

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")

## **FACILITY AGREEMENT AND RENEWAL OF CAUTIONARY ANNOUNCEMENT**

### **Facility agreement**

The board of directors of Sallies is pleased to announce that the Company has entered into a fixed term facility agreement with Maghreb Minerals Plc ("Maghreb") whereby Maghreb has agreed to provide Sallies with an unsecured facility of up to \$8 million to be used to fund the working capital needed to restart operations at the Witkop Mine when the decision to restart is made. The decision to restart is dependent inter alia on receiving orders for tonnages of sufficient magnitude. Sale contracts are currently under negotiation and are expected to be concluded in the coming months as the Company works with key customers to rebuild its off-take commitment. Maghreb is a current shareholder with an 11.4% in Sallies. Both Sallies and Maghreb are controlled by Firebird Management LLC, through its funds Firebird Global Master Fund Ltd and Firebird Global Master Fund II Ltd (together "Firebird").

The principal terms of the facility agreement are as follows:

- Maghreb will provide Sallies with an initial advance of \$2 million. Thereafter, Sallies may apply at any time before 31 December 2011, to draw a sum of not less than \$1 million and not more than \$2 million and Maghreb will be entitled at its absolute discretion to grant or refuse such a drawdown;
- the loan is unsecured;
- interest on the loan will be charged at a rate of 10% per annum;
- the first interest will be paid on 30 June 2011 and quarterly thereafter. The principal amount and any accrued but unpaid interest will be repaid by no later than 31 December 2012; and
- the facility agreement is conditional upon the approval of the South African Reserve Bank.

### **Renewal of cautionary announcement**

Sallies shareholders and debenture holders are reminded that the proposed transaction between Maghreb and Firebird as previously announced on 28 December 2010 remains conditional and the Sallies shareholders and debenture holders are advised to continue to exercise caution when dealing in their shares and debentures respectively, until such time as the terms of the mandatory offers are published

Johannesburg

19 January 2011

Sponsor: Bridge Capital Advisors (Pty) Limited