

VUNANI LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1997/020641/06)
JSE code: VUN
ISIN: ZAE000163382
("Vunani" or "the Company")

UPDATE TO SHAREHOLDERS REGARDING THE ACQUISITION OF FAIRHEADS BY A SUBSIDIARY OF VUNANI, NOTICE OF GENERAL MEETING AND POSTING OF CIRCULAR**Update to shareholders regarding the acquisition of Fairheads by a subsidiary of Vunani**

Shareholders are referred to the announcement released on SENS on 12 March 2015 ("SENS Announcement") disclosing salient details of the acquisition by Mandlalux Proprietary Limited ("the Purchaser"), a subsidiary of Vunani, of 100% of the shares of Fairheads International Holdings (SA) Proprietary Limited ("Fairheads") for a total purchase consideration of R210 million ("Purchase Consideration") ("the Transaction").

It was stated in the SENS Announcement that a portion of the Purchase Consideration will be funded via senior debt, that a condition to the Transaction is for the Purchaser to enter into binding agreements to secure such funding ("Funding Agreements") and that a further announcement will be released on SENS providing salient details of such Funding Agreements.

In this regard, the Purchaser has entered into the Funding Agreements with Nedbank Limited ("Nedbank") to part-finance the Purchase Consideration. In terms of the Funding Agreements, two facilities shall be made available to the Purchaser, namely a medium-term loan facility ("MTL") and a conditional deferred medium-term loan facility ("Deferred MTL").

The funds provided in terms of the MTL will only be made available to be drawn down once certain conditions precedent relating to the Funding Agreements have been fulfilled.

MTL

The MTL shall be for an amount of R101 140 000. The loan amount includes a raising fee of R1 140 000 including VAT.

The tenure of the MTL will be up to a maximum term of 60 months, repayable by monthly instalments of capital and interest, provided that the balance outstanding on the facility will be refinanced for a further maximum term of 60 months on the 2nd anniversary of the MTL.

The interest rate applicable to the MTL will be equivalent to the prime rate determined from time to time and charged by Nedbank.

Deferred MTL

The Deferred MTL shall be for an amount of R54 615 600. The loan amount includes a raising fee of R615 600 including VAT.

The Deferred MTL will be drawn on the second anniversary of the MTL subject to a credit intervention at that time relating to compliance with stated conditions. The Deferred MTL shall be combined with the balance of the MTL and the combined facility will be up to a maximum term of 60 months, repayable by monthly instalments of capital and interest.

The indicative interest rate applicable to the Deferred MTL will be equivalent to 0,5% above the prime rate determined from time to time and charged by Nedbank. The final rate is to be determined at the time of drawdown and will be reflective of the business performance of the Purchaser and market conditions at that time.

Equity Cure

Vunani is required to provide an equity cure of up to R12 million in aggregate.

Should a monthly instalment in terms of the MTL or the Deferred MTL not be paid when due, this will constitute an event of default. At the sole discretion of Nedbank, such non-payment may be cured by way of an injection of funds, being the equity cure, as cash in the form of a shareholders loan, into a ceded call account of the Purchaser, to be utilised solely for purposes of repaying the monthly instalments. This shall apply to all failures by the Purchaser to make payment of monthly instalments when due provided however that the maximum amount to be injected as cash into the ceded account shall not exceed R12 million in aggregate at any given time.

Notice of general meeting and posting of circular

Shareholders are advised that a circular, containing details of the Transaction, and which includes a notice that a general meeting of shareholders will be held on Thursday, 30 April at 08:00 at the Company's registered office, will be posted today, 26 March 2015.

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The salient dates relating to the Transaction are as follows:

	2015
Record date for the distribution of this circular	Friday, 20 March
Circular posted on	Thursday, 26 March
Last day to trade in order to be eligible to participate and vote at the general meeting	Friday, 17 April
Record Date (for voting purposes)	Friday, 24 April
Last day to lodge forms of proxy for the general meeting	By 08:00 on Tuesday, 28 April 2014 to the Transfer Secretaries or they may be handed to the Chairman of the meeting at any time prior to the commencement of voting on the resolutions tabled at the general meeting
General meeting to be held at 08:00 on	Thursday, 30 April
Results of the general meeting released on SENS on or about	Thursday, 30 April

Notes:

1. The above dates and times are subject to amendment and any amendment made will be released on SENS and published in the press.
2. Shareholders should note that as transactions in Vunani shares are settled via the electronic settlement system used by Strate, settlement of trades takes place 5 business days after such trade. Therefore shareholders who acquire shares after Friday, 17 April 2015 will not be eligible to participate in and vote at the general meeting.
3. All times given are South African local times.

Sandton
26 March 2015

Corporate Adviser
Vunani Corporate Finance

Designated Adviser
Grindrod Bank Limited