

Transaction to dispose of the Brandvlei Sand Quarry and ancillary business

1. INTRODUCTION

Shareholders are advised that Wearne has entered into an agreement with Elcu Pumps (Pty) Limited ("Elcu Pumps") ("the purchaser") on 31 March 2017 to dispose of the Brandvlei Sand Quarry and ancillary business ("Brandvlei") ("the Transaction").

2. RATIONALE AND BACKGROUND FOR THE TRANSACTION

As previously announced, Wearne has developed and is implementing a restructure plan to sell off non-core assets to improve its liquidity and solvency. Brandvlei has been identified as a non-core asset.

3. TERMS AND CONDITIONS OF THE TRANSACTION

- 3.1. Wearne has agreed to dispose of the following to the purchaser as a going concern for R7 million:
 - 3.1.1 The assets and business of Brandvlei including the mining right and property;
 - 3.1.2 No liabilities of Brandvlei save for the rehabilitation liability.
- 3.2 The purchaser will, upon completion of the Transaction, be owned 40% by Wearne and 60% by Dennis Human and other investors, including a staff member of the Designated Adviser of Wearne, Exchange Sponsors (2008) (Pty) Limited ("the Investors"). Accordingly the Transaction is a related party transaction in terms of the JSE Listings Requirements and requires written confirmation from an independent expert that the Transaction is fair as far as shareholders are concerned.
- 3.3 The purchase price will be funded through a combination of a bank loan and a long term loan from the Investors.
- 3.4 The purchaser will enter into a contract mining agreement with Wearne from the effective date until the transfer of the mining right to the purchaser.
- 3.5 The purchaser and Wearne will enter into a supply agreement in terms of which the purchaser will supply the total requirement of plaster sand to some of Wearne's ready-mix plants.
- 3.6 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 from Wearne to the purchaser as soon as possible after the effective date.
- 3.7 The conditions precedent include, among others:
 - approval of the disposal of Brandvlei by the board of directors of Wearne; and
 - entering into detailed agreements between the parties.
- 3.8 The Transaction agreements will contain warranties that are normal for a transaction of this nature.
- 3.9 The effective date for the sale of Brandvlei is expected to be 1 May 2017.

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 TRANSACTION

The net value of the assets attributable to the Transaction, was approximately R9, 1 million as at the year ended 28 February 2017. The loss attributable to the net assets that are the subject of the Transaction, was R0, 3 million for the year ended 28 February 2017.

6. CATEGORISATION OF THE TRANSACTION

The Transaction constitutes a Category 2 transaction in terms of the JSE Listings Requirements and only requires this detailed announcement. A copy of the independent expert opinion referred to in paragraph 3.2 above will be available for inspection by shareholders at the head office of Wearne in due course.

Designated Advisor
Exchange Sponsors

4 April 2017
Randburg