

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")

CONVERTIBLE DEBENTURE ("Debenture") UPDATE

Sallies debenture holders are referred to the announcement published on SENS on 1 December 2011 and in the press on 2 December 2011, regarding Sallies ordinary shareholders being advised that all conditions precedent to the ordinary share scheme of arrangement ("share scheme"), as detailed in the circular issued to Sallies security holders on 1 November 2011 have been fulfilled and accordingly the share scheme is now unconditional.

As a result of the share scheme becoming unconditional, the ordinary shares of Sallies are to be suspended on 9 December 2011 and the listing of the ordinary shares terminated on 20 December 2011. In terms of the debenture trust deed that is in place with debenture holders, on the suspension of the ordinary shares the debentures have been placed into an act of default. The debentures will nonetheless remain listed on the JSE.

The debenture holders have the following options as a result of the event of default:

1. Debentures held by a debenture holder may be converted forthwith in terms of a Default Conversion whereupon those debentures shall become forthwith convertible at their Principal Amount into Sallies ordinary shares on the basis of one ordinary share for each debenture.. Interest will for purposes of calculating the Principal Amount, be accrued from the last Interest Due Date to such Conversion Date and be paid in cash; or
2. Debenture holders will be repaid forthwith in terms of a Default Cash Repayment of 50 cents per debenture. Interest will be accrued from the last Interest Due Date to such repayment date and be paid in cash.

Notwithstanding the above options, the debenture holders also have the option to accept the Mandatory Offer made by Fluormin as announced on 29 November 2011 in terms of which Fluormin will repurchase debentures for 50 cents per debenture. This option is open for acceptance from 30 November 2011 until 20 January 2012.

The debentures may remain listed and be subject to the Debt Listing Requirements of the JSE until redeemed on 31 December 2012. Alternatively, in terms of Section 124 of the Companies Act No 71 of

2008, if within four months of the date of the offer by Fluormin to acquire the debentures, the offer including the mandatory offer has been accepted by the holders of at least 90% of the debentures, other than the debentures held by Fluormin before the offer, then within two further months, Fluormin may notify the remaining debenture holders that it desires to acquire all remaining debentures.

Johannesburg

8 December 2011

Sponsor: Bridge Capital Advisors (Pty) Limited

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