Nathi

In 2006 and 2007, Naspers Limited undertook one of the largest Broad Based Black Economic Empowerment transactions in South Africa by enabling the acquisition of a 20% interest in MultiChoice South Africa by black investors. Today Phuthuma Nathi's shareholder base comprises approximately 90 000 individual and institutional shareholders and its shares are listed on the Equity Express Securities Exchange Proprietary Limited ("**ESEE Exchange**").

4. Terms of the Disposal

The Disposal Consideration is based on the volume weighted average price of the Sale Shares traded on the ESEE Exchange for the 15 days ended 14 May 2020. In terms of the Agreement, Brimstone Subco will sell the Sale Shares to Kagiso Subco as follows:

- i. as regards the first 947 712 of the Sale Shares (the "**Designated Sale Shares**"), ex the right to any ordinary dividend declared by Phuthuma Nathi in respect of its ordinary shares relating to the 12-month period ended 31 March 2020, but cum the right to any other distribution or dividend that may be declared by Phuthuma Nathi in respect of the Designated Sale Shares after the implementation of the Disposal; and
- ii. as regards the balance of the Sale Shares (i.e. 947 713 thereof), cum the right to any distribution or dividend that may be declared by Phuthuma Nathi in respect of those shares after the implementation of the Disposal.

The Disposal is subject to the condition precedent that by no later than 17h00 on 12 June 2020, the parties have obtained all such approvals, authorisations or consents that may be required to be obtained from the ESEE Exchange and/or Phuthuma Nathi in terms of its constitutional documents or otherwise, for the implementation of the Disposal ("**Condition Precedent**").

The Agreement contains warranties and indemnities that are customary for a transaction of this nature.

The effective date of the Disposal will be the fifth business day after the date on which the Condition Precedent has been fulfilled or waived.

5. Financial information

The value of the net assets and profits attributable to the net assets that are the subject of the Disposal are R203 568 645 and R996 892 respectively ("**Financial Information**"). The Financial Information has been extracted from the Company's reviewed provisional condensed consolidated financial results for the year ended 31 December 2019 ("**Year-End Results**"). The Year-End Results were prepared in terms of International Financial Reporting Standards, are the responsibility of the Board and have been reviewed by Deloitte & Touche, who provided their report thereon on 10 March 2020.

6. Categorisation

In terms of the JSE Listings Requirements, the Disposal is classified as a Category 2 transaction for Brimstone, which requires an announcement.

Cape Town
29 May 2020

Investment Bank, Corporate Advisor and Sponsor:

Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Legal Advisor:

Cliffe Dekker Hofmeyr Inc