

BSI STEEL LIMITED
(Registration No 2001/023164/06)

SHARE APPRECIATION RIGHT SCHEME

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1. **INTRODUCTION**

The purpose of the BSI Steel Limited Share Appreciation Right Scheme is to attract, retain and reward selected Employees of the Employer Companies who are able to contribute to the trade of the Employer Companies and to stimulate the personal involvement of these Employees in the Employer Companies, thereby encouraging their continued service with the Employer Companies. 14.1(a)

2. **INTERPRETATION**

2.1 In these Rules, unless inconsistent with the context, the following words and expressions shall have the following meanings:

2.1.1 “Accrual Date” the date on which a Participant is unconditionally entitled to a Share Appreciation Right in terms of the provisions of the Scheme, which date will coincide with the Exercise Date;

2.1.2 “Allocated” as one SAR granted will never result in the dilution of one full Share, for purposes of setting the Scheme limits referred to in Rule 5, ‘Allocated’ shall mean that the expected dilution per SAR granted shall not exceed the Company and individual dilution limits set forth in Rule 5.1 and 5.2;

- 2.1.3 “BSI Share Incentive Scheme” the BSI Share Incentive Scheme adopted by the Company on 30 August 2007;
- 2.1.4 “Board” the Board of directors for the time being of the Company, or any committee thereof (including the Remuneration Committee) to or upon whom the powers of the Board in respect of this Scheme are delegated or are conferred in terms of the Company’s articles of association;
- 2.1.5 “Business Day” any day on which the JSE is open for the transaction of business;
- 2.1.6 “Capitalisation Issue” the issue of shares on capitalisation of the Company’s profits and/or reserves including the Company’s share premium account and capital redemption reserve fund;
- 2.1.7 “Company” BSI Steel Limited (Registration Number 2001/023164/06);
- 2.1.8 “Company Secretary” the secretary of the Company from time to time;
- 2.1.9 “Date of Grant” the date on which SARs are granted to an Employee as specified in the Letter of

Grant, irrespective of the date on which the SARs granted to an Employee, are actually accepted;

- 2.1.10 “Employee” a person eligible for participation in the Scheme, namely any senior employee with significant managerial or other responsibility, including any director holding salaried employment or office (but excluding any director serving on the Remuneration Committee), of any Employer Company in the Group;[14.1 \(a\)](#), [14.5](#)
- 2.1.11 “Employer Company” a company in the Group which employs an Employee;
- 2.1.12 “Exercise Date” the date on which SARs are exercised by a Participant in terms of Rule 8.1;
- 2.1.13 “Exercise Price” the volume weighted average price of an Underlying Share on the Exercise Date as quoted on the JSE;
- 2.1.14 “Financial Year” the financial year of the Company which currently runs from 1 April to 31 March each year;

- 2.1.15 “Grant” or “granted” the grant to an Employee of a SAR in terms of this Scheme;
- 2.1.16 “Grant Price” the 30 (thirty) - day (calendar day) volume weighted average price of an Underlying Share immediately preceding the Date of Grant, as quoted on the JSE; 14.1 (d)
- 2.1.17 “Group” the Company and its Subsidiary Companies from time to time;
- 2.1.18 “Independent Advisor” an advisor, other than the auditors of the Company, chosen from the ranks of reputable auditing firms;
- 2.1.19 “JSE” the JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated with limited liability in accordance with the company laws of South Africa, licensed as an exchange under the Securities Services Act, No. 36 of 2004;
- 2.1.20 “Letter of Grant” a document delivered to an Employee in terms of Rule 6.2.1;
- 2.1.21 “Notice of Exercise” a duly executed note (in the standard format, an example of which is attached to the Letter of Grant), delivered by a

Participant to the Company Secretary, in respect of the exercise of a SAR granted to such Participant. The Notice of Exercise shall be deemed to have been duly executed either by written notice or by electronic notification;

- 2.1.22 “Participant” an Employee to whom a Grant has been made in terms of this Scheme and who has accepted such Grant, and includes the executor of such employee’s deceased estate where appropriate;
- 2.1.23 “Performance Conditions” the conditions as determined by the Board specified in the Letter of Grant to which a Grant is subject;
- 2.1.24 “Performance Period” the period in respect of which a Performance Condition is to be satisfied, as stated in the Letter of Grant;
- 2.1.25 “Prohibited Period” a closed period as defined in the Listings Requirements of the JSE applicable to the Company from time to time and any period when there exists any matter which constitutes unpublished price sensitive information in relation to the Company’s securities;

- 2.1.26 “Remuneration Committee” the Remuneration Committee of the Board comprising of non-executive directors of the Company;
- 2.1.27 “Retirement” in relation to an Employee, normal retirement age as determined by the Company, or with the approval of the Board, prior to the normal Retirement age;
- 2.1.28 “Rights issue” the offer of any securities of the Company to all ordinary shareholders of the Company pro rata to their holdings at the record date;
- 2.1.29 “Rules” these rules as amended from time to time;
- 2.1.30 “SAR Period” the period from the Date of Grant to 00:00 on the day stated in the Letter of Grant as being the date on which the SAR will lapse;
- 2.1.31 “Scheme” the BSI Steel Limited Share Appreciation Right Scheme constituted by these Rules, as amended from time to time;
- 2.1.32 “Settlement” delivery of the required number of Shares to which a Participant is entitled pursuant

- to the exercise of a Share Appreciation Right;
- 2.1.33 “Settlement Date” the date on which Settlement shall occur;
- 2.1.34 “Share” an ordinary share of a par value of R0,001 cents (or as adjusted) in the capital of the Company;
- 2.1.35 “Share Appreciation Right”
or “SAR” a conditional right to receive Shares in terms of this Scheme to the value of the difference between the Exercise Price and the Grant Price of that number of SARs Granted;
- 2.1.36 “Subsidiary Companies”
or “Subsidiary” “Subsidiary” as defined in the Companies Act. 61 of 1973; or “Subsidiary” as defined in Accounting Statement AC132 (Consolidated financial statements and accounting for investments in subsidiaries);
- 2.1.37 “Underlying Share” a share in respect of which a SAR has been granted;

- 2.1.38 “Vesting Date” the date on which SARs become exercisable after confirmation by the Board that the Performance Conditions and all other conditions have been fulfilled, as set out in the Letter of Grant, and “Vest” and “Vested” shall be construed accordingly.
- 2.2 The headings in these Rules are inserted for reference purposes only and shall in no way govern or affect the interpretation hereof.
- 2.3 If any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, effect shall be given to it as if it were a substantive provision.
- 2.4 Unless the context indicates otherwise, an expression that denotes any gender includes the others; a natural person includes a created entity (corporate or unincorporated) and the singular includes the plural, and *vice versa* in each case.
- 2.5 References in these Rules to any statutory provisions include a reference to those provisions as amended or replaced from time to time and include any regulations made under them.

3. **THE SCHEME**

The Scheme shall be applicable to Grants made on or after the approval of the Scheme by shareholders. These Rules shall govern the Scheme.

4. **OPERATION OF THIS SCHEME**

4.1 Each Employer Company may periodically recommend to the Board which Employees it intends to incentivise by the making of Grants whereupon the Remuneration Committee may review the list of nominated Employees and in its absolute discretion make a Grant to the Employee concerned.

4.2 Subject to the provisions of these Rules and the JSE Listing Requirements, the Board is responsible for the governance pertaining to the Scheme. The Board will, therefore, have the final authority to decide on who will participate in the Scheme, the quantum of the awards to be made to the Participants, the nature of the Performance Conditions to be imposed, and all other issues relating to the governance of the Scheme.

4.3 The Employer Companies will, however, remain responsible to procure the settlement of the benefits in terms of the Scheme to the Participants employed by them on the Exercise Date.

5. **SCHEME LIMITS**

5.1 **Overall Company Limit 14.1(b), 14.9(c)**

5.1.1 The aggregate number of Shares which may be Allocated under this Scheme and the BSI Share Incentive Scheme, shall not exceed 73,000,000 (seventy three million) shares equating to approximately 10% (ten percent) of the issued shares. In the event of a discrepancy between the number of shares and the percentage of issued shares it represents, the number of shares shall prevail over the stated percentage.

5.1.2 The limit referred to in Rule 5.1.1 shall include new Shares issued by the Company in settlement of this Scheme, as contemplated in Rules 9.2.2.1 and 9.2.2.2, and the BSI Share Incentive Scheme;

5.1.3 The aggregate result of Rule 5.1.1 and Rule 5.1.2 shall exclude the following:

5.1.3.1 Shares purchased in the market as contemplated in Rule 9.2.1 in settlement of this Scheme and the BSI Share Incentive Scheme;
and

5.1.3.2 Shares Allocated under this Scheme and the BSI Share Incentive Scheme which are not subsequently settled to a Participant as a result of the forfeiture thereof. 14.3(f)

5.2 **Individual limit 14.1(c)**

The maximum number of Shares Allocated in respect of all unvested SARs granted to any Participant in respect of this Scheme and the BSI Share Incentive Scheme, shall not exceed 7,300,000 (seven million three hundred) shares equating to approximately 1% (one percent) of the issued shares. In the event of a discrepancy between the number of shares and the percentage of issued shares it represents, the number of shares shall prevail over the stated percentage.

6. **GRANT OF SARs**

6.1 **Time when SARs may be granted**

The Board may from time to time, on behalf of any Employer Company, make a Grant to an Employee of such Employer Company provided that:

6.1.1 the Scheme has been approved by shareholders;

6.1.2 there are no restrictions on the making of Grants.

6.2 **Grant of SARs** 14.1(f)

6.2.1 The Letter of Grant shall be in writing and shall specify the terms of the Grant including:

6.2.1.1 the name of the Employee;

6.2.1.2 the number of shares in respect of which SARs are granted;

6.2.1.3 the Grant Price;

6.2.1.4 the Date of Grant;

6.2.1.5 the SAR Period;

6.2.1.6 the Vesting Date and Settlement Date;

6.2.1.7 the Performance Period and applicable Performance Conditions;
and

6.2.1.8 any other relevant terms and conditions.

6.2.2 A Letter of Grant shall:

6.2.2.1 be personal to the Employee to whom it is addressed and may only be acted on by such Employee; and

6.2.2.2 indicate that the Employee must accept the Grant in writing within the period specified in the Grant (being a period of not more than 30 (thirty) days after the date of the Letter of Grant).

6.2.3 Any written acceptance of the Grant shall be in the form prescribed by the Board and be submitted to the Company Secretary, or such other person as the Board may nominate, at the Company's registered office in South Africa, within the period specified in Rule 6.2.2.2, failing which the Grant will be deemed to have been refused.

7. **REVIEW OF PERFORMANCE CONDITIONS**

7.1 As soon as reasonably practicable after the end of the Performance Period in relation to a Grant, the Board shall review whether the Performance Conditions have been fulfilled.

7.2 If the Board is satisfied that the Performance Conditions have been fulfilled, the Board shall calculate the number of SARs that Vest for each Participant.

7.3 If the Board is satisfied that the Performance Conditions have not been fulfilled, no Grants will Vest and the Participant will be notified of such fact accordingly and of the reason that the Performance Conditions were not fulfilled.

7.4 The Board will notify each Participant of the number of SARs Vested as soon as is reasonably practicable after the calculation referred to in Rule 7.2 has been made.

- 7.5 If the Performance Conditions have not been fulfilled at the end of the Performance Period, the Board may in its discretion, again review fulfillment of the Performance Conditions on the first anniversary of the end of the Performance Period.
- 7.6 If the Board is satisfied that the Performance Conditions have been fulfilled as at the first anniversary of the end of the Performance Period, the Board shall calculate the number of SARs that Vest for each Participant.
- 7.7 If the Board is satisfied that the Performance Conditions have not been fulfilled as at the first anniversary of the end of the Performance Period, no Grants will Vest and the Participants will be notified of such fact accordingly and of the reason that the Performance Conditions were not fulfilled.
- 7.8 If the Performance Conditions have not been fulfilled at the first anniversary of the end of the Performance Period, the Board may in its discretion again review fulfillment of the Performance Conditions on the second anniversary of the end of the Performance Period.
- 7.9 If the Board is satisfied that the Performance Conditions have been fulfilled at the second anniversary of the end of the Performance Period, the Board shall calculate the number of SARs that Vest for each Participant.
- 7.10 If the Performance Conditions have not been fulfilled as at the second anniversary of the end of the Performance Period, no Grants will Vest and such Grants shall thereupon lapse and the Participants will be notified of such fact accordingly and of the reason that the Performance Conditions were not fulfilled.

8. **VESTING, EXERCISE AND ACCRUAL OF SARs**

8.1 **Manner of exercise**

8.1.1 SARs if exercised, must be exercised by delivery of the requisite Notice of Exercise. The Notice of Exercise must be completed, signed by the Participant or by his appointed agent or if the SARs are exercised after the Participant's death, by his executor, and must specify the number of SARs that are being exercised.

8.1.2 SARs that have not Vested may not be exercised.

8.2 **Exercise Date**

8.2.1 The Exercise Date and subsequent Accrual Date of the SARs will be the date of receipt by the Company Secretary of the Notice of Exercise referred to in Rule 8.1. Subject to Rule 8.2.2, SARs may be exercised at any time after Vesting but before the expiry of the SAR Period, provided that the Participant is in the employ of any Employer Company.

8.2.2 Notwithstanding anything to the contrary contained in these Rules:

8.2.2.1 no SARs may be exercised prior to the date specified in the Letter of Grant;

8.2.2.2 no SARs may be exercised during a Prohibited Period;

8.2.2.3 100% (hundred) percent of the SARs granted to a Participant may be exercised on confirmation by the Board that the

Performance Conditions and all other conditions of participation have been met, as stipulated in the Letter of Grant;

unless the Board changes the Vesting Dates and the extent of the Vesting in respect of any SARs, subject to the Listings Requirements of the JSE.

9. **SETTLEMENT**

9.1 Following the exercise of SARs, the relevant Employer Company shall within 30 (thirty) days of the Exercise Date procure the Settlement of that number of Shares to the Participant the value of which equates to the difference between the Exercise Price and the Grant Price, (without deducting any costs or income tax), in accordance with the settlement methods described in Rule 9.2.

9.2 The main intention is to settle the Scheme in Shares using one of the following settlement methods:

9.2.1 the Employer Company will, if so instructed by the Board, incur an expense by making a cash contribution to a third party equal in value to the difference between the Exercise Price and the Grant Price in Settlement of the SAR on the basis that the third party will acquire the required number of Shares on the market for delivery to the Participant concerned, as agent for and on behalf of the Employer Company concerned; or 14.9(c)

9.2.2 the Employer Company will, if so instructed by the Board, incur an expense by making a cash contribution equal in value to the

subscription price of the Shares concerned, by way of subscription for new Shares to be allotted and issued by the Company for a subscription price per Share of either:

9.2.2.1 the difference between the Exercise Price and the Grant Price per Share; or

9.2.2.2 the par value per Share

as may be decided by the Board; provided that the value of the Shares delivered to the Participant shall be equal in value to the difference between the Exercise Price and the Grant Price;

9.2.3 As a fall back provision only, the Employer Company will, if so instructed by the Board, pay the Participant an equivalent amount in cash in lieu of any Shares.

9.3 Shares held in trust will only be sold once the employment of a Participant has been terminated and once the SAR has been forfeited in accordance with the provisions of Rule 11. 14.9(b)(ii)

9.4 A Participant shall be entitled to all of a shareholder's rights in respect of the Shares as of the Settlement Date and the shares shall rank *pari passu* with existing shares. 14.1(e)

9.5 If a Participant's employment with any Employer Company terminates after the Exercise Date, but before the Settlement Date for whatever reason, the SARs shall be Settled on the Settlement Date.

10. **LAPSE**

10.1 SARs shall lapse to the extent not exercised and irrespective of whether they have Vested or not:

10.1.1 upon the expiry of the SAR Period as specified in the Letter of Grant, to the extent that they are not exercised; or

10.1.2 to the extent that they are not exercised in accordance with the provisions of Rule 11.2 and 11.3, unless the Board determines otherwise in their discretion.

10.2 Notwithstanding the provisions of Rule 10.1, if an extended SAR Period is required due to the fact that the SAR Period expires during a Prohibited Period, the SAR Period shall be extended for a period of 90 (ninety) days from the end of the Prohibited Period.

11. **CESSATION OF EMPLOYMENT AND DEATH** ^{14.1 (h)}

11.1 **Resignation or dismissal**

If, while any portion of a Participant's SARs remain unexercised, such Participant ceases to be an Employee of any Employer Company by reason of his resignation or dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct (whether such cessation occurs as a result of notice given by him or otherwise or where he resigns to avoid dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct) all unexercised (Vested and unvested) SARs shall lapse on such cessation.

11.2 **Retirement**

If, while any portion of a Participant's Vested and unvested SARs remain unexercised and such Participant Retires from any Employer Company, the Participant shall be entitled to the same rights and be subject to the same conditions under this Scheme as if he had continued to be an Employee,.

11.3 **Retrenchment, death, ill health, disability or any other reason**

11.3.1 If a Participant's employment with any Employer Company terminates after the Vesting Date by reason of his retrenchment, death, ill health, disability or for any other reason other than listed in 11.1 or 11.2, any Vested but unexercised SARs may be exercised within 6 (six) months (or such extended period as the Board regard as appropriate) of the date of cessation of employment, failing which the SARs will lapse.

11.3.2 If a Participant's employment with any Employer Company terminates prior to the Vesting Date, by reason of retrenchment, death, ill health, disability or for any other reason other than listed in 11.1 or 11.2, a pro-rata portion of the unvested SARs shall Vest and be exercised within 6 (six) months (or such extended period as the Board regard as appropriate) of the date of cessation of employment or the date of death. The pro-rata portion of the SARs that Vest will reflect the number of months served since the Date of Grant and the extent to which the Performance Conditions have been satisfied. The balance of the unvested SARs not permitted to be exercised as aforesaid will lapse.

11.4 For the purposes of this Rule 11, a Participant will not be treated as ceasing to be an Employee of an Employer Company if, on the same date on which he ceases to be an Employee of an Employer Company, he is employed by another Employer Company.

12. **CHANGE OF CONTROL** 14.1(g), 14.3(a), (b), (c)

12.1 In the event that a change of Control of the Company shall occur before the Vesting Date, the Board shall by written notice to the Participant deem a pro-rata portion of the unvested SARs to Vest on the date of the change of control occurring and permit the exercise of such pro-rata portion within a time period to be determined by Board. The pro-rata portion of the SARs that Vest will reflect the number of months served since the Date of Grant and the extent to which the Performance Conditions have been met. The portion of the SARs that do not Vest early will:

12.1.1 if the Shares shall continue to be listed on the JSE following such change of Control, continue to be subject to the terms of the Letter of Grant relating thereto unless, the Board, in their absolute discretion, determine that the terms of the Letter of Grant relating thereto are no longer appropriate, in which case the Board shall make such adjustment to the number of SARs or take such other action as may be required to place the Participants in no worse position than they were prior to the occurrence of the change of Control; or

12.1.2 if the Shares shall cease to be listed on the JSE following such change of control, be subject to the application of the provisions of Rule 13.1.

- 12.2 In the event of an Employer Company (other than the Company), ceasing to be a member of the Company, the Board may take such action as they consider appropriate to protect the interests of Participants, including converting SARs into grants in respect of shares in one or more other companies, reviewing the time that has lapsed since the Date of Grant to the date of cessation as a subsidiary of the Company, and calculating the number of Shares to Vest to each Participant accordingly, provided that the Participants are no worse off.
- 12.3 Where necessary, in respect of any such adjustments, an Independent Advisor, acting as experts and not as arbitrators and whose decision shall be final and binding on all persons affected thereby, shall confirm to the Board in writing that these are calculated on a non-prejudicial basis. 14.3(d)
- 12.4 Any adjustments made in terms of this Rule 12 will be reported to the JSE in writing and will be reported on the Company's annual financial statements in the year during which the adjustment is made. 14.3(e)
- 12.5 The issue of Shares as consideration for an acquisition, the issue of Shares for cash and the issue of Shares or a vendor consideration placing will not be regarded as a circumstance requiring adjustment in terms of this Rule 12.
- 12.6 For the purposes of Rule 12.1, "Control" shall mean in relation to the Company, that some or other natural person, company, close corporation or other juristic person or corporate entity, charity, partnership, trust, joint venture, syndicate, or other association of persons or entities, individually or collectively:

- 12.6.1 owns or own, directly or indirectly, over 50% of the Shares of the Company;
- 12.6.2 controls or control, directly or indirectly, over 50% of the voting rights, in relation to the Shares of the Company, exercisable by members in general meeting or otherwise of the Company; and
- 12.6.3 are entitled, directly or indirectly, to appoint a majority of Board of the board of Board of the Company, or to appoint of remove Board having a majority of the votes exercisable at meetings of the board of Board of the Company.

13. **VARIATION IN SHARE CAPITAL** 14.1(g), 14(3)(a), (b)

- 13.1 In the event of a rights issue, capitalisation issue, capital distribution, subdivision of Shares, consolidation of Shares, the Shares ceasing being listed on the JSE, the Company being put into liquidation for the purpose of reorganisation or any other event affecting the share capital of the Company, or in the event of the Company making distributions to shareholders, including a distribution *in specie* (other than a dividend paid in the ordinary course of business out of the current year's retained earnings), Participants shall continue to participate in this Scheme, however the Board may, where the Company's value has been materially affected thereby, make such adjustment to the number of SARs or take such other action as may be required to place Participants in no worse position than they were prior to the occurrence of the relevant event.

- 13.2 The Board shall notify the Participants of any adjustments which are made under this Rule 13. Where necessary, in respect of any such adjustments, the Independent Advisor, acting as experts and not as arbitrators and whose decision shall be final and binding on all persons affected thereby, shall confirm to the JSE in writing that these are calculated on a non-prejudicial basis. 14.3(d)
- 13.3 Any adjustments made in terms of this Rule 13 will be reported on the Company's annual financial statements in the year during which the adjustment is made. 14.3(e)
- 13.4 If the Company is placed into liquidation otherwise than for the purposes of reorganisation any unvested SARs which have not yet Vested shall *ipso facto* lapse from the date of liquidation. For the purposes hereof "date of liquidation" shall mean the date upon which any application (whether provisional or final) for the liquidation of the Company is granted by the relevant court. 14.1 (e)

14. **FURTHER CONDITIONS**

- 14.1 Any Employer Company may withhold any amounts or make such arrangements as are necessary to meet any liability to taxation or any other liabilities and costs in respect of the exercising of a SAR.
- 14.2 If the acquisition or disposal of Shares would be in contravention of any code adopted by the Company relating to dealings in securities by directors or prohibited by insider trading legislation or other legislation or regulations, the delivery of Shares will be delayed until there would be no such contravention.

- 14.3 The rights of Participants under this Scheme are determined exclusively by these Rules. The Participant has no right to compensation or damages or any other sum or benefit in respect of his ceasing to participate in this Scheme or in respect of any loss or reduction of any rights or expectations under this Scheme in any circumstances, except as otherwise set out in these Rules.
- 14.4 Participants are not required to make payment for the SARS at any given period during the life of the Scheme. 14(1)(d)
- 14.5 SARs may not be transferred, ceded, assigned or otherwise disposed of by a Participant to any other person, provided that on the death of a Participant his SARs may be transferred to the executor of his deceased estate, to the extent permitted in terms of these Rules.
- 14.6 A Participant will not be entitled to any voting rights or dividends prior to the Settlement of SARS subsequent to the exercise thereof. 14.1 (e)
- 14.7 Application will be made by the Company for a listing of shares, simultaneously with the issue of shares, in the event that the Company elects to settle the SARS by issuing new shares in terms of Rule 9.2.2.
- 14.8 Shares Allocated for purposes of the Scheme shall not be taken into account for JSE Listing Requirements resolution approval purposes at general/annual general meetings. Such shares shall also not be taken into account for purposes of determining categorisations as detailed in Section 9 of the Listings Requirements of the JSE. 14.10

- 14.9 Shares will only be purchased or issued once a Grant has been made to a Participant. 14.9(a)
- 14.10 Where a Participant is transferred from one Employer Company to another Employer Company:
- 14.10.1 all SARs granted to such Participant by the first Employer Company shall remain in force on the same terms and conditions as set out in these Rules; and
- 14.10.2 the second Employer Company shall assume all of the first Employer Company's obligations in respect of the relevant SARs in consideration for obtaining the Participant's services from the first Employer Company.

15. **DISCLOSURE IN ANNUAL FINANCIAL STATEMENTS** 14.8

The Company shall disclose in its annual financial statements the number of Shares that may be utilised for purposes of the Scheme at the beginning of the accounting period and changes in such number during the accounting period and the balance of securities available for utilisation for purposes of the Scheme at the end of the accounting period.

16. **AMENDMENTS AND TERMINATION** 14.2

- 16.1 Subject to the provisions of this clause 16, the Board may at any time, alter, vary or add to these terms and conditions as it thinks fit. Amendments to these terms and conditions may only affect Grants to Participants that have

already been made if they are to the advantage of Participants, subject to the JSE Listing Requirements.

- 16.2 Save as provided in clause 16.3 the provisions relating to:
- 16.2.1 eligibility to participate in the Scheme and the basis upon which awards are made; 14.1(1)(a) and (f)
 - 16.2.2 the procedure to be adopted in respect of the vesting and exercise of SARs in the event of termination of employment and/or Retirement as envisaged in Rule 11 14.1(h);
 - 16.2.3 the basis for determining the Grant Price and Exercise Price; §14.1(d)
 - 16.2.4 the adjustment of Grants and price in the event of a variation of capital of the Company as envisaged in Rule 13 as well as voting, dividend, transfer and other rights, including those arising on liquidation, attaching to securities; 14.1(e)(g);
 - 16.2.5 the limitations on benefits or maximum entitlements referred to in Rule 5.1 and Rule 5.2; 14.1(c) and
 - 16.2.6 the number of Shares which may be utilised for the Scheme; 14.1(b)
 - 16.2.7 the terms of this clause 16.2,

may not be amended without the prior approval by ordinary resolution of 75% (seventy five percent) of the shareholders of the Company in general meeting and the JSE, excluding all the votes attaching to all Shares owned

or controlled by Participants in the SAR. Only Shares acquired in terms of this SAR will be excluded from the vote. 14.2

16.3 The Board may, subject to the provisions of Rule 16.2, make minor amendments to the Rules for ease of the administration of the Scheme, to comply with or take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable taxation or regulatory treatment of the Company or any Employer Company or any present or future Participant.

17. **DOMICILIUM AND NOTICES**

17.1 The parties choose *domicilium citandi et executandi* for all purposes arising from this Scheme, including, without limitation, the giving of any notice, the payment of any sum, the delivery of Shares, the serving of any process, as follows:

17.1.1 the Company, the Board: The address and telefax number of the Registered Office of the Company from time to time, it being recorded that as at the date of the approval of the Scheme the Registered Office of the Company is

Physical address: Eden Park Drive, Murrayfield Park, Mkondeni,
Pietermaritzburg, 3209

Postal address: PO Box 101096, Scottsville, 3209

Facsimile: 033-846-2233

- 17.1.2 Employer Company: The address and telefax number of the Registered Office of the Employer Company from time to time, it being recorded that as at the date of the approval of the Scheme the Registered Office of the Employer Company is as per the details in the schedule of Employer Companies in Annexure A hereto.
- 17.1.3 each Participant: The physical address, telefax number and electronic address from time to time reflected as being his address, telefax number and/or electronic address in the Employer Company's payroll system from time to time.
- 17.2 Any of the above persons shall be entitled from time to time, by written notice to the other, to vary its domicilium to any other physical address within the Republic of South Africa and/or its facsimile number and/or (in the case of a Participant) his electronic address; provided in the case of a Participant such variation is also made to his details on the Employer Company's payroll system.
- 17.3 Any notice given and any delivery of Shares or payment made by any of the above persons to any other which:
- 17.3.1 is delivered by hand during the normal business hours of the addressee at the addressee's domicilium for the time being shall be rebuttably presumed to have been received by the addressee at the time of delivery;
- 17.3.2 is delivered by courier during the normal business hours of the addressee at the addressee's domicilium for the time being shall be

rebuttably presumed to have been received by the addressee on the third day after the date of the instruction to the courier to deliver to the addressee;

17.3.3 is posted by prepaid registered post from an address within the Republic of South Africa to the addressee at the addressee's domicile for the time being shall be rebuttably presumed to have been received by the addressee on the 7th (seventh) day after the date of posting.

17.4 Any notice given that is transmitted by electronic mail and/or facsimile to the addressee at the addressee's electronic address and/or facsimile address (as the case may be) for the time being shall be presumed, until the contrary is proved by the addressee, to have been received by the addressee on the date of successful transmission thereof.

17.5 Any notice or other document given to any Participant pursuant to the Scheme may be delivered to him or sent by post to him at his home address according to the records of the Employer Company or such other address as may appear to the Board to be appropriate. Notices or other documents sent by post will be deemed to have been given 7 (seven) days following the date of posting if sent by post.

17.6 Any notice or document given to the Employer Company pursuant to the Scheme may be delivered to it or sent by post to its registered office marked for the attention of the Company Secretary of the Employer Company, or such other address as may be specified by the Employer Company and the

documents will not be deemed to have been received before actual receipt by the Company Secretary of the Employer Company.

18. **DISPUTES**

Any dispute arising under the Scheme shall be referred to the decision of an appropriate expert, nominated by the Board for that purpose who shall act as an expert and not as an arbitrator and whose decision shall in the absence of manifest error be final and binding upon all persons affected thereby.

19. **GOVERNING LAW**

South African law governs the operation of the Scheme. All Employer Companies and Participants submit to the jurisdiction of the South African courts as regards any matter arising under the Scheme.

This Scheme was duly adopted at a special meeting of shareholders BSI Steel Limited held at Conference Centre, Golden Horse Casino Hotel, 45 New England Road, Pietermaritzburg at 09h00 on 27 March 2009 and was available for inspection for at least 14 days prior to the general meeting at the Company's registered office. 14.7

Chairman of the General Meeting

Date:

Annexure A:

Employer Company

BSI Steel Limited Eden Park Drive, Mkondeni, Pietermaritzburg, 3201

Shearcut (Pty) Ltd Eden Park Drive, Mkondeni, Pietermaritzburg, 3201

BSI Steel Zambia Ltd

BSI Steel Katanga SPRL

BSI Steel Africa Ltd

BSI Steel (Zimbabwe) Ltd 17 Wretham Road, Ashbrittle, Harare