

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

The definitions and interpretations commencing on page 5 of this Circular apply, *mutatis mutandis*, to this cover.

ACTION REQUIRED BY AVENG SHAREHOLDERS

- Aveng Shareholders are referred to page 2 of this Circular, which sets out the action required of them with regard to matters set out in this Circular.
- If you are in any doubt as to what action you should take, you should consult your CSDP, broker, banker, legal advisor, accountant or other professional advisor immediately.
- If you have disposed of all of your Aveng Ordinary Shares, please forward this Circular together with the Notice of General Meeting, to the purchaser of your Aveng Ordinary Shares, or the CSDP or broker or agent through whom the disposal was effected.

Aveng does not accept responsibility, and shall not be held liable, for any action of, or omission by, any CSDP or broker or agent including, without limitation, any failure on the part of CSDP or broker or agent of any beneficial owner of Aveng's Ordinary Shares to notify such beneficial owner of the details set out in this Circular.



AVENG LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1944/018119/06)
Share code on the JSE: AEG ISIN: ZAE000111829
("Aveng" or "the Company")

CIRCULAR TO AVENG SHAREHOLDERS

Relating to:

1. **an amendment to the Company's Memorandum of Incorporation to create the Aveng Class A Shares as new class of security instruments ranking *pari passu* with Aveng Ordinary Shares (save for voting rights) and convertible (at the election of the holder) into Aveng Ordinary Shares;**
2. **approval of the future conversion of Aveng Class A Shares to Aveng Ordinary Shares as and when any holder of Aveng Class A Shares elect to do so and the allotment and issue of Aveng Ordinary Shares pursuant thereto;**
3. **approval of the Rights Offer, the allotment and issue of the Rights Offer Shares pursuant thereto and placing the Rights Offer Shares under the control of the Board to give effect thereto;**
4. **approval of the Specific Issue to Underwriters, if required, and placing Aveng Ordinary Shares and Aveng Class A Shares under the control of the Board to give effect thereto;**
5. **approval of the Specific Issue to Lenders and placing Aveng Ordinary Shares under the control of the Board to give effect thereto;**
6. **approval of the Specific Issue to Highbridge TCF and placing Aveng Ordinary Shares and Aveng Class A Shares under the control of the Board to give effect thereto;**
7. **approval of the above Specific Issues to the Underwriters as Related Party Transactions;**
8. **approval of the Specific Issue to iNguza Noteholders who are to receive Aveng Ordinary Shares and placing Aveng Ordinary Shares under the control of the Board to give effect thereto; and**
9. **approval of the MIP 2021, approval of the Specific Issue to management pursuant to the MIP 2021 and approval of the placing of Aveng Ordinary Shares under the control of the Board to give effect to the Specific Issue to management pursuant to the MIP 2021 from time to time.**

The following documents are attached to this Circular:

- a Notice of General Meeting; and
- a form of proxy (*blue*), only for use by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration.

JSE Sponsor



Legal Advisor



Independent Expert



Transaction Advisor



CORPORATE INFORMATION

Company secretary

Edinah Mandizha
3rd Floor
10 The High Street
Melrose Arch
Gauteng, 2076
(PO Box 6062, Rivonia, 2128)

Registered office and business address

3rd Floor
10 The High Street
Melrose Arch
Gauteng, 2076
(PO Box 6062, Rivonia, 2128)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(Private Bag X9000, Saxonwold, Johannesburg,
Gauteng, 2132)

Legal advisers

Baker & McKenzie Incorporated
1 Commerce Square
39 Rivonia Road
Sandhurst
Johannesburg, 2196

Auditors

Ernst & Young Incorporated
102 Rivonia Road
Sandton
Johannesburg, 2196
(Private Bag X14, Sandton, 2146)

Sponsor

UBS South Africa Proprietary Limited
64 Wierda Road East
Wierda Valley
Sandton, 2146
(PO Box 652863, Benmore, 2010)

Independent Expert

PSG Capital Proprietary Limited
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

Transaction Advisor

DG Capital Proprietary Limited
66 St Andrew Street
Birdhaven
Johannesburg, 2196
(PO Box 3061 Houghton 2041)

and at:

2nd Floor, Building 3
11 Alice Lane
Sandhurst
Sandton, 2196
(PO Box 650957, Benmore, 2010)

Date of incorporation of Aveng

22 November 1944

Place of incorporation of Aveng

South Africa

This Circular is available in English only. Copies may be obtained from the registered office of the Company and the Transfer Secretaries at the addresses set out above. Shareholders will be able to access the Circular at <https://www.aveng.co.za>.

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ACTION REQUIRED BY AVENG SHAREHOLDERS

The definitions and interpretations commencing on page 5 of this Circular apply to this section, *mutatis mutandis*.

This Circular is important and requires your immediate attention

If you are in any doubt as to what action to take, please consult your Broker, CSDP, banker, attorney, accountant or other professional advisor immediately. If you have disposed of all your Aveng Ordinary Shares, please forward this Circular to the person to whom you disposed of such shares or to the Broker, CSDP, banker or other agent through whom you disposed of such shares.

COVID-19

In light of the national restrictions in place to prevent the spread of COVID-19, the Board has taken the decision that the General Meeting will be held through an electronic platform (www.smartgram.co.za) being an electronic communication platform as permitted by the Listings Requirements, the Companies Act and the provisions of the Aveng Memorandum of Incorporation.

The General Meeting will be hosted on an electronic platform (www.smartgram.co.za) in order to facilitate voting and remote participation by shareholders. Further details, including how to submit votes by proxy before the General Meeting, are set out below and in the attached form of proxy (*blue*).

Please take note of the following provisions regarding the action required by Shareholders

A General Meeting of Shareholders will be held virtually through the online portal www.smartgram.co.za at 09:00 on Wednesday, 20 January 2021 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions set out in the attached Notice of General Meeting.

IF YOU HAVE DEMATERIALIZED YOUR SHARES WITHOUT "OWN NAME" REGISTRATION

Voting at the General Meeting

Your CSDP/Broker should contact you to ascertain how you wish to cast your vote at the General Meeting and thereafter cast your vote in accordance with your instructions.

If you have not been contacted, it would be advisable for you to contact your CSDP/Broker and furnish it with your voting instructions.

If your CSDP/Broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the agreement concluded between you and your CSDP/Broker.

You must not complete the attached form of proxy (*blue*).

Attendance and representation at the General Meeting

In accordance with the agreement between you and your CSDP/Broker, you must advise your CSDP/ Broker if you wish to attend the General Meeting in person (via the online portal www.smartgram.co.za as noted above) and your CSDP/Broker will issue the necessary letter of representation for you to attend the General Meeting (via the online portal www.smartgram.co.za as noted above).

IF YOU HAVE NOT DEMATERIALIZED YOUR SHARES OR HAVE DEMATERIALIZED YOUR SHARES WITH "OWN NAME" REGISTRATION

Voting, attendance and representation at the General Meeting

Shareholders or their proxies who wish to participate in and vote at the General Meeting through the electronic participation platform, must either:

- register online using the online registration portal at www.smartgram.co.za; or
- apply to the Transfer Secretaries by completing the attached form of proxy (*blue*) in accordance with the instructions therein and send the completed proxy form to proxy@computershare.co.za as to be received by Computershare by no later than 09:00 on Monday, 18 January 2021.

Any form of proxy not returned to the Transfer Secretaries by this time may be emailed to the Company Secretary at edinah.mandizha@avenggroup.com to be forwarded to the chairperson of the General Meeting any time before the appointed proxy exercises any of the Shareholder's rights at the General Meeting.

DEMATERIALIZATION

If you wish to dematerialise your Aveng Ordinary Shares, please contact your Broker or CSDP.

NOT AN OFFER TO THE PUBLIC

The Rights Offer will not constitute an "offer to the public", as envisaged in Chapter 4 of the Companies Act and accordingly this Circular does not, nor does it intend to, constitute a "registered prospectus", as contemplated in Chapter 4 of the Companies Act.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 5 of this Circular apply to this section, *mutatis mutandis*, (unless specifically defined where used or the context indicates a contrary meaning).

2020

Record date to be entitled to receive the Circular incorporating the notice convening the General Meeting	Friday, 4 December
Circular and Notice of General Meeting posted to Shareholders	Friday, 18 December

2021

Last day to trade in order to be eligible to attend and vote at the General Meeting	Tuesday, 12 January
Record date to participate in and vote at the General Meeting	Friday, 15 January
Last day and time to give notice to participate in the General Meeting electronically by 12:00 on	Friday, 15 January
Last day to lodge forms of proxy with the Transfer Secretaries to vote at the General Meeting by 09:00 on (see note 2 below)	Monday, 18 January
General Meeting of Shareholders to be held at 09:00 on	Wednesday, 20 January
Results of General Meeting announced on SENS on	Wednesday, 20 January

Notes:

1. The dates and times provided for in this Circular are subject to amendment. Any material amendment will be published on SENS.
2. Forms of proxy should be forwarded to be received for the orderly arrangement of matters on the date of the General Meeting (but not required) by the company's Transfer Secretaries by sending the completed attached form of proxy (*blue*) to proxy@computershare.co.za, by 09:00 on Monday, 18 January 2021 for administrative purposes (or alternatively to be emailed to the company secretary at edinah.mandizha@avenggroup.com to be forwarded to the chairperson of the General Meeting prior to its commencement).
3. Shareholders should note that, as transactions in shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after such trade. Therefore, persons who acquire shares after the last day to trade in order to be eligible to vote at the General Meeting, namely, Tuesday, 12 January 2021, will not be able to vote thereon.

DEFINITIONS AND INTERPRETATIONS

Throughout this Circular, unless the context indicates otherwise, the words in the column on the left below shall have the meaning stated opposite them in the column on the right below, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the other and words and expressions denoting natural persons include juristic persons and associations of persons:

"Absa"	Absa Bank Limited (registration number 1986/004794/06) (acting through its Corporate and Investment Banking division), a public company and bank duly registered and incorporated with limited liability in accordance with the laws of South Africa;
"AUD"	Australian Dollar and cents, the official currency of Australia;
"Authorised Dealer"	a person authorised to deal in foreign exchange as contemplated in the Exchange Control Regulations;
"Aveng" or "the Company"	Aveng Limited (registration number 1944/018119/06), a public company duly registered and incorporated with limited liability in accordance with the laws of South Africa;
"Aveng Africa"	Aveng Africa Proprietary Limited (registration number 1931/003300/07), a private company duly registered and incorporated with limited liability in accordance with the laws of South Africa, being a 100% owned subsidiary of Aveng;
"Aveng Class A Shares"	unlisted, A class, no par value, non-voting convertible shares in the authorised share capital of Aveng;
"Aveng Ordinary Share"	an ordinary no par value listed share in the share capital of Aveng;
"Aveng Shareholders" or "Shareholders"	holders of Aveng Ordinary Shares;
"Balance-Sheet Restructure Transaction"	means the Specific Issue to Highbridge TCF, the Rights Offer, the Specific Issue to Lenders, the iNguza Note Redemption and the MIP 2021;
"Bank Restructure"	has the meaning set out in paragraph 1.5.1 on page 9;
"Board"	the board of Directors, which, as at the Last Practicable Date, comprised the persons whose names appear on page 9 of this Circular;
"Broker"	any person registered as a broking member (equities) in terms of the Rules of the JSE made in accordance with the provisions of the Financial Markets Act;
"Business Day"	any day other than Saturday, Sunday or any official public holiday in South Africa;
"Certificated Shareholders"	holders of Certificated Shares;
"Certificated Shares"	Aveng Ordinary Shares that have not been Dematerialised, the title to which is represented by a share certificate or other Document of Title;
"Circular"	this bound document, dated Friday, 18 December 2020 including the annexures hereto, the Notice of General Meeting and a form of proxy (<i>blue</i>);
"Common Monetary Area"	collectively, South Africa, the Republic of Namibia and Lesotho and Swaziland;
"Companies Act"	the Companies Act, No. 71 of 2008, as amended;
"Conversion Option"	the option held by the Highbridge Funds and the Whitebox Funds to convert the Aveng Class A Shares as held by them pursuant to the Rights Offer and the iNguza Note Redemption, as applicable;

"CSDP"	a central securities depository participant, being a participant as defined in section 1 of the Financial Markets Act, appointed by a Shareholder for purposes of, and in regard to, Dematerialisation and to hold and administer securities or an interest in securities on behalf of a Shareholder;
"Dematerialisation" or "Dematerialised"	the process by which Certificated Shares are converted to or held in electronic form as uncertificated securities and recorded in a sub-register of securities holders maintained by a CSDP, after the Documents of Title have been validated and cancelled by the Transfer Secretaries and captured onto the Strate system by the selected CSDP or Broker, and the holding of securities is recorded electronically;
"Dematerialised Shareholders"	holders of Dematerialised Shares;
"Dematerialised Shares"	Aveng Ordinary Shares which have been through the Dematerialisation process;
"Directors"	the directors of Aveng, being both non-executive and executive directors;
"Documents of Title"	share certificates, certified transfer deeds, balance receipts, or any other documents of title to Aveng Ordinary Shares;
"Exchange Control Regulations"	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the South African Currency and Exchanges Act, No. 9 of 1933, as amended;
"Extraordinary Written Resolution of the iNguza Noteholders"	the extraordinary written resolution of the iNguza Noteholders to approve amendments to the terms and conditions of the iNguza Notes to enable the iNguza Note Redemption;
"Financial Markets Act"	the Financial Markets Act, No. 19 of 2012, as amended;
"Form of Instruction"	a form of instruction in respect of the Letter of Allocation;
"General Meeting"	the virtual general meeting of Shareholders to be held at 09:00 on Wednesday, 20 January 2021, through an electronic platform (www.smartgram.co.za);
"Group"	Aveng and its subsidiaries;
"Highbridge Funds"	means, Highbridge TCF and/or Highbridge SCF and any other funds managed by Highbridge Capital Management LLC, to which Rights are assigned, the Highbridge Funds are managed by Highbridge Capital Management, LLC, which is an indirect, wholly-owned subsidiary of JP Morgan Chase & Co;
"Highbridge SCF"	Highbridge SCF Special Situations SPV, L.P., an asset management fund and exempted limited partnership duly incorporated under the laws of the Cayman Islands with a principal place of business at c/o HedgeServ (Cayman) Ltd., Willow House, Cricket Square 3rd Floor, George Town, Grand Cayman, KY1-1104, Cayman Islands, as managed by Highbridge Capital Management LLC;
"Highbridge TCF"	Highbridge Tactical Credit Master Fund, L.P., an asset management fund and exempted limited partnership duly incorporated under the laws of the Cayman Islands with a principal place of business at c/o HedgeServ (Cayman) Ltd., Willow House, Cricket Square 3rd Floor, George Town, Grand Cayman, KY1-1104, Cayman Islands, as managed by Highbridge Capital Management LLC; g;
"Independent Expert"	PSG Capital Proprietary Limited (registration number: 2006/015817/07) a private company duly registered and incorporated with limited liability in accordance with the laws of South Africa;
"Independent Expert's Report"	the fairness opinion prepared by the Independent Expert on the Specific Issue to the Highbridge Funds and the Whitebox Funds (being a Related Party Transaction), in accordance with the provisions of paragraph 10.4(f) of the Listings Requirements, a copy of which is annexed to the Circular as Annexure 1 ;

“iNguza”	iNguza Investments (RF) Limited (registration number 2008/003346/06), a public company duly registered and incorporated with limited liability in accordance with the laws of South Africa;
“iNguza Note”	a note issued by iNguza under the ZAR25 000 000 000 asset-backed note programme dated 12 February 2019, as amended;
“iNguza Note Redemption”	has the meaning set out in paragraph 5.3 on page 13;
“iNguza Note Redemption Date”	Friday, 26 February 2021;
“iNguza Noteholders”	holders of iNguza Notes as at the Last Practicable Date;
“Investec”	Investec Bank Limited (registration number 1969/004763/06), a public company and bank duly registered and incorporated with limited liability in accordance with the laws of South Africa;
“JSE”	the stock exchange operated by the JSE Limited;
“JSE Limited”	JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated with limited liability in accordance with the laws of South Africa and which is licensed to operate an exchange in terms of the Financial Markets Act;
“Last Practicable Date”	Friday, 11 December 2020, being the last practicable date prior to the finalisation of this Circular;
“Lenders”	collectively, Absa, RMB, iNguza, Investec, Nedbank and SBSA;
“Letter of Allocation”	a renounceable (nil paid) letter of allocation in electronic form relating to the Rights Offer;
“Listings Requirements”	the JSE Limited Listings Requirements, as amended;
“MIP 2021”	the management incentive plan to be approved by Shareholders the salient details of which are as set out in Annexure 3 (with a full copy thereof being available for inspection at the registered address of the Company);
“MOI”	the memorandum of incorporation of Aveng;
“Nedbank”	Nedbank Limited (registration number 1951/000009/06) (acting through its Corporate and Investment Banking division), a public company and bank duly registered and incorporated with limited liability in accordance with the laws of South Africa;
“Non-resident”	a person who is not considered to be ordinarily resident in South Africa in terms of the Exchange Control Regulations;
“Notice of General Meeting”	the notice convening the General Meeting of Aveng Shareholders on Wednesday, 20 January 2021;
“Pandora Select”	Pandora Select Partners L.P., a Cayman Islands exempted limited partnership and with its registered office address at PO Box 1348 94 Solaris Avenue, Camana Bay, Grand Cayman KY1-1108 Cayman Islands, as managed by Whitebox Advisors LLC;
“Principal Debt”	an amount of ZAR1 442 891 068 owing to the Lenders (other than iNguza) respectively, the details of which is made publicly available in the annual financial statements of the Company for the financial year ended 30 June 2020 at note 22 on page 82 and as published on www.aveng.co.za;
“Recapitalisation Term Sheet”	the document entitled “Project Sunbird Recapitalisation Term Sheet” dated on or about 27 November 2020;
“Register”	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs in accordance with section 50 of the Companies Act;
“Related Party”	has the meaning given in paragraph 10.1(b) of the Listings Requirements, and for the purposes of this Circular being the Whitebox Funds, Highbridge TCF and the Highbridge Funds;

“Related Party Transaction”	has the meaning given in paragraph 10.1(a) of the Listings Requirements;
“Restructured Term Facility”	the restructured term facility as advanced by the Lenders (other than iNguza) in the amount of ZAR667 607 900;
“Rights”	the entitlement to subscribe for Rights Offer Shares at the Rights Offer Price pursuant to the Rights Offer;
“Rights Offer”	the renounceable rights of the Rights Offer Shares;
“Rights Offer Price”	the subscription price paid per Rights Offer Share pursuant to the Rights Offer, being 1.5 cents;
“Rights Offer Shares”	up to 20 000 000 000 Aveng Ordinary Shares that may be issued pursuant to the Rights Offer which includes as many Aveng Class A Shares as may be required to be issued to the Underwriters in the place of Aveng Ordinary Shares in order to ensure that the minima for the Rights Offer as required by the Underwriters are attained;
“RMB”	FirstRand Bank Limited (registration number 1929/001225/06) (acting through its Rand Merchant Bank division), a public company and bank duly registered and incorporated with limited liability in accordance with the laws of South Africa;
“SBSA”	The Standard Bank of South Africa Limited (registration number 1962/080738/06) (acting through its Corporate and Investment Banking division), a public company and bank duly registered and incorporated with limited liability in accordance with the laws of South Africa;
“SENS”	the Stock Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Specific Issue”	a specific issue/s of new Aveng Ordinary Shares and/or Aveng Class A Shares as contemplated in this Circular, to the extent that Shareholders approve the resolutions set out in the Notice of General Meeting;
“Specific Issue to Lenders”	has the meaning given to that term in paragraph 5.1;
“Strate”	Strate Proprietary Limited (registration number 1998/022242/07), a private company duly registered and incorporated with limited liability in accordance with the laws of South Africa and which is a registered central securities depository in terms of the Financial Markets Act, and which manages the electronic clearing and settlement system for transactions that take place on the JSE as well as off-market trades;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company duly registered and incorporated with limited liability in accordance with the laws of South Africa;
“Underwriters”	each of Highbridge TCF, Highbridge SCF, Whitebox Multi, Whitebox GT, Pandora Select, and Whitebox Caja Blanca;
“Underwriting Agreement”	the underwriting agreement entered into between Aveng and the Underwriters, dated 13 December 2020, in terms of which the Underwriters have irrevocably undertaken to follow all of their rights and subscribe for all of the Rights Offer Shares to which they are entitled in terms of the Rights Offer as well as to subscribe for any Rights Offer Shares that are not taken up by the Shareholders and/or their renounees in terms of the Rights Offer, subject to a maximum underwritten amount of ZAR180 000 000 in respect of the Highbridge Funds and ZAR120 000 000 in respect of the Whitebox Funds;
“VAT”	Value-Added Tax levied in terms of the Value-Added Tax Act, No. 89 of 1991, as amended;
“VWAP”	Volume weighted average price;

“Whitebox Caja Blanca”	Whitebox Caja Blanca Fund L.P. a Delaware limited partnership and with its registered office address at c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, as managed by Whitebox Advisors LLC;
“Whitebox Funds”	each of Whitebox Multi, Whitebox GT, Pandora Select, and Whitebox Caja Blanca and any other funds managed by Whitebox Advisors LLC, an SEC registered investment adviser (majority owned by Robert Vogel, Paul Twitchell, Dyal Capital Partners II (A), L.P. and Dyal Capital Partners II (B), L.P.), to which Rights are assigned;
“Whitebox GT”	Whitebox GT Fund L.P., a Delaware limited partnership and with its registered office address at c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, as managed by Whitebox Advisors LLC;
“Whitebox”	Whitebox Multi Strategy Partners L.P., a Cayman Islands exempted limited partnership and with its registered office address at PO Box 1348 94 Solaris Avenue, Camana Bay, Grand Cayman KY1-1108 Cayman Islands, as managed by Whitebox Advisors LLC.; and
“ZAR” and “cents”	South African Rand and cents, the official currency of South Africa;



AVENG LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1944/018119/06)
Share code on the JSE: AEG ISIN: ZAE000111829
("Aveng" or "the Company")

Directors

Executive

SJ Flanagan (*CEO*)

AH Macartney (*Group Financial Director*)

Independent non-executive

MA Hermanus (*Lead independent non-executive*)

MJ Kilbride

PA Hourquebie (*Chair*)

B Modise

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION

1.1 Initial SENS announcement

Aveng Shareholders are referred to the announcement released on SENS on Wednesday, 25 November 2020, in which Aveng announced its intention to proceed with the Balance-Sheet Restructure Transaction, and containing the terms of the Balance-Sheet Restructure Transaction.

1.2 The Balance-Sheet Restructure Transaction

Aveng intends to conclude the Balance-Sheet Restructure Transaction in terms of which Aveng has negotiated the restructure of its existing debt facilities with the Lenders in where (i) certain debt under such facilities will be settled through the issue of Aveng Ordinary Shares; (ii) certain debt will be settled in cash by Aveng utilising the proceeds from the Rights Offer; and (iii) the remaining debt will be restructured in terms of restructured term and overdraft facility with a tenure of three years. The Recapitalisation Term Sheet (and the agreements to be concluded as set out therein) will govern the Balance-Sheet Restructure Transaction.

The detailed implementation of the Balance-Sheet Restructure Transaction is as set out in paragraph 5 below.

1.3 Salient terms of the Recapitalisation Term Sheet

1.3.1 The salient terms of the Recapitalisation Term Sheet is as follows:

Bank Restructure

The Lenders have made certain ancillary facilities available to Aveng Africa, including:

- i. asset-based financing facilities;
- ii. promissory notes;
- iii. performance guarantees;
- iv. letters of credit; and
- v. foreign exchange facilities.

The remaining Principal Debt due to Lenders (other than iNguza) being 39.5% of approximately ZAR 1 442 89 068 (equating to ZAR569 941 972) (**Remaining Principal Debt**) will (at the election of the relevant Lender) be restructured as follows:

- 68.7% of the Remaining Principal Debt will be settled in exchange for the Specific Issue of Aveng Ordinary Shares to be issued to the relevant Lenders at a share price of 5 cents (equating to ZAR391 742 286 and 7 834 845 720 Aveng Ordinary Shares, respectively); or
- 31.3% of the Remaining Principal Debt shall be repaid early and discharged in cash on the iNguza Note Redemption Date at an amount equal to 31 cents for every ZAR1 of such portion of Remaining Principal Debt (equating to ZAR 55 241 903 in cash, with a discount equating to ZAR122 957 783).

Following the (i) the specific issue of Aveng Ordinary Shares to Lenders in exchange for the settlement of debt in the amount of ZAR391 742 286; and (ii) early repayment of ZAR178 199 686 as paid to certain Lenders on the basis described in the Recapitalisation Term Sheet as discussed above, the remaining amount of ZAR1 072 949 096 owing by Aveng Africa to the Lenders (other than iNguza) in respect of the term, revolving and overdraft facilities made available to it by the Lenders will be restructured into the following new facilities:

- i. Restructured Super Senior Facility – ZAR200 000 000.
- ii. Restructured Term Facility – ZAR667 607 900.
- iii. Restructured Overdraft Facility – ZAR205 341 196.

iNguza Note Redemption

The redemption amount of ZAR534 526 461 owing by Aveng Africa to each iNguza Noteholder will be restructured based on the elections exercised by iNguza Noteholder on the basis set out in the Recapitalisation Term Sheet and the separate iNguza term sheet describing such restructure referred to in the Recapitalisation Term Sheet.

To enable the iNguza Note Redemption, Aveng requires extraordinary written resolution of the iNguza Noteholders to seek approval for the changes required to the existing terms and conditions of the iNguza Notes and to facilitate the early redemption of the iNguza Notes. The Extraordinary Written Resolution of the iNguza Noteholders requires an approval of not less than 66.7% of the iNguza Noteholders to effect the required amendments to the iNguza Note terms and conditions. The foregoing amendments will also be subject to approval of the JSE. The holders of a requisite majority of the iNguza Notes and the Highbridge Funds have executed irrevocable letters of undertaking in support of the iNguza Note Redemption.

A notice of the Extraordinary Written Resolution of the iNguza Noteholders and information relating to the proposed amendments to the terms and conditions of the iNguza Note will be distributed through Strate to the iNguza Noteholders on or about Friday, 18 December 2020. The details of this process are more fully defined in paragraph 5.3 below.

The iNguza Notes will be redeemed early on the iNguza Note Redemption Date or such mutually agreed later date. The amended terms and conditions of the iNguza Notes will allow for the early redemption of the outstanding iNguza Notes, which redemption as set out in paragraph 5.3.

Conditions

There will be limited conditions precedent to the Balance-Sheet Restructure Transaction. The conditions are set out in the Recapitalisation Term Sheet and include, *inter alia*, obtaining (i) required authorisations by the various parties (including approval resolutions); and (ii) legal opinions by legal counsel. These conditions precedent are market standard for a transaction of this nature.

1.4 Rights Offer Circular

The terms of the Rights Offer will be announced and a Rights Offer circular which will contain details of the Rights Offer will be distributed to Aveng Shareholders as soon as is practically possible following the approval of the required resolutions noted above. The salient dates pertaining to the Rights Offer will be released on SENS and will be published in the Rights Offer circular.

1.5 Approvals sought for the Balance-Sheet Restructure Transaction

1.5.1 MOI amendment to create Aveng Class A Shares

The Underwriters are subject to equity ownership limitations. The Highbridge Funds are subject to a limitation of 19.9% and the Whitebox Funds are subject to a limitation of 24.9%. The Highbridge Funds currently hold between them 19.071% in Aveng and the Whitebox Funds currently hold between them 11.993% in Aveng. The Highbridge Funds and the Whitebox Funds, as Underwriters, will therefore be issued Aveng Ordinary Shares up to their respective shareholding limitations, and thereafter, Aveng Class A Shares (which do not carry voting rights but rank *pari passu* with Aveng Ordinary Shares in all other regards) in order to be able to underwrite the full value of the ZAR300 000 000 Rights Offer. Accordingly, the MOI will be amended in order to create the Aveng Class A Shares. It being noted that the Aveng Class A Shares will not be listed.

The approval of the Shareholders is sought by way of a special resolution (passed by Shareholders holding at least 75% of the voting rights in Aveng) in order to amend the MOI to create the Aveng Class A Shares.

1.5.2 Specific Issue

The approval of the Shareholders is sought by way of special resolution (passed by Shareholders holding at least 75% of the voting rights in Aveng) to authorise each Specific Issue of Aveng Ordinary Shares to:

- the participating Lenders pursuant to the Specific Issue to Lenders;
- subject to paragraph 1.5.5 below, Highbridge TCF in exchange for the redemption of the iNguza Notes as held by it (in discharge of such loan obligation as held by iNguza against Aveng in full); and
- iNguza Noteholders (if so elected) in exchange for the redemption of the iNguza Notes as held by them (in discharge of such loan obligations as held by iNguza against Aveng in full).

1.5.3 Further Specific Issue to the Underwriters to fully underwrite the Rights Offer

The approval of the Shareholders is sought by way of ordinary resolution (passed by Shareholders holding at least 50% of the voting rights in Aveng) to approve the Specific Issue of Aveng Ordinary Shares and/or Aveng Class A Shares to the Underwriters to the extent that the Rights Offer is fully taken up by Shareholders, which Specific Issue is required in order to achieve the minimum subscription requirements of ZAR83,000,000 in respect of the Whitebox Funds and ZAR120,000,000 in respect of the Highbridge Funds.

1.5.4 Issue Price and discount to 30-day VWAP

Each Rights Offer Share will be issued at a price of 1,5 cents per Rights Offer Share being at a 39.5% discount to the 30-day VWAP (up to 27 November 2020) of 2.478 cents.

1.5.5 Related Party Transaction

The Highbridge Funds and the Whitebox Funds are each classified as a Related Party. The Specific Issue/s to the Highbridge Funds and the Specific Issue/s to the Whitebox Fund, are each a "related party transaction" as contemplated in paragraph 10 of the Listings Requirements and require a fairness opinion to be prepared by an independent expert and the approval of the Shareholders by an ordinary resolution, excluding the applicable Related Party. A copy of the Independent Expert's Report containing such fairness opinion is set out in **Annexure 1**.

1.5.6 Rights Offer

The approval of the Shareholders is sought by way of special resolution (passed by Shareholders holding at least 75% of the voting rights in Aveng) in terms of section 41(3) of the Companies Act, to place the Rights Offer Shares under the control of the Board with specific authority to issue such Aveng Ordinary Shares and Aveng Class A Shares for the specific purpose of implementing the Rights Offer.

1.5.7 Conversion of Aveng Class A Shares to Aveng Ordinary Shares

The Aveng Class A Shares are convertible, at the election of the holder, to Aveng Ordinary Shares. The approval of the Shareholders is sought by way of special resolution (passed by Shareholders holding at least 75% of the voting rights in Aveng) to approve the conversions of the Aveng Class A Shares as and when so elected by the holders and to place sufficient shares under the control of the Board to be allotted and issued to implement any such conversion.

1.5.8 MIP 2021

The approval of the Shareholders is sought by way of special resolution (passed by Shareholders holding at least 75% of the voting rights in Aveng) in terms of paragraph 14.1 of Schedule 14 of the Listings Requirements to approve the MIP 2021.

Furthermore, the approval of the Shareholders by way of ordinary resolutions (passed by Shareholders holding at least 50% of the voting rights in Aveng) is required to authorise:

- the Specific Issue of Aveng Ordinary Shares to management; and
- to place so many Aveng Ordinary Shares in the control of the Board with specific authority to issue as many Aveng Ordinary Shares as are required from time to time to management, pursuant to the MIP 2021.

1.5.9 General

The approval of the Shareholders is sought by way of an ordinary resolution (passed by Shareholders holding at least 50% of the voting rights in Aveng) to authorise the directors to do all such things as may be necessary to implement the Balance-Sheet Restructure Transaction.

2. PURPOSE OF THIS CIRCULAR

The purpose of this Circular and the Notice of General Meeting, which forms part of this Circular, is to provide Aveng Shareholders with relevant information in relation to the resolutions required before the Balance-Sheet Restructure Transaction can be implemented, and to convene the General Meeting on Wednesday, 20 January 2021, at which General Meeting the Aveng Shareholders will be asked to consider and, if deemed fit, pass the resolutions contemplated in the Notice of General Meeting.

3. RATIONALE

Following a multi-year journey, the Balance-Sheet Restructure Transaction, will allow the Group to reset its capital structure, deleveraging the Balance-Sheet by more than ZAR1 billion, extending the Group's maturity profile to three years, and simultaneously materially improving the Group's South African liquidity pool. Following this transformational event, Aveng believes that the remaining debt is sustainable and the remaining balance is forecast to be repaid over the next three years. Importantly, this transaction not only provides Aveng the capital structure flexibility to complete its non-core asset sale programme and to wind down its remaining exposure to discontinued businesses, but also sets the Group on a path to pursue its strategy around the Group's core businesses, McConnell Dowell and Moolmans, which have returned to profitability and where Aveng sees further business improvement prospects and growth opportunities.

4. USE OF PROCEEDS FROM RIGHTS OFFER AND COMMERCIAL STRATEGY

4.1 An amount of at least ZAR300 000 000 will be received by Aveng pursuant to the Rights Offer, which amount will be utilised by Aveng to (i) settle the cash amounts payable to iNguza to early settle iNguza debts amounting to a minimum value of ZAR142 000 000 and a maximum of ZAR163 000 000, depending on the election of certain iNguza Noteholders who have not, as at the date hereof, provided irrevocable undertakings to Aveng in respect of their election; (ii) make payment to certain Lenders under the Bank Restructure amounting to ZAR55 241 903; and (iii) any balance will be retained by Aveng to improve liquidity to allow for Aveng to meet its debt repayment requirements.

4.2 The Balance-Sheet Restructure Transaction will result in the reduction of the debt levels by an amount of ZAR1 098 397 639 and an increase in the equity of Aveng by the same amount.

5. IMPLEMENTATION OF THE BALANCE-SHEET RESTRUCTURE TRANSACTION

The Balance-Sheet Restructure Transaction has been agreed between Aveng, the Lenders, the holders of a requisite majority of the iNguza Notes and the Highbridge Funds, to ensure that the Company is a stable going-concern and is capable of meeting solvency and liquidity tests applied for the 18 months immediately following the Balance-Sheet Restructure Transaction.

5.1 Specific Issue to Lenders (other than iNguza)

5.1.1 Principal Debt

On 27 November 2020, Aveng, the Lenders, Highbridge TCF and Highbridge MSF International Limited entered into the Recapitalisation Term Sheet, in terms of which, *inter alia*:

- a super senior term facility in the amount of ZAR200 000 000 will be made available to Aveng by the Lenders; and
- 39.5% of the Principal Debt will be converted into Aveng Ordinary Shares, to be issued to the Lenders as a Specific Issue to the Lenders, at a share price of 5 cents per Aveng Ordinary Share.

The Aveng Ordinary Shares received by the Lenders will be subject to an equity lock-up and released: (i) 50% for 24 months following implementation of the Balance-Sheet Restructure Transaction, and (ii) the balance, for 30 months following implementation of the Balance-Sheet Restructure Transaction.

5.1.2 Specific Issue per Lender

A total of 7 834 845 720 Aveng Ordinary Shares will be issued in terms of the Specific Issue to Lenders at a price of 5 cents per Aveng Ordinary Share, in the following proportions:

Lender	Aveng Ordinary Shares	Price per Aveng Ordinary Share	Share value (for equivalent debt settlement)	Percentage shareholding
Absa	4 087 406 112	5 cents	ZAR204 370 306	9.15
Investec	653 970 570	5 cents	ZAR32 698 528	1.46
SBSA	3 093 469 039	5 cents	ZAR154 673 452	6.93

Each Aveng Ordinary Share will be issued at a price of 5 cents per Aveng Ordinary Share at a 101.8% premium to the 30-day VWAP (up to 27 November 2020) of 2.478 cents.

5.1.3 Balance of remaining debt outstanding

The balance of remaining debt outstanding will be consolidated into a (i) ZAR867 607 900 term facility; and (ii) ZAR205 341 196 overdraft facility, which will be restructured on the basis of a debt term sheet entered into between the Lenders and Aveng on or about 27 November 2020. The final debt amount will be dependent on the final elections of the iNguza Noteholders as contemplated in paragraph 5.3. The additional debt will be no more than ZAR47 000 000.

5.2 Rights Offer

Aveng is looking to raise a minimum amount of ZAR300 000 000 through the Rights Offer, at the Rights Offer Price. The proceeds of the Rights Offer will be used as described above in paragraph 4 and further, in respect of the transaction related expenses as set out in paragraph 12.

Underwriting

The Rights Offer will be fully co-underwritten by the Underwriters as to ZAR180 000 000 in respect of the Highbridge Funds and ZAR120 000 000 in respect of the Whitebox Funds, which have committed to take up their *pro rata* portion of the Rights Offer and to underwrite the take-up of non-participating Aveng Shareholders in the aggregate amount of up to ZAR 180 000 000 and ZAR120 000 000, respectively, but the Highbridge Funds require a minimum issue to them under

the Rights Offer of ZAR120 000 000 and the Whitebox Funds require a minimum issue to them under the Rights Offer of ZAR83 000 000. To the extent that the aforesaid minima are not achieved pursuant to the Rights Offer, a Specific Issue will be made to the Underwriters in order to achieve such minimum amounts. As required in terms of the Listings Requirements, the Independent Expert Report has been obtained in relation to such issue of Aveng Ordinary Shares and/or Aveng Class A Shares at their issue price of 1.5 cents each.

5.3 iNguza Note Redemption

At the option of iNguza (in its capacity as issuer of the iNguza Notes), the iNguza Notes will be redeemed early, either in cash ("**Cash Redemption**"); or in exchange for a combination of (i) either shares in Aveng or cash, and (ii) a new loan claim against Aveng Africa ("**Share Redemption**"), with the election between a Cash Redemption or Share Redemption being at the discretion of each iNguza Noteholder. If an iNguza Noteholder does not make an election within five Business Days of receipt of the redemption notice from iNguza, the iNguza Noteholder will be deemed to have elected a Cash Redemption ("**iNguza Note Redemption**"). The holders of a requisite majority of the iNguza Notes and the Highbridge Funds have executed irrevocable letters of undertaking in support of the iNguza Note Redemption.

5.3.1 Cash Redemption

If an iNguza Noteholder elects the Cash Redemption option (or where the relevant iNguza Noteholder has not timely exercised any election and is deemed to have elected this option), the relevant iNguza Notes will be redeemed by iNguza in cash on the iNguza Note Redemption Date in the amount that is equal to:

- i. 31% of the outstanding principal amount of that iNguza Note, where the relevant iNguza Note is an interest bearing iNguza Note; or
- ii. 31% of the sum of (i) the Reference Price (as defined in the terms of the relevant iNguza Note) of that iNguza Note and (ii) the product of the Implied Yield (as defined in the terms of the relevant iNguza Note) of that iNguza Note being applied to the Reference Price of that iNguza Note from (and including) the date the relevant iNguza Note was issued to (but excluding) the iNguza Note Redemption Date, where the relevant iNguza Note is a non-interest-bearing iNguza Note.

5.3.2 Share Redemption

If an iNguza Noteholder elects the Share Redemption option, the relevant iNguza Notes will be redeemed by iNguza on the iNguza Note Redemption Date as follows:

either (at the election of the relevant iNguza Noteholder) by:

making a cash payment to the relevant iNguza Noteholder equal to:

- i. *31% of 39.5%* (equating to 12.245%) of the outstanding principal amount of the iNguza Note, where the relevant iNguza Note is an interest-bearing iNguza Note; or
- ii. *31% of 39.5%* (equating to 12.245%) of the sum of (i) the Reference Price of that iNguza Note and (ii) the product of the Implied Yield of that iNguza Note being applied to the Reference Price of that iNguza Note from (and including) the date the relevant iNguza Note was issued to (but *excluding*) the *iNguza Note Redemption Date, where the relevant iNguza Note is a non-interest-bearing iNguza Note;*

or

delivering to the relevant iNguza Noteholder (or procuring the allotment and issue to the relevant iNguza Noteholder) such number of ordinary shares in Aveng as is determined by dividing an amount that is equal to:

- i. 39.5% of the outstanding principal amount of the iNguza Note, where the relevant iNguza Note is an interest-bearing iNguza Note; or
- ii. 39.5% of the sum of (i) the Reference Price of that iNguza Note and (ii) the product of the Implied Yield of that iNguza Note being applied to the Reference Price of that iNguza Note from (and including) the date the relevant iNguza Note was issued to (but *excluding*) the *iNguza Note Redemption Date, where the relevant iNguza Note is a non-interest-bearing iNguza Note, by ZAR0,05;*

and

iNguza assigning to the relevant iNguza Noteholder a portion of its commitment under a term loan made to Aveng Africa that is equal to:

- i. 60.5% of the outstanding principal amount of the iNguza Note, where the relevant iNguza Note is an interest-bearing iNguza Note; or
- ii. 60.5% of the sum of (i) the Reference Price of that iNguza Note and (ii) the product of the Implied Yield of that iNguza Note being applied to the Reference Price of that iNguza Note from (and including) the date the relevant iNguza Note was issued to (but excluding) the iNguza Note Redemption Date, where the relevant iNguza Note is a non-interest-bearing iNguza Note,

and a *pro rata* portion of its other rights under the Restructured Term Facility (which rights iNguza will get as lender under the Restructured Term Facility referred to above) so that the relevant iNguza Noteholder becomes a lender under the Restructured Term Facility.

iNguza Noteholders holding an aggregate of 85.49% have elected the cash option in terms of paragraph 5.3.1 above and iNguza Noteholders holding an aggregate of 1.88% have elected the share redemption in terms of paragraph 5.3.2 and 12.63% have not as yet confirmed their election. Subject to the final election of iNguza Noteholders, the additional debt will be no more than ZAR47 000 000.

The Highbridge Funds and related or concert parties are subject to equity ownership limits of 19.9% (in order to avoid control or affiliate status). Accordingly, in order to give effect to the iNguza Note Redemption, Aveng may issue the Aveng Class A Shares to Highbridge and related or concert parties in order not to breach these limits but still give effect to the iNguza Note Redemption.

6. EFFECT ON AUTHORISED AND ISSUED SHARES OF AVENG

6.1 Position before Balance-Sheet Restructure Transaction

Aveng's authorised and issued share capital as at the Last Practicable Date is set out below:

Before Specific Issue	Stated capital (ZAR'million)
Authorised shares	
180 882 034 263 ordinary shares of no par value	9 044
Issued shares (including treasury shares)	
19 394 498 220 ordinary shares of no par value	3 874
Shares held in treasury	
24 853 833 ordinary shares of no par value*	–
Issued shares outstanding	
19 369 644 387 ordinary shares of no par value	3 874

*Figures below ZAR1 000 000.

6.2 Position after Balance-Sheet Restructure Transaction

After Balance-Sheet Restructure Transaction	Share capital (ZAR'million)
Authorised shares	
180 882 034 263 ordinary shares of no par value	9 044
50 000 000 000 ordinary class A shares of no par value	500
Issued shares (including treasury shares and MIP 2021 shares)	
44 657 341 922 ordinary shares of no par value	4 530
7 251 273 533 ordinary class A shares of no par value	109
	<hr/> 4 639 <hr/>

After Balance-Sheet Restructure Transaction	Share capital (ZAR'million)
Shares held in treasury	*
24 853 833 ordinary shares of no par value	
Shares held in Escrow for MIP 2021 (Not treated as Treasury Shares)	
3 488 000 000 ordinary shares of no par value	Nil
Issued shares outstanding	
44 632 488 089 ordinary shares of no par value	4 530
7 251 273 533 ordinary class A shares of no par value	109
	4 639

* Figures below ZAR1 000 000.

* Figures are subject to change depending on the election of the iNguza Noteholders as contemplated in paragraphs 5.3.1 or 5.3.2. The total potential impact is considered insignificant.

- 6.2.1** 12 748 726 467 Aveng Ordinary Shares are to be issued pursuant to the Rights Offer.
- 6.2.2** 600 000 000 Aveng Ordinary Shares will be issued pursuant to the Underwriters taking fees in shares at the Rights Offer Price.
- 6.2.3** 7 834 845 720 Aveng Ordinary Shares are to be issued pursuant to the Specific Issue to Lenders, (other than iNguza).
- 6.2.4** 79 271 515 Aveng Ordinary Shares will be issued pursuant the Specific Issue to iNguza.
- 6.2.5** 4 000 000 000 Aveng Ordinary Shares will be issued pursuant to the MIP 2021.
- 6.2.6** 25 262 843 702 Aveng Ordinary Shares will be issued in total.
- 6.2.7** 7 251 273 533 Aveng Class A Shares are to be issued pursuant to the Rights Offer.
- 6.2.8** The shares to be issued in terms of the Rights Offer will be of a class already authorised.

Based on the above an amount of 25 262 843 702 Aveng Ordinary Shares and 7 251 273 533 Aveng Class A Shares are to be issued pursuant to the Rights Offer. The shares to be issued in terms of the Rights Offer will be of a class already in issue. If all remaining iNguza Noteholders elect the share redemption in paragraph 5.3.2 an additional 533 377 799 Aveng Ordinary Shares could be issued. The maximum number of Aveng Ordinary Shares which will be issued is 25 796 221 501 and 7 251 273 533 Aveng Class A Shares.

7. OVERVIEW OF THE BUSINESS

7.1 History and nature of business

Aveng is a limited liability company incorporated and domiciled in South Africa whose shares are publicly traded. The Group operates in the construction, engineering and mining environments and as a result the revenue is not seasonal in nature but is influenced by the nature and execution of the contracts currently in progress.

The Group operates under two reportable segments including Construction and Engineering (Australasia and Asia) and Mining and is in the process of disposing of its Manufacturing and Processing business divisions.

Core operations

McConnell Dowell

McConnell Dowell is a selective tier one construction contractor, delivering projects in the infrastructure, resource and building sectors for clients in Australia, Southeast Asia, New Zealand and Pacific Islands.

Moolmans

Moolmans is a South African-based leader in open cut, shaft sinking and underground contract mining throughout Africa, offering services across the mining value chain.

Non-core operations

Aveng is in the process of disposing of its non-core assets including Aveng Trident Steel and the Aveng Manufacturing businesses.

7.2 Prospects of the Group

Aveng management continues to focus on operating the Group's business as effectively as possible. Priority for the Group will be the implementation of its strategic plan, which implementation will focus in broad terms on:

- sustaining the operational performance;
- reducing the debt levels; and
- managing the liquidity of Aveng.

7.2.1 Core operations markets and operational performance

Aveng continues to build resilience across its organisation despite the significant uncertainty and additional volatility created by the health and economic crises experienced during the last quarter of the 2020 financial year. As many of the Group's industry peers succumbed to market challenges, Aveng was buoyed by its key strategic levers of geographic diversification, improving core operational performance and the firm commitment of leadership and employees.

The South African economy grew by 0.2% in 2019 and moved into a recession in December 2019. This was exacerbated by the coronavirus (COVID-19) pandemic and mandatory restrictions applied across our operating jurisdictions to lessen the spread of the virus and manage associated health and humanitarian crises. Conditions in the South African mining sector, now Aveng's primary domestic market, were mixed. While global and domestic opportunities in open cut and underground mining remain promising, the South African market has underperformed relative to its potential due to ongoing policy uncertainty and weak economic conditions which inhibit investment. The few remaining South African based non-core businesses which have not yet been disposed of were heavily impacted by weakness in their operating markets.

In contrast, conditions in McConnell Dowell's geographic markets were generally promising. The Group's core market sectors in Australia continue to grow at a steady pace, driven largely by public sector investment in the engineering, construction and infrastructure development sectors. Similarly, in New Zealand, our core markets are supported by public sector investment in transport, housing and water infrastructure to serve a growing population. Opportunities in the transport, energy and wastewater infrastructure sectors in Southeast Asia were heavily impacted by COVID-19 lockdowns in Singapore and Indonesia, while the region's strong medium-term to long-term outlook is tempered by the risk of political uncertainty and competition, although some international competitors have withdrawn from the region.

McConnell Dowell recorded significant progress in the implementation of its growth strategy, increasing its order book, improving overall operational performance and strengthening its Balance-Sheet. The business has now progressed to the consistent growth and profitability stage of its strategy. McConnell Dowell delivered strong operational performance, with 80% of contracts achieving tendered margins and only 5% loss-making. However, the impact of the COVID-19 pandemic during the final quarter restricted revenue growth to 5%. A proactive and coordinated response to COVID-19 and disciplined cost management enabled McConnell Dowell to maintain operational profitability across all business units and continue winning work. McConnell Dowell's decision to build its cash balances during COVID-19 by agreeing to discounted settlements of the longstanding Gold Coast and Wheatstone claims released AUD41,5 million. The work in hand was AUD1,8 billion versus AUD1,6 billion in December 2019. Winning new work continues to be a key focus for the business, McConnell Dowell's continued involvement in preferred and Early Client Involvement ("ECI") type of projects has resulted in a 12% increase to AUD1,4 billion of ECI work.

Moolmans' comprehensive and realistic turnaround plan and growth strategy is gaining traction. The business delivered a turnaround to profitability as the Group-led intervention implemented in 2018 yielded positive results, despite challenging operating conditions. Moolmans is now in the delivery stage of its strategy and will progress towards the consistent growth and profitability stage in 2021.

The improvement in performance was largely attributable to the renegotiation and extension of contracts at more favourable terms, substantial turnaround in the performance of a number of loss-making projects, successful completion of the Platreef shaft sinking project and sound operational performance at the Klipspruit project. Underperformance at the Gamsberg, Tshipi and Kolomela projects is being addressed by detailed recovery plans implemented in consultation with clients. The business enters the new financial year with a two-year order book of R5 billion (June 2019: ZAR6 billion), with 81% of 2021 revenue secured.

7.2.2 Current trading and prospects of non-core operations

Aveng has completed disposals of non-core assets valued at more than ZAR1 billion, with cash receipts of ZAR768 million to date. The following disposals were concluded during the year under review:

- October 2019 – Dynamic Fluid Control (DFC) for ZAR114 million.
- November 2019 – Building and Civil Engineering for ZAR70 million.
- December 2019 – Mechanical and Electrical for ZAR72 million.
- December 2019 – Rand Roads for ZAR37 million.
- Other properties for ZAR15 million.

Before COVID-19, Aveng was at an advanced stage of negotiating the sale of Trident Steel, Aveng Automation & Control Solutions (“**ACS**”), Rehm-Grinaker and Duraset. The immediate impact of lockdown was the withdrawal of the buyer for Trident Steel, the revision of pricing and funding for ACS and Rehm-Grinaker and overall delays in the negotiation processes.

Subsequent to the financial year-end, disposals were concluded in respect of GEL, Duraset, Rehm-Grinaker, Infraset Pietermaritzburg and various properties totaling ZAR54 million. The Trident Steel transaction has restarted, with positive interest and three non-binding offers.

Trident Steel’s revenue and profit were impacted by the ongoing reduction in demand for steel in South Africa and the effects of COVID-19 on the business’s operations and markets. Aveng implemented several interventions to mitigate the risk of further market contraction, including the restructuring of the business into a value added steel service centre supplier focused on the automotive industry.

Revenue declined due to the disposals of Rail and DFC and the dual impact of unfavourable market conditions in the infrastructure and mining sectors and the onset of COVID-19 during the second half of the financial year.

Aveng Construction had only a few contracts remaining, all of which were subsequently completed. The Building and Civil Engineering, Mechanical and Electrical, Rand Roads and GEL operations were all sold as part of the disposal of non-core assets.

7.2.3 Other associated costs

Corporate head office costs

The corporate head office cost, for the current year, continues to be impacted as a result of additional costs that are being incurred as a result of the initiatives associated with the Balance-Sheet Restructure Transaction, banking discussions, increased liquidity management and the disposal of non-core assets. Management continues to monitor these costs.

Interest costs

Due to the current debt level of the Group and the utilisation levels of the current facilities, the finance charges remain relatively high. Details of Aveng’s finance charges as at 30 June 2020 are available in their annual financial statements.

Liquidity management

The Group continues to actively manage the liquidity and cash flow in two distinct liquidity pools, namely McConnell Dowell and the South African liquidity pool. McConnell Dowell’s liquidity benefited from the deliberate action to settle legacy claims, the receipt of advance payments and a growing order book. As a result, McConnell Dowell reported a strong

cash balance with sufficient cash and liquidity to support the growing order book and the growth opportunities that this market continues to present. The strict lockdown regulations announced in South Africa and related loss of revenue negatively impacted a liquidity position that was already under pressure. This position was mitigated through short-term facilities that were repaid in August 2020 and a significant contribution by our people. The South African liquidity pool remains tightly managed and has demonstrated significant improvement over the first quarter of FY 2021.

7.2.4 Disposal of non-core assets

As previously noted in the SENS announcement on Monday, 30 November 2020, Aveng intends to dispose of the Trident Steel division, together with the manufacturing businesses. The planned completion of all disposals is 30 June 2021.

The processes in relation to Trident Steel and a number of Manufacturing assets have commenced and progress has been made in this regard. However, given the difficult market conditions faced by these businesses and the recent past underperformance, the ability to execute the disposal within the time frame envisaged at acceptable value remains challenging.

As delays in achieving the timely disposal of some of the non-core assets will have a negative impact on liquidity (due to increased periods of potential negative cash flow), this area remains a high priority for management.

8. GENERAL MEETING

- 8.1** At the General Meeting, the Shareholders will be requested to consider and, if deemed fit, to pass, with or without modification, the resolutions necessary to give effect to the Balance-Sheet Restructure Transaction and the matters incidental thereto. The resolutions to be put to Aveng Shareholders for their approval are set out in the Notice of General Meeting of Aveng Shareholders attached to, and forming part of, this Circular. The Shareholders who may vote on each resolution is set out in the Notice of General Meeting. The notice convening the General Meeting is attached to this Circular.
- 8.2** A form of proxy (*blue*), for use by those Certificated Shareholders and Dematerialised Shareholders with "own name" registration who are unable to attend the General Meeting, but wish to be represented thereat, is attached to and forms part of this Circular. Duly completed forms of proxy must be received by the Transfer Secretaries via email to proxy@compitershare.co.za by no later than 09:00 on Monday, 18 January 2021.
- 8.3** Dematerialised Shareholders without Own Name Registration must timeously advise their CSDP or Broker if they wish to attend and vote at the General Meeting in order for the CSDP or Broker to provide them with the necessary letter of representation to do so. Such Shareholders must also timeously provide their CSDP or Broker with their voting instruction in order for the CSDP or Broker to vote in accordance with their instruction at the General Meeting.

9. EXCHANGE CONTROL REGULATIONS

- 9.1** The following summary is intended only as a guide and is, therefore, not comprehensive. If Shareholders are in any doubt as to the appropriate course of action they are advised to consult their professional advisor.
- 9.2** Pursuant to the Exchange Control Regulations and upon specific approval of the South African Reserve Bank, non-residents, excluding former residents, of the Common Monetary Area will be allowed to:
 - 9.2.1** take up Rights allocated to them in terms of the Rights Offer;
 - 9.2.2** purchase Letters of Allocation on the JSE;
 - 9.2.3** subscribe for the Rights Offer Shares arising in respect of the Letters of Allocation purchased on the JSE; and
 - 9.2.4** provided payment is received either through normal banking channels from abroad or from a non-resident account.

- 9.3** All applications by non-residents for the above purposes must be made through an Authorised Dealer in foreign exchange. Electronic statements issued in terms of Strate and any share certificates issued pursuant to such applications will be endorsed “non-resident”.
- 9.4** Where a Right in terms of the Rights Offer becomes due to a former resident of the Common Monetary Area, which right is based on shares blocked in terms of the Exchange Control Regulations of South Africa, then only emigrant blocked funds may be used to:
- 9.4.1** take up the Rights allocated to them in terms of the Rights Offer;
- 9.4.2** purchase Letters of Allocation on the JSE; and
- 9.4.3** subscribe for the Rights Offer Shares arising in respect of the Letters of Allocation purchased on the JSE.
- 9.4.4** All applications by emigrants using blocked funds for the above purposes must be made through the Authorised Dealer in South Africa controlling their blocked assets. Share certificates issued to such emigrants will be endorsed “non-resident” and placed under the control of the Authorised Dealer in foreign exchange through whom the payment was made. The proceeds due to emigrants from the sale of the Letters of Allocation, if applicable, will be returned to the Authorised Dealer in foreign exchange for credit to such emigrants’ blocked accounts. Electronic statements issued in terms of Strate and any Rights Offer Share certificates issued pursuant to blocked Rand transactions will be endorsed “non-resident” and placed under the control of the Authorised Dealer through whom the payment was made. The proceeds arising from the sale of Letters of Allocation or arising from the sale of blocked Shares will be credited to the blocked accounts of the emigrants concerned.
- 9.4.5** New share certificates issued pursuant to the Rights Offer to an emigrant will be endorsed “non-resident” and forwarded to the address of the relevant Authorised Dealer controlling such emigrant’s blocked assets for control in terms of the Exchange Control Regulations of South Africa. Where the emigrant’s Shares are in Dematerialised form with a CSDP or Broker, the electronic statement issued in terms of Strate will be dispatched by the CSDP or Broker to the address of the emigrant in the records of the CSDP or Broker.
- 9.4.6** Any Shareholder resident outside the Common Monetary Area who receives this Circular and Form of Instruction should obtain advice as to whether any governmental and/or other legal consent is required and/or any other formality must be observed to enable a subscription to be made in terms of such Form of Instruction.

10. INFORMATION ON THE DIRECTORS AND SENIOR MANAGEMENT

There have been no changes to the Board or senior management of Aveng as a result of the Specific Issue. The Directors of Aveng had no material beneficial interest (direct or indirect) during the last 18 months in transactions effected by Aveng. The Directors’ remuneration will not be varied as a consequence of the Specific Issue or any related transaction.

10.1 Directors’ interests in shares

The direct and indirect beneficial interests in Aveng Ordinary Shares held by all the Directors (including Directors who have resigned in the last 18 months) and their associates as at Friday, 11 December 2020, are shown below.

Non-executive Directors

Name	Direct Beneficial	Indirect Beneficial	Total	% of shares
Non-executive Directors				
MJ Kilbride	129 999	–	129 999	0.00
Total	129 999	–	129 999	0.00

10.2 Directors' interests in transactions

Save in respect of the MIP 2021 (as contemplated in **Annexure 3**) in which certain Directors have a financial interest, no Directors of Aveng had any interest, direct or indirect, in any transaction which was effected by the Company during the current or immediately preceding financial year or in an earlier year and which remains in any respect outstanding or unperformed.

11. SECURITIES ISSUED IN THE PREVIOUS THREE YEARS

The Company issued 18 977 827 289 new Aveng Ordinary Shares as part of the Rights Offer to qualifying shareholders on 4 July 2018 (4 931 854 395) and 14 045 972 894 as part of the early redemption of the convertible bond on the 25 September 2018 to bond holders in the previous three years.

12. ESTIMATED EXPENSES

It is estimated that Aveng's expenses relating to the restructuring of Aveng Africa debt will amount to approximately ZAR10 149 000. The expenses are shown on a consolidated basis for the debt restructure. The expenses (excluding VAT) relating to the debt restructure are detailed below:

Nature of expense	Paid/payable to	R'000
Transaction advisor	DG Capital Proprietary Limited	6 000
Independent Expert	PSG Capital Proprietary Limited	280
Legal advisors	Baker McKenzie	600
Printing, publication and distribution	Ince	50
Transfer Secretaries	Computershare	25
Listing fee	JSE Limited	170
Documentation inspection fee	JSE Limited	24
Total		7 149

Other than set out in this section, Aveng has incurred no preliminary expenses in relation to this Circular.

13. OPINION OF THE BOARD

13.1 The Board is of the opinion that all the resolutions relating to the Balance-Sheet Restructure Transaction as well as each Specific Issue as contemplated thereby are beneficial to the Company and recommends that Aveng Shareholders vote in favour of the resolutions to be proposed at the General Meeting.

13.2 To the extent that Directors are in possession of inside information as defined in the Financial Markets Act, 2012 as amended, or the Company is in a prohibited period as set out in the Listings Requirements, the Directors holding Aveng Ordinary Shares, will not be eligible to vote their shares at the General Meeting.

14. LITIGATION STATEMENT

In relation to legal claims instituted against the Aveng Group:

Aveng Grinaker-LTA as an operating group of Aveng Africa is presently in dispute with the employer for various matters including extension of time claims, escalation claims, claims relating to an agreed penalty free period, a claim relating to defective workmanship, a claim relating to basement penalties, etc. The various claims are proceeding through the disputes process. In addition, the employer terminated the contract on 6 January 2020 and subsequently called on the guarantee of ZAR87 million, following which the insurer paid the employer the guarantee amount and issued a letter of demand, claiming repayment from Aveng Africa. Aveng Africa has agreed to repay the insurer over 12 months starting at the end of June 2020. The final account report has been issued by the employer, which Aveng Africa has disputed and intends to refer the dispute to arbitration, subsequent to the finalisation of the above-mentioned claims, as these claims have an impact of the final account dispute. The relevant claims have been considered by senior counsel and senior counsel has advised the course of action that Aveng Africa should take in disputing these matters.

Aveng, in joint venture with its partner ("**ASJV**") terminated the contract with the employer on 30 January 2019, which entitlement to terminate is disputed by the employer. The parties intend to refer the proceedings to adjudication, alternatively to the High Court. The ASJV appealed to the Supreme Court of Appeal of South Africa ("**SCA**") against the High Court's decision in respect of interdict proceedings following threats of the employer to call on the performance bond for ZAR245 million and a retention guarantee for ZAR81 million. Aveng will be liable for 50% of the value of the amount claimed. Judgment was handed down on 13 November 2020, in terms of which the SCA dismissed the appeal. On 23 November 2020, the employer accordingly demanded payment of the performance bond and retention guarantee together with the full value of ZAR245 million for the performance bond. Aveng's legal representatives are currently interrogating the relevant demand by the employer and it is anticipated that should the employer succeed, it will only be able to claim a maximum of ZAR22.5 million in respect of the retention guarantee. Lombard (being the issuer of the guarantee and bond) has indicated a preparedness to agree reasonable payment terms in respect of the amounts owed by Aveng. It is noted that the employer is obliged to indemnify ASJV for all losses, damages and expenses suffered by the ASJV to the extent that the employer was not entitled to call on the bond and guarantee. Aveng has also recently been successful in its appeal of the High Court's decision to grant a spoliation order (which required the joint venture, if it is in control of such equipment to return such to site).

In December 2014, a third party instituted action of between ZAR429.5 million and ZAR586 million as at 2010 (based on various calculation methodologies) against Aveng Africa and two other major contractors, for damages it alleges to have suffered as a result of the tendered contract sum for the construction of one of the world cup stadia, having allegedly been wrongfully and unlawfully inflated (as a result of collusive conduct). The claim has been evaluated, using external senior counsel and experts. An arbitration agreement has been signed between the parties to convert the High Court trial into an arbitration. The arbitration hearing has been moved out to three weeks starting mid-September 2021.

A dispute remains ongoing with one of Aveng's contractors concerning various contractual claims related to the steel fabrication work which was undertaken as subcontract to the contractor. An adjudication dispute process was concluded in 2016 with an award in favour of Aveng. The contractor has not agreed the final account, has claimed ZAR207 million and Aveng continues to dispute the claim. In May 2020, the contractor wrote to Aveng instituting new claims for a total amount of ZAR64 million. Aveng has sourced external counsel and is of the opinion that the ZAR64 million claim forms part of the final account process, which commenced some 18 months ago. It is noted that two performance bonds and an advance payment bond are still in place for the relevant contract amounting to ZAR60.8 million. Senior counsel's recommended course of action is to continue with the dispute in respect of the final account.

In May 2019, the South African Revenue Service ("**SARS**") issued a letter of findings to Aveng Trident Steel Proprietary Limited (division of Aveng Africa) ("**Trident Steel**") for an amount of ZAR78.6 million relating to a customs audit for the period 1 March 2016 to 1 March 2018. A DA96 cause of action notice was sent to SARS on 24 February 2020 to formally advise them that Aveng Africa intends taking SARS to the High Court. SARS requested Aveng to apply for a tariff determination and on 27 August 2020 SARS' tariff determination committee issued a favourable decision to Aveng, which has the effect that SARS' claim has been reduced by approximately ZAR70 million. As it relates to the remainder of the claim, Aveng continues to engage with SARS to pursue an amicable resolution with SARS outside of the court.

In June 2016, a third party instituted action against Aveng Africa for ZAR45.5 million as at 2009, for damages it alleges to have suffered as a result of an alleged unlawfully inflated tender price, which tender was awarded to a joint venture involving Aveng Grinaker-LTA. The claim has been evaluated, using internal and external counsel. In mid-2017, the parties agreed to rather refer the matter to arbitration. Mediation proceedings have taken place and in January 2019, Aveng communicated its position to the third party. No further response has been received from the third party to date and the third party has not taken any active steps to advance the matter to the arbitration phase. Management has concluded that the likelihood of liability is remote.

Aveng Grinaker-LTA, an operating group of Aveng Africa dismissed 79 staff members as a result of the violent strike and other employees that signed a settlement agreement which affected project bonuses, implemented the no work no pay principle in relation to the strike and gave final warnings to employees, who could return to work. An arbitration tribunal was held and in the appeal, the arbitrators gave their decision in favour of the contractors and dismissing the claim brought by the National Union of Metalworkers of South Africa ("**NUMSA**") on behalf of its members. NUMSA has subsequently approached the Labour Court with three separate claims related to the employees that were dismissed as a result of the strike. Aveng continues to defend the matter in the Labour Court.

In 2010, the employer in respect of a contract mining project obtained a default judgment against LTA Construction (Tanzania) Limited ("**LTA**") for USD1.6 million. LTA's application to have the default judgment rescinded and was denied. LTA has been granted leave to appeal the decision. In 2015, the employer tried to enforce the default judgment against Aveng Africa in South Africa (given that Aveng Africa had been cited as one of respondents in the 2010 case) but Aveng Africa successfully stayed those proceedings. The appeal to rescind the default judgment must be heard in Tanzania first before the matter can be heard in South Africa and the appeal process remains ongoing.

A dispute between Aveng and SARS relating to the interpretation of the VAT Act, No. 89 of 1991 ("**VAT Act**"), as amended in respect of accommodation and incidental costs incurred to accommodate employees close to the project sites. The quantum of the matter is approximately ZAR39 million. Senior counsel has been engaged, and senior counsel does not agree with SARS' interpretation of the VAT Act. This matter is to be heard at the SARS National Appeals Committee. A date has not yet been allocated. Aveng is also continuing its engagement with SARS on the matter in an attempt to limit the dispute.

The project manager of a site in Gabon obtained an order in 2014 for judgment in a Gabonese court for approximately ZAR35 million for damages. The project manager seeks to enforce such judgment through the South African courts against Grinaker-LTA and others. The project manager has since passed away and no further correspondence has been received on this matter since August 2019.

As a result of the termination of the mining contract in 2018, LTA Mali SA was obliged to wind down its operations on the mine. LTA Mali SA retrenched the employees it had employed on the mining contract. LTA Mali SA negotiated with the relevant trade union representing 259 employees on the retrenchment process and the amount of compensation to be paid to the employees. An agreement was reached on these matters and incorporated in an agreement duly signed by representatives of the parties. Sometime after the employees were retrenched and paid the agreed retrenchment settlement amounts, the trade union representing the 259 ex-employees approached the Labour Court claiming compensation for the termination of the employment contracts of its members and citing the respondents as both LTA Mali SA and the employer. The Labour Court of the Kayes awarded USD8.7 million in compensation to the ex-employees and both the employer and LTA Mali SA are presently liable for payment of this award on a joint and several basis. LTA Mali SA and the employer appealed the decision in the Supreme Court in Mali. The appeal was successful and the matter has been referred to Bamako Appeal Court.

A plant leasing company has instituted two claims against McConnell Dowell division ("**MCD**") and there was a separate dispute with the client on this same project. Concerning the plant leasing company, the first claim was for unfair preference (insolvency) payments made by MCD and which appears to be between AUD46 million and AUD66.5 million; and the second claim being a subcontracted claim, where quantum has not been identified, being made for monies allegedly owed. However, it is expected that the amount will mostly overlap with the figures claimed in the insolvency proceedings. In the latter matter, MCD has instituted a counterclaim for costs to complete the plaintiff's subcontract, after the plaintiff's contract was terminated for insolvency. The dispute with the client on this project was settled and MCD's AUD8 million security bond has been returned. The matter is now finalised with a net result that AUD10 million was paid to MCD. Regarding the dispute on the same project with the plant leasing company, these proceedings are continuing. MCD filed and served amended pleadings in October 2020 following an unsuccessful mediation session.

MCD, in joint venture with its partner is in arbitration with its client and related litigation proceedings with a project consultant engaged by the client's consultant, whereby the claims against the joint venture relate to the alleged supply of substandard components. The client's claim is in the amount of NZD5.2 million. A formal notice of discontinuance of the High Court matter was issued on 29 March 2019. The main arbitration has been stayed by agreement while the client carries out further investigations/remedial work on the outfall.

MCD's client instituted a defects claim of NZD25 million against it on an airport project. In December 2018, the lead insurer confirmed the indemnity. At present the cost of the aggregate and transit is excluded from the claim as this is not insured under contract works insurance. MCD is engaging an insurance expert to confirm that the exclusion stands and that MCD has no recourse against the insurers for this aspect of the claim. MCD continues to engage with the insurers and the supplier to resolve the matter.

MCD and its joint venture partners is facing a potential claim in respect of an alleged pipeline defect. On 1 May 2019, the Joint Venture received a letter of demand for AUD25.44 million. The client has not responded to the JV's submission denying that there is any defect, however, on 4 September 2020 MCD

received a copy of the summons and statement filed by the client in the Supreme Court of NSW. MCD has engaged legal counsel and will continue discussions with the client, experts and the insurers who have agreed to take over the JV's defence on a conditional basis.

In terms of the above claims, at this stage, the prospects of success on the quantum claimed, are considered remote based on internal and external assessment. Where required, adequate provisions have been taken.

A claim was previously instituted by Aveng against a South African insurer in the amount of ZAR205 million in relation to an insurance claim that the insurer failed to indemnify. However, subsequent to further advice from senior counsel, Aveng is of the view that there is a reasonable possibility of succeeding against the broker of the insurance policies. Aveng issued its summons and particulars of claim in December 2019 and the matter is to proceed to the High Court of South Africa.

Disputes with the employer arose on a project executed by Aveng Grinaker-LTA. The contract has since been terminated by Aveng Grinaker-LTA on the basis of repudiation by the employer. Aveng was successful in its application to the High Court for enforcement of its adjudication award of ZAR40 million against the employer. Two of the disputes raised by Aveng were referred to adjudication and such relate to the termination costs on the project as well as the basis upon which Aveng terminated the contract. The adjudication proceedings against the employer were decided in Aveng's favour, however, the award has been referred to arbitration. In addition, there exists a dispute with a major subcontractor on the project as well as with two additional subcontractors, where following adjudication the major subcontractor has referred the dispute to arbitration and the matter is ongoing. The other subcontractors have not yet formally instituted any dispute resolution processes.

A dispute has arisen between Aveng and one of its subcontractors in respect of Aveng's entitlement to impose penalties on the relevant subcontractor due to delay in execution of its subcontract works which result in penalties being imposed on Aveng. The matter has been referred to arbitration.

In March 2016, Built Environs Proprietary Limited ("**BEPL**"), a consortium of which MCD forms part, instituted action against the employer in connection with construction works including extension of time claims and delay costs claims. The value of the claims is AUD55 million plus the return of AUD14.5 million liquidated damages paid from the bonds. In December 2017, judgment was delivered in respect of BEPL's claim for repayment of the encashment of the bond. BEPL was unsuccessful. An amended Statement of Claim was filed in February 2020.

Save for the above, there are no legal proceedings, including any proceedings that are pending or threatened, relating to the Group, of which Aveng is aware, that may have or have had during the past 12 months, a material effect on the financial position of the Group.

15. RELATED PARTIES

15.1 As per the Listings Requirements, the Highbridge Funds and the Whitebox Funds are each a Related Party to Aveng, as they each or together as a group held, directly or indirectly, more than a 10% beneficial interest in Aveng Ordinary Shares at the Last Practicable Date.

15.2 Highbridge TCF will be the recipient of a Specific Issue of Aveng Ordinary Shares and/or Aveng Class A Shares pursuant to the equitisation of its iNguza Notes and the Highbridge Funds and the Whitebox Funds will be the recipients of a Specific Issue of Aveng Ordinary Shares and/or Aveng Class A Shares pursuant to the Specific Issue to the Underwriters. In terms of paragraph 10 of the Listings Requirements the Rights Offer will therefore require a fairness opinion to be prepared by an independent expert and the approval of the Shareholders by ordinary resolution of the Shareholders excluding the Related Parties, being the Highbridge Funds and the Whitebox Funds. Approval of the Shareholders is sought for such Related Party Transactions.

16. INDEPENDENT EXPERT REPORT

In accordance with the Listings Requirements, the Board has appointed the Independent Expert to compile a fairness opinion report on the Specific Issue to Highbridge TCF and the Underwriters. The Independent Expert has determined that the Specific Issue to each of Highbridge TCF and the Underwriters is fair to Shareholders, for the reasons and on the basis as set out in the Independent Expert's Report, which is annexed to the Circular as **Annexure 1**, in compliance with paragraph 10 of the Listings Requirements.

17. OPINIONS AND DIRECTORS' RECOMMENDATION

- 17.1** The Board, after due consideration of the Independent Expert's Report, has determined that it will place reliance on the valuations performed by the Independent Expert for the purposes of reaching its own opinion regarding the Specific Issue to the Underwriters, as contemplated in the Listings Requirements.
- 17.2** The Board, taking into account the Independent Expert's Report on the Specific Issue to Highbridge TCF and the Specific Issue to the Underwriters, has considered the terms and conditions of the Specific Issue to Highbridge TCF and the Specific Issue to the Underwriters and all members of the Board who are entitled to vote on the matter are unanimously of the opinion that the terms and conditions thereof are fair to and in the interest of Shareholders and, accordingly, recommend that Shareholders vote in favour of the resolution to be proposed at the General Meeting relating to the approval of the Specific Issue to the Highbridge TCF and the Specific Issue to the Underwriters, each as a Related Party Transaction.

18. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of Aveng as at the Last Practicable Date, whose names appear on page 9 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements as applicable.

19. CONSENTS

The transaction advisor, sponsor, attorneys, Independent Expert and the Transfer Secretaries, the details of whom are set out on the inside front cover of this Circular, have consented, in writing, to act in the capacities stated and to their names being used in this Circular and have not withdrawn their consent prior to the publication of this Circular.

20. INCORPORATION OF INFORMATION BY REFERENCE

- 20.1** Paragraph 11.61 of the Listings Requirements allows for certain required information, ordinarily prescribed for inclusion into a circular to shareholders, to rather be incorporated by way of website referencing.
- 20.2** In this regard, the Company's website has been set up to allow Shareholders, should they so wish, to review, read and download, *inter alia*, the information referenced in the table below. In accessing and utilising the Company's website, it is important to note that the Company makes available such information purely for the use by and convenience of the Shareholders and for no other purposes and, accordingly, accepts no responsibility for the use of any such information by any other person save for the purposes as hereinto explained. The information below is incorporated by reference to the Annual Financial Statements of the Company for the financial year ended 30 June 2020, a copy of which is available on <https://www.aveng.co.za/results-announcements.php>, specifically at Note 22 on page 82 thereof dealing with the material loans of the Company.

21. DOCUMENTS AVAILABLE FOR INSPECTION

In light of the COVID-19 pandemic and the current national restrictions in place in order to prevent the spread of COVID-19, copies of the following documents will be available online for inspection, on request to the Company Secretary, whose address is noted on the inside front cover of this Circular, during normal business hours, from the date of issue of this Circular until the date of the General Meeting:

- the audited financial statements of Aveng for the year ended 30 June 2020, 30 June 2019 and 30 June 2018;

- the MOI;
- a signed copy of this Circular;
- a written consents referred to in paragraph 19 above;
- the Independent Expert Report, as reproduced in **Annexure 1**;
- the power of attorney of the Board issued in favour of AH Macartney;
- a copy of the notice to the iNguza Noteholders, including the amended terms and conditions of the iNguza Notes;
- the Recapitalisation Term Sheet;
- the Underwriting Agreement; and
- detailed MIP 2021 (salient terms of which are set out in **Annexure 3**).

In order to access the above documents, they will be mailed to any requesting shareholder who requests same during the above times to the following email address: info@avenggroup.com.

For and on behalf of the Board



AH Macartney

Group Financial Director

Acting under power of attorney issued by the Board

Johannesburg

15 December 2020

ANNEXURE 1 – INDEPENDENT EXPERT REPORT

14 December 2020

The Directors
Aveng Limited
3rd Floor, 10 The High Street
Melrose Arch
Gauteng, 2076

Dear Sirs,

INDEPENDENT FAIRNESS OPINION IN RESPECT OF THE PROPOSED SPECIFIC ISSUE FOR CASH TO RELATED PARTIES

1. INTRODUCTION

In terms of an announcement published by Aveng Limited ("**Aveng**" or the "**Company**") on the Stock Exchange News Service ("**SENS**") of the JSE Limited ("**JSE**") on 25 November 2020, shareholders were advised of Aveng's intention to implement a recapitalisation transaction ("**Recapitalisation Transaction**"). The proposed Recapitalisation Transaction will include, *inter alia*:

- (a) The restructuring of Aveng and Aveng Africa Proprietary Limited current debt due to the major South African banks ("**Lenders**"), which includes a potential specific issue of shares in exchange for the settlement of debt;
- (b) The settlement of the iNguza Notes, which includes a potential specific issue of shares to the iNguza Noteholders in exchange for the redemption of the iNguza Notes ("**Redemption Issue**"). Certain of the Highbridge Funds holds iNguza Notes; and
- (c) The introduction of a minimum of ZAR300 million of new capital by way of a rights offer ("**Rights Offer**"). The Rights Offer will be underwritten by the Highbridge Funds and the Whitebox Funds ("**Underwriters**"). The Underwriters have irrevocably undertaken to follow all of their rights and subscribe for all of the Rights Offer shares to which they are entitled in terms of the Rights Offer as well as to subscribe for any Rights Offer shares that are not taken up by the shareholders and/or their renounees in terms of the Rights Offer, subject to a maximum underwritten amount of ZAR180 000 000 in respect of the Highbridge Funds and ZAR120 000 000 in respect of the Whitebox Funds (the "**Specific Issue**").

The rationale for the Recapitalisation Transaction is to reduce the existing debt-burden of ZAR2.3 billion which is currently at unsustainable levels and to assist Aveng to remain as a going concern in the short term.

In terms of the Rights Offer, ZAR300 million will be raised at an issue price of 1.5 cents per share ("**Rights Offer Price**"). The potential specific issue of Aveng ordinary shares to the Lenders and in terms of the Redemption Issue will be at 5.0 cents per share.

The Underwriters are regarded as related parties to Aveng in terms of the JSE Listings Requirements ("**Listings Requirements**"), as they each hold, directly or indirectly, more than a 10% beneficial interest in Aveng. The Specific Issue is accordingly regarded as an issue of shares to a related party.

Full particulars of the Recapitalisation Transaction, which includes the Specific Issue are contained in the circular (the "**Circular**") to Aveng shareholders to be dated on or about Friday, 18 December 2020, of which this opinion forms part.

2. SCOPE

Due to the Specific Issue being made to related parties, the Aveng board of directors ("**Board**") is required, in terms of section 5.51(f) of the Listings Requirements, to obtain a fairness opinion from an independent professional expert.

In this regard, PSG Capital Proprietary Limited ("**PSG Capital**") has been appointed by the Board as the independent professional expert, to advise, in accordance with the Listings Requirements, as to whether the Specific Issue forming part of the Recapitalisation Transaction, is fair to Aveng shareholders, other than the Underwriters ("**Shareholders**").

3. RESPONSIBILITY

Compliance with the Listings Requirements and Companies Act is the responsibility of the Board. Our responsibility is to report on the terms and conditions of the Specific Issue, as it relates to Shareholders.

We confirm that our fairness opinion has been provided to the Board for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of Shareholders. We understand that the results of our work will be used by the Board to satisfy the requirements of the Listings Requirements.

4. DEFINITION OF THE TERM "FAIR"

In terms of Schedule 5 of the Listings Requirements, fairness is primarily based on quantitative issues. The Specific Issue, forming part of the Recapitalisation Transaction will generally be considered fair to Aveng Shareholders, if the value attributable to Aveng on a per share basis, following the Specific Issue, is equal to or more than the value attributable to Aveng on a per share basis, should the Specific Issue not be concluded.

We have applied the aforementioned principle in preparing our opinion on the Specific Issue. This fairness opinion does not purport to cater for individual shareholders' positions but rather the general body of shareholders subject to the Specific Issue. A shareholder's decision regarding fairness of the Specific Issue may be influenced by his or her particular circumstances (for example taxation and the original price paid for the shares). Should a shareholder be in doubt, he or she should consult an independent adviser as to the merits of the Specific Issue, considering his/her personal circumstances.

5. SOURCES OF INFORMATION

In the course of our valuation analysis, we relied upon financial and other information, including prospective financial information, obtained from Aveng management and from various public, financial and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in opining on the Specific Issue include:

- The audited consolidated annual financial statements for Aveng for the years ended 30 June 2018 to 30 June 2020;
- The management accounts of the Aveng Moolmans division ("**Moolmans**") and McConnell Dowell division ("**MCD**") for the three months ended 30 September 2020;
- The forecasted financial information for MCD and Moolmans for the nine month period ended 30 June 2021 and the financial years ended 30 June 2022 and 30 June 2023;
- Indicative offers received/expressed to Aveng management by potential acquirors for Aveng non-core assets ("**Non-Core Assets**"); and
- The Circular to Aveng Shareholders, including the litigation statement setting out the legal claims instituted against Aveng ("**Litigation Statement**").

The draft Co-underwriting agreement entered into by Aveng and the Underwriters ("**Underwriting Agreement**")

- The current orderbook and pipeline for Aveng and its material subsidiaries.
- Discussions with Aveng directors and management regarding the financial and non-financial information relating to the Company (including the Non-Core Assets disposal) and prevailing market, economic, legal and other conditions which may affect the underlying value and the rationale for the Recapitalisation Transaction of which the Specific Issue forms part.

- Schedule of existing performance guarantees (“**Performance Guarantees**”).
- Comparative publicly available financial information on suitable peer-listed companies.
- Publicly available information relating to Aveng, and the industry in which Aveng operates that we deemed relevant, including company announcements, analysts’ reports and media articles.

6. ASSUMPTIONS

We have arrived at our opinion based on the following assumptions:

- That the terms and conditions of the Recapitalisation Transaction, which includes the Specific Issue, are legally enforceable.
- That reliance can be placed on the historical financial information and financial forecasts of Aveng used in our analysis.
- The current economic, regulatory and market conditions will not change materially.
- That Aveng is not involved in any undisclosed material legal proceedings.
- That Aveng does not have material outstanding disputes with any regulatory body, including the South African Revenue Service, other than disclosed in the Litigation Statement.
- There are no material undisclosed contingencies that could affect the value of Aveng Ordinary Shares.
- The Specific Issue will not give rise to any undisclosed tax liabilities.

7. APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- Considering the historical trends of information and assumptions provided by Aveng management;
- Comparing and corroborating such information and assumptions with external sources of information, to the extent that information is available; and
- Determining the extent to which representations from management and other industry experts were confirmed by documentary evidence as well as our understanding of Aveng and the economic environment in which it operates.

8. PROCEDURES

In arriving at our opinion, we relied upon financial and other information, obtained from management together with industry-related and other information in the public domain. Our conclusion is dependent on such information being accurate in all material respects.

In arriving at our opinion we have, *inter alia*, undertaken the following procedures in evaluating the fairness of the Specific Issue:

- Reviewed the terms and conditions contained in the draft Circular;
- Reviewed the terms and conditions contained in the Underwriting Agreement;
- Reviewed and analysed the aforementioned financial information on Aveng;
- Reviewed the reasonableness of the information made available by and from discussions held with Aveng management, *inter alia*:
 - the rationale for the Specific Issue;
 - the events leading up to the Recapitalisation Transaction; and
 - the current market conditions relating to Aveng and its underlying operations.
- Performed a sum-of-the-parts (“**SOTP**”) valuation of Aveng taking into account the following divisions within Aveng:
 - Moolmans;
 - MCD;
 - the value attributable to the Non-Core Assets; and
 - cash and debt-like items.

- Considered the potential financial impact of the Litigation Statement on Aveng (“**Litigation Exposure**”);
- Considered the likelihood of third parties exercising the Performance Guarantees (“**Guarantees Exposure**”) and quantification of same, should the Recapitalisation Transaction not proceed;
- Where relevant, corroborated representations made by management to source documents;
- Reviewed certain publicly available information relating to Aveng and its underlying operations that we have deemed relevant;
- Obtained letters of representation from Aveng management asserting that we have been provided with all relevant information and that no material information was omitted and that all such information provided to us is accurate in all respects [to be obtained]; and
- Considered other relevant facts and information relevant to concluding this opinion.

9. VALUATION METHODOLOGY

In considering the Specific Issue, PSG Capital performed an independent valuation of Aveng on the SOTP basis, applying the methodologies set out below, adjusted for the carrying value of interest-bearing debt, as well as the fair values of other cash and debt like items, to determine whether the Specific Issue is fair to the Shareholders.

Moolmans	<ul style="list-style-type: none"> • Discounted cash flow (“DCF”) valuation as our primary valuation methodology. We furthermore applied a market multiple approach as a secondary valuation approach.
MCD	<ul style="list-style-type: none"> • DCF valuation as our primary valuation methodology. We furthermore applied a market multiple approach as a secondary valuation approach.
Non-core assets	<ul style="list-style-type: none"> • Earnings-multiple valuation methodology as well as indicative offers received by independent third parties on the non-core assets.

Key internal value drivers identified in the valuation of Aveng include, *inter alia*:

- revenue growth, cost efficiencies, net profit/loss margins, which directly impacts the profitability and cash generated by the Company. Any decrease in the profitability and cash generated by the Company will result in a decrease in the value attributable to Aveng and *vice versa*; and
- the optimal weighted average cost of capital (“**WACC**”). Any increase in the WACC applied would result in a decrease in the value of Aveng and *vice versa*.

The key value drivers as set out above are influenced by various factors, including, *inter alia*:

- the growth opportunities in the core industries in which Aveng operates, being the African mining industry and the Australasian engineering and construction industry and its pipeline projects in these respective industries; and
- the ability of Aveng to achieve the forecasted revenue and profit growth. enabled by, *inter alia*, mineral resource pricing and demand in the commodities in which Moolmans operates, investment activity in the African mining industry, and the continued infrastructure spend in Australasia.

Key external value drivers identified in the valuation of Aveng include, *inter alia*:

- orderbook and pipeline realisation, Litigation Exposure, Guarantees Exposure, the state of the economies and changes in the regulatory environment in which Aveng and its underlying operations operate.

Sensitivity analyses were conducted, where practical, utilising key value drivers, which included, *inter alia*, the discount rate, exit multiple, forecasted revenue, forecasted margins and forecasted capital expenditure applied in the valuations.

A variance range of 0.5% up and down in the discount rate applied and a 0.2x variance up and down in the exit multiple applied in the DCF valuations of Moolmans and MCD and the resultant Aveng enterprise value, resulted in a variation range on the calculated enterprise value of Aveng of 5.4% and 15.7% respectively.

10. OPINION

We have considered the terms and conditions of the Specific Issue as set out above. Our value assessment, and resultant opinion is based on the current economic, market, regulatory and other conditions and the information made available to us by Aveng management.

Based on the results of our procedures and analysis performed, we are of the view, subject to the limiting conditions as set out below, that the terms and conditions of the Specific Issue to the Underwriters are fair to Aveng Shareholders as the value attributable to Aveng on a per share basis, following the Specific Issue, is higher than the value attributable to Aveng on a per share basis should the Recapitalisation Transaction, which includes the Specific Issue, not be concluded.

11. LIMITING CONDITIONS

This opinion is provided to the Board in connection with and for the purpose of the Specific Issue for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of the Aveng Shareholders, other than the Underwriters. This opinion is prepared solely for the Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

The forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those forecasted by the management of Aveng.

We relied upon the accuracy of the information used by us in deriving our opinion, albeit that, where practicable, we have corroborated the reasonableness of such information and assumptions through, amongst other things, reference to historic precedent and our knowledge and understanding. Whilst our work has involved an analysis of the annual financial statements, forecasts and other information provided to us, our engagement does not constitute nor does it include an audit conducted in accordance with applicable auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us in respect of the Specific Issue.

The opinion expressed is necessarily based upon information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals required in connection with the Specific Issue have been or will be properly fulfilled. Subsequent developments may affect our opinion, however, we are under no obligation to update, revise or re-affirm such.

12. INDEPENDENCE

We have been retained by the Board as an independent expert to advise the Board in connection with the Specific Issue. We confirm in terms of Schedule 5 of the Listings Requirements that we have no material interest, direct or indirect, beneficial or non-beneficial in Aveng and that our fees are not contingent upon the success or failure of the Specific Issue.

13. CONSENT

We hereby consent to the inclusion of this opinion and references thereto, in whole or in part, in the form and context in which they appear to be included in any required regulatory announcement or documentation regarding the Specific Issue.

Yours faithfully

RIAAAN VAN HEERDEN
PSG CAPITAL PROPRIETARY LIMITED

ANNEXURE 2 – TRADING HISTORY OF THE SHARES ON THE JSE

The trading history of Aveng Ordinary Shares on the JSE, for each day over the 30 days preceding the Last Practicable Date and for each month over the 12 months prior to the Last Practicable Date, is set out below:

	High (cents)	Low (cents)	Volume traded (000' shares)	Value traded (000' Rand)
Month end				
31/12/2019	2.00	1.00	239 811	4 468
31/01/2020	3.00	1.00	387 128	7 705
29/02/2020	3.00	1.00	451 523	9 038
31/03/2020	2.00	1.00	224 390	4 300
30/04/2020	2.00	1.00	311 435	5 095
31/05/2020	2.00	1.00	372 152	6 879
30/06/2020	4.00	1.00	943 401	27 212
31/07/2020	4.00	3.00	461 839	15 104
31/08/2020	4.00	2.00	770 045	9 962
30/09/2020	3.00	2.00	170 096	1 667
31/10/2020	3.00	2.00	155 004	2 111
30/11/2020	3.00	2.00	346 841	2 429
Day ended				
27/10/2020	3.00	2.00	6 727	111
28/10/2020	3.00	2.00	3 610	92
29/10/2020	3.00	2.00	2 211	66
30/10/2020	3.00	2.00	6 668	74
02/11/2020	3.00	2.00	7 302	66
03/11/2020	3.00	2.00	5 338	62
04/11/2020	3.00	2.00	8 897	35
05/11/2020	3.00	2.00	1 045	23
06/11/2020	3.00	2.00	3 363	56
09/11/2020	3.00	2.00	12 458	188
10/11/2020	3.00	2.00	20 991	189
11/11/2020	3.00	2.00	6 557	82
12/11/2020	3.00	2.00	72 609	283
13/11/2020	3.00	2.00	10 083	109
16/11/2020	3.00	2.00	27 157	86
17/11/2020	3.00	2.00	9 289	100
18/11/2020	3.00	2.00	7 044	112
19/11/2020	3.00	2.00	12 789	58
20/11/2020	3.00	2.00	4 645	58
23/11/2020	3.00	2.00	15 873	61
24/11/2020	3.00	2.00	17 510	91
25/11/2020	3.00	2.00	21 656	129
26/11/2020	3.00	2.00	16 893	188
27/11/2020	3.00	2.00	16 369	81
30/11/2020	3.00	2.00	48 974	372
01/12/2020	3.00	2.00	17 193	260
02/12/2020	3.00	2.00	12 185	213
03/12/2020	3.00	2.00	24 349	103
04/12/2020	3.00	2.00	15 864	164
07/12/2020	3.00	2.00	129 238	532

Note: The above information was sourced from Factset as at 8 December 2020

ANNEXURE 3 – SALIENT DETAILS OF MIP 2021

Introduction

The Company plans to implement a new share scheme namely the Key Management Incentive Plan 2021 (MIP 2021) for key senior executives. The purpose of these salient features is to set out the main principles of the MIP 2021 as well as obtain shareholder approval to adopt and implement MIP 2021. Participants in the MIP 2021 shall for the duration thereof be excluded from and not be eligible for participation in any other LTI.

Rationale

The Balance-Sheet Restructure Transaction (**BSR**) is a pivotal juncture into the future sustainability and financial well-being of Aveng, as more fully described in this circular. The rationale for the implementation of MIP 2021 is to ensure that, post the BSR, the senior executives successfully implement the future strategy and business plan of the Company.

Underwriter Requirement

As part of their investment decision, the shareholders who are underwriting the Rights Offer forming a substantial part of the BSR, require key members of the management team (herein referred to as “**Key Management**” or “**Participants**”) who are primarily responsible for (i) implementation of the restructure transaction, (ii) implementation of the Company strategy; and (iii) delivering the operating performance of the two core business are (a) committed, (b) incentivised and (c) aligned with, (I) existing and future shareholders, and (II) the South African Lender group.

Once-off award

As such, the MIP 2021 is a once-off award to Key Management to achieve the Objectives set out below.

Purpose and Objectives

The purpose of the MIP 2021 is to provide Key Management with a one-off opportunity of receiving Shares in the Company through the granting of Awards, thereby:

- (a) recognising the extraordinary contributions to be made by Key Management to complete the BSR;
- (b) recognising that the Awards will be subject to Performance Conditions and will only vest if such Performance Conditions are met;
- (c) aligning the interests of the Participants and the interest of shareholders in terms of the Rights Offer by ensuring the Participants have a meaningful shareholding in the Company; and
- (d) retaining Participants in the employ of the Company.

(herein referred to as “**the Objectives**”)

Brief overview of MIP 2021

Basis of Awards to Participants [14.1(f)]

The MIP 2021 provides that a (i) BSR Award and/or (ii) Performance Award and/or (iii) Retention Award (collectively referred to as **Forfeitable Shares**) be awarded on the following basis, in relation to:

- (a) *the BSR Award*: the Vesting thereof shall take place as soon as practically possible following the completion of the Rights Offer;
- (b) *the Performance Award*: the Vesting thereof is subject to the satisfaction of Performance Conditions and the Employment Condition in line with the Group’s approach of performance related incentives; and
- (c) *the Retention Award*: the Vesting thereof is subject to the satisfaction of the Employment Conditions.

The MIP is intended to be settled by the issue of ordinary shares to the selected participants. The maximum shareholder dilution in aggregate is 7.7% of issued share capital and an individual dilution limit of 2.35% of issued share capital of the Company, both percentages post the implementation of the Balance-Sheet Restructure Transaction. [14.1(b)]

Participants will give no consideration for the award, settlement, vesting or exercise of awards. [14.1(d)(i)]

Except for the restrictions envisaged in b and c above, the Participant has all other shareholder rights, including voting and dividend rights, in respect of Forfeitable Shares and will rank *pari passu* with existing Shares. 14.1(e)

Awards made in terms of MIP 2021 will be subject to malus and clawback based on the Company's malus and clawback policy. Malus and clawback are incorporated into the plan rules.

Eligibility

MIP 2021 is designed for a select group of participants as determined by the Remuneration Committee. [14.1(a)]

Type of awards, performance conditions and vesting levels

The following important details are contained in **Annexure A**:

- (a)** Participants: The Participants who have been pre-approved by the Remuneration Committee, subject to the provisions hereof and the MIP 2021 being approved by shareholders.
- (b)** Value of Awards: The proposed number of units to be awarded and Rand value allocated to each Participant.
- (c)** Awards Split: The percentage split between (i) BSR Awards; (ii) Retention Awards; (iii) Performance Condition Awards.
- (d)** Vesting Conditions: The vesting conditions relating to the Awards, and timing relating thereto.
- (e)** Performance Conditions: The performance conditions relating to the Awards to be set and approved by the Remuneration Committee. For a Performance Award that is issued as part of the BSR as set out in **Annexure A**, the Performance Awards that do not meet the Performance Conditions at 24 months will be subject to re-testing at 36 months.

Manner of settlement [14.1(d)(i)]

MIP 2021 will be settled in forfeitable shares by the upfront issue of shares at Nil value, as soon as practically possible after the Rights Offer and shareholder approval of MIP 2021. The forfeitable shares will be held in Escrow from settlement date to vesting date.

Limits and adjustments

The overall Company limit for MIP 2021 will not exceed 4 000 000 000 (four billion) shares which equates to approximately 7.7% of the company post the Balance-Sheet Restructure Transaction. The committee must, where required, adjust the limit (without the prior approval of shareholders in a general meeting), to take account of a sub-division or consolidation of the shares of the company. [14.1(b) and 14.3(a)].

The maximum number of shares which may be settled to any individual participant in aggregate under MIP 2021, may not exceed 1 200 000 000 (one billion, two hundred million) shares, which represents approximately 2.35% of the number of issued shares of the Company post the Balance-Sheet Restructure Transaction. [14.1(c)] The committee may, where required, adjust the individual limit to take account of a capitalisation issue, a special distribution, a rights issue or reduction in capital of the Company. [14.3(b)]

The auditors, or other independent advisor acceptable to the JSE, shall confirm to the JSE in writing that any adjustment made in terms of this paragraph has been properly calculated on a reasonable and equitable basis, in accordance with the rules of the plans and must be reported on in the Company's financial statements in the year during which the adjustment is made. The issue of shares as consideration for an acquisition, and the issue of shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the Company limit and the individual limit. [14.3 (c), (d), (e)]

Termination of employment [14.1(h)]

Resignation, retirement, retrenchment and dismissal

All participants terminating employment due to resignation, retirement or dismissal from the employ of the Company will be classified as "fault terminations" and will forfeit all unvested awards.

Mutual separation, disability, death, and sale of an employer company

Participants terminating employment due to retrenchment, mutual separation, disability, death or the sale of an employer company will be classified as "no fault terminations", and all unvested awards will vest. The Mutual Separation is subject to impact on vesting of awards being unaffected, unless the Remuneration Committee determines otherwise, in which instance the effect will be agreed, failing which, determined by an arbitrator on a fair and reasonable basis.

Change of control [14.1(g)]

As a result of the BSR and the resultant significant deleveraging of the Company, the Company may become the target for a takeover and potential Change of Control. It would be inequitable that the Participants who have negotiated and implemented the BSR should be prejudiced in terms of maximum Vesting of the Awards as a result of a Change of Control transaction. Accordingly, in the event of a Change of Control of the Company before the Vesting Date, all Awards shall Vest as soon as possible of such occurrence of a Change of Control.

Variation in share capital [14.3]

In the event of a Rights Issue, Capitalisation Issue, unbundling or any other corporate action or other event affecting the share capital of the Company or in the event of the Company making distributions including a distribution *in specie* or a payment in terms of section 46 of the Companies Act (other than a dividend paid in the ordinary course of business out of distributable reserves) before the Vesting Date in respect of an Award, the Committee may make such adjustment to the number of unvested Shares comprised in the Award or the Award Price as it deems appropriate. Such adjustment should place the Participant in substantially no worse economic position as he was prior to such event occurring. [14.3(a)(b)]

The issue of Shares as consideration for an acquisition, and the issue of Shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to Awards. [14.3(c)]

Where necessary, in respect of any such adjustments, the Company's Auditors or other independent advisor acceptable to the JSE, acting as experts and not as arbitrators, will confirm to the Company in writing that these are calculated on a reasonable and non-prejudicial basis. [14.3(d)]

Any adjustments made will be reported in the Company's annual financial statements in the year during which the adjustment is made. [14.3(e)]

If the Company is placed into liquidation for purposes other than re-organisation, an Award will *ipso facto* lapse as from the Liquidation Date. [14.1(e)]

Amendments [14.2]

The Committee may alter or vary the rules of the new plans as it sees fit, however, in the following instances the new plans may not be amended without the prior approval of the JSE and a resolution by the shareholders of 75% of the voting rights:

- the category of persons who are eligible for participation in the MIP 2021;
- the number of shares which may be utilised for the purpose of the MIP 2021;
- the individual limitations on benefits or maximum entitlements;
- the basis upon which awards are made;
- the amount payable upon the award, vesting, exercise and settlement of an award;
- the voting, dividend, transfer and other rights (as applicable) attached to the awards, including those arising on a liquidation of the Company;
- the adjustment of awards and price in the event of a variation of capital of the Company or a change of control of the Company;
- the procedure to be adopted in respect of the vesting of awards in the event of change of control; and
- the procedure to be adopted in respect of the vesting of awards in the event of termination of employment.

Malus, Clawback and Trigger Events

For the MIP 2021, Malus will apply up to the vesting date. Claw-back will apply subsequent to the vesting date and will be regulated in terms of the Company's existing policy in this regard. The trigger events that could result in malus or claw-back (as the case may be) being invoked are contained in the remuneration report.

General

In light of the COVID-19 pandemic and the restrictions in place to curb the spread of COVID-19, the rules of the MIP 2021 will be available for digital inspection by request to the company secretary whose details are on the inside cover page of the Circular.

In terms of the JSE Listings Requirements, the passing of Special Resolution number 4 to adopt the MIP 2021 requires the approval of a 75% the voting rights of the Shareholders.



AVENG LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1944/018119/06)
Share code on the JSE: AEG ISIN: ZAE000111829
("Aveng" or "the Company")

NOTICE OF GENERAL MEETING

The definitions and interpretations commencing on page 5 of the Circular to which this Notice of General Meeting is attached apply to this Notice of General Meeting.

NOTICE IS HEREBY GIVEN that a General Meeting of Shareholders of Aveng will be held at 09:00 on Wednesday, 20 January 2021 virtually on the electronic platform www.smartgram.co.za for the purpose of considering and, if deemed fit, passing, with or without modification, the special resolutions set out in this notice.

SPECIAL RESOLUTION NUMBER 1: AMENDMENT OF MOI TO CREATE NEW CLASS OF SECURITIES

"RESOLVED THAT, subject to the passing of Special Resolutions 2, 3 and 4 and Ordinary Resolutions 1, 2, 3, 4, 5, 6 and 7, clause 7.1 of the Company's memorandum of incorporation be and is hereby deleted and replaced with the following new clause 7.1:

"7.1 Ordinary shares and A shares

- 7.1.1 *The Company is authorised to issue 180 882 034 263 ordinary Shares and so many additional ordinary Shares as may be required to be issued pursuant to a conversion of A Shares by a holder thereof under clauses 7.1.5 and 7.1.6 below. The ordinary Shares shall have no par value, shall all be of the same class, and shall rank pari passu, as contemplated in terms of paragraph 3.29 of the JSE Listings Requirements and any future amendment thereto, with one another in respect of all rights. Each ordinary Share shall entitle the holder to 1 (one) vote on any matter to be decided by the Shareholders of the Company at every general meeting (including every annual general meeting) by way of a poll, whether by person or by proxy.*
- 7.1.2 *Each ordinary Share shall also entitle the holder:*
- 7.1.2.1 *to receive any distribution in accordance with the holder's voting power;*
- 7.1.2.2 *on liquidation of the Company, to receive the net assets of the Company in accordance with the holder's voting power;*
- 7.1.2.3 *to all the preferences, rights or other terms set out in the Act or this Memorandum; and*
- 7.1.2.4 *to any other rights at common law insofar as such rights are not inconsistent with this Memorandum or the Act.*
- 7.1.3 *The Company is authorised to issue 500 000 000 000 A shares. The A Shares shall have no par value, shall all be of the same class, shall rank pari passu with one another in respect of all rights, and (save as regards voting rights, which is set out below) shall rank pari passu with the ordinary Shares. Each A Share shall entitle the holder to 1 (one) vote on any matter to be decided by the holders of the A Shares and in respect of which such holders of the A Share may vote on as a class, including (i) in relation to any proposal to amend the preferences, rights, limitations and other terms associated with the A Shares (with any such amendment requiring the vote of at least 75% of the holders of the A Shares), and (ii) where the provisions of the Act otherwise requires that the holders of the A Shares be entitled to vote; but an A Share will not entitle the holder to vote on matters which are to be decided by or voted on by the holders of the Ordinary Shares at a meeting of the holders of the Ordinary Shares.*

- 7.1.4 *Each A Share shall also entitle the holder:*
 - 7.1.4.1 *to receive any distribution pari passu with an ordinary Share;*
 - 7.1.4.2 *on liquidation of the Company, to receive the net assets of the Company pari passu with an ordinary Share;*
 - 7.1.4.3 *to all the preferences, rights or other terms set out in the Act or the Memorandum; and*
 - 7.1.4.4 *to any other rights at common law insofar as such rights are not inconsistent with this Memorandum of the Act.*
- 7.1.5 *Each A Share shall be convertible, at any time at the election of the holder thereof on the basis set out below, into 1 (one) ordinary Share ("Conversion Ratio"), which Conversion Ratio shall be adjusted accordingly in order to prevent dilution or concentration of the A Shares or the rights and entitlements attaching thereto, due to corporate actions of the Company including subdivision, consolidation, reclassification or unbundling of ordinary Shares, distributions to the holders of ordinary Shares, repurchase of ordinary Shares, the further issuance of ordinary Shares below the market value thereof or any other event that has a dilutive or concentrative effect on the A Shares.*
- 7.1.6 *At any time and at the sole discretion of the holder of an A Share, the A Share shall be freely convertible into 1 (one) ordinary Share as follows:*
 - 7.1.6.1 *If the holder of an A Share elects to convert an A Share into an ordinary Share, the holder shall be required to deliver a written notice ("**Conversion Notice**") to the Company indicating (i) that the holder wishes to convert the relevant A Share into an ordinary Share, (ii) the number of A Shares it so wishes to convert; and (iii) the proposed date of conversion ("**Proposed Conversion Date**"). The holder delivering a Conversion Notice, must further deliver to the Company the relevant share certificate(s) relating to the A Share(s) to be converted into ordinary Share(s). The Conversion Notice must be delivered no later than [2 (two)] business days prior to the Proposed Conversion Date.*
 - 7.1.6.2 *Following receipt of a Conversion Notice, the Company shall:*
 - 7.1.6.2.1 *notify the Commission of such conversion in the required form and within the required time periods as set out in the Act; and*
 - 7.1.6.2.2 *apply for the listing of the converted number of ordinary Shares in accordance with the JSE Listings Requirements."*

Explanatory note in respect of Special Resolution Number 1

The amendment of the MOI required the approval of the Shareholders by special resolutions in terms of paragraph 5.92 (A) of the Listings Requirements, the MOI and section 16(1)(c) of the Companies Act. The effect of Special Resolution Number 1 is that the requisite approval, in terms of paragraph 5.92(A) of the Listings Requirements, the MOI and section 16(1)(c) of the Companies Act, will be granted by Shareholders in order for the amendment of the MOI to be implemented.

The percentage of voting rights that will be required for this ordinary resolution to be adopted is 75% of the votes exercised on the resolution.

All Shareholders are entitled to vote in respect of Special Resolution Number 1.

SPECIAL RESOLUTION NUMBER 2: APPROVAL OF CONVERSION OPTION

"RESOLVED THAT, subject to the passing of Special Resolutions 1, 3 and 4 and Ordinary Resolutions 1, 2, 3, 4, 5, 6 and 7, the allotment and issue of ordinary Shares to holders of A Shares as a result of such holders requiring the conversion of A Shares into ordinary Shares under the Company's memorandum of incorporation be and is hereby approved as and when any holder of A Shares may elect to do so, now or at any time in the future."

Explanatory note in respect of Special Resolution Number 2

The reason and effect for this Special Resolution Number 2 is to grant the necessary approval (required in terms of paragraph 5.9.2(A)(b) of the Listings Requirements) for the future conversion of the Aveng Class A Shares into Aveng Ordinary Shares as and when holders of Aveng Class A Shares exercise their conversion options under the MOI.

The percentage of voting rights that will be required for this ordinary resolution to be adopted is 75% of the votes exercised on the resolution.

All Shareholders are entitled to vote in respect of Special Resolution Number 2.

SPECIAL RESOLUTION NUMBER 3: AUTHORISING THE RIGHTS OFFER AND PLACING OF THE RIGHTS OFFER SHARES (IN THE AUTHORISED BUT UNISSUED SHARE CAPITAL OF AVENG) UNDER THE CONTROL OF THE BOARD

“RESOLVED THAT, subject to the passing of Special Resolutions 1, 2 and 4 and Ordinary Resolutions 1, 2, 3, 4, 5, 6 and 7, the Rights Offer and the allotment and issue of ordinary Shares and A Shares pursuant thereto be and is hereby approved in terms of section 41(3) of the Companies Act, 2008 and that such number of ordinary Shares and A Shares in the unissued authorised share capital of the Company as may be required therefor and as determined by the Board, in its discretion, specifically for the purpose of implementing the Rights Offer and the allotment and issue of ordinary Shares and A Shares pursuant thereto, be and are hereby placed under the control of the Board with specific authority to allot and issue such Shares on such terms and conditions as may be determined by the Board, in its discretion, for the specific purpose of implementing the Rights Offer, subject to the applicable provisions of the Companies Act, the Company’s memorandum of incorporation and the Listings Requirements of the JSE.”

Explanatory note in respect of Special Resolution Number 3

The reason and effect for this Special Resolution Number 3 is to authorise the Rights Offer and the allotment and issue of the Rights Offer Shares pursuant thereto and then to place the Rights Offer Shares under the control of the Board with specific authority to issue such Aveng Ordinary Shares and Aveng Class A Shares for the specific purpose of implementing the Rights Offer.

The voting power of the Aveng Class A Shares to be issued under the Rights Offer will exceed 30% of the voting power of the Aveng Class A Shares in issue immediately prior to the Rights Offer as contemplated in section 41(3) of the Companies Act. Accordingly, the percentage of voting rights required for the adoption of this Special Resolution Number 3 is more than 75% of the voting rights exercised on this special resolution.

All Shareholders are entitled to vote in respect of Ordinary Resolution Number 1.

ORDINARY RESOLUTION NUMBER 1: FURTHER SPECIFIC ISSUE TO THE UNDERWRITERS

“RESOLVED THAT, subject to (i) the passing of Special Resolutions 1, 2, 3 and 4 and Ordinary Resolutions 2, 3, 4, 5, 6 and 7 and (ii) the Company becoming required to issue further shares to Highbridge Tactical Credit Master Fund, L.P., Highbridge SCF Special Situations SPV, L.P. and Whitebox Multi-Strategy Partners L.P., Whitebox GT Fund L.P., Pandora Select Partners L.P. and Whitebox Caja Blanca Fund L.P. in compensation for their underwriting fee and in order for them to achieve their required minimum investment level (taking into account all ordinary Shares and A Shares allotted to them pursuant to the Rights Offer, the allotment and issue to Highbridge Tactical Credit Master Fund, L.P., Highbridge SCF Special Situations SPV, L.P. and/or Whitebox Multi-Strategy Partners L.P., Whitebox GT Fund L.P., Pandora Select Partners L.P. and Whitebox Caja Blanca Fund LP of the requisite number of ordinary Shares and A Shares in the unissued authorised share capital of the Company as may be required therefor be and are hereby approved, that the current holders of ordinary Shares hereby waive their pre-emptive rights to first be offered such ordinary Shares and A Shares in accordance with paragraph 3.30 of the Listings Requirements of the JSE and the provisions of the Company’s memorandum of incorporation, and that such number of ordinary Shares and A Shares as may be required for that specific purpose and as determined by the Board, in its discretion, be and are hereby placed under the control of the Board with the specific authority to allot and issue such ordinary Shares and A Shares on such terms and conditions as may be determined by the Board, in its discretion, for the specific purpose as aforesaid.”

Explanatory note in respect of Ordinary Resolution Number 1

In order to fully realise the Rights Offer of ZAR300 000 000, the underwriting provided in respect thereof and the Underwriters’ minimum take up thereunder, it may be necessary to issue further shares to the Highbridge Funds and/or the Whitebox Funds. The issuing of the shares pursuant to the Specific Issue to the Highbridge Funds and the Whitebox Funds require the approval of Aveng Shareholders in terms of paragraph 5.51(g) of the Listings Requirements and the MOI. The effect of Ordinary Resolution Number 1 is that the requisite approval, in terms of paragraph 5.51(g) of the Listings Requirements and the MOI, will be granted by the Shareholders in order for the Specific Issue to the Highbridge Funds and the Whitebox Funds to be implemented.

The percentage of voting rights that will be required for this ordinary resolution to be adopted is 75% of the votes exercised on the ordinary resolution.

As per the Listings Requirement paragraph 10.4(e), the Highbridge Funds and the Whitebox Funds will be taken into account in determining a quorum at the meeting, but the Highbridge Funds' and the Whitebox Funds' votes and those of its associates will be excluded from voting on Ordinary Resolution Number 1 to be proposed at the General Meeting.

ORDINARY RESOLUTION NUMBER 2: APPROVAL OF THE SPECIFIC ISSUE TO LENDERS

“RESOLVED THAT, subject to the passing of Special Resolutions 1, 2, 3 and 4 and Ordinary Resolutions 1, 3, 4, 5, 6 and 7, the allotment and issue to each lender reflected in the table below of the number of ordinary Shares in the unissued but authorised share capital of the Company set out in the table below in consideration and discharge of the debt amount due to that lender also set out in the table below be and are hereby approved, that the current holders of ordinary Shares hereby waive their pre-emptive rights to first be offered such ordinary Shares in accordance with paragraph 3.30 of the Listings Requirements of the JSE and the provisions of the Company’s memorandum of incorporation, and that such ordinary Shares be and are hereby placed under the control of the Board with the specific authority to allot and issue such ordinary Shares on such terms and conditions as may be determined by the Board, in its discretion, for the specific purpose of the restructure of the Balance-Sheet of the Company and the resultant issue of ordinary shares to lenders:

Lender	Aveng Ordinary Shares	Price per Aveng Ordinary Share	Share value (for equivalent debt settlement)	Percentage shareholding
Absa	4 087 406 112	5 cents	ZAR204 370 306	9.15
Investec	653 970 570	5 cents	ZAR32 698 528	1.46
SBSA	3 093 469 039	5 cents	ZAR154 673 452	6.93

Explanatory note in respect of Ordinary Resolution Number 2

The issuing of the shares pursuant to the Specific Issue to the Lenders requires the approval of Aveng Shareholders in terms of paragraph 5.51(g) of the Listings Requirements and the Company’s MOI. The effect of Ordinary Resolution Number 2 is that the requisite approval, in terms of paragraph 5.51(g) of the Listings Requirements and the Company’s MOI, will be granted by Shareholders in order for the Specific Issue to the Lenders to be implemented.

The percentage of voting rights that will be required for this ordinary resolution to be adopted is 75% of the votes exercised on the ordinary resolution.

Other than any of the Lenders referred to in the table above, all Shareholders are entitled to vote in respect of Ordinary Resolution Number 2.

ORDINARY RESOLUTION NUMBER 3: APPROVAL OF SPECIFIC ISSUE TO HIGHBRIDGE TCF UNDER INGUZA REDEMPTION

“RESOLVED THAT, subject to (i) the passing of Special Resolutions 1, 2, 3 and 4 and Ordinary Resolutions 1, 2, 4, 5, 6 and 7 and (ii) the Company becoming required to so under the relevant agreements relating thereto, the allotment and issue to Highbridge Tactical Credit Master Fund, L.P. of 79 271 515 ordinary Shares in the unissued but authorised share capital of the Company be and are hereby approved, that the current holders of ordinary Shares hereby waive their pre-emptive rights to first be offered such ordinary Shares in accordance with paragraph 3.30 of the Listings Requirements of the JSE and the provisions of the Company’s memorandum of incorporation, and that such ordinary Shares be and are hereby placed under the control of the Board with the specific authority to allot and issue such ordinary Shares on such terms and conditions as may be determined by the Board, in its discretion, for the specific purpose of the restructure of the Balance-Sheet of the Company and the debt due to holders of notes issued by iNguza Investments (RF) Limited.”

Explanatory note in respect of Ordinary Resolution Number 3

The issuing of Aveng Ordinary Shares pursuant to the Specific Issue to iNguza Noteholders requires the approval of Aveng Shareholders in terms of paragraph 5.51(g) of the Listings Requirements and the Company’s MOI. The effect of Ordinary Resolution Number 3 is that the requisite approval, in terms of paragraph 5.51(g) of the Listings Requirements and the Company’s MOI, will be granted by the Shareholders in order for the Specific Issue to Highbridge TCF, as an iNguza Noteholder, to be implemented.

The percentage of voting rights that will be required for this ordinary resolution to be adopted is 75% of the votes exercised on the ordinary resolution.

As per the Listings Requirement paragraph 5.51(g), Highbridge TCF (as a holder of iNguza Notes) will be taken into account in determining a quorum at the meeting, but its votes and those of its associates will be excluded from voting on Ordinary Resolution Number 2 to be proposed at the General Meeting. All other Shareholders are entitled to vote in respect of Ordinary Resolution Number 3.

ORDINARY RESOLUTION NUMBER 4: RELATED PARTY TRANSACTIONS

“RESOLVED THAT, subject to the passing of Ordinary Resolutions 1 and 3, the specific allotment and issue of ordinary Shares and A Shares to Highbridge Tactical Credit Master Fund, L.P., Highbridge SCF Special Situations SPV, L.P., and Highbridge Tactical Credit Master Fund, L.P., Highbridge SCF Special Situations SPV, L.P. and Whitebox Multi-Strategy Partners L.P., Whitebox GT Fund L.P., Pandora Select Partners L.P. and Whitebox Caja Blanca Fund L.P. pursuant to Ordinary Resolutions 1 and 3 be and are hereby approved as “related party transactions” in terms of paragraph 10.4(e) of the Listings Requirements.”

Explanatory note in respect of Ordinary Resolution Number 4

The specific allotment and issue of Aveng Ordinary Shares and Aveng Class A Shares to (i) Highbridge TCF in exchange for the redemption and cancellation of the iNguza Notes held by it; and (ii) the Highbridge Funds and the Whitebox Funds (Whitebox also being Related Parties) in order to fully realise the Rights Offer of ZAR300 000 000, the underwriting provided in respect thereof and the Underwriters’ minimum take up, requires the approval of the Shareholders, excluding Highbridge and Whitebox (each as a Related Party) and their associates, by way of an ordinary resolution in accordance with paragraph 10.4(e) of the Listings Requirements.

The percentage voting rights that will be required for this ordinary resolution to be adopted is 50% of the votes exercised on the resolution.

As per the Listings Requirement paragraph 10.4(e), Highbridge and Whitebox will be taken into account in determining a quorum at the meeting, but Highbridge and Whitebox’s votes and those of their associates will be excluded from voting on Ordinary Resolution Number 4 to be proposed at the General Meeting.

ORDINARY RESOLUTION NUMBER 5: APPROVAL OF SPECIFIC ISSUE TO INGUZA NOTEHOLDERS UNDER INGUZA REDEMPTION

“RESOLVED THAT, subject to (i) the passing of Special Resolutions 1, 2, 3 and 4 and Ordinary Resolutions 1, 2, 3, 4, 6 and 7; and (ii) the Company becoming required to so under the relevant agreements relating thereto, the allotment and issue to other holders of notes issued by iNguza Investments (RF) Limited of up to 533 377 799 ordinary Shares in the unissued but authorised share capital of the Company be and are hereby approved, that the current holders of ordinary Shares hereby waive their pre-emptive rights to first be offered such ordinary Shares in accordance with paragraph 3.30 of the Listings Requirements of the JSE and the provisions of the Company’s memorandum of incorporation, and that such ordinary Shares be and are hereby placed under the control of the Board with the specific authority to allot and issue such ordinary Shares on such terms and conditions as may be determined by the Board, in its discretion, for the specific purpose of the restructure of the Balance-Sheet of the Company and the debt due to holders of notes issued by iNguza Investments (RF) Limited.”

Explanatory note in respect of Ordinary Resolution Number 5

The issuing of the shares pursuant to the Specific Issue to the iNguza Noteholders requires the approval of Aveng Shareholders in terms of paragraph 5.51(g) of the Listings Requirements and the MOI. The effect of Ordinary Resolution Number 5 is that the requisite approval, in terms of paragraph 5.51(g) of the Listings Requirements and the MOI, will be granted by the Shareholders in order for the Specific Issue to the iNguza Noteholders to be implemented.

The percentage of voting rights that will be required for this ordinary resolution to be adopted is 75% of the votes exercised on the ordinary resolution.

All Shareholders are entitled to vote on Ordinary Resolution Number 5.

SPECIAL RESOLUTION NUMBER 4: APPROVAL OF MIP 2021

“RESOLVED THAT, subject to the passing of Special Resolutions 1, 2 and 3 and Ordinary Resolutions 1, 2, 3, 4, 5, 6 and 7, the management incentive plan pursuant to the Balance-Sheet restructure transaction (2021) be and is hereby approved in terms of paragraph 14.1 of Schedule 14 of the Listings Requirements.”

Explanatory note in respect of Special Resolution Number 4

The reason and effect for this Special Resolution Number 4 is to approve the MIP 2021 pursuant to Schedule 14 of the Listings Requirements.

The percentage of voting rights required for the adoption of this Special Resolution Number 4 is more than 75% of the voting rights exercised on this ordinary resolution as required in terms of paragraph 14.1 of Schedule 14 to the Listings Requirements.

All Shareholders are entitled to vote in respect of Special Resolution Number 4.

ORDINARY RESOLUTION NUMBER 6: SPECIFIC ISSUE TO MANAGEMENT UNDER MIP 2021 AND PLACING OF AVENG ORDINARY SHARES (IN THE AUTHORISED BUT UNISSUED SHARE CAPITAL OF AVENG) UNDER THE CONTROL OF THE BOARD TO BE ISSUED PURSUANT TO THE MIP 2021

“RESOLVED THAT, subject to the passing of Special Resolutions 1, 2, 3 and 4 and Ordinary Resolutions 1,2,3,5 and 7, the (i) specific allotment and issue of ordinary Shares (as may be required) to management pursuant to the management incentive plan pursuant to the Balance-Sheet restructure transaction (2021) and Special Resolution 4; and (ii) placing under the control of the Board such number of ordinary Shares as may be required for that specific purpose (as determined by the Board, in its discretion with the specific authority to allot and issue such ordinary Shares on such terms and conditions as may be determined by the Board) for the specific purpose as aforesaid, be and is hereby approved, it being noted that the current holders of ordinary Shares hereby waive their pre-emptive rights to first be offered such ordinary Shares in accordance with paragraph 3.30 of the Listings Requirements of the JSE and the provisions of the Company’s memorandum of incorporation”.

Explanatory note in respect of Ordinary Resolution Number 6

The issuing of the shares pursuant to the Specific Issue to management under the MIP 2021 requires the approval of Aveng Shareholders in terms of paragraph 5.51(g) of the Listings Requirements and the MOI. The effect of Ordinary Resolution Number 5 is that the requisite approval, in terms of paragraph 5.51(g) of the Listings Requirements and the MOI, will be granted by the Shareholders in order for the Specific Issue to management to be implemented.

The percentage voting rights that will be required for this ordinary resolution to be adopted is 50% of the votes exercised on the resolution.

All Shareholders are entitled to vote on Ordinary Resolution Number 6.

ORDINARY RESOLUTION NUMBER 7: GENERAL

“RESOLVED THAT, subject to the passing of Special Resolutions 1, 2, 3 and 4 and Ordinary Resolutions 1, 2, 3, 4, 5 and 6, the Directors be and are hereby authorised to negotiate, settle, execute and deliver any documents, and to do any and all things whatsoever (including, without limitation, filing any documents necessary or appropriate with the relevant authorities) that the Directors determine are necessary or appropriate in connection with Special Resolutions 1, 2, 3 and 4 and Ordinary Resolutions 1, 2, 3, 4, 5 and 6.”

Explanatory note in respect of Ordinary Resolution Number 7

The reason for, and the effect of, Special Resolutions 1, 2, 3 and 4 and Ordinary Resolutions 1, 2, 3, 4, 5 and 6 is to authorise the Directors to take all steps and actions that are necessary to give effect to the amendment of the MOI, the Specific Issue to Highbridge TCF as an iNguza Noteholder, the Specific Issue to the Lenders pursuant to the Specific Issue to Lenders, the Specific Issue to the iNguza Noteholders as part of the iNguza Notes Redemption, the conversion of Aveng Class A Shares to Aveng Ordinary Shares, the Rights Offer, the approval of the MIP 2021 and the Specific Issue to management under the MIP 2021.

The percentage of voting rights that will be required for this Ordinary Resolution 7 to be adopted is more than 50% of the votes exercised on the resolution.

NOTES TO THE NOTICE OF GENERAL MEETING

Record date

The record date, in terms of section 59 of the Companies Act, for Shareholders to be recorded on the Shareholders' register of the Company in order to:

- receive notice of the General Meeting, was Friday, 4 December 2020; and
- attend, participate and vote at the General Meeting, is Friday, 15 January 2021 and, accordingly, the last day to trade in order to be eligible to vote at the General Meeting is Tuesday, 12 January 2021.

Voting and proxies

Shareholders are reminded that:

- a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the General Meeting in place of the Shareholder and Shareholders are referred to the attached form of proxy (*blue*);
- a proxy need not also be a Shareholder of the Company; and
- in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of Shareholders must present reasonably satisfactory identification and the person presiding at the General Meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as Shareholder or as proxy for a Shareholder) has been reasonably verified.

Certificated Shareholders and Dematerialised Shareholders with "own name" registration who are unable to attend the General Meeting and who wish to be represented at the meeting, must complete and return the attached form of proxy (*blue*) in accordance with the instructions contained therein, so as to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue by no later than 09:00 on Monday, 18 January 2021 or emailed to the company secretary at edinah.mandizha@avenggroup.com to be forwarded to the chairperson of the General Meeting before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).

Dematerialised Shareholders without "own name" registration who wish to attend the General Meeting in person should request their CSDP or Broker to provide them with the necessary letter of representation in accordance with the relevant custody agreement. Dematerialised Shareholders without "own name" registration who do not wish to attend the General Meeting but wish to be represented at the General Meeting must advise their CSDP or Broker, of their voting instructions. Such Shareholders should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.

General Meeting to be held virtually

In light of the national restrictions in place to prevent the spread of COVID-19, the Board has taken the decision that the General Meeting will be held through an electronic platform (www.smartgram.co.za) being an electronic communication platform as permitted by the Listings Requirements, the Companies Act and the provisions of the Aveng Memorandum of Incorporation.

The General Meeting will be hosted on an electronic platform (www.smartgram.co.za) in order to facilitate voting and remote participation by shareholders. Further details, including how to submit votes by proxy before the General Meeting, are set out below and in the attached form of proxy (*blue*).

Shareholders or their proxies who wish to participate in and vote at the General Meeting through the electronic participation platform, must either:

- register online using the online registration portal at www.smartgram.co.za; or
- apply to the Transfer Secretaries by completing the attached form of proxy (*blue*) in accordance with the instructions therein and send the completed proxy form to proxy@computershare.co.za as to be received by Computershare by no later than 09:00 on Monday, 18 January 2021.

By order of the Board



AH Macartney
Group Financial Director

Johannesburg
15 December 2021



AVENG LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1944/018119/06)
Share code on the JSE: AEG ISIN: ZAE000111829
("Aveng" or "the Company")

FORM OF PROXY – FOR USE BY CERTIFICATED AND DEMATERIALISED OWN-NAME SHAREHOLDERS ONLY

The definitions commencing on page 8 of the circular to which this form of proxy is attached, apply, mutatis mutandis, to this form of proxy.

For use at the General Meeting of Shareholders of the Company, to be held at 09:00 on Wednesday, 20 January 2021 virtually on the online platform www.smartgram.co.za.

I/We _____ (Full names in BLOCK LETTERS please) of (address) _____

Telephone number () _____ Cellphone number _____

Email address _____

being the registered holder(s) of: _____ hereby appoint: _____

1. _____ or failing him/her _____

2. _____ or failing him/her _____

3. the Chairman of the General Meeting _____

as my/our proxy to vote for me/us on my/our behalf at the General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the said resolutions and/or to abstain from voting in respect of the Shares of the Company registered in my/our name(s), in accordance with the following instructions (see notes):

	Number of Shares		
	For	Against	Abstain
Special Resolution Number 1: Amendment of MOI to create new class of securities			
Special Resolution Number 2: Approval of conversion option			
Special Resolution Number 3: Authorising the rights offer in terms of section 41(3) of the Companies Act, 2008 and placing of the rights offer shares (in the authorised but unissued share capital of Aveng) under the control of the Board			
Special Resolution Number 4: Approval of MIP 2021			
Ordinary Resolution Number 1: Further Specific Issue to the Highbridge Funds and the Whitebox Funds			
Ordinary Resolution Number 2: Approval of the Specific Issue to Lenders			
Ordinary Resolution Number 3: Approval of Specific Issue to Highbridge TCF under iNguza redemption			
Ordinary Resolution Number 4: Related Party Transactions			
Ordinary Resolution Number 5: Approval of Specific Issue to iNguza Noteholders under iNguza redemption			
Ordinary Resolution Number 6: Specific Issue to management under MIP 2021 and placing of Aveng Ordinary Shares (in the authorised but unissued share capital of Aveng) under the control of the Board to be issued pursuant to the MIP 2021			
Ordinary Resolution Number 7: General			

Please indicate your voting instruction by way of inserting the number of Shares or by a cross in the space provided should you wish to vote all of your Shares.

Signed at _____ on _____ 2021

Signature _____

Assisted by me (where applicable) (State capacity and full name)

Each Shareholder is entitled to appoint one or more proxy(ies) (who need not be a Shareholder(s) of the Company) to attend, speak and, vote in his stead at the General Meeting.

Please read the following summary of the rights contained in section 58 of the Companies Act and the following notes to this form of proxy.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy (see note 12 below);
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder (see note 6 below);
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 3 below);
- if the instrument appointing a proxy or proxies has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's Memorandum of Incorporation to be delivered to a shareholder must be delivered by such company to:
 - the relevant shareholder; or
 - the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so; and
- if a company issues an invitation to its shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of proxy instrument:
 - the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised;
 - the invitation or form of proxy instrument supplied by the company must:
 - bear a reasonably prominent summary of the rights established in section 58 of the Companies Act;
 - contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name and, if desired, an alternative name of a proxy chosen by the shareholder; and
 - provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting;
 - the Company must not require that the proxy appointment be made irrevocable; and
 - the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to the above.

Notes to the form of proxy:

1. The form of proxy must only be used by Certificated Shareholders or Dematerialised Shareholders with "own name" registration.
2. Each Shareholder entitled to attend and vote at the General Meeting may appoint one or more persons as proxies to attend, participate in and vote at the General Meeting in the place of the Shareholder. A proxy need not be a Shareholder.
3. A Shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each Share held. A Shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the Shareholder on a poll in the appropriate box(es). Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting as he/she deems fit in respect of all the Shareholder's votes. Further, should any further resolution(s) or any amendment(s) which may properly be put before the General Meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
4. A vote given in terms of an instrument of proxy shall be valid in relation to the General Meeting notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the Aveng Ordinary Shares in respect of which the vote is given, unless notification in writing of such death, revocation or transfer shall have been received by the Company or the Transfer Secretary before the commencement of the General Meeting or adjourned General Meeting at which the proxy is used.
5. The chairperson of the General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
6. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
7. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company or unless this requirement is waived by the chairperson of the General Meeting.
8. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Company.
9. Where there are joint holders of ordinary Shares:
 - i. any one holder may sign the form of proxy; and
 - ii. the vote(s) of the senior Shareholders (for that purpose seniority will be determined by the order in which the names of Shareholders appear on the Register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint Shareholder(s).
10. Forms of proxy should be mailed to Computershare Investor Services Proprietary Limited at proxy@computershare.co.za which is to be received by no later than 09:00 on Monday, 18 January 2021 (or 48 hours before any adjournment of the General Meeting which date, if necessary, will be notified in the press).
11. Any form of proxy not returned to Computershare Investor Services Proprietary Limited by such time may be emailed to the company secretary at edinah.mandizha@avenggroup.com to be forwarded to the chairperson of the General Meeting any time before the appointed proxy exercises any of the Shareholder's rights at the General Meeting (or any adjournment thereof).
12. Any proxy wishing to participate and vote at the General Meeting through the electronic participation platform must register using the online registration portal at www.smartgram.co.za.
13. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialed by the signatory/ies.
14. Any proxy appointed pursuant to this form of proxy may not delegate his/her authority to act on behalf of the relevant Shareholder.
15. In terms of section 58 of the Companies Act, unless revoked, an appointment of a proxy pursuant to this form of proxy remains valid only until the end of the General Meeting or any adjournment of the General Meeting.
16. If the General Meeting is adjourned or postponed, valid forms of proxy for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.