

The Secretary General
[Various staff unions representing KAP staff]

Dear Sir/Madam

16 August 2018

NOTICE OF FINANCIAL ASSISTANCE IN TERMS OF SECTION 45(5) OF THE COMPANIES ACT 71 OF 2008 AS AMENDED (“the ACT”)

1. At the Annual General Meeting of KAP Industrial Holdings Ltd (“KAP”) held on 13 November 2017, a special resolution was passed by shareholders in terms of which the shareholders mandated the board of directors of KAP to grant financial assistance to any related or inter-related companies or corporations (“Entities”), subject to compliance with the provisions of Section 45 of the Act (the phrase “related or inter-related” for purposes of this letter has the same meaning as is attributed to such phrase in Section 2 of the Act).
2. It is herewith confirmed that the board of directors of KAP has subsequently passed a resolution in terms of which a threshold in regard to the aggregate borrowing by the entire KAP group of companies (collectively together with KAP “the KAP group”), was adopted. The threshold remains unchanged from that previously notified and shall not exceed the shareholders’ equity of KAP (“the Threshold”).
3. The board furthermore resolved that the aggregate financial assistance that may be granted from time to time by, between and amongst KAP Entities, shall not exceed the Threshold. However, please be advised that the Threshold is in excess of 1/10th of 1% of KAP’s net worth and, as a consequence, has triggered this notice in terms of Section 45(5) of the Act.

4. In order to give effect to the treasury requirements of the KAP group from time to time, certain cross-guarantees, suretyships, subordinations and/or loans are given on an on-going basis by, between and amongst the KAP Entities.
5. The granting of such financial assistance is a standard business practice that has been applied consistently over many years by the KAP group and by most other major groups of companies in order to optimise stakeholder benefits.
6. By giving this notice, KAP is of the view that KAP and the KAP Entities have complied with the notice requirements of Section 45(5) of the Act.
7. **Please note that no action is required as a result of this notification, which is purely for your information and to ensure compliance with the Act. However, should you require any further clarification, kindly contact the undersigned.**

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Pieterse', with a horizontal line underneath.

Johann Pieterse

for **KAP Secretarial Services (Pty) Ltd**
COMPANY SECRETARY