

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt as to what action you should take arising from this circular, please consult your broker, CSDP, banker, legal advisor, accountant or other professional advisor immediately.**

**The definitions commencing on page 3 of this circular apply *mutatis mutandis* throughout this circular.**

**Action required**

If you have disposed of all of your Securities, then this circular should be handed to the purchaser of such Securities or to the broker, CSDP, banker or other agent through whom the disposal was effected.

The procedure for acceptance of the Offer is detailed in paragraph 3 of this circular and set out below:

- If you are a certificated Sallies Securityholder and you wish to accept the Offer you must complete the attached form of acceptance, surrender and transfer (*blue*) in accordance with the instruction contained therein and return it to the transfer secretaries together with the documents of title in respect of the Securities held by you, so as to be received by the transfer secretaries by no later than **12:00** on the closing date of the Offer.
- If you are a dematerialised Sallies Securityholder holding your Securities through a CSDP or broker and you want to accept the Offer, you must instruct such CSDP or broker to accept the Offer. Such instructions must be provided in accordance with the provisions of your agreement with your CSDP or broker.

If your CSDP or broker, as the case may be, does not obtain instructions from you, your CSDP or broker will be obliged to act in terms of the mandate furnished by you, or if the mandate is silent in this regard, such CSDP or broker will not accept the Offer on your behalf.

Sallies Securityholder who do *not* wish to accept the Offer need take no further action and will be deemed to have not accepted the Offer:



**Firebird Global Master Fund, Ltd**

(Incorporated in the Cayman Islands, British West Indies)

(Registration number CR-124871)

("FB" and, together with its affiliate Firebird Global Master Fund II, Ltd. ("FBII"), "Firebird")

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**CIRCULAR TO SALLIES SECURITYHOLDERS**

regarding

- **an unconditional mandatory cash offer by Firebird to Sallies Securityholders to acquire their Sallies Securities for a consideration of R0.18 for every Sallies Security ("the Offer"),**

and incorporating

- **a form of acceptance, surrender and transfer (*blue*) (for completion by certificated Sallies Securityholders only).**
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**Corporate Advisor to Firebird**

**Legal Advisor to Firebird**



Metals & Minerals Management



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## CORPORATE INFORMATION AND ADVISORS

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### Corporate information relating to FB:

Directors of FB:  
James Passin  
Harvey Sawikin  
Ian Hague  
William Walmsley  
Peter Anderson

### Corporate information relating to FBII:

Directors of FBII:  
James Passin  
Harvey Sawikin  
Ian Hague  
William Walmsley  
Peter Anderson

### Corporate information relating to Sallies:

Directors of Sallies:  
Dr Fred Roux  
Tom Dale  
Johann Blersch  
Barney Esterhuyzen  
Dennis Kerrison  
Jürgen Kögl  
Sandile Swana  
Stephen Morris  
Patrick Cooke

### Company secretary and registered office of Firebird:

Trident Secretaries (Cayman) Ltd.  
c/o Trident Trust Company (Cayman) Limited  
1 Capital Place  
Postal: PO Box 847, George Town  
Grand Cayman  
Cayman Islands  
British West Indies

### Company secretary and registered office of Sallies:

Richard O'Callaghan  
BDO Place  
457 Rodericks Road  
Lynnwood, Pretoria  
Postal: PO Box 95436, Waterkloof, 0145

### Corporate Advisor to Firebird:

Qinisele Resources (Pty) Limited  
6th Floor, West Tower  
Sandton City Twin Towers  
Corner Rivonia Road and 5th Street  
Sandton, 2196

### Corporate law advisor to Firebird:

Fasken Martineau DuMoulin (Pty) Ltd  
(2002/025507/07)  
13th Floor, Forum Building  
2 Maude Street  
Sandton, Johannesburg, 2146  
Postal: Post Net Suite 430, Private Bag X9924, Sandton  
Johannesburg, 2146

### Transfer secretaries to Sallies:

Computershare Investor Services  
(Pty) Limited  
(Registration number 2004/003647/07)  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
Postal: PO Box 61763, Marshalltown, 2107

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## SALIENT DATES AND TIMES

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**2009**

Circular posted to Sallies Securityholders on	Wednesday, 2 September
Opening date of the Offer at 09:00 on	Wednesday, 2 September
Last day to trade in order for Sallies Securityholders to participate in the Offer on	Friday, 25 September
Securities trade ex the right to participate in the Offer on	Monday, 28 September
Record date on which Sallies Securityholders must be recorded in the register in order to participate in the Offer on	Friday, 2 October
Closing date of the Offer at 12:00 on	Friday, 2 October
Results of the Offer released on SENS on	Monday, 5 October
Results of the Offer published in the South African press on	Tuesday, 6 October
Offer Consideration posted to or credited to the accounts of Offer Participants who have not dematerialised their Securities	Within seven days, of the Offer being accepted
Offer Consideration credited to the CSDP or broker; as the case may be, of Offer Participants who have dematerialised their Securities and whose acceptance has been received by the transfer secretaries	Within seven days of the Offer being accepted subject to the receipt of notification by the transfer secretaries

### Notes:

1. The above dates and times are subject to amendment by Firebird. Any such amendment will be released on SENS and published in the South African press.
2. The Offeror reserves, with the approval of the SRP and in its sole and absolute discretion, the right to extend the Offer Period, in which event all amended dates and times relating to the Offer will be released on SENS and published in the South African press as per note 1 above.
3. If you are a certificated Sallies Securityholder and you wish to accept the Offer you must complete the attached form of acceptance, surrender and transfer (*blue*) in accordance with the instruction contained therein and return it to the transfer secretaries together with the documents of title in respect of the Securities held by you, so as to be received by the transfer secretaries by no later than **12:00** on the closing date of the Offer.
4. If you are a dematerialised Sallies Securityholder holding your Securities through a CSDP or broker and you want to accept the Offer; you must instruct such CSDP or broker to accept the Offer. Such instructions must be provided in accordance with the provisions of your agreement with your CSDP or broker. If your CSDP or broker, as the case may be, does not obtain instructions from you, your CSDP or broker will be obliged to act in terms of the mandate furnished by you, or if the mandate is silent in this regard, such CSDP or broker will not accept the Offer on your behalf.
5. The Offer Consideration due to:
  - 5.1 Certificated Sallies Securityholders, will be transferred or posted (as the case maybe) by ordinary mail, to such certificated Offer Participants, at such Offer Participants' risk, to the address reflected in the attached form of acceptance, surrender and transfer (*blue*), or if there is no address on the form of acceptance, surrender and transfer to the address reflected in the register. This will take place on receipt of the valid form of acceptance, surrender and transfer together with the relevant document(s) of title (in negotiable form) provided that such acceptances have been received before **12:00** on the closing date.
  - 5.2 Dematerialised Sallies Securityholders will have the Offer Consideration paid into their accounts with their duly appointed CSDP or broker at their risk in the manner stipulated in the agreement governing the relationship between them; provided that their acceptance of the Offer is received by time stipulated in the agreement governing their relationship.
6. Sallies Securityholders who do not wish to accept the Offer need to take no further action and will be deemed to have not accepted the Offer.
7. If you have disposed of all your Securities prior to receipt of this circular; kindly forward this circular; together with the attached form of acceptance, surrender and transfer to the purchaser of such Securities or the banker; CSDP, broker or agent through whom you disposed of such Securities.
8. No dematerialisation or rematerialisation of Securities will take place between Friday, 25 September 2009 and Friday, 2 October 2009, both days inclusive.
9. All times indicated above are South African times.
10. This circular is available in English only, and copies hereof may be obtained from the registered offices of Sallies and Firebird at the addresses set out in the "Corporate information and advisors" section of this circular.

This Offer is not being made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce or; any facility of the national securities exchanges of any Affected Jurisdiction, or any other jurisdiction, if it is illegal for the offer to be made or accepted in that jurisdiction and the offer cannot be accepted by any such use, means, instrumentality or facility from within a restricted jurisdiction. Accordingly, neither copies of this circular nor any related documentation are being or may be mailed or otherwise distributed or sent in or into or from an Affected Jurisdiction.

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## DEFINITIONS

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In this circular (inclusive of the pages preceding these definitions) and the annexures and the form of acceptance, surrender and transfer (*blue*) attached hereto, unless otherwise stated or clearly indicated by the context, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and *vice versa*, words importing one gender include the other genders and references to a person include references to a body corporate and *vice versa*:

“Act”	the Companies Act, No. 61 of 1973, as amended;
“Affected Jurisdiction”	United States, the United Kingdom, Canada, Australia, Japan or any other jurisdiction where the dissemination of this circular or the making of the Offer may be illegal or fails to conform to the laws of such jurisdiction;
“broker”	any person registered as a “broking member (equities)” in terms of the Rules and Related Legislation of the JSE made in accordance with the provisions of the Securities Services Act, No. 36 of 2004, as amended;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“Buffalo Fluorspar”	Buffalo Fluorspar Mine (Pty) Limited (registration number 2006/016554/07), a private company incorporated in South Africa which is a wholly-owned subsidiary of Sallies;
“cents”	South African cents in the official currency of South Africa;
“certificated Offer Participants”	Offer Participants who have not dematerialised their Offer Securities and thus hold paper share certificates or other documents of title;
“certificated Sallies Securityholders”	Sallies Securityholders who have not dematerialised their Offer Securities and thus hold paper Security certificates or other documents of title in respect of their securities;
“circular”	this circular to Sallies Securityholders, dated Wednesday, 2 September 2009, including the annexures and the form of acceptance, surrender and transfer ( <i>blue</i> ) attached hereto, setting out the details of the Offer;
“closing date”	the closing date of the Offer, being Friday, 2 October 2009. Any changes to this closing date will be released by the Offeror on SENS and published in the South African press at least 14 days prior to the closing date;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Company”	Sallies Limited (Incorporated in the Republic of South Africa with Registration number 1903/001879/06);
“convertible debenture(s)”	Sallies unsubordinated unsecured convertible debentures with a nominal value of R0.50 as listed on the JSE;
“CSDP”	a Central Securities Depository Participant, appointed by individual Sallies Securityholders for the purpose of and in regards to dematerialisation in terms of the Securities Services Act, No. 36 of 2004, as amended;
“dematerialisation”	the process by which Securities held by certificated Sallies Securityholders are converted or held in electronic form as dematerialised Securities and recorded in the sub-register of Sallies Securityholders maintained by a CSDP;
“dematerialised Offer Participants”	Offer Participants who have replaced paper share certificates and or valid linked share certificate(s) and/or certified transfer deed(s) and/or balance receipt(s) or any other document(s) of title acceptable to Firebird in respect of the Securities or other documents of title in respect of their Offer Securities with electronic records for purposes of STRATE;

“dematerialised Sallies Securityholders”	those Sallies Securityholders that have dematerialised their Sallies Securities;
“dematerialised Securities”	Securities which have been dematerialised through a CSDP or broker and are held on the sub-register of Sallies Securityholders administered by CSDP’s in electronic form;
“document(s) of title”	valid linked share certificate(s) and/or certified transfer deed(s) and/or; balance receipt(s) or any other document(s) of title acceptable to Firebird in respect of the Securities;
“emigrant”	any emigrant from the common monetary area;
“Exchange Control Regulations”	the Exchange Control Regulations, as amended, developed in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended;
“FB”	Firebird Global Master Fund Ltd. (registration number CR-124871), a company registered and incorporated in the Cayman Islands;
“FBII”	Firebird Global Master Fund II Ltd. (registration number OG-166996), a company registered and incorporated in the Cayman Islands;
“Firebird”	FB together with its affiliate FBII;
“Firebird directors”	the boards of directors of FB and FBII whose names are reflected in the “Corporate information and advisors” section of this circular;
“FMD” or “Corporate law advisor to Firebird”	Fasken Martineau DuMoulin (Pty) Ltd (registration number 2002/025507/07);
“form of acceptance, surrender and transfer”	the form of acceptance, surrender and transfer ( <i>blue</i> ) attached to and forming part of this circular;
“Honeywell”	Honeywell International Inc., a company registered in the United States of America and whose registered address is 101 Columbia Road, Morris Township, New Jersey;
“JSE”	JSE Limited (registration number 2005/0222939/06), a company duly registered and incorporated, licensed as an exchange under the Securities Services Act, No. 36 of 2004, as amended;
“last day to trade”	the last day to trade Sallies Securities on the JSE in order to be eligible to participate in the Offer, which date shall be five days before the closing date;
“last practicable date”	the last practicable date prior to the finalisation of the circular, being Thursday, 20 August 2009;
“Listing Requirements”	Listings Requirements of the JSE;
“the Offer” or “the Proposed Transaction”	the Offer in terms of section 440A of the Act made by Firebird to Sallies Securityholders to purchase all their Securities for the Offer Consideration, as set out in this circular;
“Offer Consideration”	cash consideration of R0.18 for every Security;
“Offer Participant (s)”	the Sallies Securityholder(s) who accept the Offer during the Offer Period;
“Offer Period”	the period from 09:00 on the opening date to 12:00 on the closing date;
“Offer Securities”	Sallies Securities held by the Sallies Securityholders, on the record date;
“Offeror”	Firebird;
“opening date”	the opening date of the Offer as released on SENS and published in the South African press which date shall be from 09:00 on Wednesday, 2 September 2009;

“Rand” or “R”	South African Rand, the official currency of South Africa;
“record date”	the record date on which Sallies Securityholders must be recorded in the register to participate in the Offer being Friday, 2 October 2009;
“register”	the register of certificated Sallies Securityholders and the sub-register(s) of dematerialised Sallies Securityholders maintained by Sallies in terms of the Act;
“Sallies”	Sallies Limited (registration number 1903/001879/06), a public company registered and incorporated in South Africa, all the Shares of which are listed on the JSE;
“Sallies Board” or “Sallies director(s)”	the directors of Sallies as disclosed in the “Corporate information and advisors” section of this circular;
“Sallies Convertible Debentureholder(s)”	holders of the convertible debentures from time to time;
“Sallies Shareholder(s)”	holders of shares of Sallies from time to time;
“Sallies Securityholder(s)”	holders of Shares or convertible debentures from time to time;
“Security” or “Securities”	Shares and/or convertible debentures;
“SENS”	the Securities Exchange News Service of the JSE;
“Share” or “Shares”	the ordinary shares of Sallies Limited as listed on the JSE;
“Solvadis”	Solvadis GmbH, a company incorporated in Germany;
“South Africa” or “SA”	the Republic of South Africa;
“South African Exchange Control Regulations”	the Exchange Control Regulations of the South African Reserve Bank promulgated by Government Notice R1111 of 1 December 1961, as amended;
“the SRP”	the Securities Regulation Panel established in terms of section 440B of the Act;
“the SRP Code”	the Securities Regulation Code on Take-overs and Mergers and the Rules of the SRP issued in terms of the Act;
“STRATE”	STRATE Limited (registration number 1998/022242/06), a public company registered and incorporated in South Africa, and a registered central securities depository responsible for the electronic custody and settlement system used by the JSE;
“transfer secretaries”	Computershare Investor Services (Pty) Limited (registration number 2004/003647/07), a private company registered and incorporated in South Africa; and
“Witkop Fluorspar”	Witkop Fluorspar Mine (Pty) Limited (registration number 1972/006392/07), a private company incorporated in South Africa which is a wholly-owned subsidiary of Sallies.



# Firebird Global Master Fund, Ltd

(Incorporated in the Cayman Islands, British West Indies)

(Registration number CR-124871)

(together with its affiliate Firebird Global Master Fund II, Ltd.)

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## CIRCULAR TO SALLIES SECURITYHOLDERS

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### I. INTRODUCTION

It was released on SENS on 4 August 2009 and published in the South African press on 5 August 2009, that Firebird intends to make an offer to acquire all the Sallies Shares that it does not already own from Sallies Shareholders.

The purpose of this circular is to:

- extend the Offer to Sallies Securityholders to acquire the Offer Securities on the terms set out in this circular;
- communicate to Sallies Securityholders relevant information regarding the terms of the Offer and the manner in which it will be implemented;
- provide Sallies Securityholders with relevant information relating to the Offer in compliance with the SRP Code.

The Offer is subject to the terms and conditions set out in this circular.

### 2. BACKGROUND AND REASONS FOR THE OFFER

On 13 April 2007, Firebird acquired 8 000 000 Shares at a purchase price of R1.02 per Share (totalling R8 159 834), representing at the time an initial interest in the Company equal to 1.25%. Subsequently, it acquired a further shareholding in the Company of 0.04% through the acquisition of 237 825 Shares on 5 June 2007 at a purchase price of R1.12 per Share (totalling R265 438). At the time of its initial investment, Firebird was interested in participating as a non-controlling shareholder in the fluorspar business of Sallies, giving Firebird exposure to a fluorspar producer with a Rand-denominated cost basis.

On 9 May 2008, Firebird acquired 29 147 954 convertible debentures at a purchase price of R0.50 per convertible debenture (totalling R14 573 977), representing 20.21% of the convertible debentures offered.

On several occasions, Firebird sought to have greater influence in the Company's business through the appointment of a nominated director. Firebird wanted to support the company through the appointment of one or more board members that would facilitate better access to international financial markets and the development of expansion opportunities.

More recently, Trinity Financial Group and Titan Nominees determined to sell their stakes in the Company totalling 248 047 136 Shares at a purchase price of R0.18 per Share (totalling R44 648 484.48) representing a 39% interest in the Company. Firebird's acquisition of those stakes is consistent with Firebird's long-term interest in the international fluorspar business and the business of the Company.

At this time, Firebird is not determined to acquire a greater interest in the Company, but of course is willing and required to purchase the interest of any Securityholder who does not share Firebird's enthusiasm for the longer-term prospects of the fluorspar business.

#### 2.1 Terms of the Offer

Firebird hereby irrevocably and unconditionally offers to acquire, on the terms set out in this circular, at the election of each of the Offer Participants, the whole or part of the Offer Securities held on the record date.

## **2.2 The Offer Consideration**

The consideration for every Offer Security sold by an Offer Participant will be R0.18 in cash which is the highest price paid by Firebird per Share within the last three months.

Sallies Securityholders are advised that, in the event that Firebird receives such number of acceptances of the Offer which, other than those Securities already held by Firebird, represent nine-tenths or more of the issued share capital of Sallies, Firebird reserves the right to invoke the provisions of section 440K of the Act and to compulsorily acquire the remaining Sallies Securities. For information purposes only, the provisions of section 440K of the Act are reproduced in Annexure 4 to this circular.

## **2.3 Period of the Offer**

The Offer will remain open for an initial period from 09:00 on the opening date and will close at 12:00 on the closing date. Firebird reserves the right, in its sole and absolute discretion, to extend the Offer Period prior to the closing date, with the approval of the SRP and any other applicable laws and regulations. Any such changes will be released on SENS and published in the South African press prior to the closing date.

## **2.4 Basis of acquisition of Sallies Securities**

The Offer Securities in respect of which the Offer is accepted will be acquired by Firebird free of all liens, equities, mortgages, options, rights of set-off, counterclaims, charges, encumbrances, pre-emptive rights and any other third party rights and interests of any nature whatsoever and the Offer Securities in respect of which the Offer is accepted will be acquired by the Offeror with all rights and benefits now and hereafter attaching thereto irrespective of the actual date of the registration or transfer of the Offer Securities into the name of Firebird. The Offer Securities will be acquired *cum* any dividends and/or distributions made or to be made on or after the date of issue of this circular.

Every Offer Participant who accepts the offer in respect of the Offer Securities will be deemed to have warranted to Firebird that the Offer Participant is entitled and able to dispose of those Offer Securities to Firebird.

## **2.5 Arrangements, undertakings and agreements in relation to the Offer**

**2.5.1** No arrangements, undertakings or agreements have been made between Sallies and Firebird, or persons acting in concert with Firebird, in relation to the Offer.

**2.5.2** No arrangements or undertakings (including any compensation arrangements), which have any connection with or dependence on the Offer, exist between Firebird, or any person acting in concert with Firebird and any director, or any person who was a director of Sallies within the period commencing 12 months prior to the last practicable date, or any person who is or was a Sallies Securityholder within the period commencing 12 months prior to the last practicable date.

**2.5.3** No arrangements have been made between Sallies and the directors of Firebird in connection with the Offer.

## **2.6 No set-off of the Offer Consideration**

Settlement of the Offer Consideration pursuant to the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim, deduction, withholding or other analogous right to which Firebird may otherwise be, or claim to be, entitled against any Sallies Securityholder.

## **2.7 Amendment or variation of the Offer**

No amendment or variation of the Offer shall be valid unless it is agreed to by Firebird in writing and approved by the SRP, provided that Firebird shall not agree to any amendment or variation that has the effect of reducing the Offer Consideration.

## **2.8 Offer not made where illegal**

**2.8.1** The legality of the Offer to persons resident in jurisdictions outside of South Africa may be affected by laws of the relevant jurisdiction. Such persons should satisfy themselves as to any applicable legal requirements, which they are obliged to observe. It is the responsibility of any such persons wishing to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith.

**2.8.2** In particular, the Offer is not being made, directly or indirectly, in any of the Affected Jurisdictions or by the use of mail, or by means or instrumentality of inter-state or foreign commerce of, or any facility of a national securities exchange of any of the Affected Jurisdictions.

**2.8.3** Persons wishing to accept the Offer should not use the mail of any of the Affected Jurisdictions or any such means, instrumentality or facility for any purpose, directly or indirectly, relating to the Offer. Envelopes containing forms of acceptance, surrender and transfer or other documents relating to the Offer should not be post-marked in any of the Affected Jurisdictions or otherwise dispatched from any of the Affected Jurisdictions and all acceptors must provide addresses outside the Affected Jurisdictions for receipt of the Offer Consideration.

## **2.9 Governing law**

This document will be governed by and construed in accordance with the laws of South Africa and shall be subject to the exclusive jurisdiction of the South African courts.

## **3. PROCEDURE FOR ACCEPTANCE OF THE OFFER**

Sallies Securityholders who do not wish to accept the Offer need take no further action and will be deemed to have not accepted the Offer:

### **3.1 Certificated Sallies Securityholders**

Certificated Sallies Securityholders who elect to accept the Offer must complete the attached form of acceptance, surrender and transfer (*blue*) and return it to the transfer secretaries (Computershare Investor Services (Pty) Limited, whose address is 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107)) together with the document(s) of title, to be received by them by no later than 12:00 on the closing date.

If a form of acceptance, surrender and transfer (*blue*) is not received by 12:00 on the closing date, the Offer will be deemed to have been declined. No late acceptances will be considered if received by the transfer secretaries after **12:00** on the closing date.

### **3.2 Dematerialised Sallies Securityholders**

Dematerialised Sallies Securityholders who elect to accept the Offer should notify their duly appointed CSDP or broker, as the case may be, in the manner stipulated in the agreement governing the relationship between them, of their acceptance of the Offer to electronically deliver their Securities against payment of the Offer Consideration.

### **3.3 Validity of forms of acceptance, surrender and transfer**

In respect of certificated Securities, Firebird reserves the right, in its sole and absolute discretion, to:

**3.3.1** treat as invalid forms of acceptance, surrender and transfer not accompanied by valid documents of title;

**3.3.2** require proof of the authority of the person signing the form of acceptance, surrender and transfer where such proof has not yet been lodged with, or recorded by, the transfer secretaries.

### **3.4 Acceptances irrevocable**

**3.4.1** All acceptances of the Offer received by the transfer secretaries and treated as valid by them shall be irrevocable.

**3.4.2** The Offer may be accepted by the Sallies Securityholders in respect of all or part of their holdings of the Securities.

### **3.5 Certificated transfers**

Where physical documents of title have been surrendered, no receipts will be issued to accepting Sallies Securityholders for the form of acceptance, surrender and transfer and the documents of title lodged with the transfer secretaries unless specifically requested by such Sallies Securityholders. Lodging agents who require special transaction receipts are requested to prepare such receipts and submit them for stamping together with the documents of title lodged.

### **3.6 Lost or destroyed documents of title in respect of certificated Sallies Shares**

If documents of title relating to the Securities have been lost or destroyed, Sallies Securityholders who wish to accept the Offer should nevertheless return the attached form of acceptance, surrender and transfer duly signed and completed. Firebird may in its sole and absolute discretion, dispense with the surrender of documents of title requirement against provision of a suitable indemnity by the relevant certificated Sallies Securityholder; the costs of which shall be borne by the certificated Sallies Securityholder concerned. Only upon receipt of such indemnity from duly completed and signed by such Sallies Securityholder shall Firebird consider the Offer to have been validly accepted.

## **4. CONFIRMATION OF FINANCIAL RESOURCES**

The SRP has been furnished with an independent written confirmation that the Offeror has sufficient cash resources and/or facilities with which to meet its obligations in terms of the Offer.

## **5. SETTLEMENT OF THE CONSIDERATION**

- 5.1** The Offer Consideration due to dematerialised Offer Participants will not be posted to such dematerialised Offer Participants but will be transferred, at such dematerialised Offer Participants' risk, to their CSDP or broker within seven days of the Offer being accepted, by the transfer secretaries and dealt with in terms of the custody agreement entered into between the dematerialised Offer Participants and their broker.
- 5.2** The Offer Consideration due to certificated Offer Participants will be posted by ordinary mail, to such certificated Offer Participants, at such certificated Offer Participants' risk, to the address reflected in the form of acceptance, surrender and transfer; or if there is no address on such form, to the address reflected in the register. This will take place within seven days of the receipt of the valid form of acceptance, surrender and transfer together with the relevant document(s) of title (in negotiable form); provided that such acceptances have been received before 12:00 on the closing date.
- 5.3** If the Offer Consideration is not sent to Offer Participants entitled thereto because the relevant document(s) of title have not been properly surrendered or if the Offer Consideration is returned undelivered to the transfer secretaries, the Offer Consideration will be held in trust by Firebird until claimed and no interest will accrue thereon.

## **6. EXCHANGE CONTROL REGULATIONS**

The following is a summary of the Exchange Control Regulations insofar as they have application to Offer Participants. In the event of any doubts, Offer Participants are advised to consult their professional advisors as soon as possible.

### **6.1 Residents of the common monetary area**

In the case of:

- 6.1.1** certificated Offer Participants whose registered addresses in the register are within the common monetary area and whose document(s) of title are not restrictively endorsed in terms of the Exchange Control Regulations, the consideration will be posted to such Offer Participants in accordance with the "Procedure for acceptance of the Offer" section of this circular; or
- 6.1.2** dematerialised Offer Participants whose registered addresses in the register are within the common monetary area and have not been restrictively designated in terms of the Exchange Control Regulations, the consideration will be credited directly to the accounts nominated for the relevant Offer Participants by their duly appointed CSDP or broker in terms of the provisions of the custody agreement with their CSDP or broker.

### **6.2 Emigrants from the common monetary area**

In the case of Offer Participants who are emigrants from the common monetary area, the consideration will:

- 6.2.1** in the case of certificated Offer Participants whose documents of title have been restrictively endorsed under the Exchange Control Regulations, be forwarded to the authorised dealer in foreign exchange in South Africa controlling such certificated Offer Participants' blocked assets in terms of the Exchange Control Regulations. The attached form of acceptance, surrender and transfer makes provision for details of the authorised dealer concerned to be given; or

**6.2.2** in the case of dematerialised Offer Participants, be credited to the bank accounts of the Offer Participants' CSDP or broker who shall arrange for the same to be credited directly to the Offer Participants' blocked Rand bank accounts held by the dematerialised Offer Participants' authorised dealer and held to the order of the dematerialised Offer Participants' authorised dealer in foreign exchange in South Africa.

### **6.3 All other non-residents of the common monetary area**

The Offer Consideration accruing to non-resident Offer Participants whose registered addresses are outside the common monetary area and who are not emigrants from the common monetary area will:

**6.3.1** in the case of certificated Offer Participants, whose documents of title have been restrictively endorsed under the Exchange Control Regulations, be posted to the registered addresses of the non-resident Offer Participants concerned, unless written instructions to the contrary are received and an address provided. The attached form of acceptance, surrender and transfer makes provision for a substitute address; or

**6.3.2** in the case of dematerialised Offer Participants, be credited by their duly appointed CSDP or broker directly to the accounts nominated by the Offer Participants in terms of the provisions of the custody agreement with his CSDP or broker.

### **6.4 Information not provided**

If the information regarding the authorised dealer is not given or instructions are not given as required, the Offer Consideration will be held by Firebird or the transfer secretaries on behalf of and for the benefit of the certificated Offer Participants concerned pending receipt of the necessary information or instructions. No interest will accrue or be paid on the Offer Consideration so held.

## **7. TAX IMPLICATIONS FOR OFFER PARTICIPANTS**

The tax implications of the Offer will depend on the individual circumstances of each Sallies Securityholder and the tax jurisdiction(s) appropriate to such Sallies Securityholder. Sallies Securityholders who are in any doubt as to their tax status should consult an appropriate professional advisor without delay.

## **8. THE INTENTION OF THE OFFEROR REGARDING SALLIES AND THE SALLIES BOARD**

**8.1** If acceptances of the Offer representing nine-tenths or more of the Offer Securities (other than those already held by Firebird) are received within four months of the date on which the Offer opens, being Wednesday, 2 September 2009, Firebird reserves the right to invoke the provisions of section 440K of the Act and compulsorily acquire the remaining Sallies Securities. In the event of such compulsory acquisition, application will be made to the JSE for the termination of the listing of Sallies Securities on the JSE. For information purposes only, the provisions of section 440K of the Act are outlined in Annexure 4 to this circular.

**8.2** In accordance with Firebird's intentions with regard to the Company (as set out paragraph 2 above) and at Firebird's behest, Stephen Morris and Patrick Cooke were appointed as non-executive directors of Sallies, effective immediately, at the Sallies directors' meeting held on 18 August 2009.

**8.3** The Offeror is in the process of evaluating its options with regard to the business of Sallies, the continuation of the existing Sallies listing on the JSE and the composition of the Sallies board. The Offeror will be in a better position to make strategic decisions regarding the foregoing once it has received all the necessary information to complete this evaluation, including as to the level of acceptances resulting from the Offer.

## **9. BUSINESS AND FINANCIAL INFORMATION RELATING TO SALLIES**

The following information about Sallies has been obtained exclusively from documents publicly filed by Sallies and has not been independently verified by Firebird. Firebird assumes no responsibility for the accuracy or completeness of such information.

### **9.1 Trading history of the Securities on the JSE**

Sallies was incorporated in 1903 as The South African Land and Exploration Company Limited and has been listed since 1904 in the "Mining" sector of what is now the JSE. Following the acquisition on 1 July 1999 of Witkop Fluorspar, the owner of a fluorspar mine near Zeerust in the Northwest Province of South Africa, Sallies' predominant business has been the production and marketing of acid grade fluorspar ("**acidspar**"). Buffalo Fluorspar, a fluorspar tailings retreatment operation located near Mookgopong in Limpopo Province of South Africa which also produces acidspar, was acquired during August 2006.

The trading history of the Shares on the JSE has been included as Annexure 1 to this circular:

In a circular to Sallies Shareholders, dated 14 April 2008, Sallies presented an underwritten rights offer of 151 483 358 convertible debentures of R0.50 each at a subscription price of R0.50 per convertible debenture, in the ratio of 24 convertible debentures for every 100 Shares held in Sallies at the close of business on Friday, 11 April 2008. It was announced on SENS on 12 May 2008 that such rights offer closed on Friday, 9 May 2008 and that 139 467 427 convertible debentures, being 92.1% of the convertible debentures offered, were subscribed for by existing Sallies Shareholders and their renounees. The underwriters to such rights offer subscribed for the remaining 12 015 931 convertible debentures and a total amount of R75 741 679 was raised.

The trading history of the convertible debentures on the JSE has been included as Annexure 2 to this circular:

## 9.2 Historical financial information

Relevant financial information for Sallies extracted from the audited annual financial statements of Sallies for the financial years ended 30 June 2008, 30 June 2007, 30 June 2006 and 30 June 2005, is set out in Annexure 3 to this circular.

## 9.3 Major Sallies Securityholders

As at the last practicable date, the following Sallies Shareholders held 5% or more of the issued share capital of Sallies:

Shareholder	Number of shares held (millions)	Percentage
<b>Firebird</b>	406.9	63.4
<b>Pershing Securities &amp; Pershing LLC</b>	76.5	11.9
<b>Total shares in issue</b>	<b>642.2</b>	

As at the last practicable date, the following Sallies Convertible Debentureholders held 5% or more of the issued convertible debentures of Sallies:

Convertible Debenture holder	Number of shares held (millions)	Percentage
<b>Pershing Securities &amp; Pershing LLC</b>	40 652 480	28.12
<b>Firebird</b>	29 147 954	20.21
<b>Titan Nominees(Pty)Ltd</b>	11 404 349	7.91
<b>Total convertible debentures in issue</b>	<b>144 244 008</b>	

## 9.4 Directors' emoluments

The following emoluments were paid and accrued to Sallies directors during the year up to 30 June 2008:

R'000								Total
Emoluments	Basic salary	Expense allowances	Retirement benefits	Fees, bonuses and other benefits	Medical aid	Options granted	Directors' fees	emoluments
<b>Executive</b>								
T Dale	600	–	–	–	–	4 458*	150	5 208
J Blersch	600	–	–	–	–	4 458*	150	5 208
<b>Non-exexecutive</b>								
V E Msibi	–	–	–	–	–	–	120	120
J E Woods	–	–	–	–	–	–	125	125
B Esterhuyzen	–	–	–	–	–	–	120	120
<b>Paid by subsidiary</b>								
I J Marais	1 097	–	29	–	13	1 550	–	2 689
<b>Total</b>	<b>2 297</b>		<b>29</b>		<b>13</b>	<b>10 466</b>	<b>635</b>	<b>14 990</b>

\* Messers Blersch and Dale have not exercised any Share options to date. The Share options above were valued using the American binominal method taking into account Sallies Share and convertible debenture prices as well as the strike prices of options granted. Currently, the Sallies Shares and convertible debentures are trading below the strike prices of the options.

## 9.5 Convertible debentures

The holders of Sallies convertible debentures are referred to the Sallies circular dated 14 April 2008 which contains the detailed terms and conditions attaching to the Sallies convertible debentures.

## 10. INTERESTS OF FIREBIRD AND THE DIRECTORS OF FIREBIRD IN SALLIES

**10.1** At the last practicable date, Firebird held **406 992 767** Shares, being **63.37%** of the issued share capital of Sallies and **29 147 954** convertible debentures, being **20.21%** of the convertible debentures of Sallies in issue.

**10.2** Disclosure of the directors of Firebird's interests and dealings in the Securities is as follows:

**10.2.1** none of the directors of FB or FBII had any direct interest in the Securities, at the last practicable date; and

**10.2.2** there have been no dealings by the directors of FB or FBII in the Securities in the six months preceding the announcement of Firebird's firm intention to make an unconditional offer to Sallies Securityholders released on SENS on 4 August 2009 and up to and including the last practicable date.

**10.3** There are no holdings of securities in Sallies which any person acting in concert with Firebird owns or controls nor by any person who has irrevocably committed himself to accept the Offer as of the date of this circular.

## 11. SIGNIFICANT CHANGES

The following information about Sallies has been obtained exclusively from documents publicly filed by Sallies and has not been independently verified by Firebird. Firebird assumes no responsibility for the accuracy or completeness of such information.

**11.1** Following the acquisition on 1 July 1999 of Witkop Fluorspar, the owner of a fluorspar mine in the Northwest Province of South Africa, Sallies' predominant business has been the production and marketing of acidspar. Buffalo Fluorspar, a fluorspar tailings retreatment operation in the Limpopo Province of South Africa which also produces acidspar, was acquired during August 2006.

The bulk of Sallies' acidspar output is exported to produce hydrofluoric acid ("**HF**"). This product is converted into refrigerant gases, fluoroplastics, aluminium tri-fluoride and products for niche markets. Acidspar from Witkop Fluorspar is widely sought after due to its low levels of undesirable contaminants, whereas the Buffalo Fluorspar product contains a higher level of phosphorous and thus has a more restricted market.

Buffalo Fluorspar was mothballed during October 2008 due to low demand for its acidspar. On 26 June 2009 Sallies announced that, as a result of the effects of the global economic turndown and in an attempt to protect its cash resources, Witkop Fluorspar would be entering into statutory consultations with its employees and their representative unions with regard to contemplated retrenchments and that Witkop Fluorspar would thereafter be mothballed until the international market for acidspar recovers.

**11.2** Save as disclosed above, there have been no significant changes in the financial or trading position of Sallies since 30 June 2008, the date to which the latest audited annual financial statements of Sallies have been published.

## 12. LITIGATION

The following information about Sallies has been obtained exclusively from documents publicly filed by Sallies and has not been independently verified by Firebird. Firebird assumes no responsibility for the accuracy or completeness of such information.

### 12.1 Honeywell

Sallies is currently involved in arbitration proceedings with Honeywell, a former customer. Sallies and Witkop Fluorspar claimed an amount of US\$1 067 327 from Honeywell for payment of materials delivered to Honeywell as well as an amount for under payments made by Honeywell for materials delivered. Honeywell claimed an amount of US\$6 847 305 from Sallies and Witkop Fluorspar for damages as a result of breach of contract.

**12.1.1** On 3 April 2009, the International Chamber of Commerce International Court of Arbitration (the "**Arbitral Tribunal**") ruled that:

- 12.1.1.1* Sallies and its subsidiary, Witkop Fluorspar to pay to Honeywell an amount totalling US\$1 243 824 plus interest at 5% per annum since 19 January 2006 until full payment;
- 12.1.1.2* the counterclaim of US\$3 095 119 by Sallies and Witkop Fluorspar be dismissed; and
- 12.1.1.3* each party to bear its own legal and other costs,
- (the "**Award**")

**12.1.2** The interest to 30 June 2009 amounted to US\$214 176. Sallies accounted for its own expense in relation to the proceedings as these were incurred. Provision is being made for the Award in the forthcoming financial statements of Sallies for the year ended 30 June 2009.

**12.1.3** On 19 May 2009, Sallies and Witkop Fluorspar requested the Federal Supreme Court of Switzerland to:

*12.1.3.1* set aside the Award which would have the effect that the case would be sent back to the Arbitral Tribunal for assessment; and

*12.1.3.2* instruct the Arbitral Tribunal to reject Honeywell's claim and approve the counterclaim of Sallies and Witkop Fluorspar.

## **12.2 Solvadis**

Solvadis was appointed as the European fluorspar agents for Witkop Fluorspar on 1 November 1999 and for Buffalo Fluorspar on 29 September 2006. The agencies were terminated with effect from 31 December 2008 by giving a notice period of 12 months as required in the respective agreements.

In December 2008, Solvadis advised Sallies that it would be claiming compensation from Witkop Fluorspar and Buffalo Fluorspar for the termination of the agreements in terms of the Swiss Code of Obligations and withheld US\$500 000 from a customer's payment to Witkop Fluorspar. Solvadis has since quantified their claim at US\$424 890. The claim is being contested by Sallies and no provision has been made to date in the financial statements of Sallies.

**12.3** Save as disclosed above, the directors of Firebird are not aware of any legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had, in the recent past (including at least the 12 months immediately preceding the date of this circular) a significant effect on the financial or trading position of Sallies.

## **13. SIGNIFICANT CONTRACTS**

The following information about Sallies has been obtained exclusively from documents publicly filed by Sallies and has not been independently verified by Firebird. Firebird assumes no responsibility for the accuracy or completeness of such information.

**13.1** At the annual general meeting held on 27 February 2008, the Sallies Shareholders passed a special resolution granting each of Thomas Graham Dale ("**Dale**") and Johann Blersch ("**Blersch**") the irrevocable right and option to purchase 18 768 774 Shares at a strike price of 60 cents per Share. Due to an editorial oversight, this resolution did not detail that in the event that the Company implemented a rights offer, Dale and Blersch would be awarded additional options to acquire an additional number of securities as would have been offered to each of Dale and Blersch in terms of such rights offer; if they had been the registered holders of the Shares forming the subject matter of the options previously granted to them, at a price equal to the rights offer price.

Dale and Blersch each subsequently became entitled to options over 4 505 505 convertible debentures at a strike price of 50 cents per convertible debenture in terms of the rights offer of convertible debentures completed during May 2008.

On 13 May 2009 the Sallies Board amended the terms of the options over 18 768 774 Shares and 4 505 505 convertible debentures granted to each of Dale and Blersch by:

- substituting the options over 4 505 505 convertible debentures at 50 cents per convertible debenture by options over 4 505 505 ordinary shares at 50 cents per Share;
- ruling that all options would become exercisable immediately; and
- changing the period over which the options may be exercised.

Such amendment was subject to the approval of the Sallies Shareholders. At a meeting of Sallies Shareholders held on 14 August, 2009, the amendment to the terms of the options to each of Dale and Blersch was not approved.

**13.2** Other than paragraph 13.1 above, no significant contracts have been entered into by Sallies, other than in the ordinary course of business, during the two-year period preceding the date of issue of this circular.

#### **14. ARRANGEMENTS AND UNDERTAKINGS REGARDING THE OFFER**

There are no arrangements with, undertakings by or agreements between Firebird and Sallies.

Further to the above, there are no arrangements between Firebird and any of the directors of Sallies or any persons who were directors in the 12 months preceding the date of this circular regarding the Offer.

#### **15. CONSENTS**

Each of Qinisele Resources (Pty) Limited, FMD and the transfer secretaries have consented to the inclusion of their names in this circular in the form and context in which they appear and have not withdrawn their consent at the date of this circular.

#### **16. RESPONSIBILITY STATEMENT**

##### **16.1 Firebird**

The directors of Firebird:

**16.1.1** have considered all statements of fact and opinion in this circular;

**16.1.2** have, collectively and individually, accepted full responsibility for the accuracy of the information given;

**16.1.3** declare that, to the best of their knowledge and belief, such statements are correct and that no material facts have been omitted, the omission of which would make any such statement false or misleading and that they have made all reasonable enquiries to ascertain such facts.

#### **17. COSTS OF THE OFFER**

The following costs of the Offer (including fees, publishing costs and commissions) will be borne by Firebird:

- the cost of the advisors;
- all cost relating to printing and publishing any announcements and documentation relating to the Offer, including the costs of this circular; and
- all regulatory fees, including fees levied by the SRP and the JSE.

#### **18. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection on business days during normal business hours at the registered offices (as stated in the "Corporate information and advisor" section of this circular) of FMD from the date of issue of this circular up to and including the closing date of the Offer:

**18.1** written consents of Qinisele Resources (Pty) Limited, FMD and the transfer secretaries to the inclusion of their names in this circular in the context and form in which they appear;

**18.2** full financial statements of Sallies; and

**18.3** a signed copy of this circular.

For and on behalf of

**Firebird Global Master Fund, Ltd.**

James Passin  
New York  
2 September, 2009

**Registered office**

c/o Trident Trust Company (Cayman) Limited  
1 Capital Place  
PO Box 847, George Town  
Grand Cayman  
Cayman Islands  
British West Indies

For and on behalf of

**Firebird Global Master Fund II, Ltd.**

James Passin  
New York  
2 September, 2009

**Registered office**

c/o Trident Trust Company (Cayman) Limited  
1 Capital Place  
PO Box 847, George Town  
Grand Cayman  
Cayman Islands  
British West Indies

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**TRADING HISTORY OF THE SALLIES SHARES ON THE JSE**


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<b>Date</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Value (Rand)</b>	<b>Volume</b>
<b>Quarterly</b>				
June, 2009	34	21	24 318 186	93 091 120
March, 2009	43	24	13 530 076	43 699 616
December, 2008	65	25	37 013 899	94 809 612
September, 2008	86	60	66 416 071	92 385 169
June, 2008	92	50	79 721 842	123 399 806
March, 2008	78	36	159 425 924	267 592 980
December, 2007	67	36	78 262 629	157 247 920
September, 2007	98	52	122 019 902	177 588 054
<b>Monthly</b>				
June, 2009	27	21	6 060 609	24 140 764
May, 2009	31	23	5 927 198	23 765 164
April, 2009	34	25	12 330 379	45 185 192
March, 2009	40	30	3 371 915	9 744 806
February, 2009	43	28	3 036 589	8 071 741
January, 2009	30	24	7 121 572	25 883 069
December, 2008	40	25	7 155 081	24 322 309
November, 2008	49	34	8 685 673	21 266 800
October, 2008	65	31	21 173 145	49 220 503
September, 2008	73	60	13 111 471	19 848 825
August, 2008	76	60	20 095 802	29 222 568
July, 2008	86	65	33 208 798	43 313 776
<b>Daily</b>				
August 20, 2009	19	17	76 300	13 959
August 19, 2009	20	18	185 766	33 682
August 18, 2009	20	18	134 100	25 398
August 17, 2009	19	18	185 500	33 400
August 14, 2009	20	18	399 125	77 006
August 13, 2009	19	18	932 875	167 927
August 12, 2009	19	18	57 500	10 725
August 11, 2009	20	18	1 846 625	336 372
August 7, 2009	20	18	170 400	31 292
August 6, 2009	20	18	345 630	64 020
August 5, 2009	19	18	93 100	16 863
August 4, 2009	19	18	1 078 944	196 843
August 3, 2009	20	19	283 645	54 071
July 31, 2009	21	19	648 806	129 651
July 30, 2009	21	18	317 639 752	57 190 058
July 29, 2009	21	20	90 747	18 554
July 28, 2009	21	19	397 416	78 663
July 27, 2009	19	17	1 235 488	222 384
July 24, 2009	18	16	913 441	153 097
July 23, 2009	17	16	47 549	7 729
July 22, 2009	16	15	99 500	14 951
July 21, 2009	16	15	244 500	38 625
July 20, 2009	16	15	422 500	66 525

<b>Date</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Value (Rand)</b>	<b>Volume</b>
<b>Daily</b>				
July 17, 2009	16	15	329 188	50 448
July 16, 2009	16	15	577 850	92 359
July 15, 2009	16	15	530 500	84 650
July 14, 2009	16	14	190 875	29 471
July 13, 2009	17	14	360 000	52 500
July 10, 2009	17	15	4 372 000	677 772
July 9, 2009	16	15	235 666	35 355
July 8, 2009	16	14	1 099 350	165 087
July 7, 2009	17	16	863 000	138 510
July 6, 2009	17	16	845 250	135 340
July 3, 2009	18	16	551 200	89 004
July 2, 2009	20	16	733 540	131 552
July 1, 2009	22	20	402 000	83 568
June 30, 2009	22	21	642 700	136 647
June 29, 2009	25	21	1 546 536	345 167
June 26, 2009	25	23	128 000	31 300
June 25, 2009	25	23	337 395	78 720
June 24, 2009	25	25	21 000	5 250
June 23, 2009	25	25	40 500	10 125
June 22, 2009	25	24	53 500	12 885
June 19, 2009	26	23	1 200 950	278 625
June 18, 2009	26	25	103 155	26 391
June 17, 2009	25	25	301 200	75 300
June 15, 2009	26	25	207 000	51 760
June 12, 2009	26	26	59 950	15 587
June 11, 2009	26	25	190 190	48 264
June 10, 2009	27	25	2 033 748	518 193
June 9, 2009	26	25	1 334 960	336 338
June 8, 2009	27	25	2 617 500	670 505
June 5, 2009	26	24	1 875 339	485 226
June 4, 2009	26	23	788 855	195 685
June 3, 2009	26	24	2 556 480	641 885
June 2, 2009	27	24	2 695 410	690 343
June 1, 2009	27	26	5 406 396	1 406 413
May 29, 2009	27	23	5 164 947	1 251 822
May 28, 2009	26	23	11 941 177	2 870 665
May 27, 2009	28	25	1 308 820	337 813
May 26, 2009	28	28	0	0
May 25, 2009	28	26	57 500	15 500
May 22, 2009	28	26	419 850	111 599
May 21, 2009	28	26	150 012	39 679
May 20, 2009	29	27	371 950	101 227

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**TRADING HISTORY OF THE CONVERTIBLE DEBENTURES ON THE JSE**


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<b>Date</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Value (Rand)</b>	<b>Volume</b>
<b>Quarterly</b>				
June, 2009	40	25	3 470 362	11 668 008
March, 2009	50	24	928 580	3 116 729
December, 2008	67	25	7 463 700	16 947 931
September, 2008	83	55	13 911 514	18 931 022
<b>Monthly</b>				
June, 2009	33	25	203 980	757 550
May, 2009	40	28	2 630 919	8 839 277
April, 2009	37	–	635 463	2 071 181
March, 2009	44	30	46 450	128 900
February, 2009	50	30	112 394	284 409
January, 2009	35	24	769 736	2 703 420
December, 2008	40	25	444 882	1 315 342
November, 2008	45	40	549 937	1 245 082
October, 2008	67	30	6 468 881	14 377 407
September, 2008	76	55	209 754	297 034
August, 2008	79	60	10 086 160	14 090 229
July, 2008	83	69	3 615 600	4 550 555
<b>Daily</b>				
August 20, 2009	20	20	–	–
August 19, 2009	20	19	23 136	115 757
August 18, 2009	18	18	432	2 400
August 17, 2009	24	24	3 456	14 400
August 14, 2009	26	25	302 996	1 207 987
August 13, 2009	22	22	–	–
August 12, 2009	22	22	–	–
August 11, 2009	25	22	25 127	101 374
August 7, 2009	25	25	42 870	171 480
August 6, 2009	25	22	9 560	41 446
August 5, 2009	25	22	25 690	106 100
August 4, 2009	22	22	45 124	205 113
August 3, 2009	22	20	32 345	156 116
July 31, 2009	23	21	46 780	208 000
July 30, 2009	21	21	–	–
July 29, 2009	21	21	–	–
July 28, 2009	21	20	7 477	37 200
July 27, 2009	20	19	195 000	1 000 000
July 24, 2009	17	17	5 100	30 000
July 23, 2009	17	17	17 000	100 000
July 22, 2009	19	18	18 636	100 000
July 21, 2009	20	20	44 080	220 400
July 20, 2009	20	16	20 256	105 000
July 17, 2009	20	16	6 320	37 600
July 16, 2009	20	19	270 052	1 400 260
July 15, 2009	20	20	214 800	1 074 000
July 14, 2009	22	22	–	–

<b>Date</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Value (Rand)</b>	<b>Volume</b>
<b>Daily</b>				
July 13, 2009	22	12	9 790	56 500
July 10, 2009	24	24	–	–
July 9, 2009	24	24	–	–
July 8, 2009	24	24	14 400	60 000
July 7, 2009	20	20	–	–
July 6, 2009	20	20	–	–
July 3, 2009	21	20	40 043	198 300
July 2, 2009	25	20	112 675	544 220
July 1, 2009	26	26	654 286	2 516 485
June 30, 2009	26	26	4 232	16 280
June 29, 2009	26	26	967	3 720
June 26, 2009	25	25	–	–
June 25, 2009	25	25	58 820	235 280
June 24, 2009	30	30	–	–
June 23, 2009	30	30	–	–
June 22, 2009	30	29	14 875	49 785
June 19, 2009	30	30	–	–
June 18, 2009	30	30	–	–
June 17, 2009	30	30	–	–
June 15, 2009	30	30	–	–
June 12, 2009	30	30	–	–
June 11, 2009	30	30	–	–
June 10, 2009	30	25	4 066	14 510
June 9, 2009	30	30	1 395	4 650
June 8, 2009	30	30	4 710	15 700
June 5, 2009	30	26	59 254	212 165
June 4, 2009	25	25	30 000	120 000
June 3, 2009	28	28	5 040	18 000
June 2, 2009	33	31	7 379	23 410
June 1, 2009	31	30	13 242	44 050
May 29, 2009	30	30	39 559	131 865
May 28, 2009	30	30	14 400	48 000
May 27, 2009	30	28	299 949	1 070 000
May 26, 2009	30	30	69 762	232 540
May 25, 2009	30	30	210 000	700 000
May 22, 2009	30	30	–	–
May 21, 2009	30	30	750 000	2 500 000
May 20, 2009	30	30	–	–

## AUDITED HISTORICAL FINANCIAL INFORMATION FOR SALLIES FOR THE FOUR YEARS ENDED 30 JUNE 2008

### Group Income Statements

	<b>Audited year ended 30 June 2008 R'000</b>	<b>Audited year ended 30 June 2007 R'000</b>	<b>Audited year ended 30 June 2006 R'000</b>	<b>Audited year ended 30 June 2005 R'000</b>
Revenue – Mining	168 117	109 315	86 882	101 157
Net Foreign Exchange Gains	4 794	1 639	(1 435)	(1 853)
Cost of Sales	(147 549)	(118 187)	(103 197)	(103 128)
Profit/(Loss) from Mining Activities	25 362	(7 233)	(16 315)	(1 971)
Less: Depreciation	(15 501)	(11 184)	(5 435)	(2 380)
Amortisation of Mineral Rights	(2 023)	(2 564)	(2 056)	(2 310)
Operating profit/(loss) from mining activities	7 838	(20 981)	–	–
(Loss)/Profit on disposal of plant and equipment	(323)	583	1 817	469
Administrative expenses	(28 110)	(20 639)	(22 720)	(11 372)
Finance costs	(10 009)	(6 480)	(2 735)	(2 912)
Investment income	31	282	85	90
Interest on convertible debentures	(1 359)	–	–	–
Share options granted	(10 466)	–	–	–
Inter-company loan impairment	–	–	–	–
Loss before taxation	(42 398)	(47 235)	(39 428)	(31 605)
Taxation	–	5 600	1 644	120
Loss for the year	(42 398)	(41 635)	(37 784)	(31 485)

## Group Balance Sheets

	<b>Audited at 30 June 2008 R'000</b>	<b>Audited at 30 June 2007 R'000</b>	<b>Audited at 30 June 2006 R'000</b>	<b>Audited at 30 June 2005 R'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>	161 804	156 616	82 668	77 066
Goodwill	10 175	10 175	10 175	10 175
Property, plant and equipment	146 827	143 274	71 940	66 359
Interest in subsidiaries	–	–	–	–
Restricted investments	1 635	–	553	532
<b>CURRENT ASSETS</b>	92 561	49 556	87 155	27 149
Inventories	46 390	33 921	5 187	15 838
Other financial asset	498	–	–	–
Accounts receivable	17 504	12 239	4 852	8 204
Taxation prepaid	2 789	2 789	2 858	2 858
Cash and cash equivalents	25 380	607	74 258	249
<b>TOTAL ASSETS</b>	254 365	206 172	169 823	104 215
<b>EQUITY AND LIABILITIES</b>				
Capital and reserves	140 785	83 811	87 856	40 373
Share capital and premium	281 053	210 108	175 685	89 167
Portion of convertible debentures deemed to be equity	17 960	–	–	–
Share options granted reserve	11 191	724	724	1 975
Accumulated loss	(169 419)	(127 021)	(88 553)	(50 769)
<b>Non-current liabilities</b>				
Current liabilities	87 880	28 899	14 890	13 478
Long-term loan	7 957	13 943	4 638	2 385
Provision for environmental rehabilitation	20 783	14 956	4 652	3 838
Portion of convertible debentures deemed to be debt	59 140	–	5 600	7 255
Current liabilities	25 700	93 462	67 077	50 364
Accounts payable	21 105	31 437	42 204	23 771
Short-term loans	–	26 936	–	–
Bank overdraft	–	29 461	14 198	8 253
Current portion of long-term liabilities	4 595	5 628	5 755	8 974
Taxation	–	–	142	–
<b>TOTAL EQUITY AND LIABILITIES</b>	254 365	206 172	169 823	104 215

Full financial statements of Sallies are available for inspection in terms of paragraph 18 of this circular.

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**PROVISIONS OF SECTION 440K OF THE ACT**

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**“440K. COMPULSORY ACQUISITION OF SECURITIES OF MINORITY IN AFFECTED TRANSACTION**

- (1) (a) If an offer for the acquisition of securities under an affected transaction involving the transfer of securities or any class of securities of a company to an offeror, has within four months after the date of the making of such offer been accepted by the holders of not less than nine-tenths of the securities or any class of securities whose transfer is involved (other than securities already held at the date of the issue of the offer by, or by a nominee for, the offeror or its subsidiary), the offeror may at any time within two months after the date of such acceptance give notice in the prescribed manner to any holder of such securities who has not accepted the said offer; that he or it desires to acquire his or its securities, and where such notice is given, the offeror shall be entitled and bound to acquire those securities on the terms on which under the affected transaction the securities of the holders who have accepted the offer, were or are to be transferred to the offeror, unless on an application made by such holder within six weeks from the date on which the notice was given, the Court:
- (i) orders that the offeror shall not be so entitled and bound; or
  - (ii) imposes conditions of acquisition different from those of the offer.
- (b) If the said offer has not been accepted to the extent necessary for entitling the offeror to give notice under sub-section (1)(a), the Court may, on application by the offeror, issue an order authorising him to give notice under that sub-section if the Court is satisfied that:
- (i) the offeror has after reasonable enquiry been unable to trace one or more of the persons holding securities to which the offer relates;
  - (ii) the securities whose transfer is involved, by virtue of acceptances of the offer, together with the securities held by the person or persons referred to in sub-paragraph (i), amount to not less than the minimum specified in sub-section (1)(a); and
  - (iii) the consideration offered is fair and reasonable,
- but the Court shall not issue an order under this paragraph unless it considers that it is just and equitable to do so having regard, in particular, to the number of holders of securities who have been traced but who have not accepted the offer.
- (2) Where a notice has been given by the offeror under sub-section (1) and the Court, on an application made by a holder of the securities who has not accepted the offer, has not ordered as contemplated in sub-section (1)(a), the offeror shall, on the expiration of six weeks from the date on which the notice was given, or, if an application to the Court by such holder is then pending, after the application has been disposed of, transmit a copy of the notice to the offeree company, together with an instrument of transfer executed on behalf of such holder by any person appointed by the offeror, and pay or transfer to the offeree company the amount or other consideration representing the price payable by the offeror for the securities which by virtue of this section he or it is entitled to acquire, and subject to the payment of the stamp duties ordinarily payable, the offeree company shall thereupon register the offeror as the holder of those securities: Provided that an instrument of transfer shall not be required for any security for which a share warrant is for the time being outstanding.
- (3) Where, in pursuance of an affected transaction referred to in sub-section (1), securities of an offeree company were or are to be transferred to a person and those securities, together with any other securities of the said offeree company held by, or by a nominee for, the offeror or its subsidiary at the date of the acceptance of the offer in question, comprise or include nine-tenths of the securities in the offeree company or of any class of those securities, then:
- (a) the offeror shall within a month from the date of such acceptance (unless he or it has already complied with this requirement under sub-section (1)) give notice of that fact in the prescribed manner to the holders of the remaining securities or of the remaining securities of that class, as the case may be, who have not accepted the offer under the affected transaction in question; and
  - (b) any such holder may within three months from the giving of the notice to him require the offeror to acquire the securities in question,

and where the holder gives notice under paragraph (b) in relation to any securities, the offeror shall be entitled and bound to acquire those securities on the conditions on which under the affected transaction the securities of the holders who have accepted the offer were or are to be transferred to him or it, or on such other conditions as may be agreed upon or as the Court on the application of either the offeror or the holder may think fit to order.

- (4) Any sum, and any dividend or other sum accruing from any other consideration, received by the offeree company under this section shall be paid into a separate bank account with a banking institution registered under the Banks Act, 1965 (Act 23 of 1965), and any such sums, dividend or any other consideration so received shall be held in trust by the offeree company for the person entitled to the securities in respect of which the said sums, dividend or other consideration was received.
- (5) In this section any reference to a 'holder of securities who has not accepted the offer' includes any holder who has failed or refused to transfer his securities to the offeror in accordance with the affected transaction.'





## **Sallies Limited**

(Incorporated in the Republic of South Africa)

(Registration number: 1903/001879/06)

Share code: SAL ISIN: ZAE000022588

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### **FORM OF ACCEPTANCE, SURRENDER AND TRANSFER**

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The definitions commencing on page 3 of the circular apply throughout this form of acceptance, surrender and transfer ("**form**"), unless the context clearly indicates otherwise.

#### **FOR USE BY CERTIFICATED SALLIES SECURITYHOLDERS ONLY**

This form of acceptance, surrender and transfer is only applicable to certificated Sallies Securityholders who wish to accept the Offer as set out in the circular to Sallies Securityholders, dated Wednesday, 2 September 2009, to which this form is attached. This form is NOT to be used by dematerialised Sallies Securityholders, who are required to instruct their CSDP or broker if they wish to accept the Offer in accordance with the terms of their agreement with the CSDP or broker.

#### **NOTES AND INSTRUCTIONS:**

Persons who have acquired Securities after the date of posting the circular setting out the Offer, can obtain copies of the circular and this form from the transfer secretaries at the address given below.

Part A must be completed by all certificated Sallies Securityholders who wish to accept the Offer. Persons who have acquired Sallies Securities after the date of issue of the circular to which this form of acceptance, surrender and transfer is attached, can obtain copies of the form of acceptance, surrender and transfer from the transfer secretaries.

Section 1 must be completed by all certificated Sallies Securityholders who are emigrants of the common monetary area.

The Offer Consideration due to a non-resident Sallies Securityholder who is an emigrant from the common monetary area will be sent to the authorised dealer in foreign exchange controlling such non-resident Sallies Securityholder's blocked assets in terms of the South African Exchange Control Regulations and you are referred to paragraph 6.2 of the circular in this regard.

Section 2 must be completed by all other certificated Sallies Securityholders who are non-residents of the common monetary area (and who are not required to complete Section 1).

No receipts will be issued for documents of title lodged unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts, if required.

If you are in any doubt as to how to complete this form, please consult your broker, CSDP, banker, attorney, accountant or other professional advisor immediately.

This form must be returned to the transfer secretaries together with the Security certificates or other documents of title, so as to be received prior to the closing date of the Offer. If your documents of title have been lost or destroyed, you should nevertheless return this form, together with a duly executed indemnity provided by the transfer secretaries. The Offeror may, in its sole discretion, dispense with the surrender of such documents of title upon production of satisfactory evidence that the documents of title have been lost or destroyed and upon provision of a suitable indemnity. Unless otherwise agreed by the Offeror, only indemnity forms obtained from the transfer secretaries (available on request) will be regarded as suitable.

Signatories may be called upon for evidence of their authority or capacity to sign this form.

Any alteration to this form of acceptance, surrender and transfer must be signed in full and not initialled. Any alteration may not be accepted by the Offeror.

If this form is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this form for noting, unless it has already been noted by the transfer secretaries.

Where the certificated Sallies Securityholder is a company or a close corporation or other juristic person, a certified copy of the directors' or members' or other resolution authorising the signing of this form must be submitted together with this form, unless it has already been registered with the transfer secretaries or this form bears the JSE broker's stamp.

Where Securities are jointly held, this form of acceptance, surrender and transfer must be signed by all joint holders; however, the Offeror shall be entitled to, in its absolute discretion, accept signature only of that holder whose name stands first in the register in respect of such Securities.

Sallies Securityholders are advised to consult their professional advisors about their personal tax positions regarding the receipt of the Offer Consideration.

Sallies Securityholders are referred to the circular for the further terms and conditions applicable to the Offer and its acceptance, which circular should be read in its entirety for a full appreciation thereof.

In the event of any conflict between this form and the circular setting out the terms of the Offer, the circular shall prevail.

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### Transfer secretaries

By hand or courier:

Computershare Investor Services (Pty) Limited  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001

By post:

Computershare Investor Services (Pty) Limited  
PO Box 61763  
Marshalltown, 2107

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Dear Sirs,

I/We hereby irrevocably accept the Offer on the terms and conditions set out in the circular in respect of:

\*  Sallies Shares (the "**Shares**") and/or (\*\*)  Sallies convertible debentures (collectively "**Securities**"), held by me/us and surrender and enclose the linked share certificates, certified transfer deeds and/or other documents of title, in respect of my/our holding of such Securities.

I/We hereby instruct the transfer secretaries to register transfer of such Securities to the Offeror. I/We hereby appoint the directors of the Offeror and the transfer secretaries acting on his/her/its/their own as my attorney and agent with full power and authority to on my behalf (*in rem suam*) sign all documents and do all such acts as may be necessary or desirable for the purpose of transferring such Securities to the Offeror pursuant to the Offer.

(\*Insert the number of Shares in respect of which the Offer is accepted. Failure to state the number of Shares shall be deemed to indicate acceptance of the Offer in respect of all the Shares represented by the surrendered documents of title indicated above.)

(\*\*Insert the number of convertible debentures in respect of which the Offer is accepted. Failure to state the number of convertible debentures shall be deemed to indicate acceptance of the Offer in respect of all the convertible debentures represented by the surrendered documents of title indicated above.)

**PART A** – All certificated Sallies Securityholders holders accepting the Offer must please complete this section (in BLOCK CAPITALS).

Surname or Name of corporate body	
First names (in full, if applicable)	
Title (Mr; Mrs, Miss, Ms, etc.)	
Address to which the Offer Consideration should be sent (if different from registered address)* (Preferably a PO Box)	
Postal code	
Telephone number (        )	Telefax (        )

**ELECTION OF OFFER CONSIDERATION**

I/We hereby elect to receive the following Offer Consideration (please indicate in the appropriate box the number of Shares in respect of which you wish to choose to accept the Offer Consideration):

Number of Sallies Shares of which the Offer Consideration is elected

Number of Sallies convertible debentures of which the Offer Consideration is elected

Submission of banking details in respect of Sallies Shareholders wishing payment of the Offer Consideration to be made by way of the electronic transfer of funds.†

Name of account holder (must be the same as the Sallies Securityholder)	Banking details NB: No third party account
	Name of bank:
	Name of branch:
	Branch code:
	Account number:
	Contact person:
	Contact telephone number:

† The Offer Consideration will be settled via an electronic payment of cash within seven days of the of the Offer being accepted. Payment to certificated Sallies Securityholders that do not have an existing bank mandate with the transfer secretaries will be made by cheque, posted at the Sallies Securityholders' own risk.

In order to comply with the requirements of the Financial Intelligence Act, No. 38 of 2001 (as amended), the transfer secretaries will be unable to record any changes of address or payment mandates unless a certified true copy of the undermentioned documentation is received from the relevant Sallies Securityholder:

- (i) a copy of an identification document (in respect of change of address and payment mandate); and
- (ii) a copy of a bank statement (in respect of bank mandate).

Payment to certificated Sallies Securityholders that do not have an existing mandate with the transfer secretaries will be made by cheque, posted at the Sallies Securityholders' own risk.

I/We hereby surrender and enclose the linked share certificates, certified transfer deeds and/or other documents of title, details in respect of which are set out in the table below, in respect of my/our holding of Shares:

Name of registered holder (separate form for each holder)	Certificate number(s) (in numerical order)	Number of shares
<b>Total</b>		

Name of registered holder (separate form for each holder)	Certificate number(s) (in numerical order)	Number of convertible debentures
<b>Total</b>		

**PART B**

To be completed only by certificated Sallies Securityholders who are emigrants from the common monetary area (see paragraph 6 of the circular).

1. Name and address of authorised dealer in South Africa

Blocked Rand account number:

2. To be completed by all certificated Sallies Securityholders who are non-residents of the common monetary area, other than those required to complete 1 above.

The Offer Consideration will be paid to the nominated authorised dealer in South Africa and it will be incumbent on the Sallies Securityholders concerned to instruct the nominated authorised dealer(s) as to the disposal of the amount concerned.

Name and address of authorised dealer in South Africa.

3. If no nomination is made in terms of 1 and 2 above, the Offer Consideration will be held in trust in accordance with paragraph 6.4 of the circular.

Signature of or on behalf of Sallies Securityholder	Stamp and address of agent lodging this form (if any)
Name:	
(Who warrants that he is duly authorised)	
Capacity:	
Assisted by me (if applicable):	
(State full name and capacity of assistance)	
Date: 2009	

**Notes:**

- Emigrants from the common monetary area must complete Part B.
- All other non-residents of the common monetary area must complete Part B (if they wish the Offer Consideration to be paid to an authorised dealer in South Africa).
- If Part B is not properly completed, the Offer Consideration will be held in trust by the transfer secretaries pending receipt of the necessary nomination or instruction. No interest will accrue or be paid on any Offer Consideration so held in trust.
- No receipt will be issued for documents lodged, unless specifically requested. Persons requiring receipts must prepare a receipt and forward it together with their documents of title surrendered.
- Any alteration to this form of acceptance, surrender and transfer must be signed in full and not initialled.
- If this form of acceptance, surrender and transfer is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this form for noting (unless it has already been noted by the transfer secretaries).
- Where the Offer Participant is a company or a close corporation or other juristic person, a certified copy of the directors' or members' or other resolution authorising the signing of this form of acceptance, surrender and transfer must be submitted with this form.
- Note 7 above, does not apply in the event of this form bearing the stamp of a broking member of the JSE.
- Where there are joint holders of any Sallies Securities, only that holder whose name stands first in the register in respect of such Shares need sign this form of acceptance, surrender and transfer.