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South Africa

The Directors
African Phoenix Limited
9th Floor, Katherine Towers
1 Park Lane
Wierda Valley
Sandton
2196

18 May 2022

Dear Sir/ Madam

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT IN RESPECT OF THE COMPILATION OF THE PRO FORMA FINANCIAL INFORMATION OF AFRICAN PHOENIX INVESTMENTS LIMITED ("APIL" OR "THE COMPANY") AND ZARCLEAR HOLDINGS LIMITED IN RELATION TO THE PROPOSED ACQUISITION OF ZARCLEAR HOLDINGS LIMITED ("ZARCLEAR") BY AFRICAN PHOENIX

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of APIL in relation to the proposed acquisition of Zarclear by African APIL. The *pro forma* financial information, as set out in Annexure 2 of the circular to be issued on or about 18 May 2022 ("the Circular"), consists of the *pro forma* statement of financial position and the *pro forma* statement of comprehensive income. The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the Guide on Pro forma Financial Information, issued by SAICA..

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described on page 13 of the Circular, on the Company's financial position and performance as at 30 June 2021, as if the corporate action or event had taken place at 30 June 2021 for statement of financial position and 30 June 2021 for statement of comprehensive income purposes. As part of this process, information about the Company's financial position and performance has been extracted by the directors from the Company's audited financial information for the year ended 30 June 2021.

Directors' responsibility for the *pro forma* financial information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria.

Our independence and quality control

We are required to comply with the independence and other ethical requirements of Sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018) and parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively.

BDO South Africa Incorporated
Registration number: 1995/002310/21
Practice number: 905526
VAT number: 4910148685

Chief Executive Officer: B Mokoena

A full list of all company directors is available on www.bdo.co.za

The company's principal place of business is at The Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the Guide on Pro forma Financial Information, issued by SAICA.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Circular issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified by SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in the Circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the Guide on Pro forma Financial Information, issued by SAICA and described in **Annexure 2** of the Circular.



Consent

This report on the *pro forma* statement of financial position is included solely for the information of the Shareholders. We consent to the inclusion of our report on the *pro forma* statement of financial position, *pro forma* statement of comprehensive income and the references thereto, in the form and context in which they appear.

Yours faithfully

BDO South Africa Incorporated

BDO South Africa Incorporated (May 18, 2022 12:14 GMT+2)

BDO South Africa Incorporated
Chartered Accountants (SA)
Registered Auditors

per Kathryn Luck
Chartered Accountant (SA)
Registered Auditor
Reporting Accountant Specialist
52 Corlett Drive, Illovo, 2196