

Sentula Mining Limited

Incorporated in the Republic of South Africa
(Registration number 1992/001973/06)
Share code: SNU ISIN: ZAE000107223
("Sentula" or "the Company")



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ANNOUNCEMENT REGARDING A PROPOSED RIGHTS OFFER, THE DISTRIBUTION OF A CIRCULAR, A NOTICE OF AN EXTRAORDINARY GENERAL MEETING AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Sentula shareholders are referred to the cautionary announcement issued on the Stock Exchange News Service ("SENS") on 25 November 2015, in which shareholders were advised that Company had commenced discussions with its existing lenders with a view to concluding a debt restructuring agreement and that the Board of Directors of Sentula ("the Board") intends to raise additional capital through a partially underwritten renounceable rights offer ("the Rights Offer") (collectively, "the Capital Restructuring").

2. TERMS OF THE RIGHTS OFFER

The Rights Offer will be launched on fulfilment of the conditions set out in paragraph 4 below, following which shareholders registered as such on the record date of the Rights Offer, which will be announced on SENS and in the press in due course, will be entitled to subscribe for 100 new Sentula shares ("Rights Offer Shares") for every 100 Sentula shares held at a subscription price of 18 cents per Rights Offer Share.

To the extent that the Rights Offer is fully subscribed, a maximum of 586 559 181 Rights Offer Shares will be issued, thereby raising R105.58 million.

To implement the Rights Offer, the Company is required to obtain shareholder approval to increase its authorised but unissued share capital (by way of an amendment to the Company's Memorandum of

Incorporation (“MOI”)) and to give the Board the authority to issue the Rights Offer shares in terms of section 41(3) of the Companies Act 2011 (“the Companies Act”) (collectively, “the Enabling Resolutions”).

In order to secure a portion of the funds required to be raised through the Rights Offer, the Company has entered into an Underwriting Agreement with JB Private Equity Investors Trust, in terms of which the latter shall underwrite R10.44 million of the Rights Offer. JB Private Equity Investors Trust and Regarding Capital Management Proprietary Limited (“the Associated Entities”), who currently own, or control, the voting rights in relation to 19.78% and 9.69%, respectively, of the Sentula shares in issue are considered to be related persons in terms of the Companies Act. These Associated Entities have conditionally undertaken to follow their rights pursuant to the Rights Offer (“the Undertaking”). Depending on the outcome of the Rights Offer, there is a possibility that the combined shareholding of Associated Entities will exceed 35%. Accordingly, independent Sentula shareholders, being the Sentula shareholders other than the Associated Entities, will be asked to waive a Mandatory Offer to be made by the Associated Entities (at 18 cents per share) in terms of Regulation 86(4) of the Companies Regulations (“the Waiver”), as a condition of the Underwriting Agreement and the Undertaking.

3. RATIONALE FOR THE RIGHTS OFFER

Sentula is targeting three key strategic objectives that will reposition the business to deliver sustainable growth over the long term. These are to:

- strengthen the balance sheet;
- restructure debt; and
- grow earnings before interest, tax, depreciation and amortisation.

The Rights Offer, together with the debt restructuring, is expected to result in a sustainable long-term capital structure for the Company, allowing for:

- an improved capital structure and cash flows which will provide stability to the Group’s operations;
- the restructuring of Group debt to achieve a normal debt maturity and interest rate profile; and
- increased profitability through restructuring of underperforming operations and investment in performing operations.

4. CONDITIONS PRECEDENT TO THE RIGHTS OFFER

The implementation of the Rights Offer is subject to the fulfilment of the following conditions precedent:

- approval of the Enabling Resolutions and the Waiver by the requisite majorities of Sentula shareholders and independent Sentula shareholders respectively;
- the granting of an exemption by the Take-over Regulation Panel (“TRP”) in relation to the Waiver;

- approval by the JSE Limited (“JSE”) of a circular to Sentula shareholders containing information about the Rights Offer; and
- approval by the JSE for the listing of the letters of allocation and the Rights Offer Shares.

5. DISTRIBUTION OF CIRCULAR

Sentula shareholders are advised that a circular containing:

- details of the Capital Restructuring;
- details of the Enabling Resolutions;
- details of the Waiver;
- a notice convening a general meeting of Sentula shareholders (“General Meeting”); and
- a form of proxy to vote at the general meeting (for use by certificated Sentula shareholders and own-name dematerialised Sentula shareholders),

will be posted to shareholders registered as such on or about 13 January 2016 (“the Circular”). The circular will also be available on the Company’s website: www.sentula.co.za.

6. WAIVER OF MANDATORY OFFER

In accordance with the TRP guideline 2/2011 concerning waivers of mandatory offers, shareholders are hereby advised that any shareholder who wishes to make representations relating to the Waiver, has 10 business days from the date of posting of the Circular (which is expected to be on/about 13 January 2016) to make such representations to the TRP. Any such representations would be taken into account before the TRP would consider its ruling. Any such representations should be made in writing and delivered by hand, posted or faxed to:

The Executive Director Takeover Regulation Panel 1st Floor, Building B Sunnyside Office Park 32 Princess of Wales Terrace Parktown 2193	The Executive Director Takeover Regulation Panel PO Box 91833 Auckland Park 2006	The Executive Director Takeover Regulation Panel +27 11 642 9284
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7. NOTICE OF GENERAL MEETING

The General Meeting to consider and, if deemed fit, pass (with or without modification) the Enabling Resolutions and the Waiver will be held at 10:00 on 10 February 2016, at Block 14 - Ground Floor, Woodlands Office Park, Woodmead, 2080.

8. EXPECTED TIMETABLE FOR THE GENERAL MEETING AND RIGHTS OFFER

	2016
Record date to determine which shareholders are eligible to receive the Circular	Friday, 8 January
Circular (containing a notice of General Meeting) posted to shareholders on	Wednesday, 13 January
Last day to trade in Sentula shares in order to be entitled to attend, participate in and vote at the General Meeting	Friday, 29 January
Record date to be eligible to attend and vote at the General Meeting	Friday, 5 February
Last day for lodging forms of proxy for the General Meeting by 10:00 on	Monday, 8 February
General Meeting held at 10:00 on	Wednesday, 10 February
Announcement of results of General Meeting released on SENS on	Thursday, 11 February
Anticipated date of receipt of confirmation by the Companies and Intellectual Property Commission (“CIPC”) stating that it has accepted and placed on file all the relevant documents required to effect the amendment to the MOI (Note 1)	Monday, 22 February
Expected finalisation date in respect of the Rights Offer (Note 1)	Tuesday, 23 February

Notes:

1. The above dates and times are subject to change. Any changes will be announced on SENS and published in the South African press. All times referred to are local times in South Africa. It should be noted that if the amendment to the MOI is approved at the General Meeting, these changes are still required to be implemented through certain filings at the CIPC. Sentula does not have control over the timing and processes at the CIPC.
2. Dematerialised Sentula shareholders, other than those with “own-name” registration, must inform their broker or CSDP of their intention to attend the General Meeting in order for such broker or CSDP to be able to issue them with the necessary letter of representation to enable them to attend the

General Meeting. Alternatively, should they wish to vote but not attend the General Meeting, they should provide their broker or CSDP with their voting instructions. This must be effected in terms of the custody agreement entered into between the dematerialised shareholder and their broker or CSDP.

3. Sentula shareholders should note that as transactions in shares are settled in the electronic settlement system used by Strate, settlement of trades takes place five business days after such trade. Therefore persons who acquire Sentula ordinary shares after the voting last day to trade will not be eligible to vote at the General Meeting.
4. If a form of proxy is not received by the transfer secretaries by the time and date shown above or not less than 48 hours before recommencement of any adjourned or postponed meeting, it may be handed to the Chairman of the General Meeting prior to commencement.
5. Share certificates may not be dematerialised or rematerialised between 29 January 2016 and 5 February 2016, both days inclusive.

9. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Following this announcement of the final terms in relation to the Rights Offer, Sentula shareholders are no longer required to exercise caution when dealing in their Sentula shares.

Johannesburg

17 December 2015

Corporate advisor and transaction sponsor



Questco (Proprietary) Limited