

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")

FINANCIAL EFFECTS REGARDING THE MANDATORY OFFER BY FLUORMIN PLC OR A WHOLLY OWNED SUBSIDIARY TO ALL REMAINING SALLIES SHAREHOLDERS AND CONVERTIBLE DEBENTURE HOLDERS ("SALLIES SECURITY HOLDERS") AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

INTRODUCTION

Sallies Security Holders are referred to the SENS announcement on 9 September 2011 regarding the mandatory offer whereby Fluormin Plc. will make a mandatory offer to minority security holders through schemes of arrangement ("Schemes") in terms of section 114 of the Companies Act, No 71 of 2008 ("the Act") and 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 ordinary 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. The election by Sallies ordinary shareholders and Sallies convertible debenture holders of Fluormin ordinary shares in the specified ratios is collectively referred to as the "Stock Consideration".

Should any of the Schemes fail, Fluormin will still be liable to make an unconditional mandatory offer in terms of section 123 of the Act in respect of the relevant class of securities.

PRO FORMA FINANCIAL EFFECTS OF THE ELECTION OF THE STOCK CONSIDERATION ON A SALLIES ORDINARY SHAREHOLDER AND A SALLIES CONVERTIBLE DEBENTURE HOLDER

The table below sets out the unaudited *pro forma* financial effects of the election of the Stock Consideration on a Sallies ordinary shareholder and a Sallies convertible debenture holder. The unaudited *pro forma* financial effects have been prepared in accordance with IFRS and are based on the published, audited results of Sallies and of Fluormin for the year ended 30 June 2011. The preparation of the unaudited *pro forma* financial effects is the responsibility of the Sallies directors and is provided for illustrative purposes only in order to provide information about how the election of the Stock Consideration may have affected Sallies ordinary shareholders and Sallies convertible debenture holders. Due to the nature of the unaudited *pro forma* financial effects, it may not be a true reflection of the actual impact of the election of the Stock Consideration. It has been assumed for the purposes of the *pro forma* financial effects of the election of the Stock Consideration on a Sallies ordinary shareholder and a Sallies Convertible debenture holder that 100% of the Sallies ordinary shareholders and Sallies convertible debenture holders have elected the Stock Consideration.

<i>Per Sallies ordinary share (pence)</i>	<i>Before ¹</i>	<i>Implied after the election of the Stock Consideration assuming an equity consideration of 0.0277 new Fluormin ordinary shares for every 1 Sallies ordinary share</i>	<i>Percentage change to Sallies ordinary shareholder</i>
Earnings and diluted earnings	(0.476)	0.005 ²	101
Headline and diluted headline earnings	(0.459)	(0.280) ²	39
Net asset value	0.203	0.012 ³	(94)
Tangible net asset value	0.203	0.012 ³	(94)

Notes:

1. The “Before” column reflects the published audited financial results of Sallies for the year ended 30 June 2011.
2. For the purposes of calculating earnings, diluted earnings, headline earnings and diluted headline earnings per Sallies ordinary share after the election of the Stock Consideration it was assumed that:
 - a. The Schemes became operational and were effective on 1 July 2010;
 - b. Sallies' audited statement of comprehensive income for the year ended 30 June 2011, adjusted for the settlement of the convertible loan facility granted to Sallies by TSC Investments Ltd pursuant to a convertible loan agreement dated 23 June 2011 entered into between Sallies and TSC Investments Ltd (“TSC Loan”) in Sallies ordinary shares, has been consolidated by Fluormin based on Fluormin's audited statement of comprehensive income for the year ended 30 June 2011, as adjusted for the sale of its base metals projects, the acquisition of a 63 % shareholding in Sallies on 8 September 2011, the acquisition of a 20% shareholding in Kenya Fluorspar Company Limited (“KFC”) and the issue of shares for cash to Stanley Nominees Limited, the promoters of Fluormin and Integrated Nominees. The *pro forma* statement of comprehensive income of Fluormin following the implementation of the settlement of the Stock Consideration, assumes that 100% of the Sallies ordinary shareholders and Sallies convertible debenture holders elect the Stock Consideration;
 - c. 0.0277 new Fluormin ordinary shares are received for every 1 Sallies ordinary share held by a Sallies ordinary shareholder with effect from 1 July 2010; and
 - d. The estimated transaction costs of GBP 150 000 have been expensed.
3. For the purposes of calculating the net asset value and net tangible asset value per Sallies ordinary share after the election of the Stock Consideration it was assumed that:
 - a. The Schemes were implemented on 30 June 2011 for statement of financial position purposes;
 - b. Sallies audited statement of financial position for the year ended 30 June 2011, adjusted for the settlement of the TSC Loan in Sallies ordinary shares, has been consolidated by Fluormin based on Fluormin's audited statement of financial position for the year ended 30 June 2011, as adjusted for the sale of its base metals projects, the acquisition of a 63% shareholding in Sallies on 8 September 2011, the acquisition of a 20% shareholding in KFC and the issue of shares for cash to Stanley Nominees Limited, the promoters of Fluormin and Integrated Nominees. The *pro forma* statement of financial position of Fluormin following the implementation of the

settlement of the Stock Consideration, assumes that 100% of the Sallies ordinary shareholders and Sallies convertible debenture holders elect the Stock Consideration;

- c. 0.0277 new Fluormin ordinary shares are received for every 1 Sallies ordinary share held by Sallies ordinary shareholders with effect from 1 July 2010; and
- d. The estimated transaction costs of GBP 150 000 have been expensed.

<i>Per Sallies convertible debenture (pence)</i>	<i>Before</i> ¹	<i>Implied after the election of the Stock Consideration assuming an equity consideration of 0.0646 new Fluormin ordinary shares for every 1 Sallies convertible debenture</i>	<i>Percentage change to Sallies convertible debenture holders</i>
Earnings and diluted earnings	0.004	0.005 ²	25
Headline and diluted headline earnings	0.004	(0.280) ²	(7100)
Net asset value	0.045	0.012 ³	(74)
Tangible net asset value	0.045	0.012 ³	(74)

Notes:

1. The "Before" column reflects the debenture interest payable in respect of 1 Sallies convertible debenture in the earnings and diluted earnings per Sallies convertible debenture column and the nominal value of the Sallies convertible debentures in the net asset value and net tangible asset value per Sallies convertible debenture column.
2. For the purposes of calculating earnings, diluted earnings, headline earnings and diluted headline earnings per Sallies convertible debenture after the election of the Stock Consideration it was assumed that:
 - a. The Schemes became operational and were effective on 1 July 2010;

- b. Sallies audited statement of comprehensive income for the year ended 30 June 2011, adjusted for the settlement of the TSC Loan in Sallies ordinary shares, has been consolidated by Fluormin based on Fluormin's audited statement of comprehensive income for the year ended 30 June 2011, as adjusted for the sale of its base metals projects, the acquisition of a 63% shareholding in Sallies on 8 September 2011, the acquisition of a 20% shareholding in KFC and the issue of shares for cash to Stanley Nominees Limited, the promoters of Fluormin and Integrated Nominees. The pro forma statement of comprehensive income of Fluormin following the implementation of the settlement of the Stock Consideration, assumes that 100% of the Sallies ordinary shareholders and Sallies convertible debenture holders elect the Stock Consideration;
 - c. 0.0646 new Fluormin ordinary shares is received for every 1 Sallies convertible debenture held by Sallies convertible debenture holders with effect from 1 July 2010; and
 - d. The estimated transaction costs of GBP 150 000 have been expensed.
3. For the purposes of calculating the net asset value and net tangible asset value per Sallies convertible debenture after the election of the Stock Consideration it was assumed that:
- a. The Schemes were implemented on 30 June 2011 for statement of financial position purposes;
 - b. Sallies audited statement of financial position for the year ended 30 June 2011, adjusted for the settlement of the TSC Loan in Sallies ordinary shares, has been consolidated by Fluormin based on Fluormin's audited statement of financial position for the year ended 30 June 2011, as adjusted for the sale of its base metals projects, the acquisition of a 63% shareholding in Sallies on 8 September 2011, the acquisition of a 20% shareholding in KFC and the issue of shares for cash to Stanley Nominees Limited, the promoters of Fluormin and Integrated Nominees. The *pro forma* statement of financial position of Fluormin following the implementation of the settlement of the Stock Consideration, assumes that 100% of the Sallies ordinary shareholders and Sallies convertible debenture holders elect the Stock Consideration;
 - c. 0.0646 new Fluormin ordinary shares are received for every 1 Sallies convertible debenture held by Sallies convertible debenture holders with effect from 1 July 2010; and
 - d. The estimated transaction costs of GBP 150 000 have been expensed.

WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Following the disclosure of the financial effects of the mandatory offer, Sallies Security Holders are no longer required to exercise caution when dealing in their Sallies securities and accordingly, the cautionary announcement is hereby withdrawn.

Pretoria

21 October 2011

Sponsor: Bridge Capital Advisors (Pty) Limited

Reporting Accountant and Auditor: BDO (South Africa) Incorporated

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

Legal Advisor to Sallies: Cliffe Dekker Hofmeyr Inc.