

Optimum Coal Holdings
Limited
(Registration number:
2006/007799/06)
Share Code: OPT
ISIN: ZAE000144663

Piruto BV
(Registration number
B.V. 1610663)

Lexshell 849 Investments
(Proprietary) Limited
(Registration number
2010/023373/07)

("Optimum" or the
"Company")

JOINT CAUTIONARY ANNOUNCEMENT OF AN EXPRESSION OF INTEREST TO MAKE A GENERAL OFFER TO THE SHAREHOLDERS OF OPTIMUM COAL HOLDINGS LIMITED

1 INTRODUCTION

Further to the cautionary announcement published on Friday, 26 August 2011 by Optimum, shareholders of Optimum are advised that a consortium ("**Consortium**") comprising Piruto B.V. ("**Glencore**"), a wholly-owned subsidiary of Glencore International AG, and Lexshell 849 Investments (Proprietary) Limited, a company wholly-owned by Mr Cyril Ramaphosa ("**Lexshell**"), has submitted a letter to the Board of Directors of Optimum ("**Board**") advising of its interest to acquire, directly and indirectly, the entire issued ordinary share capital of Optimum ("**Proposed Transaction**"), other than the shares of certain shareholders that are restricted from selling. The Proposed Transaction would include a general offer to the shareholders of Optimum for a cash consideration of R34 per share ("**Proposed Offer**").

The letter does not constitute a firm intention by the Consortium to make an offer as contemplated in the Companies Act 71 of 2008 ("**Companies Act**") and the Takeover Regulations issued in terms of section 120 of the Companies Act ("**Takeover Regulations**"). There is therefore no Proposed Offer in respect of which the Board is required to provide a recommendation. If the Board receives a firm offer, it will consider its position and make a recommendation to shareholders, taking into account independent advice received, its own views of the fairness and reasonableness of the Proposed Offer, and any alternative offers.

2 DESCRIPTION OF THE CONSORTIUM

The Glencore group is a leading integrated commodities producer and marketer. It produces, sources, processes, refines, transports, stores, finances and supplies commodities needed by industries around the world. The Glencore group combines the strength of its unique marketing capability with the insight and supply of its own diversified portfolio of production and logistics assets.

Glencore International plc is listed in London and Hong Kong, registered in Jersey, and headquartered in Baar, Switzerland. Its relationships with producers and consumers of commodities are supported by its global network of 50 offices in 40 countries throughout Europe, North, Central and South America, the Commonwealth of Independent States, Asia, Australia, Africa and the Middle East. Over 2 700 people work in Glencore's marketing operations. Glencore's industrial operations directly or indirectly employ over 54 800 people in 30 countries.

Lexshell is a company which has been formed by Mr Cyril Ramaphosa and the issued share capital of Lexshell will be held 100% by Mr Cyril Ramaphosa. Mr Cyril Ramaphosa is the Executive Chairman of Shanduka Group (Proprietary) Limited ("**Shanduka Group**") and holds a number of non-executive directorships including being the non-executive Chairman of MTN Group and Bidvest Group. Lexshell's participation in the Proposed Transaction will be partly funded by the Shanduka Group.

3. **EXISTING BENEFICIAL INTEREST IN OPTIMUM**

Glencore had, as at the close of business on Wednesday, 31 August 2011, acquired a beneficial interest of 14.1% in Optimum.

4 **BEE TRANSACTIONS**

As part of the Proposed Transaction:

- the Consortium has concluded agreements ("**Acquisition Agreements**") with the relevant shareholders of the following companies ("**BEE Companies**") (all of which hold equity interests in Optimum) to acquire, subject to certain conditions precedent, through a Special Purpose Vehicle, Lexshell 165 General Trading (Proprietary) Limited ("**SPV**"), the stated percentages of the respective shares in issue of each such company:
 - Warrior Coal Investments (Proprietary) Limited ("**Warrior**") (which holds a 13.70% interest in Optimum) - 100%;
 - Micsan Investments (Proprietary) Limited ("**Micsan**") (which holds a 7.55% interest in Optimum) - 49%; and
 - Kwini Mining Investments (Proprietary) Limited ("**Kwini**") (which holds a 10.33% interest in Optimum) - 52%. The agreement in respect of Kwini is subject to a pre-emptive right in favour of a third party which has until 21 September 2011 to validly pre-empt such acquisition and as such the Consortium may not conclude this transaction.

The Consortium is committed to black economic empowerment and recognises that Optimum is a true leader in the field of transformation. The Consortium has provided assurances to the board of Optimum that, because the SPV qualifies as a Historically Disadvantaged South African ("**HDSA**"), Optimum's black economic empowerment status will not be adversely affected as a consequence of the Proposed Transaction.

In addition, the Consortium has entered into put and call option arrangements with Mr Michael Teke, the sole shareholder of Micsan and current CEO of Optimum, in respect of the balance of his shares in Micsan, which, if exercised, will provide the Consortium with an additional effective interest of 3.85% in the issued share capital of Optimum. The Consortium, however, supports the retention of Mr Michael Teke as CEO of Optimum and neither party currently intends to exercise the put and call option.

Glencore has also concluded an agreement with a shareholder of one of the BEE Companies to acquire, subject to completion of the transactions set out above, 2.80% of Optimum which such shareholder holds outside of the relevant BEE Company.

Accordingly, in aggregate, at the date of this announcement, Glencore and the Consortium, directly and indirectly have acquired, or have entered into conditional agreements and options to acquire, a total effective interest of 38.14%, plus an additional 5.37% if the pre-emptive right over the Kwini interest is not exercised, in the issued share capital of Optimum.

5 THE PROPOSED TRANSACTION

The Consortium proposes, on fulfilment of the pre-conditions set out in paragraph 6 below, to submit a firm intention to make a general offer to all shareholders of Optimum to acquire all of the outstanding shares in Optimum held by such shareholders, as contemplated in section 117(1)(c)(v) of the Companies Act and Regulation 102 (1) of the Takeover Regulations.

The Proposed Offer, if made, would be for a cash consideration of R34 per Optimum share ("**Offer Consideration**").

The Offer Consideration assumes that Optimum will not declare or pay a dividend or other distribution (other than the dividend of 30 cents per share declared on 25 August 2011) prior to the implementation date of the Offer and that Optimum has 251 786 186 shares in issue and that no additional shares or other securities (including options) will be issued before the implementation date of the Offer. If a dividend or other distribution is made or additional shares or other securities (including options) are issued, the Offer Consideration will be adjusted.

The Consortium understands that, pursuant to existing contractual arrangements, the BEE Companies, the Optimum Employee Benefit Trust and the Optimum Community Trust (collectively, the "**Trusts**") (both of which constitute empowerment structures and which hold in aggregate 50 000 000 shares in Optimum) are subject to restrictions which will affect their ability to accept the Proposed Offer. In addition to these restrictions, Warrior and Micsan have, pursuant to the conclusion of the Acquisition Agreements, irrevocably undertaken in favour of the Consortium not to accept the Proposed Offer.

The Consortium recognises the value in having the Trusts as key shareholders in Optimum and believes that the significant stake held by the Trusts contributes to the alignment of the incentives of the workforce of Optimum and the community with those of shareholders. The Consortium informed the Board of its willingness to consult with Optimum and the Trusts regarding the Trusts' ability to participate in the Proposed Offer.

6 PRE-CONDITIONS TO MAKING AN OFFER

The Consortium requires the following pre-conditions to be fulfilled before extending the Proposed Offer to Optimum shareholders:

- Confirmation by the independent board of Optimum ("**Independent Board**") of its willingness to provide a recommendation of the Proposed Offer in the firm intention announcement; and
- The independent board of Optimum obtaining an opinion from an appropriate independent expert confirming that the Proposed Offer consideration is fair and reasonable to Optimum shareholders.

The Consortium has reserved the right to waive any or all of the above pre-conditions at any time and the right not to make the Proposed Offer even if the above pre-conditions are fulfilled.

7 INDEPENDENT EXPERT AND VIEWS OF THE INDEPENDENT BOARD

At the appropriate time the Independent Board will appoint an independent expert to evaluate the Proposed Offer, and if the Proposed Offer is made, it will, in accordance with its obligations under the Takeover Regulations, advise shareholders of Optimum of the views of the independent expert and the recommendation of the Independent Board in relation to the Proposed Offer, taking into account the independent advice received, its own views of the fairness and reasonableness of the Proposed Offer, and any alternative offers.

8 THE CONSORTIUM RESPONSIBILITY STATEMENT

The Directors of Glencore and Lexshell accept responsibility for the information contained in this announcement to the extent that it relates to the Consortium, including any statement regarding the beneficial interest secured by the consortium, or members of it. In addition, they certify that, to the best of their knowledge and belief, the information in this announcement regarding the Consortium and its interest are true.

9 OPTIMUM RESPONSIBILITY STATEMENT

The Independent Board accepts responsibility for the information contained in this announcement to the extent that it relates to Optimum. In addition the Independent Board certifies that, to the best of its knowledge and belief, the information in this announcement relating to Optimum is true.

10 ALTERNATIVE OFFER AND CAUTIONARY ANNOUNCEMENT

The shareholders of Optimum are further advised that the Board has also received a further unsolicited, non-binding expression of interest from a third party ("**the Alternative Party**") to acquire a controlling interest in Optimum. The expression of interest provides for certain pre-conditions to be met before the Alternative Party will be prepared to express a firm intention to make an offer, including a due diligence investigation conducted to the satisfaction of the Alternative Party. The Board will continue to engage with the Alternative Party following publication of this announcement. Shareholders are advised that there is currently no certainty that Optimum will receive a firm intention to make an offer from the Alternative Party.

Shareholders of Optimum are advised to continue to exercise caution when dealing in Optimum's securities until a further announcement is made.

Johannesburg
1 September 2011

Financial Adviser to Optimum	to	Legal Adviser to Optimum	Sponsor to Optimum
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Standard Chartered

Webber Wentzel

Rand Merchant Bank

Financial
Glencore

Adviser

to

Legal Adviser to Glencore

Legal Adviser to Lexshell

**Bank of America Merrill
Lynch**

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General

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