

WG Wearne Limited

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

Joint venture in respect of Willows Fountain Quarry at Pietermaritzburg

1. Introduction

Shareholders are advised that Wearne and Wearne Aggregates (Pty) Ltd (Wearne Aggregates), a wholly owned subsidiary of Wearne, have entered into heads of agreement with Right Gold Machinery Proprietary Limited (Right Gold) to enter into a joint venture in respect of the Willows Fountain Quarry (the Quarry) situated at Pietermaritzburg, currently owned by Aggregates.

2. Rationale and background for the transaction

As previously announced, Wearne has developed a restructure plan to sell off non-core assets to improve its liquidity and solvency. The Quarry has been identified as core, but requires a major plant upgrade and capital injection, which Right Gold is prepared to supply in exchange for shares in the business.

3. Disposal to Newco and introduction of Right Gold as shareholder

3.1. Aggregates will dispose of the following to a new company to be incorporated (Newco), possibly to be called Wearne Quarries Natal Proprietary Limited, as a going concern for R20 million:

3.1.1. the assets and business of the Quarry including the mining right and stock but excluding debtors, creditors and cash;

3.1.2. certain identified long term liabilities of the Quarry, including the rehabilitation liability;

3.1.3. all staff, in terms of section 197 of the Labour Relations Act, 1995,

(the Quarry business) in exchange for shares in Newco, subject to the terms and Conditions of this agreement and the fulfilment of the conditions precedent.

3.2. Right Gold will supply:

3.2.1. and commission a new crushing plant to the value of R15 million to be erected at the Quarry; plus

3.2.2. civil works and bear the installation costs of the plant, to the value of R3 million; plus

3.2.3. working capital of R2 million,

in exchange for shares in Newco.

3.3. Upon completion of the transaction, Newco will be owned 50% by Aggregates and 50% by Right Gold, and the parties will share equally in the net after tax profits of the company.

4. Management

Wearne will manage the business and will be responsible for invoicing and all administration, and will be paid a monthly management fee.

5. Conditions precedent

The conditions precedent will include, among others:

- 5.1. approval of the disposal of the Quarry business by the board of directors of Aggregates;
- 5.2. entering into a detailed agreement between the parties;
- 5.3. shareholder approval to the extent and at the levels required; and
- 5.4. JSE and other regulatory approvals.

6. Warranties

The agreements will contain warranties that are normal for a transaction of this nature.

7. Effective date

The effective date of the transaction is the date of fulfilment of the conditions precedent, which is expected to be 1 October 2017.

8. Financial information in respect of the transaction

The net value of the assets that are the subject of transaction was approximately R 7,9 million as at the year ended 29 February 2017. The loss attributable to the net assets that are the subject of the transaction was approximately R 0,6 million for the year ended 29 February 2017.

9. Categorisation of the transaction

The transaction will 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 transaction.

Designated Advisor
Exchange Sponsors

10 July 2017
Randburg