

ENX GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2001/029771/06)

JSE share code: ENX ISIN: ZAE000222253

("enX" or "the company")



CASH PAYMENT IN RESPECT OF FRACTIONAL ENTITLEMENT

Shareholders are referred to the announcements released on SENS on 24 August 2016, 22 September 2016 and 11 October 2016 in respect of, *inter alia*:

- the consolidation of enX's shares in the ratio of 11 to 1 (the "**consolidation**"); and
- an increase in the number of enX authorised shares (the "**authorised share increase**").

In implementing the consolidation, enX is required by the JSE to apply the rounding principle that a shareholder becoming entitled to a fraction of a share arising from the consolidation ("**fractional entitlement**") will be rounded down to the nearest whole number, resulting in the allocation of whole new enX shares and a cash payment for the fraction (the "**cash payment**"). The value of such cash payment will be the volume weighted average traded price per enX share less 10% on the first day of trade after the last day to trade in order to participate in the consolidation, which will be announced on SENS on the second day of trade after the last day to trade in order to participate in the consolidation.

Shareholders are advised that the value of an enX share to be utilised in determining the cash payment due to a shareholder in respect of any fractional entitlement is R17.829. In accordance with the requirements of the JSE Limited, this amount has been determined with reference to the weighted average price of an enX share traded on the JSE on Wednesday, 19 October 2016, discounted by 10%.

The gross amount of the cash payment per fractional entitlement will be paid to enX shareholders entitled thereto. There will be no withholding tax applicable.

To the extent that a shareholder held enX shares as an asset as defined in paragraph 1 of the Eighth Schedule to the Income Tax Act no. 58 of 1962 ("**Income Tax Act**"), which does not constitute trading stock, the cash payment will be regarded as capital in nature. The cash payment will accordingly be taxed in terms of the applicable provisions of the Eighth Schedule to the Income Tax Act read with section 26A of the Income Tax Act, that is, subject to capital gains tax. To the extent that a shareholder held the shares as trading stock as defined in section 1 of the Income Tax Act, the cash payment will be regarded as revenue in nature. The cash payment will accordingly be taxed as normal income in terms of the applicable provisions of the Income Tax Act.

By way of example:

Assuming that a shareholder holds 100 enX shares at the close of business on the record date for implementation of the consolidation, being Friday, 21 October 2016, such shares will be consolidated to 9.09091 ordinary shares in terms of the consolidation. However, applying the rounding principle detailed above, the shareholder will, following the implementation of the consolidation, hold 9 ordinary shares and receive a cash payment in respect of the fractional entitlement of R1.62083, being R17.829 x 0.09091.

The salient dates and times announced on Tuesday, 11 October 2016 remain unchanged.

20 October 2016

Corporate advisor and sponsor

JAVACAPITAL

Legal and tax advisor to enX

enS AFRICA