

Sallies Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 1903/001879/06)  
Share code: SAL ISIN: ZAE000022588  
JSE Code: SALD ISIN: ZAE000117305  
("Sallies" or "the Company")

## **MANDATORY OFFER BY FLUORMIN PLC OR A WHOLLY OWNED SUBSIDIARY TO ALL REMAINING SALLIES SHAREHOLDERS AND CONVERTIBLE DEBENTURE HOLDERS ("SALLIES SECURITY HOLDERS") AND RENEWAL OF CAUTIONARY ANNOUNCEMENT**

### **1. INTRODUCTION**

Sallies Security Holders are referred to the cautionary announcements published by Sallies between 28 December 2010 and 18 July 2011 regarding the proposed transaction between Fluormin Plc, formerly known as Maghreb Minerals Plc ("**Fluormin**"), Firebird Global Master Fund, Ltd and Firebird Global Master Fund II, Ltd (collectively "**Firebird**") whereby Fluormin conditionally agreed to purchase Firebird's entire ordinary shareholding and convertible debenture holding in Sallies ("**Acquisitions**") for a consideration of 0.0277 Fluormin shares per Sallies ordinary share and 0.0646 Fluormin shares per Sallies convertible debenture (the "**transaction**"). Sallies Security Holders are notified that the transaction became unconditional on 8 September 2011 after the completion of the Acquisitions. The transaction has resulted in Fluormin being required to notify Sallies Security Holders of Fluormin's intention to acquire, directly or through a wholly-owned subsidiary (the "**Offeror**"), the remaining Sallies shares and convertible debentures.

### **2. ABOUT FLUORMIN**

Fluormin was admitted to trading on AIM, the market owned and operated by the London Stock Exchange ("**AIM**"), in December 2004 with a focus on base metals in Tunisia. Fluormin recently sold its base metal projects for consideration of US\$10.22 million and the right to all fluorspar produced as a by-product from such projects at the incremental cost of producing same. The Fluormin group has retained an interest in the fluorspar revenues derived from the assets under off take agreements with the purchaser in respect of its base metal projects. The Fluormin group continues to hold an exploration permit in Tunisia covering the Zriba-Guebli fluorspar exploration project. Fluormin has been exploring this asset since 2006 and, in the view of the Fluormin board, it remains a potentially valuable asset to Fluormin. Fluormin has also completed the acquisition of a 20% interest in Kenya Fluorspar Company Limited, a private Kenyan company operating the Kenya Fluorspar mine at Kimwarer in Kenya. The focus of Fluormin is now solely on the development of assets in the fluorspar sector.

### 3. MANDATORY OFFER

Prior to the transaction, Fluormin held 82,335,700 Sallies ordinary shares which equates to 11.36% of the issued Sallies ordinary shares. As a result of the transaction, Fluormin now holds 567,294,306 Sallies ordinary shares which equates to a shareholding of 78.3% of the issued Sallies ordinary shares. Furthermore Fluormin now holds 83,412,850 of the Sallies convertible debentures which equates to a holding of 58% of the Sallies debentures in issue. As a result of Fluormin's holding of Sallies ordinary shares and Sallies convertible debentures surpassing 35% in each case, Fluormin is required, in terms of section 123 of the Companies Act, No. 71 of 2008 (the "**Act**"), to extend a mandatory offer to the remaining Sallies Security Holders (the "**Offer**"). Fluormin has decided to implement the Offer in terms of Section 114 of the Act.

The Offer is to be effected, subject to the conditions set out in Paragraph 5 below, by way of a scheme of arrangement under the provisions of Section 114 of the Act in respect of Sallies ordinary shareholders (the "**Share Scheme**") and Sallies convertible debenture holders (the "**Debenture Scheme**"). On the implementation of the Share Scheme, Sallies would become a wholly-owned subsidiary of the Offeror and the listing of the Sallies shares and Sallies convertible debentures on the JSE Limited ("**JSE**") would be terminated. Should the transaction in terms of section 114 of the Act fail, the Offeror will still be liable to make an unconditional mandatory offer in terms of section 123 of the Act.

### 4. MATERIAL TERMS OF THE OFFER

Under the terms of the Offer, if implemented, Sallies Security Holders may elect to receive:

- in the case of Sallies ordinary shareholders, 0.0277 Fluormin ordinary shares for every one Sallies ordinary share held; alternatively, or in the absence of any election by a Sallies shareholder, a cash consideration of 14 cents for every one Sallies ordinary share held (the "**Cash Consideration**");
- in the case of Sallies convertible debenture holders, 0.0646 Fluormin ordinary shares for every one Sallies convertible debenture held; alternatively, or in the absence of any election by a Sallies convertible debenture holder, a cash consideration of 50 cents for every one Sallies convertible debenture held; or
- in the case of Sallies option holders, a cash consideration equivalent to the "in the money" value of the Sallies options on a net cash cancellation basis, being an amount equal to the difference between the Cash Consideration and the strike price of the Sallies options, upon the Schemes

becoming operative. Option holders who do not accept the cash offer will be permitted to retain their options and exercise them in accordance with their terms.

## 5. CONDITIONS PRECEDENT

The implementation of the Schemes is subject to the fulfilment of the following conditions precedent:

- Receipt of the necessary approvals required from the Takeover Regulation Panel (“**TRP**”) and the JSE;
- Receipt of the necessary Exchange Control approvals required from the South African Reserve Bank;
- The Schemes being approved by the requisite majority of Sallies shareholders, Sallies debenture holders and / or Sallies option holders and: (a) to the extent required, the approval of the implementation of such resolutions by a Court and (b) if applicable, Sallies not treating the aforesaid resolution as a nullity.

## 6. FUNDING OF THE MANDATORY OFFER CONSIDERATION

The Offer results in an affected transaction in terms of the Takeover Regulations established in terms of section 120 and 123 of the Act. Fluormin has, as required in terms of the Act and the Companies Regulations, 2011, provided a cash confirmation to the TRP confirming that the Offeror has sufficient cash resources to satisfy the full cash consideration payable by the Offeror in terms of the Offer. Fasken Martineau DuMoulin (Pty) Ltd has provided the TRP with an irrevocable and unconditional confirmation that sufficient funds are held in escrow to settle the full Offer Consideration that may become payable on implementation of the Offer. The confirmation has been provided in terms of the provisions of regulation 111(4) and 111(5) of the Takeover Regulations.

## 7. OPINIONS AND RECOMMENDATIONS

The Offer is classified as an affected transaction in terms of the Act and the Takeover Regulations, prescribed in terms of section 120 of the Act. Accordingly, the independent Directors of Sallies (“**Independent Board**”) are in the process of appointing an independent expert, as required in terms of section 114 (2) of the Act, read with regulation 90 (1) and regulation 110 of the Regulations, for the purposes of providing a fairness opinion on the terms of the Offer. The opinions of the independent expert and the Independent Board will be included in the circular to be distributed to Sallies Security Holders. The Independent Board comprises: Andrew Kamau, Jürgen Kögl, Stephen Morris, Sandile Swana and Patrick Cooke.

## **8. RESPONSIBILITY STATEMENT**

Fluormin and the Independent Board accept responsibility for the information contained in this announcement, and to the best of their respective knowledge and belief, the information is true and, where appropriate, this announcement does not omit anything likely to affect the importance of the information included.

## **9. PRO FORMA FINANCIAL EFFECTS AND RENEWAL OF CAUTIONARY ANNOUNCEMENT**

In compliance with the Companies Regulations, 2011, promulgated under the Act, pro forma financial effects must be disclosed to provide information on the impact of the Offer on Sallies reported financial statements. As the financial effects of the Offer have not yet been determined, Sallies Security Holders are advised to continue exercising caution when dealing in the Company ordinary shares and convertible debentures until such a time that the financial effects are released.

## **10. CIRCULAR TO SALLIES SECURITY HOLDERS**

A circular containing details of the Offer and the terms and timing thereof, as well as a notice of general meeting, will be posted to Sallies Security Holders in due course.

Pretoria

9 September 2011

Sponsor: Bridge Capital Advisors (Pty) Limited

Legal Advisor to Fluormin Plc: Fasken Martineau DuMoulin (Pty) Ltd

Legal Advisor to Sallies: Cliffe Dekker Hofmeyr Inc.