

BSI Steel Limited
(Incorporated in the Republic of South Africa)
(Registration number 2001/023164/06)
JSE code: BSS
ISIN: ZAE000125134
("BSI" or "the Company")

ANNOUNCEMENT REGARDING:

- **A SCHEME OF ARRANGEMENT TO BE PROPOSED BY THE BOARD OF DIRECTORS OF BSI ("BOARD") BETWEEN BSI AND ITS SHAREHOLDERS IN TERMS OF WHICH BSI WILL RE-ACQUIRE SOME OR ALL OF THE SHARES HELD BY CERTAIN OF ITS SHAREHOLDERS;**
- **THE PROPOSED DELISTING OF BSI FROM THE EXCHANGE OPERATED BY JSE LIMITED ("JSE"); AND**
- **WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

1. INTRODUCTION

BSI shareholders ("**Shareholders**") are referred to the cautionary announcement published on 14 August 2017 ("**Announcement**") wherein they were advised that the Board had resolved, in principle, to proceed towards seeking a delisting of BSI from the exchange operated by the JSE ("**Delisting**"), and the subsequent renewal of cautionary announcements published on 26 September 2017 and 14 November 2017.

Following the Announcement, the Board has resolved that it will propose a scheme of arrangement between BSI and its Shareholders ("**Scheme**") in terms of which, if implemented, BSI will re-acquire some of its ordinary shares (each, a "**Share**") (in terms of a validly elected Exit Election or Continuation Election, or in terms of the Default Position, as described below) for a cash consideration of 50 cents per Share. The Delisting and the Scheme will be collectively described as "**the Transaction**" in this Announcement.

In terms of the Scheme, BSI shareholders ("**Shareholders**") will have the option to:

- elect to retain all or some of their Shares post Delisting ("**Continuation Election**"), which retained Shares will consequently not be re-acquired by BSI, and the Shares held by that Shareholder other than the retained shares (if any) shall be re-acquired by BSI pursuant to the Scheme for 50 cents per Share; or
- validly elect to dispose of some or all of their Shares, which Shares being disposed of will be re-acquired by BSI for 50 cents per Share ("**Exit Election**"), and which other Shares held by that Shareholder (if any) shall not be re-acquired by BSI pursuant to the Scheme.

The automatic default position will occur in respect of a Shareholder where that Shareholder has failed to validly make either the Continuation Election or the Exit Election in respect of all or some of the Shares held by it, and in this instance, such Shareholder will be deemed to have made the Exit Election in respect of all their Shares, and all of their Shares will, therefore, be re-acquired by BSI by way of expropriation ("**Default Position**") as contemplated in section 114(1)(c) of the Companies Act, Act 71 of 2008, as amended from time to time ("**Act**").

Consequently, if the Scheme is approved and becomes unconditional, Shareholders wishing to retain some or all of their Shares must elect not to have such Shares re-acquired by BSI pursuant to the Scheme by validly electing the Continuation Election, failing which BSI will automatically re-acquire their Shares in terms of the Default Position (i.e. Shareholders who validly elect the Continuation Election will not be expropriated in terms of the Default Position and will remain as Shareholders of BSI following the Transaction).

2 RATIONALE FOR THE DELISTING AND SCHEME

Having considered, *inter alia*, the size of the business relative to the costs of remaining listed on the JSE, the absence of liquidity in the Share, the Company not expecting to raise equity capital in the near future and the questioned necessity of the listing to support the growth aspirations of the BSI group, the Board has resolved to seek a delisting of BSI from the JSE.

The Continuation Election allows all Shareholders to remain invested by retaining all or some of their Shares (at every Shareholder's election) following implementation of the Scheme and the Delisting, whereas the Scheme allows all Shareholders that cannot hold shares in an unlisted entity or do not wish to hold such shares, to dispose of all or some of their Shares (at every such Shareholder's election) prior to implementation of the Delisting.

3 MATERIAL TERMS OF THE SCHEME

3.1 Scheme approval

The Scheme will be proposed in terms of section 114(1)(e) of the Act and a general meeting of Shareholders will be convened ("**General Meeting**") in order to consider and, if deemed fit, pass, *inter alia*, the following inter-conditional resolutions:

- a special resolution in terms of section 48(8)(a) of the Act to the extent that any Shareholders which follow the Exit Election are directors or prescribed officers of BSI, or to the extent that any such Shareholders are related to a director or prescribed officer of BSI;
- the approval of the Scheme as required by section 48(8)(b) of the Act, by way of a special resolution of Shareholders in terms of section 115(2) of the Act ("**Scheme Resolution**"); and
- an ordinary resolution in terms of paragraph 1.14(a) of the JSE Limited Listings Requirements ("**Listings Requirements**") to authorise the Delisting,

collectively hereinafter referred to as the "**Scheme Resolutions**".

The Scheme will be subject to the conditions set out in paragraph 4 below.

3.2 Scheme consideration

In terms of the Scheme, BSI will propose to re-acquire the Shares at a price of 50 cents per Share, to be settled in cash ("**the Scheme Consideration**").

The Scheme Consideration represents a 67% premium to 30 cents per Share, being the Share's 30-day volume weighted average price on the exchange operated by the JSE up to and until and including 11 August 2017, being the trading day prior to the announcement on 14 August 2017.

3.3 Circular and salient dates pertaining to the Scheme

In terms of the Listings Requirements and the Act, the Transaction requires the approval of Shareholders in a general meeting. A circular containing full details of the Transaction ("**Circular**") as well as a notice to convene a general meeting of Shareholders in order to consider and, if deemed fit, to pass, with or without modification, the resolutions necessary to approve and implement the Transaction, will be made available to Shareholders in due course. It is expected that the general meeting will be held in late January 2017. The date of the general meeting and the dates of when the Scheme is expected to become operative will be confirmed to Shareholders at the time that the Circular is made available.

Shareholders are advised that in accordance with the Companies Regulations, 2011, promulgated in terms of the Act ("**Regulations**"), BSI has constituted an independent board represented by NG Payne (chairperson), RG Lewis and NM Anderson, ("**Independent Board**"), *inter alia*, to consider the contents of the independent expert opinion ("**Independent Opinion**")

to be prepared in respect of the Transaction and that the Independent Opinion and the resultant recommendation of the Independent Board will be contained in the Circular.

4. SCHEME CONDITIONS

The Scheme is subject, *inter alia*, to the fulfilment of the following conditions:

- the requisite majority of Shareholders approve the Scheme Resolutions;
- to the extent required under section 115(3)(a) of the Act, approval of the implementation of the Scheme by a court is obtained and, if applicable, BSI not having treated the Scheme Resolution as a nullity, as contemplated in section 115(5) of the Companies Act;
- Shareholders holding more than 5% of all Shares in issue do not (i) give notice objecting to the Scheme; (ii) vote against the Scheme Resolutions; and (iii) exercise their appraisal rights in terms of section 164 of the Companies Act by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act within 10 business days immediately following the date on which the general meeting to approve the Scheme Resolutions is convened;
- the Relevant Shareholders exercise the Continuation Election in accordance with the irrevocable undertakings referred to in paragraph 6 below; and
- all other regulatory approvals, consents or waivers required to give effect to and implement the Transaction are granted unconditionally (or, to the extent that any such approvals, consents or waivers are subject to conditions, such conditions are acceptable to BSI), including, without limitation, the approval of the South African competition authorities, the Takeover Regulation Panel (“TRP”), and the South African exchange control authorities.

5. SOLVENCY AND LIQUIDITY

The Board has reasonably concluded that the Company will satisfy the solvency and liquidity test contemplated in section 4 of the Act immediately after completing the repurchase by BSI of its Shares in terms of the Scheme. The funds to settle the Scheme Consideration are in place and will be settled from a facility currently in place with Nedbank Limited.

6. IRREVOCABLE UNDERTAKINGS

BSI has received irrevocable undertakings from certain Shareholders representing in aggregate 76.00% of the issued share capital of BSI (excluding treasury shares, the controlling shareholder Battershill Investments (Proprietary) Limited and shares held by WL Battershill) to vote in favour of the Scheme Resolutions. BSI has furthermore received irrevocable undertakings from certain Shareholders (“**Relevant Shareholders**”), representing in aggregate 77.30% of the issued share capital of BSI, in terms of which they irrevocably undertake to exercise the Continuation Election in respect of all Shares held by them.

Full details of the aforementioned irrevocable undertakings and the parties who have provided same will be set out in the Circular and copies thereof will be available for inspection at the time the Circular is posted to Shareholders.

7. THE DELISTING

Upon the Scheme becoming unconditional and being implemented, application will be made by BSI to the JSE to terminate the listing of the Shares on the exchange operated by the JSE.

8. RESPONSIBILITY STATEMENT

In accordance with Regulation 101 of the Regulations, the BSI board of directors and the Independent Board formed for the purposes of the Scheme:

- accept responsibility for the information contained in this announcement;

- confirm that to the best of each member's respective knowledge and belief, the information contained in this announcement is true; and
- confirm that this announcement does not omit anything likely to affect the importance of the information relating to the Transaction.

9. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Further to the information set out in this announcement, the cautionary announcement contained in the Announcement and the most recent renewal thereof is hereby withdrawn and caution is no longer required to be exercised by Shareholders when dealing in Shares.

Johannesburg
29 November 2017

Corporate Advisor and Designated Advisor
Sasfin Capital (a member of the Sasfin Group)

Legal Advisor
Werksmans Incorporated