

## NOTICE OF GENERAL MEETING, WAIVER OF MANDATORY OFFER, PARTIAL OFFER TO BUILDMAX SHAREHOLDERS, RENOUNCEABLE RIGHTS OFFER, AND RENEWAL OF CAUTIONARY

### I. INTRODUCTION, RECAPITALISATION PROCESS AND GENERAL MEETING

#### 1.1 Introduction

Shareholders are referred to previous announcements released on the Securities Exchange News Service ("SENS"), the last of which was dated 7 July 2010, advising that the board of Buildmax had resolved to proceed with a R300 million (three hundred million rand) rights offer ("proposed rights offer") to recapitalise the company.

#### 1.2 Recapitalisation process

Shareholders are informed that, subject to the entering into of relevant written agreements and certain conditions under such agreements being fulfilled, including but not limited to:

1.2.1 the granting of a waiver under rule 8.7 of the Securities Regulation Panel Code and Rules of the SRP (the "Code"), of the requirement for Brait IV Investment, L.P. and Brait IV SA Partnership (together "Brait") and Coronation Asset Management (Proprietary) Limited ("Coronation") to make a mandatory offer at R0.25 (twenty five cents) per share, as more fully described in 1.2.4 below; and

1.2.2 Buildmax making a renounceable rights offer to Buildmax shareholders to subscribe for ordinary Buildmax shares, at an issue price of R0.125 (twelve point five cents) per share, in the ratio of 2.31 (two point three one) rights offer shares for every one Buildmax share held at the relevant record ("rights offer"),

Brait and Coronation, together have agreed to:

1.2.3 acquire a total number of 170 (one hundred and seventy) million Buildmax shares representing approximately 16% (sixteen per cent) of the issued share capital of the company from Westbrooke Capital Partners (Proprietary) Limited, Westbrooke Investments (Proprietary) Limited and Westbrooke Special Opportunities (Proprietary) Limited (together "Westbrooke") and Interactive Capital (Proprietary) Limited, Interactive Capital Management (Proprietary) Limited and Cream Magenta 36 (Proprietary) Limited (together "Interactive") in equal blocks of 85 (eighty five) million shares from each of Westbrooke and Interactive, representing 53.5% (fifty three point five per cent) of each of their respective shareholdings in Buildmax at R0.25 (twenty five cents) per share (the "acquisition");

1.2.4 make an offer to acquire 53.5% (fifty three point five per cent) of each of the shares held by Buildmax shareholders excluding Brait, Coronation, Westbrooke and Interactive ("minority shareholders"), at R0.25 (twenty five cents) per share ("partial offer"), subject to the granting of a waiver under rule 8.7 of the Code, of the requirement for Brait and Coronation to make a mandatory offer to minority shareholders at R0.25 (twenty five cents) per share ("mandatory offer") as a result of the increase in their shareholding in Buildmax that is anticipated to result from the acquisition ("waiver"), subject to Brait and Coronation together making the partial offer prior to the implementation of the rights offer;

1.2.5 follow the rights to which they are entitled under the rights offer; and

1.2.6 underwrite the balance of the rights offer after taking into account irrevocable undertakings in the process of being obtained from Brait, Coronation, Westbrooke, Interactive and Vuwa Investments (Proprietary) Limited ("Vuwa"), and any irrevocable undertakings that may be received from other shareholders indicating that they will follow the rights to which they are entitled under the rights offer ("underwrite"), under terms to be contained in the rights offer circular ("rights offer circular"), prior to signature of the underwriting agreement. The rights offer circular is expected to be posted to shareholders on or about Monday, 11 October 2010, subject to the receipt by the company of all shareholder and regulatory approvals required to implement the rights offer.

#### 1.3 General meeting

A circular containing a notice convening a general meeting of shareholders to be held at 14:00 on Monday, 30 August 2010 at the offices of Macquarie First South Advisers (Proprietary) Limited, The Place, 1 Sandton Drive, South Wing, Sandown, Johannesburg ("general meeting") will be posted to shareholders tomorrow, Friday, 6 August 2010 ("waiver circular") and will be made available for download from the company's website at www.buildmax.co.za. The waiver circular contains details of proposals in respect of:

- an increase in the authorised share capital of the company;
  - placing of the authorised but unissued shares under the control of the directors; and
  - the waiver;
- together the "proposals".

### 2. THE WAIVER

#### 2.1 Dispensation

The SRP has advised that, after the general meeting has been held, it will consider an application from Brait and Coronation to grant to them a dispensation from the requirement to make the mandatory offer at R0.25 (twenty five cents) per share ("dispensation"). The granting of the dispensation is subject to a majority of independent Buildmax shareholders voting in favour of the waiver and to the SRP considering representations (if any) made by any interested party under the provisions of the Code.

#### 2.2 The waiver

If the waiver is not approved and the dispensation is not granted by the SRP, Brait and Coronation are not obliged to implement the acquisition or to make the partial offer, and they are also not obliged to underwrite the rights offer.

The board has appointed PKF Corporate Finance (Proprietary) Limited as an independent advisor to the company ("independent advisor"), to provide to the board its opinion on the waiver of the mandatory offer at R0.25 (twenty five cents) per share ("advice"). The advice is contained in Annexure 3 of the waiver circular.

### 3. THE PARTIAL OFFER

Subject to the waiver, the dispensation and the implementation of the acquisition, Brait and Coronation will make the partial offer on terms to be contained in a circular to shareholders expected to be posted to shareholders on or about Tuesday, 31 August 2010 ("partial offer circular").

Shareholders who elect to accept the partial offer may apply the proceeds received from such acceptance ("proceeds") towards following the rights to which they are entitled under the rights offer. Not taking into consideration the particular circumstance and risk profile of

shareholders (which consideration may include any relevant tax considerations), the proceeds are expected to cover 99.61% (ninety nine point six one per cent) of minority shareholders' anticipated cash costs to follow in full the rights to which they are entitled under the rights offer. Minority shareholders who are financially constrained from following their rights will as a result of electing to accept the partial offer, be in a position to follow their rights on their remaining shareholdings post acceptance of the partial offer and, in doing so, will avoid being diluted further in the rights offer.

Brait and Coronation have advised that the SRP will be provided with independent confirmation that Brait and Coronation together have sufficient cash resources available to them to satisfy full acceptance of the partial offer, prior to making the partial offer, subject to the waiver and the dispensation having been obtained and the implementation of the acquisition.

### 4. THE RIGHTS OFFER

The company will embark on the rights offer immediately following the closing of the partial offer subject to all relevant regulatory and other approvals required for the implementation of the rights offer having been received.

#### 4.1 Irrevocable undertakings

The company is in the process of obtaining irrevocable undertakings from Brait, Coronation, Westbrooke, Interactive and Vuwa that they will follow the rights to which they are entitled under the rights offer at the relevant record date. Collectively the shares held by the aforementioned shareholders represent 74.97% (seventy four point nine seven per cent) of the issued share capital of Buildmax. The irrevocable undertakings from Westbrooke and Interactive will be subject to the implementation of the acquisition.

#### 4.2 Underwriting commitment

Brait and Coronation have agreed to underwrite the balance of the rights offer subject to, amongst others:

- the receipt of all regulatory and other approvals required for the implementation of the rights offer;
- the acquisition becoming unconditional; and
- the waiver and the SRP granting the dispensation.

As consideration for underwriting the rights offer Brait and Coronation shall be entitled to an underwriting fee of 3.5% (three point five per cent) of their respective underwriting commitments.

If the rights offer is not underwritten by Brait and Coronation the company is not assured of raising R300 million (three hundred million rand) pursuant to the rights offer and, whilst the board will consider other alternatives, Buildmax may not be in a position to continue its operations in its current form.

### 5. USE OF RIGHTS OFFER PROCEEDS

A successful implementation of the rights offer will enable Buildmax to continue to grow shareholder value by:

- strengthening the balance sheet of the Mining Services Business Unit by reducing asset based financing liabilities and providing much needed working capital;
- exiting unprofitable projects without the risk of defaulting on debt repayments;
- divesting of second hand assets in an orderly fashion to maximise value in a constrained market;
- investing in strategic facilities and resources to enable the future growth and transformation strategy of Buildmax;
- providing security to access debt funding needed for replacement and expansion capital expenditure;
- providing improved service levels to Buildmax customers and suppliers;
- creating a stable working environment that will attract and retain quality industry and leadership skills; and
- allowing management to fully focus their attention on the day-to-day running of the business.

The rights offer remains subject to Buildmax shareholders approving the proposals, and to all other regulatory and other approvals required for the implementation of the rights offer.

### 6. INDICATIVE SALIENT DATES AND TIMES

The indicative salient dates and times relating to the waiver are set out below:

	2010
The waiver:	
Posting of waiver circular	Friday, 6 August
Last day to lodge forms of proxy in respect of the general meeting by 14:00 on	Friday, 27 August
The general meeting held at 14:00 on	Monday, 30 August
Results of general meeting released on SENS	Monday, 30 August

#### Note:

- The above dates and times are subject to amendment. Any such amendment will be released on SENS and published in the press.

Full salient dates and times relating to the partial offer and the rights offer will be contained in the partial offer and rights offer circulars and be released on SENS in due course.

The company anticipates that the partial offer will open on or about 31 August 2010 and close on or about Thursday, 23 September 2010. Proceeds will be paid to shareholders who have accepted the partial offer within five business days of such acceptance. Buildmax will embark on the rights offer as soon as practicable possible thereafter.

### 7. RENEWAL OF CAUTIONARY

Further to the cautionary announcements dated 24 May 2010 and 7 July 2010, shareholders are advised that an announcement setting out the financial effects of the rights offer will be published in due course. Accordingly, shareholders are advised to continue exercising caution when dealing in Buildmax shares until the publication of the financial effects.

5 August 2010

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