

SOUTH AFRICAN COAL MINING HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1994/009012/06)
(JSE code: SAH ISIN: ZAE000102034)
("SACMH" or "the company")

Firm intention announcement in terms of Regulation 101 of the Companies Regulations, 2011 of the Companies Act, 2008, in respect of the proposed delisting of SACMH and an offer to all remaining shareholders

1. Background and rationale

The independent board of directors of SACMH wishes to apply to have the listing of SACMH on the JSE Limited ("JSE") terminated for the following reasons:

- the mine operated by SACMH has been in care and maintenance for an extended period of time;
- the coal produced by the mine does not meet the requirements of the Richards Bay Coal Terminal for export, and therefore has to be blended with coal procured from other mines;
- the cost of mining coal at such a relatively small operation is more than the dollar export prices achieved by coal – consequently the operation is not viable;
- it is administratively intensive and costly to maintaining the listing of SACMH on the JSE;
- the volume of trade over the last few years whilst JSW Energy Natural Resources South Africa Proprietary Limited ("JSW SA") was the majority shareholder, has been relatively insignificant; and
- the trading in SACMH's shares had been suspended by the JSE on 4 May 2015.

The delisting has to be accompanied by an offer to all shareholders. JSW SA, which currently holds 76,04% of the issued shares of SACMH, intends making the offer.

2. Condition precedent to the delisting

The delisting will be subject to the remaining shareholders passing a delisting resolution by more than 50% of the votes of all shareholders present or represented by proxy at the general meeting, excluding JSW SA, its associates and any party acting in concert. Once the delisting resolution has been passed, the offer will become unconditional and will open.

Once the offer has closed, SACMH will apply to the JSE to terminate its listing from a certain date and the Takeover Regulation Panel ("TRP") will issue its compliance certificate under section 119(4)(b) of the Companies Act.

Should any of the remaining shareholders not accept the offer, they will remain shareholders of SACMH as an unlisted public company.

3. Terms of the offer

JSW SA intends making an offer to acquire all the remaining ordinary shares in SACMH not already held by JSW SA, from all of the remaining shareholders of SACMH, for a purchase consideration equal to 9 cents per share, subject to all the conditions precedent being fulfilled.

The offer price has been certified as fair in terms of the JSE Listings Requirements by an independent expert, whose opinion will be included in the circular; the independent expert has also stated that the offer is fair and reasonable in terms of Companies Regulation 90.

The offer will be subject to the remaining shareholders passing the delisting resolution referred to in 2 above.

The offer will remain open for at least 30 business days after the opening date.

4. Cash confirmation

Should all the remaining shareholders accept the offer in respect of all the remaining shares, the maximum offer consideration will be R 13 329 712.89.

JSW SA has confirmed to SACMH that sufficient cash resources are available for the payment of the offer consideration.

Rand Merchant Bank has provided a guarantee to the TRP to satisfy the full offer consideration payable in terms of the offer, which is in a form acceptable to the TRP and complies with Regulation 111(4) and 111(5) of the Takeover Regulations.

5. Responsibility statement

The offeror and the independent board of SACMH:

- accept responsibility for the information contained in this announcement;
- declare that, to the best of their knowledge and belief, the information is true and that the announcement does not omit anything likely to affect the importance of the information.

The independent board of SACMH consists of messrs. QMSM Mokoetle, KG Harris, K Ashraff, MHC Dlamini and KM Mokgogong. It excludes the two directors nominated by JSW SA, messrs. CP Tated and PP Menon.

6. Circular

A combined offer circular in respect of the delisting and the offer has been prepared and approved by the TRP. It will now be submitted to the JSE for approval.

It is expected that the circular will have been approved by the JSE and posted before the end of November 2015. The general meeting is expected to take place during January 2016.

19 October 2015
Johannesburg

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