



10 March 2016

Dear Shareholder

**NOTIFICATION IN TERMS OF SECTION 45 OF THE COMPANIES ACT NO. 71 OF 2008**

**RESOLUTION OF THE BOARD OF DIRECTORS OF BSI STEEL LIMITED PASSED ON 1 MARCH 2016.**

**Introduction:**

Section 45 of the Companies Act of 2008 and the special resolution passed by shareholders on 22 September 2015 refers.

BSI Steel Limited has a number of subsidiary companies namely BSI Steel Africa Limited (and its African and other subsidiaries), Newcolab (Pty) Ltd, Red Chip Investments (Pty) Ltd, Shearcut (Pty) Ltd, West Dunes Properties 296 (Pty) Ltd and associate company Qinisa Steel Solutions (Pty) Ltd. The funding of the BSI Steel group is done on a group basis and the subsidiaries and associate company contribute to the group securities which include cross-company guarantees from the holding company in favour of the subsidiaries and associate company and visa versa.

Group expenses, sundry purchases, steel purchases, working capital and fixed capital funding is controlled via inter- company loan accounts. All transactions are at arms-length, at market-related prices and are done in the ordinary course of business. The terms of the inter-company loan accounts and guarantees given are fair and reasonable to the holding and subsidiary companies and associate company.

The Board records that BSI Steel Limited and the subsidiaries and associate company listed above are solvent and liquid and are able to pay their debts in the ordinary course of business for the next 12 months and authorises the continued group expenses, sundry purchases, steel purchases, working capital, fixed capital funding transactions and guarantees given between the companies in the ordinary course of business until 31 March 2017 up to a value of R 50.0 million per subsidiary and associate company excluding BSI Steel Africa Limited (and its African and other subsidiaries) and R 455.0m (\$ 30.0m) for BSI Steel Africa Limited (and its African and other subsidiaries). Transactions of more than R 50.0m excluding BSI Steel Africa Limited (and its African and other subsidiaries) and R 455.0m (\$ 30.0m) for BSI Steel Africa Limited (and its African and other subsidiaries) that are not in the ordinary course of business, major capital expenditure and acquisitions will require separate board resolutions.

A handwritten signature in black ink, appearing to read 'S.J. Hackett'.

S J Hackett  
Company Secretary

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Directors: W.L. Battershill (Chairman & CEO), B.M. Khoza (Alternate- N.M Anderson), R.G. Lewis, C. Parry, K. Paxton,  
N.G. Payne, E. Vermaak // Company Secretary: S.J. Hackett

BSI Steel Limited Reg. No 2001/023164/06