

WG Wearne Limited
(Registration number: 1994/005983/06)
JSE Share code: WEA ISIN: ZAE000078002
("Wearne" or "the Company" or "the Group")

Transactions to dispose of the Bethlehem quarry and ancillary businesses and property to subsidiaries of Afrimat Limited and withdrawal of cautionary announcement

1. INTRODUCTION

Shareholders are referred to the cautionary announcement of 19 May 2016 and are advised that Wearne, Wearne Aggregates (Pty) Ltd ("Wearne Aggregates") and Wearne Ready Mixed Concrete (Pty) Ltd ("Wearne Ready Mix"), both wholly owned subsidiaries of Wearne, have entered into an agreement with Afrimat Concrete Products Proprietary Limited and Afrimat Aggregates (KZN) Proprietary Limited ("the purchasers"), subsidiaries of Afrimat Limited ("Afrimat") on 6 July 2016 to dispose of the Bethlehem quarry and ancillary businesses as described in 3.1.1 below as a going concern ("the Businesses").

Wearne also entered into an agreement on 6 July 2016 with Rodag Holdings Proprietary Limited ("Rodag"), a subsidiary of Afrimat, to dispose of the property on which the Bethlehem quarry is situated, namely Erf 4038, Bethlehem, Free State ("the Property").

Both transactions are hereinafter collectively referred to as "the Transactions".

2. RATIONALE AND BACKGROUND FOR THE TRANSACTIONS

As previously announced, Wearne has developed a restructure plan to sell off non-core assets to improve its liquidity and solvency. The Businesses and the Property have been identified as non-core assets.

3. TERMS AND CONDITIONS OF THE TRANSACTIONS

3.1 The disposal of the Businesses

3.1.1 Wearne, Wearne Aggregates and Wearne Ready Mix agreed to dispose of the following as a going concern:

- the Wearne Aggregates Bethlehem business which comprises of certain plant and equipment and contracts;
- the Wearne Ready Mix Bethlehem business which comprises of the Wearne Ready Mix operations at Bethlehem; and
- the Wearne Bethlehem Plant and Equipment which comprises the plant and equipment of Wearne in relation to the operation of the Bethlehem quarry; and
- the stock of Wearne Aggregates Bethlehem and Wearne Ready Mix Bethlehem on the effective date.

3.1.2 The purchase price of the Businesses is constituted as follows:

- R18 million cash for the Wearne Aggregates Bethlehem business (excluding its stock);
- R2 million cash for the Wearne Ready Mix Bethlehem business (excluding its stock);
- R5 million cash for the Wearne Bethlehem plant and equipment; plus
- an amount equal to the effective date stock value of the stock of Wearne Aggregates Bethlehem and Wearne Ready Mix Bethlehem, which is expected to be in the region of R3 million.

3.1.3. The parties undertake to do all such things as may be required to obtain written consent of the Department of Mineral Rights to transfer the mining right (license number FS 30/5/1/2/59 MR in relation to the Property) from Wearne to the purchasers as soon as possible after the effective date.

- 3.1.4 The conditions precedent include, among others:
- approval of the disposal of the Businesses by the board of directors of the purchaser, Wearne and Afrimat within 10 business days after the signature date;
 - Wearne, Wearne Aggregates and Wearne Ready Mix resolving in writing to approve or ratify the provisions of the agreement within 10 business days after the signature date;
 - the sale of Property agreement is entered into between Wearne, the purchaser and Afrimat and becomes unconditional within 10 business days after the signature date;
 - written irrevocable undertakings are received from Wearne shareholders holding not less than 50% of Wearne's issued shares to vote in favour of the Transactions within 15 days after the signature date;
 - obtaining shareholders' approval for the Transactions in a general meeting of shareholders on or before 30 September 2016; and
 - obtaining all regulatory approvals on or before 30 September 2016.
- 3.1.5 The effective date proposed for the sale of the Businesses will be the first business day after all the conditions precedent had been fulfilled or waived.

3.2 The Sale of the Property

3.2.1 Wearne agreed to dispose of the Property for R 2 million plus interest at prime on such amount from 1 October 2016 to the transfer date.

3.2.2 The sale of the Property is subject to the following conditions precedent:

- the bondholder consenting in writing to the transfer of the Property from Wearne to Afrimat; and
- the agreement to dispose of the Businesses being entered into and becoming unconditional.

3.2.3 Transfer date is the date of registration of transfer from Wearne to Rodag.

4. USE OF PROCEEDS

The transaction proceeds will be used to reduce debt and improve the liquidity position of the Group in general.

5. FINANCIAL INFORMATION IN RESPECT OF THE TRANSACTIONS

The net value of the Transactions, was approximately R24,7 million as at the year ended 29 February 2016. The profit attributable to Transactions, was R0,27 million for the year ended 29 February 2016.

6. CATEGORISATION OF THE TRANSACTIONS

The Transactions constitute a Category 1 transaction in terms of the JSE Listings Requirements. Accordingly, a circular will be distributed to Wearne shareholders in due course providing further information relating to the Transactions and convening a general meeting of shareholders in order to obtain shareholder approval for the transactions.

7. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the cautionary announcement dated 19 May 2016 and are advised that they no longer need to exercise caution when dealing in the company's securities.

Designated Advisor
Exchange Sponsors

7 July 2016
Randburg