
DETAILED CAUTIONARY ANNOUNCEMENT OF AN EQUITY CAPITAL RAISE AND BROAD-BASED BLACK ECONOMIC EMPOWERMENT ("BBBEE") TRANSACTION

- **Fresh equity injection of R211 million to facilitate growth**
 - **Introduction of 25,01% additional BBBEE equity participation**
 - **Empowerment consortium spearheaded by Paul Baloyi, Nombulelo Moholi and Paul O'Flaherty**
 - **5% broad-based empowered partner to be introduced into the consortium within 24 months**
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1. Introduction

- 1.1. Building on enX's commitment to grow its asset base and transform into a truly empowered company, the board is pleased to announce the salient terms of a transaction which will result in the injection of R211 million of new equity and facilitate the introduction of an additional 25,01% BBBEE equity participation in enX, which will increase the BBBEE equity ownership of enX to 26,54%.
- 1.2. On 9 March 2015, enX, CapLev Proprietary Limited ("**CapLev**") and CapLev's wholly-owned subsidiary, Samvenice Trading 1 Proprietary Limited ("**CapLev Newco**"), entered into a subscription and relationship agreement (the "**subscription agreement**") in terms of which, subject to the fulfilment or waiver, if applicable, of the suspensive conditions set out in paragraph 5 below (the "**conditions precedent**"), CapLev NewCo will, with effect from the first business day following the day on which the conditions precedent have been fulfilled or waived, if applicable (the "**subscription date**"), subscribe for 140 637 983 ordinary shares in enX (representing, after this issue, approximately 25,01% of enX's entire issued share capital) (the "**subscription shares**") for a subscription price of R1.50 per subscription share, being in aggregate R210 956 974.50 (the "**subscription price**"), to be financed by a third party funder (the "**funder**") (the "**transaction**"). 70% of CapLev's shares are held by black shareholders, including 20% by black women shareholders.

2. Rationale for the transaction

- 2.1. The board and management of enX are committed to growing the asset base and earnings of the group and driving shareholder value. The implementation of the transaction will significantly strengthen the equity capitalisation and liquidity of the company and facilitate this growth commitment.
- 2.2. Furthermore the board and management of enX wish to embrace the transformative potential of BBBEE equity participation. The transaction enables enX to introduce an empowerment consortium that will be actively and meaningfully involved in promoting the business of enX, and will see vastly improved empowerment credentials with 26,54% black ownership and 6,29% black women ownership. Applying the new BBBEE Codes of Good Practice, the transaction will increase the points scored by the company in the ownership component of the scorecard from 3.86 to 19.52 out of a maximum of 25 points.
- 2.3. The implementation of the BBBEE component of the transaction will:
 - 2.3.1. position enX as an empowered publicly traded energy company;
 - 2.3.2. allow enX to bid for public and private sector business where a strong BBBEE scorecard is a key determinant;
 - 2.3.3. make enX a more attractive suitor for businesses that it wishes to bring into the group; and

- 2.3.4. incentivise and lock-in key directors with experience in the energy and public sectors to help drive the growth of the company.

3. The consortium

The consortium will include the following key individuals (collectively, the “**consortium**”) who will spearhead the transaction, by virtue of their shareholding in CapLev:

3.1. Paul Baloyi

Paul is a non-executive director of enX, Hudaco Industries Limited, Bidvest Bank Limited, Old Mutual Life Assurance Company (South Africa) Limited and is Chairman of Basil Read Holdings Limited. He was the former Chief Executive of the Development Bank of Southern Africa. Paul currently has no shareholding in enX.

3.2. Paul O’Flaherty

Paul O’Flaherty is the Chief Executive Officer of ArcelorMittal South Africa Limited. Prior to taking up this position, he was Finance Director at Eskom and prior to that Chief Financial Officer at Group Five Limited. Paul is a non-executive director of enX and currently has no shareholding in enX.

3.3. Nombulelo Moholi

Nombulelo Moholi is a non-executive director of Anglo Platinum Limited, Old Mutual Emerging Markets and Woolworths Holdings Limited and is chairperson of Eyethu Community Trust. She was the Chief Executive Officer of Telkom SA Limited from April 2011 to July 2013 and has held several senior management positions in the information, communications, technology and banking industries. Nombulelo currently has no shareholding in enX.

Furthermore, the consortium has undertaken to introduce a broad-based empowerment grouping, to be identified by the consortium and enX, within the 24 month period following the conclusion of the transaction.

4. Salient terms of the transaction

The salient terms of the transaction are as follows:

4.1. Subscription for shares

- 4.1.1. On the subscription date, CapLev NewCo will subscribe for the subscription shares at the subscription price.
- 4.1.2. The subscription price represents a discount of 19%, measured against the 30 day VWAP as at the date on which the pricing was agreed (being 18 November 2014), and a discount of 40% measured against the 30 day VWAP as at the date of this announcement.
- 4.1.3. To the extent that the conditions precedent detailed in paragraphs 5.4 to 5.7 below remain unfulfilled after 31 March 2015, the subscription price payable for the subscription shares shall automatically increase by R0.01 per subscription share for each month or part thereof that such conditions precedent remain unfulfilled.

4.2. Board appointments

Upon implementation of the transaction, and for so long as CapLev Newco holds more than 15% of the ordinary shares in the issued share capital of the company, it shall be entitled to appoint and remove one director to the board of enX, which person must fall within the definition of ‘black people’ in the Broad-Based Black Economic Empowerment Act, 2003 (“BBBEE Act”) read with the Codes of Good Practice on BBBEE (“BBBEE Codes”). Within 12 months of the subscription date, enX will appoint a nominee of CapLev as a senior executive within the enX Group.

4.3. 9 year transaction term

Save for a transfer of equity pursuant to the security arrangements with the funder, or otherwise with the prior written consent of enX, the consortium is restricted from disposing of any of the subscription shares at any time prior to the 7th anniversary of the subscription date. Thereafter the shares may be sold on a phased basis up to the 9th anniversary of the subscription date and entirely thereafter.

4.4. **Maintenance of BBBEE ownership, non-compete undertakings and corporate opportunities**

4.4.1. Subject to the rights of the funder, CapLev has undertaken that:

4.4.1.1. CapLev Newco shall at all relevant times remain a wholly-owned subsidiary of CapLev;

4.4.1.2. at least 70% of CapLev's shares are beneficially owned and registered in the name of black people (as defined in the BBBEE Act, read with the BBBEE Codes);

4.4.1.3. at least 15% of CapLev's shares are beneficially owned and registered in the name of black women (as defined in the BBBEE Act, read with the BBBEE Codes);

4.4.1.4. during the period up to the 2nd anniversary of the subscription date, no holder of shares in either CapLev or CapLev Newco may sell any such shares; and

4.4.1.5. during the period between the 2nd and 9th anniversaries of the subscription date, no holder of shares in either CapLev or CapLev Newco may sell any such shares without the prior written consent of enX.

4.4.2. CapLev and CapLev Newco have provided non-compete undertakings in favour of enX and a right of first refusal in respect of business opportunities that are in line with enX Group's strategy.

5. **Conditions precedent**

The transaction is conditional on the fulfilment or waiver, if applicable, of the following conditions precedent, on or before 31 August 2015:

5.1. the adoption of a new Memorandum of Incorporation of enX which, amongst other things, grants CapLev Newco the right to appoint a director to the board of enX;

5.2. enX board approval of the transaction;

5.3. enX shareholder approval of the transaction, including the approval of the specific issue of shares for cash in terms of the JSE Listings Requirements and the approval of any resolutions required to approve the granting by the company of financial assistance to CapLev in connection with the transaction, as required in terms of the Companies Act, 2008;

5.4. the conclusion and implementation of the various finance and security agreements comprising the funding arrangements;

5.5. the delivery to enX of written non-compete undertakings by all significant shareholders of CapLev and CapLev Newco;

5.6. the delivery to enX of a copy of the memoranda of incorporation of CapLev and CapLev Newco, each incorporating specified restrictions on the transfer and issue of shares; and

5.7. the obtaining of all regulatory approvals, to the extent required.

6. **Circular to enX shareholders**

6.1. The issue of the subscription shares under the transaction constitutes a specific issue of shares for cash under the JSE Listings Requirements, requiring approval of shareholders by way of a 75% majority of votes cast in favour of such resolution at a duly constituted meeting of shareholders.

6.2. A general meeting of enX ordinary shareholders will therefore be required to be convened.

6.3. Furthermore, as the transaction contemplates a specific issue of shares for cash:

- 6.3.1. at a discount to the 30 day VWAP of enX ordinary shares; and
- 6.3.2. to a company, being CapLev Newco, that is a wholly-owned subsidiary of a company in which certain non-executive directors of enX collectively hold shares representing more than 35% of the issued share capital,

pursuant to the provisions of section 5.51 of the JSE Listings Requirements, an independent fairness opinion in respect of the transaction is required to be furnished to enX shareholders.

- 6.4. A circular providing information on the transaction (including an independent fairness opinion) and a notice convening a general meeting of enX ordinary shareholders to approve the resolutions necessary to implement the transaction will be distributed to enX ordinary shareholders in due course.

7. Cautionary announcement

A further announcement will be published on SENS and in the press once the financial effects of the transaction have been finalised. Accordingly, enX ordinary shareholders are advised to exercise caution when dealing in their enX ordinary shares until a further announcement is made.

16 March 2015

Corporate advisor and Sponsor

The logo for JAVACAPITAL, featuring the word "JAVACAPITAL" in a sans-serif font. The letter "J" is significantly larger and stylized, with a blue swoosh underline that extends across the "A" and "V".