

**AFRIMAT LIMITED**

Incorporated in the Republic of South Africa

(Registration number: 2006/022534/06)

Share code: AFT

ISIN: ZAE000086302

("Afrimat" or "the Company" or "the Group")



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**UPDATE ON ACQUISITIONS/MAJOR PROJECTS**

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**Glenover Phosphate Proprietary Limited ("Glenover")**

Shareholders are referred to the announcement released on the Stock Exchange News Service ("**SENS**") on 9 December 2021, in terms of which Afrimat announced that it had purchased certain assets and rights to mine select deposits at the Glenover mine ("**Glenover Mine**"), as well as the option to acquire 100% of the shares in Glenover Phosphate Proprietary Limited ("**Glenover**") from the current shareholders ("**Glenover Shares**"), for a total purchase consideration of R550 million ("**Glenover Acquisition**").

The Glenover Acquisition includes phosphate stockpiles ("**Inventory Deposits**"), rare earth elements and a vermiculite mining Right ("**Glenover Mining Right**"), which positions Afrimat to enter new commodities aligned with global trends relating to food security and advanced technology, for example electric vehicles. The implementation of the initial phases of this acquisition have progressed well with Afrimat selling high-grade phosphate. The feasibility studies of the follow-up phases of the project have yielded pleasing results thus far.

There are no outstanding conditions precedent in respect of the Inventory Deposits and Vermiculite Mining Right, and payments of R215 million and R35 million for the Inventory Deposits and the Vermiculite Mining Right respectively were paid in cash to the sellers.

Furthermore, the option to acquire the Glenover Shares is subject to the fulfilment of the following outstanding conditions precedent, namely: i) Afrimat's Board approval and ii) Afrimat's sole discretion to exercise the option to purchase Glenover Shares from the Glenover shareholders together with all claims that the shareholders may have against Glenover, by 10 November 2022.

**Gravenhage Mining Right and Associated Assets**

Shareholders are referred to the announcement released on the SENS on 21 May 2021 regarding an agreement ("**Agreement**") concluded between Afrimat, Aquila Steel (S Africa) Proprietary Limited and Rakana Consolidated Mines Proprietary Limited ("**the Sellers**"), in terms of which the Company agreed to purchase the Gravenhage manganese mining right and associated assets ("**Assets**") from the Sellers ("**Gravenhage Acquisition**").

Shareholders are hereby notified that, according to the Company, all conditions precedent to the Transaction as set out in the Agreement were not fulfilled by the conditions precedent fulfilment date, being 20 August 2022 ("**End Date**").

In particular, the condition precedent requiring the grant of the Water Use License Application as defined in the Agreement has not been fulfilled, in that the water use licence which was issued by the Department of Water and Sanitation ("**Department**") deviates materially from

the Water Use Licence Application which was submitted by the Sellers to the Department and as such does not constitute the grant of the Water Use Licence Application as contemplated in the Agreement. Accordingly, due to the non-fulfilment of all the conditions precedent by the End Date and in terms of the provisions of the Agreement, the Agreement lapsed on 20 August 2022 and shall not be of any force or effect.

Shareholders are also advised that a formal dispute has been declared between the Company and the Sellers in terms of the Agreement, *inter alia* regarding whether the condition precedent relating to the Water Use Licence has been fulfilled, which the parties have to date been unable to resolve through negotiation ("**Dispute**"). If the Dispute remains unresolved, it may be referred to arbitration for determination.

A further announcement will be released on SENS providing shareholders with an update regarding the Dispute in due course.

Cape Town  
22 August 2022

Sponsor  
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