

TO: AFFECTED PERSONS

20 September 2018

RE: PROPOSED DEBT TO EQUITY CONVERSION AS PROVIDED FOR IN PARAGRAPH 4.6.2 ANNEXURE D OF THE BUSINESS RESCUE PLAN ("PLAN"), PUBLISHED ON 20 AUGUST 2018

As an element of the Plan to be proposed by the joint business rescue practitioners ("BRPs") of Basil Read Limited ("BR"), concurrent creditors of BR (the "Relevant Creditors") will participate in a debt to equity conversion, generally having the following features -

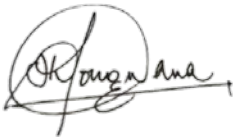
1. Some or all of the indebtedness of BR to the Relevant Creditors (the "Relevant Indebtedness") will be "converted" to a holding of participating redeemable preference shares in the issued share capital of BR ranking pari-passu with one another (the "Conversion Preference Shares"). Such "conversion" will occur by setting off the Relevant Indebtedness against the aggregate issue price of the Conversion Preference Shares (the "Aggregate Issue Price") with the result that both the Relevant Indebtedness and the Aggregate Issue Price will be discharged in full and the Conversion Preference Shares will be issued credited as fully paid up.
2. The number of Conversion Preference Shares to be issued to each of the Relevant Creditors will be such percentage of the total number of Conversion Preference Shares as is equal to the quantum of the Relevant Indebtedness owing to such Relevant Creditor when expressed as a percentage of the aggregate Relevant Indebtedness.
3. Each Conversion Preference Share shall entitle the Relevant Creditor holding same, to a participating preference dividend (the "Participating Dividend") funded from –
 - (i) BR's surplus cash from time to time;
 - (ii) distributions received from Basil Read Mining Proprietary Limited ("BRM"); and
 - (iii) The net proceeds from the realisation of identified assets of BR, which include BR's shareholding in BRM.

The funds derived from (i) to (iii) are hereinafter referred to as "Realisation Proceeds".

4. The holders of ordinary shares in the issued share capital of BR shall not be entitled to participate in any manner or form in the Realisation Proceeds which shall be "ring-fenced" for the benefit (achieved through the payment of such Participating Dividend) of the Relevant Creditors holding Conversion Preference Shares.

5. The Conversion Preference Shares will be redeemable at the instance of BR only.
6. The Conversion Preference Shares shall be freely transferable, subject only to notification requirements.

Yours faithfully



Business Rescue Practitioner
Mr Siviwe Dongwana



Business Rescue Practitioner
Mr John Lightfoot