

BRIKOR LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1998/013247/06)

(Share Code: BIK ISIN Code: ZAE000101945)

("Brikor" or "the Company")

Contract mining and coal purchase agreement and Interim mining consulting services agreement

1 Introduction

Shareholders are advised that Brikor has entered into a contract mining and coal purchase agreement ("the Agreement") on 30 June 2023 with TCQ mining (Pty) Limited ("TCQ Mining"), a wholly owned subsidiary of Nikkel Trading 392 Proprietary Limited ("Nikkel Trading"), Illangabi Investments 12 Proprietary Limited ("Illangabi"), and Kopanela Mining (Pty) Limited ("Kopanela"), a subsidiary of Brikor, in terms of which (i) TCQ Mining will provide contract mining services to Brikor; and (ii) Brikor, Illangabi and Kopanela will sell all coal mined by TCQ Mining in on or under the Grootfontein Mining Area and the Vlakfontien Mining Area as defined below. ("the Transaction").

Nikkel Trading is a material shareholder in Brikor and the Transaction accordingly constitutes a related party transaction in terms of the JSE Listings Requirements.

2 Rationale

Brikor's core business and expertise is brick-making. Although Brikor (including its subsidiaries) owns substantial coal reserves, to date Brikor has not been able to exploit these reserves to their full potential. It is believed that Brikor will benefit from TCQ Mining's deep mining expertise, financial resources, and Equipment to achieve the Company's objective of commercially exploiting its Mining Rights;

The above arrangement will therefore assure that the Brikor mining operations will be professionalised, will be fully funded, will be profitable and cashflow positive and will ensure a secure supply of clay for its core business.

3 Salient terms of the Transaction

- 3.1 Brikor is the holder of the Grootfontein Mining Right, the mining right under reference number GP30/5/1/2/2 (10059) MR granted to Brikor in terms of section 23 of the Mineral and Petroleum Resources Development Act, 29 of 2002 ("MPRDA") to mine coal in, on or under the Grootfontein Mining Area. Ilangabi is the holder of the Vlakfontein Mining Right, the Pending Prospecting Rights (as detailed below) as well as the mining right under reference number GP30/5/1/2/2 (219) MR granted to Ilangabi in terms of section 23 of the MPRDA to mine coal in or under the Vlakfontein Mining Area. (collectively the "Mining Areas").

The Pending Prospecting Rights are the prospecting rights for Coal and Clay on portion 9 of the farm Vlakfontein 281 JR, in respect whereof the application for prospecting rights has been accepted by the Department of Mineral Resources and that is currently undergoing the formal process of being officially granted to Ilangabi in terms of section 17(1) of the MPRDA, and which may be incorporated into the Vlakfontein Mining Right by means of section 102 of the MPRDA, if granted.

- 3.2 It is anticipated that the Grootfontein Mining Right will be transferred from Brikor to Kopanela Mining pursuant to an application in terms of Section 11(1) of the MPRDA.
- 3.3 Brikor, Ilangabi and Kopanela will jointly appoint TCQ Mining as an independent contractor with effect from the first business day following the date on which the Agreement becomes final ("Effective date") to provide services until the earlier of: the date on which the last of the Mining Rights lapses, the date on which the last ton of coal is mined from the Mine in terms of the Life of Mine Plan or the date on which the Agreement is terminated or cancelled ("Termination Date"). TCQ Mining will purchase from Brikor, Ilangabi and Kopanela all coal mined in, on or under the Mining Areas.

- 3.4 TCQ Mining will be liable for all contract mining costs of the mining in, on or under the Mining Areas and shall pay Brikor a purchase consideration for all coal mined by TCQ Mining as follows:
- 3.4.1 All contract mining costs incurred by TCQ Mining (including all staff costs, all compliance costs, all mining and auxiliary equipment, all processing and wash plant costs, all rehabilitation costs, all prospecting costs, all working capital costs, etc.); plus
- 3.4.2 All contract mining costs incurred by Brikor, Ilangabi and Kopanela (including all their mining staff costs, all their compliance costs, all their mining and auxiliary equipment, all their processing and wash plant costs, all their diesel and lubricants, all their insurance costs, etc.); plus
- 3.4.3 R20 per ton of ROM Coal mined, plus VAT.
- 3.5 TCQ Mining shall be responsible for the conduct, and overall management, of all Prospecting activities and mining and rehabilitation of the Mining Areas.
- 3.6 Clay shall be mined by TCQ Mining as a by-product from the mining of the coal at no additional cost to Brikor, Ilangabi and Kopanela. The clay will be delivered by TCQ Mining to Brikor, Ilangabi and Kopanela on a monthly basis. Each mining right holder shall retain ownership of all clay mined and will be entitled to sell same for its own benefit.
- 3.7 The Transaction will be subject to normal warranties that are customary for transactions of this nature.

4 Conditions precedent

The Transaction will be subject to, inter alia, the following conditions precedent:

- 4.1 Within 90 business days from the Signature Date, Brikor shall obtain all required approvals contemplated under the JSE Listings Requirements; and
- 4.2 Within 180 business days from Signature date, the intermediate joint merger filing submitted to the Competition Commission by Nikkel Trading and Brikor on 18 May 2023 having been approved unconditionally by the Competition Commission.

5 Categorisation of Transaction and publication of circular

The Transaction is a category 1 transaction in terms of section 9 of the JSE Listing Requirements and requires a circular to be sent to shareholders and approval by shareholders of the Transaction. The Transaction is also a related party transaction in terms of section 10.1 of the JSE Listing Requirements, as Nikkel Trading is a material shareholder of Brikor, and subject to all the provisions of section 10.4 of the JSE Listing Requirements. The aforesaid circular will be distributed to shareholders within 60 days of this announcement.

6 Financial information

The value of the net assets that are the subject of the Transaction is R3, 2 million as at 28 February 2023 and the loss attributable to the net assets that are the subject of the Transaction is R5,8 million (before interest and taxation) for the year to 28 February 2023.

7 Interim mining consulting services agreement

TCQ Mining and Brikor have with effect from 20 June 2023 entered into a three-month interim mining consulting services agreement ("Interim consulting agreement") for an amount of R13,7 million, for the purposes of advising and supporting Brikor in improving its current mining operations in preparation of a planned large scale upscaling of its mining operations pursuant to the Transaction.

It is expected that the Interim Consulting Agreement will assist Brikor to gradually increase its mining output beyond current levels and increase its coal output by approximately 80 000 tons over the three-month period.

The Interim consulting agreement is a service agreement and therefore no assets are the subject of this agreement and no profits are attributable to the assets.

The value of the Interim consulting agreement is less than 10% of Brikor's market capitalisation and therefore in terms of section 10.6(b) read with section 21.12 (a) of the JSE Listings Requirements it is not regarded as a related party transaction.

3 July 2023

Nigel

Designated Advisor

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