
PROPOSED DELISTING AND DISTRIBUTION TO SHAREHOLDERS

1. Proposed delisting

Shareholders are referred to previous SENS announcements relating to the general offer by Legae Peresec Capital Proprietary Limited to Zarclear shareholders to purchase Zarclear's listed securities ("**ZCL shares**") at an offer price of R4.40 per ZCL share (the "**general offer**") and in particular to the results of general offer announcement published on SENS on 2 November 2020.

Shareholders are advised that as a result of the extensive take-up of the general offer, only c.4.22% of Zarclear's total shares in issue are now held by public shareholders, well below the minimum spread requirements for Main Board JSE-listed companies.

Shareholders are further advised that, having regard to the impact that the COVID-19 pandemic has had and is anticipated to continue to have on equity capital markets for an extended period, the Company's board of directors (the "**Board**") has determined that the costs and expenses associated with the Company's listings on the JSE and A2X are no longer justified. Accordingly, the Board has resolved that it would be in the best interests of Zarclear and its shareholders to seek a delisting of Company's shares from the JSE and A2X on the basis that the delisting be accompanied by a fair cash offer to relevant existing shareholders.

Shareholders will be kept informed of developments by way of announcements as and when appropriate.

2. Distribution to shareholders

In anticipation of the proposed delisting, and given that Zarclear will not look to effect further investments at least until the delisting is completed, the Board has resolved to return excess cash to shareholders by declaring a capital reduction distribution as a return of contributed tax capital (the "**distribution**").

Pursuant to the distribution, Zarclear shareholders will receive R1.90 for every ZCL share held on the record date, as set out in paragraph 2.1 below, which equates to an aggregate distribution amount of R429 524 822.40.

The distribution is not subject to shareholder approval.

2.1. *Salient dates and times*

The salient dates and times in relation to the distribution are as follows:

	2020
Distribution declaration and finalisation date	Tuesday, 24 November
Last day to trade in ZCL shares in order to receive the distribution	Tuesday, 8 December
Trading in ZCL shares 'ex' the entitlement to receive the distribution	Wednesday, 9 December
Record date for the distribution	Friday, 11 December
Payment of distribution to shareholders	Monday, 14 December

Note:

Shares may not be dematerialised or rematerialised between Wednesday, 9 December 2020 and Friday, 11 December 2020, both days inclusive.

2.2. *Working capital statement*

The Board is of the opinion that, after considering the effect of the distribution and all reasonably foreseeable financial circumstances of the Company:

2.2.1. following the distribution, the assets of the Company, as fairly valued, will equal or exceed the liabilities of the Company, as fairly valued; and

2.2.2. it appears that the Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months following the distribution.

2.3. *Taxation considerations relating to the distribution*

The summary below contains a high-level, generic discussion of the most relevant South African tax implications applicable to South African tax residents that hold Zarclear shares.

The distribution will be made in reduction of the contributed tax capital of Zarclear and should constitute a “return of capital” as defined in section 1 of the Income Tax Act. The proposed distribution is accordingly not a dividend as defined in the Income Tax Act and will therefore not attract dividends tax.

Zarclear shareholders who hold their shares as capital assets will be required in terms of paragraph 76B of the Eighth Schedule to the Income Tax Act to reduce the base cost of their ZCL shares with the amount of the distribution. If the amount of the return of capital exceeds the base cost of the ZCL shares in the hands of the shareholders, the excess will constitute a capital gain in the hands of the shareholders and the shareholders must account for capital gains tax on such capital gain, unless the shareholders can rely on a capital gains tax exemption. Zarclear shareholders who hold their shares as trading stock should obtain advice on the correct tax treatment of the return of capital.

The information provided above does not constitute tax advice and shareholders are advised to obtain appropriate advice from their professional advisers in this regard.

ZCL shares in issue at the date of declaration of the proposed distribution: 226 065 696

Zarclear’s income tax reference number: 9184137140

24 November 2020

Corporate advisor and sponsor to Zarclear

JAVACAPITAL