

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take in relation to the contents of this circular, please consult your central securities depository participant (**CSDP**), stockbroker, banker, accountant, attorney or other professional adviser immediately. Full particulars of the action required by Senwesbel ordinary shareholders are set out on page 2 of this circular.

If you have sold or otherwise transferred all of your Senwesbel shares on or before 08:00 on 22 August 2018, please forward this circular to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected.

SENWESBEL LIMITED

ISIN NUMBER: ZAEZ00000026
(Incorporated in the Republic of South Africa)
(Registration number 1996/017629/06)
(**Senwesbel** or the **Company**)

CIRCULAR TO SENWESBEL SHAREHOLDERS

(Circular)

regarding

THE ELECTION TO RECEIVE A SCRIP DIVIDEND OF SHARES AS AN ALTERNATIVE TO THE DISTRIBUTION TO SENWESBEL SHAREHOLDERS OF A CASH DIVIDEND

Date of issue: 24 July 2018

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EM Joynt
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Transfer Secretaries
Senwes Limited
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Copies of this circular (in Afrikaans or English) may be obtained from the Senwes website, www.Senwes.co.za and from the registered office of Senwesbel situated at 1 Charel de Klerk Street, Klerksdorp 2570. This will be made available on 24 July 2018.

ACTION REQUIRED BY SENWESBEL SHAREHOLDERS

The following information pertains to all of the Company's ordinary shareholders ("**Shareholders**").

- The board of directors of the Company ("**Board**") approved a Cash Dividend of 19 cents (nineteen cent) per ordinary Senwesbel shares ("**Cash Dividend**") on the record date, being 08:00 on 22 August 2018 ("**Record Date**").
- The Board further resolved to offer the shareholders the election to receive, in lieu of the Cash Dividend, a distribution of new fully paid ordinary Senwesbel shares ("**Scrip Dividend**"). The price per ordinary Senwesbel shares ("**Shares**") approved by the Board is R 5,00 (five rand) per Share.
- The entitlement to participate in the Scrip Dividend is subject to the terms set out in this Circular which includes, amongst others, that shareholders may only elect to receive 50% of the Cash Dividend as Scrip Dividend and a Shareholder may only choose to participate fully in the Scrip Dividend and not in part.
- The entitlement is in proportion to your shareholding in Senwesbel on the Record Date on the basis that for each 1 (one) cent Cash Dividend you may elect to receive such number of Shares as determined in the ratio that 1c (one cent) of Cash Dividend bears to the Scrip Dividend price of R 5,00 (five rand) per Share.
- The entitlement to the Scrip Dividend is subject to confirmation by the Shareholders at the 2018 annual general meeting of the Company on 22 August 2018 of the final dividend, dividend no. 35, of 19 cents per share for the period ended 30 April 2018.
- Shareholders who do not respond to the Scrip Dividend offer will receive the Cash Dividend in the normal course and if you only wish to receive the Cash Dividend, no further action is required.
- Should you wish to receive the Scrip Dividend, you must complete the attached election form and return it to the Appointed Advisor to the Company (Senwes Limited) during normal business hours, marketed for the attention of the Company Secretary of Senwes, at 1 Charel de Klerk Street, Klerksdorp or via email to Elmarie.Joynt@senwes.co.za or Claudi.smit@senwes.co.za.
- Your election to receive the Scrip Dividend must either be received by the Appointed Advisor of the Company (Senwes) by no later than 08:00 on 22 August 2018 or electronically made no later than 08:00 on 22 August 2018. Any form containing your election that is received after this date and time will be rejected.
- Should you so elect to receive the Scrip Dividend instead of the Cash Dividend you will not be required to pay for the Shares which you elected to receive in terms of your election.

THE ATTENTION OF SHAREHOLDERS IS DRAWN TO THE FACT THAT SHOULD THEY NOT ACTION THE CONTENTS OF THIS CIRCULAR, THEY WILL BE DEEMED TO HAVE ELECTED TO RECEIVE THE CASH DIVIDEND.

SALIENT DATES AND TIMES

2018

Announce Cash Dividend/Scrip Dividend and salient dates on ZAR X Publishing Service (ZAPS)	Wednesday 27 June
Record date for determining which Shareholders may receive the circular	Monday 23 July
Posting of circular and form of election	Tuesday 24 July
Last day to trade in order to be eligible to receive the Cash Dividend or the Scrip Dividend alternative	Tuesday 21 August
Record Date to elect Scrip Dividend in lieu of Cash Dividend. Forms of election to reach the Transfer Secretaries by 08:00	Tuesday 22 August
Record date in respect of the Cash Dividend and Scrip Dividend alternative	Tuesday 22 August at 8:00
Shares trade 'ex' the Cash Dividend and Scrip Dividend alternative on	Tuesday 22 August after 8:00
Cash Dividend payments made and CSDP/broker accounts credited / updated with the Scrip Dividend, as applicable	Friday 31 August
Announcement relating to the results of the Cash Dividend and the Scrip Dividend alternative released on ZAPS	Friday 31 August
ZAR X listing of the Scrip Dividend Shares and adjustment of actual number of Shares issued to reflect the Scrip Dividend Shares	Friday 31 August

All times provided are South African local times. The above dates and times are subject to change. Any change will be announced on ZAPS.

SENWESBEL LIMITED

ISIN NUMBER: ZAEZ00000026

(Incorporated in the Republic of South Africa)
(Registration number 1996/017629/06)
(*Senwesbel* or the *Company*)

Directors:

AJ (Dries) KRUGER (CHAIRMAN)¹
NDP (Nico) LIEBENBERG (VICE CHAIRMAN)^{1,2}
JDM (Danie) MINNAAR¹
JJ (Jaco) MINNAAR¹
WH (Thabo) van Zyl¹
TF (Tom) VAN ROOYEN^{1,2}

All directors are South African citizens.

1. Non-executive

2. Independent non-executive

CIRCULAR TO SENWESBEL SHAREHOLDERS

1. INTRODUCTION

- 1.1 The decision by the board of directors of the Company ("**Board**") to approve and declare a final distribution for the twelve months ended 30 April 2018 from retained earnings of 19 cents per Share ("**Cash Dividend**"), by way of the payment of a cash distribution to shareholders recorded in the register of the Company ("**Shareholders**") on the record date, 08:00 on 22 August 2018 ("**Record Date**") was announced on 26 June 2018 on ZAPS and the financial results of Senwesbel for the twelve months ended 30 April 2018 were released on ZAPS on 28 June 2018.
- 1.2 The Board also announced on 27 June 2018 that, as an alternative, Shareholders recorded in the register of the Company on the Record Date may elect to receive 50% of the Cash Dividend as fully paid up ordinary shares in the share capital of the Company ("**Shares**") *pro rata* their shareholding in Senwesbel ("**Scrip Dividend**"). The Scrip Dividend distribution will only be made to those Shareholders who, on or before the Record Date, elect to receive the Scrip Dividend.
- 1.3 The entitlement to the Scrip Dividend is subject to confirmation by the Shareholders at the 2018 annual general meeting of the Company on 22 August 2018 of the final dividend, dividend no. 35, of 19 cents per Share for the period ended 30 April 2018.
- 1.4 As the Shares issued in terms of the Scrip Dividend will be issued after the record date for the Cash Dividend, being 08:00 on 22 August 2018, Shares received in terms of the Scrip Dividend will not participate in the Cash Dividend paid on 31 August 2018. The Shares issued in terms of the Scrip Dividend will however thereafter rank equal with all other shares in the Company and share the same entitlement to distributions by the Company after 31 August 2018.
- 1.5 The Scrip Dividend will only be distributed to those Shareholders who have exercised the election to receive the Scrip Dividend on or before the Record Date (08:00 on 22 August 2018) by completing the attached election form and return it to the Appointed Advisor to the Company (Senwes Limited) during normal business hours, marked for the attention of the Company Secretary of Senwes, at 1 Charel de Klerk Street, Klerksdorp or via email to Elmarie.Joynt@senwes.co.za or Claudi.smit@senwes.co.za.
- 1.6 The terms of the Scrip Dividend are further set out in paragraph 3 below.

- 1.7 **Shareholders who did not, on or before the Record Date (08:00 on 22 August 2018), elect to receive the Scrip Dividend will, without any further action on their part, receive the Cash Dividend on 31 August 2018.**
- 1.8 Senwesbel does not accept any responsibility, and will not be held liable, for any action on the part of, or omission by, any CSDP, broker or other agent of any beneficial owner of Shares to react to this Circular or their failure to act in accordance with any instructions issued to them by a Shareholder.
- 1.9 No distribution to Shareholders contemplated in this Circular shall carry interest against the Company.
- 1.10 References in this Circular to the Cash Dividend payable to or receivable by Shareholders refer to the amount of such cash distribution, after the deduction of Dividends Withholding Tax ("**DWT**"), if any, as explained in more detail in paragraph 3.4 below.

2. **RATIONALE**

The Board has, after considering the current and forecast solvency and liquidity of the Company recommended subject to Shareholder approval at the 2018 annual general meeting, the payment of the Cash Dividend as a final cash distribution of 19 cents per share for the financial year ending 30 April 2018.

The Board has further decided to offer the Shareholders the opportunity to elect to receive the Scrip Dividend instead of a portion of the Cash Dividend.

The election by Shareholders to receive the Scrip Dividend instead of a portion of the Cash Dividend will allow Senwesbel to increase its capital base, to decrease liabilities and support continued growth of its investment in Senwes, whilst affording Shareholders the opportunity to increase their shareholding in Senwesbel and, at the same time, provides flexibility for those Shareholders who would prefer to only receive the Cash Dividend.

3. **THE AWARD OF THE SCRIP DIVIDEND OR THE ELECTION TO RECEIVE THE CASH DIVIDEND**

3.1 **Cash Dividend and the Scrip Dividend Alternative**

- 3.1.1 Shareholders will be entitled to receive the Cash Dividend in respect of all their shareholding on the Record Date (08:00 on 22 August 2018) provided that a Shareholder has not elected to receive the scrip dividend as indicated in this Circular.
- 3.1.2 Shareholders will however be entitled to elect to receive, as an alternative to the Cash Dividend, a scrip distribution of Shares (Scrip Dividend) on the Record Date, being 08:00 on 22 August 2018.
- 3.1.3 The entitlement to participate in the Scrip Dividend is limited to 50% of the entitlement to participate in the Cash Dividend and a Shareholder may only choose to participate fully in the Scrip Dividend and not in part.
- 3.1.4 The number of Shares to which a Shareholder will be entitled in terms of the Scrip Dividend will be determined by reference to such Shareholder's shareholding in Senwesbel on the Record Date (08:00 on 22 August 2018) on the basis that for each 1 (one) cent Cash Dividend a Shareholder may elect to receive such number Shares as determined in the ratio that 1c (one cent) of Cash Dividend bears to the Scrip Dividend price of R 5 (five rand) per Share, provided i) the entitlement to participate in the Scrip Dividend will be limited to 50% of the Cash Dividend, and ii) that should the application of this ratio gives rise to a fraction of a Share, the rounding principles described in paragraph 3.2 below will be applied.

3.1.5 Example of Scrip Dividend entitlement:

This example assumes that a Shareholder holds 100 shares on the Record Date, being 08:00 on 22 August 2018, and elects to receive the Scrip Dividend:

$$\left(\frac{100 \text{ Shares} \times 19 \text{ cents}}{500 \text{ cents}} \right) \times 50\%$$

This would result that, after applying the rounding down principles set out in paragraph 3.2 below, a Shareholder with 100 Shares being entitled to receive a Scrip Dividend of 1 share, with the balance being settled in cash as part the Cash Dividend.

3.1.6 The Company's total number of issued Shares at the date of this Circular is 113 692 315

3.1.7 The Cash Dividend will be paid out of the Company's distributable retained profits while the issue price of the Scrip Dividend will be settled in cash from the Company's distributable retained profits. The Shares issued as a result of the Scrip Dividend will in all respects be equal to the other Shares as from the date of issue, being 31 August 2018.

3.1.8 If all Shareholders elect to receive the Scrip Dividend, the number of Scrip Dividend shares issued would amount to 2,160,153 based on the assumed Scrip Dividend ratio in the example above (and ignoring rounding down for fractions on a per Shareholder basis), the entitlement is limited to 50% of the Cash Dividend and the aggregate issue price of R 5,00 being capitalised out of the Company's distributable retained profits.

3.1.9 If none of the Shareholders elect to receive the Scrip Dividend, the maximum gross Cash Dividend payable by the Company on 31 August 2018 would be R 21 601 539.85

3.2 Fractions

3.2.1 Trading on ZAR X in the Strate-environment does not permit fractions and fractional entitlements. Should the application of the ratio referred to in paragraph 3.1 give rise to a fraction of a Share, the number of Shares will be rounded down to the nearest whole number, resulting in only whole Shares being allocated in terms of the Scrip Dividend and the fraction being settled in a cash (**Cash Payment**).

3.2.2 The Cash Payment shall therefore be the balance of the Cash Dividend not applied to the Scrip Dividend.

3.2.3 The Cash Payment will be settled on the distribution date, being 31 August 2018, after taking into consideration any DWT applicable to the distribution. The DWT treatment of the Cash Payment for the fraction will be the same as explained for the Cash Dividend (see paragraph 3.4. below for an explanation of the tax treatment of the Cash Dividend).

3.2.4 Example of Cash Payment entitlement:

This example assumes that a Shareholder holds 100 Shares on the Record Date (08:00 on 22 August 2018) and has elect to receive the full entitlement to the Scrip Dividend.

Based on the Scrip Dividend offer price of R 5.00 per Share and the Cash Distribution being 19 cents per Share and bearing in mind that the entitlement to the Scrip Dividend is limited to 50% of the Cash Dividend, the Cash Payment will be calculated as follows:

- Total Cash Dividend of 19 cents on 100 Shares had the election to receive a Scrip Dividend not been exercised is R 19.00:

$$100 \text{ Shares} \times 19 \text{ cents} = R19.00$$

- Applying the Scrip Dividend formula contained in paragraph 3.1.4 as per the example in paragraph 3.1.5:

$$\left(\frac{100 \text{ Shares} \times 19 \text{ cents}}{500 \text{ cents}} \right) \times 50\%$$

gives rise to a Scrip Dividend of 1 Share at a total issue price of R 5.00 per Share.

- Accordingly, a Shareholder holding 100 Shares who elects to receive the Scrip Dividend would be entitled to receive 1 Scrip Dividend Shares and a Cash Payment of R 14.00 before DWT, to the extent that DWT is applicable.

3.3 Nominee companies

The Transfer Secretaries have been instructed to treat applications from nominee companies as separate applications on the submission of a breakdown of the beneficial owners of Shares registered in the name of the nominee companies.

3.4 Tax implications

3.4.1 Any distribution by a company, whether the payment of a cash dividend or a Scrip Dividend has tax implications, regardless of whether the Shareholder is a South African resident or a non-resident. Shareholders are therefore advised to consult their professional tax advisers regarding the tax implications and effect of any election they exercised between receiving the Scrip Dividend or the Cash Dividend.

3.4.2 The Income Tax Act, 58 of 1962 (**Income Tax Act**) provides that a Cash Dividend, unless a shareholder is exempted, will be subject to dividend withholding tax (**DWT**). In the case of a South African resident Shareholder that is not exempted the DWT rate is 20% (twenty per centum) of the Cash Dividend. Accordingly, the amount that will be withheld from the Cash Dividend of 19 cents per Share will result in a net amount of 15,2 cents per Share being received. Non-resident Shareholders may be subject to DWT at a rate of less than 20%, depending on their country of residence and the applicability of any Double Tax Agreement between South Africa and their country of residence.

3.4.3 The Scrip Dividend is not subject to DWT, but the subsequent disposal of Shares obtained as a result of the Scrip Dividend is likely to have Income Tax or Capital Gains Tax (**CGT**) implications. Where any future disposal of Shares obtained as a result of the Scrip Dividend falls within the CGT regime, the base cost of such Shares will be deemed to be zero in terms of the Income Tax Act (or the value at which such Shares will be included in the determination of the weighted average base cost method will be zero).

3.4.4 Senwesbel's income tax reference number is 9418001617.

4. FOREIGN SHAREHOLDERS

4.1 The distribution of this Circular, and the rights to receive the Scrip Dividend shares in jurisdictions other than the Republic of South Africa, may be restricted by law and any failure to comply with those restrictions may constitute a violation of the securities laws of such jurisdictions. Accordingly, Shareholders will not be entitled to receive the Scrip Dividend shares, directly or indirectly, in those jurisdictions and shall be deemed not to have elected the Scrip Dividend alternative.

- 4.2 Such non-resident Shareholders should inform themselves about and observe any applicable legal requirements in such jurisdictions. It is the responsibility of non-resident Shareholders to satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant jurisdictions in respect of the Scrip Dividend, including the obtaining of any governmental, exchange control or other consents or the making of any filing which may be required, compliance with other necessary formalities and payment of any issue, transfer or other taxes or other requisite payments due in such jurisdictions. Shareholders who have any doubts as to their position, including, without limitation, their tax status, should consult an appropriate adviser in the relevant jurisdictions without delay.

5. **PROCEDURE TO ELECT TO RECEIVE THE SCRIP DIVIDEND ALTERNATIVE**

5.1 **Participation in the Scrip Dividend**

Shareholders who do not wish to receive any Scrip Dividend do not need to take any further action and will receive the Cash Dividend.

Shareholders who wish to receive the Scrip Dividend must make the election on or before the Record Date (08:00 on 22 August 2018), provided that a Shareholder may only choose to participate fully in the Scrip Dividend and not in part.

Shareholders electing to receive the Scrip Dividend must note that the election is irrevocable and, once an election to receive the Scrip Dividend is made, cannot be cancelled.

5.2 **Procedure for Shareholders wishing to receive the Scrip Dividend**

Shareholders who wish to receive the Scrip Dividend must on or before 08:00 on 22 August 2018 complete the attached election form and returned it to the Appointed Advisor to the Company (Senwes Limited) during normal business hours, marketed for the attention of the Company Secretary of Senwes, at 1 Charel de Klerk Street, Klerksdorp or via email to Elmarie.Joynt@senwes.co.za or Claudi.smit@senwes.co.za.

The Shareholders' CSDP/broker accounts will be credited and updated on 31 August 2018, in accordance with any election made.

6. **PAYMENT OF CASH DIVIDEND, ISSUE OF SHARES AND UPDATING/CREDITING OF CSDP/BROKER ACCOUNTS**

6.1 **Cash Payments**

Cash Dividend payments, net of any DWT (if applicable), will be made by electronic funds transfer into the CSDP/broker accounts or should a shareholder not have CSDP/broker, directly to the shareholder's account on 31 August 2018.

6.2 **Scrip Dividend**

Shareholders' CSDP/broker accounts will be updated on 31 August 2018 with the Shares issued in terms of the Scrip Dividend.

7. **LISTING OF NEW SHARES**

- 7.1 Application has been made to the ZARX to list the maximum possible number of Scrip Dividend shares issued in terms of the Scrip Dividend, with effect from the commencement of business on 31 August 2018. An adjustment of the total number of Shares listed will be made on or about 8:00 on 31 August 2018, in accordance with the actual number of Shares issued in terms of the Scrip Dividend.

7.2 The right to receive new Shares in terms of the Scrip Dividend is not renounceable and may not be traded on the ZARX.

8. **EXCHANGE CONTROL REGULATIONS**

8.1 Any Shares issued to emigrant Shareholders from the Common Monetary Area will be credited to their blocked shares accounts at the CSDP controlling their blocked portfolios. Any Shares issued to a non-resident of the Common Monetary Area will be credited to such non-residents' CSDP or broker account and a "non-resident" annotation will appear in the CSDP or broker register.

8.2 Any Cash Dividend payments paid out of the Company's distributable profits to non-residents and emigrant Shareholders from the Common Monetary Area are freely transferable and will be credited to the CSDP or broker controlling their portfolios.

9. **EXPERTS' CONSENTS**

The Appointed Advisor and Transfer Secretaries have all consented in writing to act in the capacity stated and to their names being included in this Circular, and have not withdrawn their consents prior to the publication of this Circular.

This Circular is available in Afrikaans and English. Copies of this Circular may be obtained from the registered office of Senwesbel.

This circular has been signed on 23 July 2018 on behalf of the directors.

For and on behalf of the board of directors



AE Scholtz
Company Secretary

SENWESBEL LIMITED
1 Charel de Klerk Street
Klerksdorp
2570

SENWESBEL LIMITED

ISIN NUMBER: ZAEZ00000026
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SCRIP DIVIDEND ELECTION FORM

The definitions and interpretations in the Circular shall apply *mutatis mutandis* to this section.

Important:

1. Shareholders who wish to exercise the election to receive the Script dividend must complete the following sections of this document:
 - 1.1 **PART A**
 - 1.2 **PART B**
2. The details of the terms of the Script Dividend offer are contained in the circular to which this form is attached and are hereby incorporated by reference as if repeated herein.
3. Please read the instructions on the next page. Failure to follow the instructions may cause this document to be rejected and it will be deemed that you did not accept the offer.
4. If you have any doubts about how to complete the document, consult your banker, broker, attorney, accountant or auditor or other professional advisor immediately.
5. Election forms will be rejected if they are not received by the Appointed Advisor (Senwes) at the below address before or on the Record Date (08h00 on 22 August 2018).
6. A properly completed election form is required for each shareholder who wish to participate in the Scrip Dividend.

Shareholders who wish to elect to receive the Script dividend must submit a fully completed choice form:

1. **by hand or posted to the Appointed Advisor; or**
2. **by e-mail to the Appointed Advisor at Elmarie.Joynt@senwes.co.za or claudi.smit@senwes.co.za,**

in order to reach Senwes as Appointed Advisor to the Company no later than 08:00 on 22 August 2018; or

The address for the Appointed Advisor (Senwes):

Street Address: 1 Charel de Klerkstraat, KLERKSDORP, 2571

Postal Address: PO Box 31, KLERKSDORP, 2570

PART A: DETAILS OF SENWESBEL SHAREHOLDER WHO ELECT TO ACCEPT THE SCRIP DIVIDEND OFFER

Full name of the Senwesbel shareholder:

Postal Address: _____

ID / Registration Number: _____

Telephone no: _____ Cell phone no: _____

E-mail: _____

Customer number: _____ Shareholder number: _____

PART B: ACCEPTANCE OF THE SCRIP DIVIDEND OFFER

Indicate your acceptance by ticking the block and signing this form

ACCEPTANCE:

I/We –

- accept the Scrip Dividend offer on the terms and conditions as indicated in the Circular;
- acknowledge that this election form is applicable only in respect of ordinary shares in the Company of which I/we was/were the registered holder(s) at 08:00 on 22 August 2018; and
- acknowledge that I/we am/are only entitled to receive 50% of Cash Dividend of 19 cents per Share as a scrip dividend at the issue price of R 5,00 per Share, calculated in accordance with the formula contained in the Circular and after applying the rounding principles set out in the Circular.

Signed at _____ on _____ 2018

Signature

Signature

Assisted by (where applicable)

Fax: **086 680 3124** or E-mail: claudi.smit@senwes.co.za