

AVENG LIMITED

Incorporated in the Republic of South Africa

(Registration number 1944/018119/06)

Share code: AEG ISIN: ZAE000111829

JSE 2019 Convertible Bond Code: AEGCB

JSE 2019 Convertible Bond ISIN: ZAE000194940

("Aveng" or "the Issuer")



NOTICE OF BONDHOLDERS' MEETING

In accordance with the terms and conditions of the Issuer's 7.25% senior unsecured convertible registered bonds due Wednesday, 24 July 2019 (the "**Convertible Bonds**"), as amended on Tuesday, 3 July 2018 (the "**Conditions**") and the trust deed dated 23 July 2014 between the Issuer and TMF Corporate Services (South Africa) Proprietary Limited, then known as GMG Trust Company (SA) Proprietary Limited (the "**Trust Deed**"), notice is hereby given, in accordance with Condition 20.4 (*Notice of Meeting*) of the Conditions, that a meeting of the Bondholders will be held at 10h00 on Thursday, 30 August 2018 at the offices of Baker McKenzie at 1 Commerce Square, 39 Rivonia Road, Sandhurst, Johannesburg, 2196 (the "**Bondholders Meeting**"), at which meeting the Extraordinary Resolutions set out below will be considered and, if deemed fit, passed with or without modification.

Save as otherwise defined, words and expressions used in this Notice have the meanings given to them in the Conditions.

The Conditions are available at the registered office of the Issuer and on their website, <http://www.aveng.co.za/investor-centre>

WHEREAS:

1. As previously announced on SENS (including the SENS announcements released on 18 and 29 May 2018, copies of which are attached as Annexure B), the Issuer intends to early redeem the Convertible Bonds still in issue (the "**Early Bond Redemption**"). In this regard, the Issuer intends to implement the Early Bond Redemption pursuant to Condition 10.2(d) of the Conditions as follows:
 - (a) The Convertible Bonds then in issue will be early redeemed through the issue by the Issuer, of new Ordinary Shares to the relevant holders of those Convertible Bonds (the "**Bondholders**"). If the Early Bond Redemption is implemented in this fashion, the Bondholders will have to approve same under Condition 10.2(d) of the Conditions.
2. Pursuant to Condition 20.4, read with Condition 18 (*Notices*), of the Conditions, the Issuer hereby gives notice to Bondholders of a meeting of Bondholders to discuss and vote on the manner in which the Convertible Bonds then in issue will be redeemed pursuant to Condition

10.2(d) of the Conditions. Condition 10.2(d) requires the Bondholders to approve the redemption of the Bonds then outstanding at 100% of their Principal Amount, together with accrued interest by allotting and issuing to or for the benefit of the relevant holder of each such Bond such number of Ordinary Shares as is determined by dividing the relevant redemption amount of the Bond by the price at which the Issuer issued Ordinary Shares pursuant to the rights offer implemented by the Issuer on 29 June 2018, being 10 cents per Ordinary Share.

3. In terms of Condition 20.4 of the Conditions, read together with paragraph 7.27(a) of the JSE Debt Listing Requirements and section 62 of the Companies Act, 2008, the Issuer is required to give the Bondholders and the Trustee written notice of a meeting at least 15 business days prior to the date of the meeting.
4. To the extent that the redemption of the Convertible Bonds is settled in Ordinary Shares, fractions of Ordinary Shares will not be issued or transferred and delivered on redemption and any fractions of Ordinary Shares will be rounded down to the nearest whole number of Ordinary Shares and the remaining fractional balance settled in cash.
5. The Issuer therefore requests the Bondholders to approve the Extraordinary Resolution set out below.

PROXIES

1. In terms of Condition 20.10 (*Proxies and Representatives*), a Bondholder may by an instrument in writing (a "proxy form") signed by the Bondholder or his duly authorised agent or, in the case of a juristic person, signed on its behalf by a duly authorised officer, appoint any person (a "Proxy") to act on its behalf in connection with any meeting or proposed meeting.
2. A person appointed to act as Proxy need not be a Bondholder.
3. A proxy form is attached as Annexure A for those Bondholders who wish to be represented by proxy at the Bondholders Meeting.
4. Please note that the proxy form must be deposited at the specified office of the Issuer or at the specified office of Computershare Investor Services Proprietary Limited (the "Transfer Agent"), as the case may be, not less than 24 hours before the time appointed for holding the Bondholders Meeting or adjourned meeting at which the person named in such proxy form proposes to vote.
5. Either the original form must be deposited at the specified office of the Issuer or at the specified office of the Transfer Agent, or a copy of the form may be scanned and emailed to the Issuer or the Transfer Agent (with the original to follow shortly thereafter). Address details are provided below:

Issuer office

Aveng Limited
1 Jurgens Street
Jet Park
Boksburg
1459

Attention: Edinah Mandikutse

Transfer Agent office

Computershare Investor Services
Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
2196

Attention: Proxy Department
Nomalanga Goba/ Khalid Cassim

Email: edinah.mandikutse@avenggroup.com Email: proxy@computershare.co.za

Tel: 011 779 2812

Tel: 011 370 5302

6. If a proxy form has not been deposited at the specified office of the Issuer or at the specified office of the Transfer Agent at least 24 hours before the time appointed for holding the Bondholders Meeting or adjourned meeting at which the person named in such proxy form proposes to vote, the proxy form may be delivered to the Chairman of the meeting upon commencement of the meeting.
7. Please note that in accordance with Condition 20.9 (*Votes*), Bondholders in respect of Convertible Bonds held in the Central Securities Depository in uncertificated form shall vote at the Bondholders Meeting on behalf of the holders of Beneficial Interests in such Bonds, in accordance with the instructions to the Central Securities Depository's Nominee from the holders of Beneficial Interests conveyed through the Participants in accordance with the Applicable Procedures.
8. If the Central Securities Depository Participant ("CSDP") of a holder of Beneficial Interests does not contact such holder, then such holder is advised to contact such holder's CSDP and provide such CSDP with the holder's voting instructions.
9. Following the Bondholder Meeting, the Transfer Agent will collate the votes and provide the Issuer with the voting outcome by no later than 17h00 on Thursday, 30 August 2018. The results of the meeting will be released on SENS within 48 hours of the Bondholders meeting.

IT IS RESOLVED THAT

Extraordinary Resolution Number 1:

To the extent that the Issuer early redeems the Bonds pursuant to Condition 10.2(d) of the Conditions through the issue of new Ordinary Shares, the Bondholders hereby approve such redemption of the Bonds then outstanding at 100% of their Principal Amount, together with accrued interest by allotting and issuing to or for the benefit of the relevant holder of each such Bond such number of Ordinary Shares as is determined by dividing the relevant redemption amount of the Bond by the price at which the Issuer issued Ordinary Shares pursuant to the rights offer implemented by the Issuer on 29 June 2018, being 10 cents per Ordinary Share.

The Bondholders further instruct and authorise the Trustee to conclude whatever documents may be required to give effect to these resolutions.

The salient dates relating to the Bondholders Meeting are as follows:

	2018
Record date to determine Bondholders entitled to receive Notice of Bondholder Meeting:	Friday, 3 August
Distribution date (via Strate) and announced on SENS:	Wednesday, 8 August
Last date to trade to be eligible to attend and vote at the Bondholders meeting:	Tuesday, 21 August

Record date to be eligible to attend and vote at the Bondholders meeting: Friday, 24 August

Forms of Proxy should be lodged with Issuer or Transfer Agent no later than 10h00 *: Wednesday, 29 August

Bondholders Meeting at 10h00 (Proxies may be delivered to the Chairman of the meeting, at the meeting): Thursday, 30 August

Results of the Bondholders Meeting announced on SENS 24 to 48 hours post Bondholder Meeting

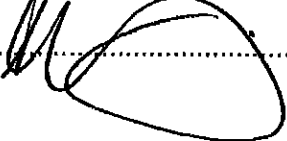
* If a proxy form has not been deposited at the specified office of the Issuer or at the specified office of the Transfer Agent at least 24 hours before the time appointed for holding the Bondholders Meeting or adjourned meeting at which the person named in such proxy form proposes to vote, the proxy form may be delivered to the Chairman of the meeting upon commencement of the meeting.

BY ORDER OF THE BOARD OF THE ISSUER

SIGNED ON 8 AUGUST 2018 BY

NAME ADRIAN HENRY MACARTNEY

CAPACITY GROUP CFO

SIGNATURE 

BY ORDER OF THE BOARD OF THE ISSUER

SIGNED ON 8 AUGUST 2018 BY

NAME ERIC LEUNG DIACK

CAPACITY CHAIRMAN

SIGNATURE 

Annexure A: Form of Proxy

AVENG LIMITED

Incorporated in the Republic of South Africa

(Registration number 1944/018119/06)

Share code: AEG ISIN: ZAE000111829

JSE 2019 Convertible Bond Code: AEGCB

JSE 2019 Convertible Bond ISIN: ZAE000194940

("Aveng" or "the Issuer")



FORM OF PROXY

For use by the holders (the "Bondholders") of the Issuers 7.25% senior unsecured convertible registered bonds due Wednesday, 24 July 2019 (the "**Convertible Bonds**"), issued by the Issuer in accordance with the Listing Document, as amended on 3 July 2018, at a meeting of the Bondholders to be held at 10h00 on Thursday, 30 August 2018 at the offices of Baker McKenzie at 1 Commerce Square, 39 Rivonia Road, Sandhurst, Johannesburg, 2196 (the "**Bondholders Meeting**").

Capitalised words and phrases used in this form will, unless otherwise defined, bear the same meanings as in the Listing Document.

Either the original form must be deposited at the specified office of the Issuer or at the specified office of the Transfer Agent, or a copy of the form may be scanned and emailed to the Issuer or the Transfer Agent (with the original to follow shortly thereafter). Address details are provided below:

Issuer office

Aveng Limited
1 Jurgens Street
Jet Park
Boksburg
1459

Attention: Edinah Mandikutse
Email: edinah.mandikutse@avenggroup.com
Tel: 011 779 2812

Transfer Agent office

Computershare Investor Services
Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
2196

Attention: Proxy Department
Nomalanga Goba/ Khalid Cassim
Email: proxy@computershare.co.za
Tel: 011 370 5302

FORM OF PROXY

I/We _____

(full name in BLOCK LETTERS)

of _____

(address)

Telephone number _____

Cellphone number _____

Email address _____

being the holder(s) of Convertible Bonds in an Outstanding Principal Amount of ZAR _____

duly appoint _____

failing her / him, the chairman of the meeting, as my/our proxy to act for me/us and on my/our behalf at the Bondholders 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 any adjournment thereof:

I desire to vote as follows:

	For	Against	Abstain
<p>Extraordinary Resolution Number 1 To the extent that the Issuer early redeems the Bonds pursuant to Condition 10.2(d) of the Conditions through the issue of new Ordinary Shares, the Bondholders hereby approve such redemption of the Bonds then outstanding at 100% of their Principal Amount, together with accrued interest by allotting and issuing to or for the benefit of the relevant holder of each such Bond such number of Ordinary Shares as is determined by dividing the relevant redemption amount of the Bond by the price at which the Issuer issued Ordinary Shares pursuant to the rights offer implemented by the Issuer on 29 June 2018, being 10 cents per Ordinary Share.</p>			

Signed at _____ on _____ 2018

Signature _____

Assisted by (where applicable) _____

Annexure B: SENS Announcement of the Issuer dated 18 May 2018

AVENG LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1944/018119/06)
Share code: AEG
Share ISIN: ZAE000111829
JSE 2019 Convertible Bond Code: AEGCB
JSE 2019 Convertible Bond ISIN: ZAE000194940
("Aveng", "the Company" or "the Group")

DETAILED CAUTIONARY ANNOUNCEMENT REGARDING THE POTENTIAL COMBINATION OF AVENG AND MURRAY & ROBERTS LIMITED ("MURRAY & ROBERTS") AND UPDATE ON CAPITAL MARKETS TRANSACTION

1. Introduction

Shareholders are referred to the announcement released on SENS on Thursday 26 April 2018 ("Capital Markets Transaction Announcement"), in which Aveng announced its intention to early redeem the R2 billion, 7.25% senior unsecured convertible registered bonds due 24 July 2019 still in issue (the "Existing Convertible Bonds") partly in cash and partly through the issue of new Aveng shares ("Early Bond Redemption"). In the Capital Markets Transaction Announcement, Aveng also announced its intention to launch a fully renounceable rights offer to qualifying shareholders (the "Proposed Rights Offer") with the intention to raise cash to fund internal capital requirements ("Retained Cash") and, to the extent that excess cash is raised, to fund the cash portion of the Early Bond Redemption. To the extent that the proceeds of the Proposed Rights Offer are insufficient to early redeem all of the Existing Convertible Bonds in cash, it was (and remains) Aveng's intention to settle the balance of the Early Bond Redemption through the issue of new Aveng shares ("Aveng Shares") to the existing convertible bondholders ("Existing Convertible Bondholders") or through a combination of new Aveng Shares and a new debt instrument. The Early Bond Redemption and the Proposed Rights Offer are collectively referred to as the "Capital Markets Transaction".

Shareholders are advised that subsequent to the announcement of the Capital Markets Transaction, following consultation with Aveng shareholders and bondholders, the boards of directors for Aveng and Murray & Roberts reached in principle agreement regarding the proposed terms of a potential combination of Aveng and Murray & Roberts ("M&R Transaction"). Shareholders are referred to the announcement released today by Murray & Roberts regarding the M&R Transaction.

Shareholders are advised that no formal offer has yet been made by Murray & Roberts. The making of a formal offer by Murray & Roberts is subject to the fulfillment and/or waiver of a number of pre-conditions. There is no certainty at this stage that the M&R Transaction will be completed

Aveng intends to proceed with the Capital Markets Transaction and wishes to provide shareholders with additional, updated information in relation to the Capital Markets Transaction as set out in paragraph 3 below. However, in light of the M&R Transaction, Aveng proposes to raise up to R500 million through the Proposed Rights Offer in order to fund the Retained Cash and detail of which is contained in paragraph 3.2. Murray & Roberts has indicated that it is supportive of Aveng proceeding to implement the Proposed Rights Offer, irrespective of whether the M&R Transaction proceeds or not.

Aveng has had initial engagement with its stakeholders, including shareholders, bondholders and bank funders, on the M&R Transaction as well as the Capital Markets Transaction.

2. M&R Transaction

2.1 Key commercial terms of the M&R Transaction

Subject to the fulfilment or waiver of the pre-conditions set out in paragraph 2.3 below ("Pre-conditions"), Murray & Roberts proposes to make an all share offer ("Potential Share Offer") to acquire the entire issued and to be issued share capital of Aveng ("Potential Offer Shares").

If a firm offer is made, the proposed aggregate value that will be attributable to the Potential Offer Shares at that time will be R1.0 billion ("Proposed Transaction Value") assuming that Aveng raises at least R300 million in new capital in the Proposed Rights Offer ("Minimum Rights Offer Proceeds"). The Proposed Transaction Value will be reduced on a rand for rand basis by any shortfall in the Minimum Rights Offer Proceeds. The final Proposed Transaction Value and therefore final implied offer price per Aveng Share will be communicated at the time of making a formal offer (if made) post completion of the Proposed Rights Offer and fulfilment of the Pre-conditions.

The final Proposed Transaction Value will be settled in new Murray & Roberts ordinary shares to be issued at an issue price based on the prevailing 30 day volume weighted average price of Murray & Roberts ordinary shares calculated on the last practicable date prior to the implementation date of the Potential Share Offer.

In addition to the Potential Share Offer, Murray & Roberts proposes to early redeem the Existing Convertible Bonds, at a par value of R2.0 billion plus accrued interest ("M&R Early Bond Redemption"), calculated up to and including the date of settlement of the M&R Early Bond Redemption, being the date of closing of the M&R Transaction.

The M&R Early Bond Redemption will be funded by Murray & Roberts from a combination of new financing facilities of R1.8 billion ("New Facilities") and available cash resources. Murray & Roberts has procured a credit approved term sheet from two funding banks for the New Facilities, which are subject to typical terms and conditions including executing final financing agreements.

2.2 Mechanism of the M&R Transaction

The Potential Share Offer, if made, will be implemented by way of a scheme of arrangement in terms of section 114 of the Companies Act, requiring, amongst other things, that a special resolution be passed by the requisite quorum of Aveng shareholders ("Scheme"). If the Scheme is implemented, Murray & Roberts intends to delist Aveng.

The M&R Transaction is expected to constitute a Category 1 transaction for Murray & Roberts in terms of the JSE Listings Requirements ("Listings Requirements"). In addition, an authority will be required to place the requisite number of shares for the Potential Share Offer under the control of the directors of Murray & Roberts. Prior to the implementation of the Scheme, the M&R Transaction will therefore require the approval of Murray & Roberts' shareholders in a general meeting by way of ordinary resolution.

The M&R Early Bond Redemption will be implemented by amending the Existing Convertible Bond terms and conditions in order to facilitate the early redemption of the

Existing Convertible Bonds. The terms of the redemption are subject to Existing Convertible Bondholder approval.

2.3 Pre-conditions to making a formal offer

The making of a formal offer by Murray & Roberts to Aveng is subject to the satisfactory fulfilment or waiver of the following pre-conditions:

- Murray & Roberts shareholder approval in terms of section 126 of the Companies Act, as a consequence of receipt by Murray & Roberts of an offer from ATON GmbH (“ATON”) to acquire all or a portion of the issued shares in Murray & Roberts that it does not already own. ATON currently holds c.40% of the issued shares in Murray & Roberts;
- approval from the TRP in terms of section 126 of the Companies Act;
- satisfactory completion of reciprocal confirmatory due diligence by Murray & Roberts and Aveng;
- completion of the Proposed Rights Offer in accordance with its terms;
- satisfactory terms of the Scheme confirmed; and
- execution of final financing agreements in relation to the New Facilities.

2.4 Firm offer

The Potential Share Offer and M&R Early Bond Redemption are inter-conditional. As detailed in 2.1, the final Proposed Transaction Value and accordingly the implied final offer price per Aveng Share will be determined following the satisfactory completion of the confirmatory due diligence and the completion of the Proposed Rights Offer. Murray & Roberts intends to submit a firm offer post completion of the Proposed Rights Offer, subsequent to which a firm intention announcement will be made by Aveng. The firm offer will be subject to the suspensive conditions as set out in 2.5 below.

2.5 Suspensive conditions to the M&R Transaction

The M&R Transaction will be subject to the timeous fulfilment of the following suspensive conditions:

- a special resolution of the Aveng shareholders approving the Scheme;
- Murray & Roberts shareholders approving the Category 1 transaction, in terms of the Listings Requirements and placing sufficient ordinary shares under the control of the directors of Murray & Roberts;
- the approval of Existing Convertible Bondholders to amend the terms and conditions of the Existing Convertible Bonds to facilitate the early redemption of the Existing Convertible Bonds and to approve the terms of the redemption;
- approval of competition authorities in South Africa, Australia, New Zealand and certain other jurisdictions as required; and
- any other necessary statutory and/or regulatory and/or third party approval(s).

2.6 Other terms

In the event that (i) the firm intention letter is not received; or (ii) the circular to Murray & Roberts shareholders in respect of the Category 1 transaction is not posted in time for the general meeting to vote on the Category 1 transaction by 30 August 2018 or such later date

as agreed between the parties, Aveng shall be entitled, at its sole discretion, to terminate the M&R Transaction and any further negotiations between the parties.

3. Capital Markets Transaction

Shareholders are referred to the Capital Markets Transaction Announcement as well as the circular to Aveng shareholders posted on Monday, 30 April 2018. Aveng wishes to provide shareholders with more and updated information in relation to the Capital Markets Transaction as set out below:

3.1 Rationale for the Capital Markets Transaction

As at 31 December 2017, Aveng had gross debt of R3.25 billion including bank debt of R1.25 billion and the Existing Convertible Bonds of R2 billion. To date Aveng has utilised a further R350 million of bank debt and it is anticipated that Aveng will utilise a further R200 million bank debt (such funding remains subject to bank approval), thus increasing total bank debt to an amount of up to R1.8 billion. These current debt levels within the Group are considered to be unsustainable. As such, deleveraging the Company to reduce the existing debt-burden will be critical to unlock shareholder value. In particular, Aveng's Existing Convertible Bonds and the interim liquidity requirements are creating significant constraints on Aveng.

The Aveng board (the "Board") has considered alternatives for the potential refinancing of the Existing Convertible Bonds prior to their maturity. In addition to the difficult trading conditions the Company has been facing, the Board believes that uncertainty as to the Group's ability to refinance the Existing Convertible Bonds has contributed to the decline in the Aveng Share price over the recent months.

The Capital Markets Transaction will remove the refinance risk related to the Existing Convertible Bonds, provide a solution to the interim liquidity requirements and assist in restructuring Aveng Group's balance sheet to a more appropriate and sustainable level.

3.2 Early Bond Redemption

Aveng remains of the view that the Early Bond Redemption is in the best interest of all stakeholders should the M&R Transaction not be successful. As such Aveng is continuing with the process to amend the Existing Convertible Bond terms and conditions as detailed in the Capital Markets Transaction Announcement, to facilitate the Early Bond Redemption as soon as practically possible should the M&R Transaction not be successful.

To enable the Early Bond Redemption, Aveng will convene a meeting of Existing Convertible Bondholders to seek approval for the changes required to the terms and conditions to facilitate the early redemption of the Existing Convertible Bonds ("Special Bondholder Meeting"). At the Special Bondholder Meeting, approval of not less than 66.67% of a quorum of 75% of Existing Convertible Bondholders is required to effect the amendments to the Existing Convertible Bond terms and conditions. The foregoing amendments will also be subject to approval of the JSE.

A notice of the Special Bondholder Meeting and information relating to the amendments to the terms and conditions of the Existing Convertible Bonds will be distributed to Existing Convertible Bondholders in due course. The salient dates pertaining to the Special Bondholder Meeting will be published on SENS and will be contained in the notice.

3.3 Proposed Rights Offer

As a result of the M&R Transaction and the M&R Early Bond Redemption, Aveng will only look to raise an amount of up to R500 million through the Proposed Rights Offer. The proceeds of the Proposed Rights Offer will be used to fund the Retained Cash as detailed in the Capital Markets Transaction Announcement. The M&R Transaction is subject to various approvals and implementation may take more than six months. As such, Aveng requires new capital to be raised from the Proposed Rights Offer to ensure its interim liquidity requirements are met.

The Proposed Rights Offer will be conditional on shareholder approval to amend Aveng's Memorandum of Incorporation to inter alia increase the authorized share capital of Aveng to facilitate the Proposed Rights Offer. Additionally, shareholder approval will be required to grant directors authority to issue Aveng Shares representing more than 30% of the issued share capital of Aveng. The general meeting in order to pass the requisite resolutions will be held on 29 May 2018, the notice of which was sent to Aveng shareholders on Monday, 30 April 2018.

3.4 Bond Settlement

To the extent the M&R Transaction is successful, the Existing Convertible Bonds will be redeemed by the M&R Early Bond Redemption.

To the extent that the M&R Transaction is not successful, Aveng remains committed to early redeem the outstanding Existing Convertible Bonds as soon as practically possible. The amended terms and conditions of the Existing Convertible Bonds will allow for the early redemption of the outstanding Existing Convertible Bonds, which redemption is to be settled in cash or by the issue of new Aveng Shares or both. In the event that the M&R Transaction is not successful, Aveng will consider the viability of raising new cash from either the issue of new equity or a new debt instrument to settle all or a portion of the outstanding Existing Convertible Bonds. To the extent this is not viable, the outstanding Existing Convertible Bonds will be settled in the issue of new Aveng Shares. In this event, Aveng will allot and issue such Aveng Shares to the Existing Convertible Bondholders as a specific issue of shares for cash in accordance with the applicable requirements of the Listings Requirements and the provisions of the Companies Act ("Specific Issue"). The Specific Issue will be conditional on approval from independent shareholders.

The terms of the redemption, which will be subject to Existing Convertible Bondholder approval, will be finalized at such a time as Aveng is notified that the M&R Transaction is not successful.

4. Indicative timing

An indicative timeline for the implementation of the M&R Transaction and Proposed Rights Offer, is set out below, which timeline is subject to engagements with the TRP regarding the M&R Transaction and Murray & Roberts obtaining shareholder approval in terms of section 126 of the Companies Act.

- General meeting of Aveng shareholders to pass the requisite resolutions to implement the Proposed Rights Offer to be held on Tuesday, 29 May 2018, as detailed in the circular posted to shareholders on Monday, 30 April 2018;
- The terms of the Proposed Rights Offer will be finalised shortly after the receipt of the shareholder approvals referred to above;
- Murray & Roberts intend to make a firm offer after the completion of the Proposed Rights Offer;
- Murray & Roberts will post the circular in relation to the Category 1 transaction, including notice of general meeting after making the firm offer;

- Aveng shareholder meeting to approve the Scheme to be held in mid-August 2018; and
- Murray & Roberts shareholder meeting to approve the Category 1 transaction, in terms of the JSE Listings Requirements to be held by no later than 30 August 2018 or such later date as agreed between Aveng and Murray & Roberts.

To the extent the M&R Transaction is not successful, Aveng will announce further details with respect to the timing of the Early Bond Redemption at such time.

5. Guidance for Aveng Shareholders, cautionary announcement and renewal of cautionary announcement

The boards of directors of Murray & Roberts and Aveng have agreed to enter into formal negotiations with regards to the M&R Transaction which negotiations, if successfully concluded, may have a material effect on the price of both companies' securities. Accordingly, shareholders of Aveng are advised to exercise caution when dealing in their securities until further details pertaining to the M&R Transaction are announced. Furthermore, the Capital Markets Transaction is still ongoing and accordingly shareholders of Aveng are advised to continue exercising caution when dealing in their securities until further details pertaining to the Capital Markets Transaction are announced.

6. Responsibility statement

The boards of directors of Aveng accept responsibility for the information contained in this announcement and certify that, to the best of their knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of the information.

JSE Sponsor
UBS South Africa Proprietary Limited

Financial advisor and transaction sponsor for the Capital Markets Transaction
Rand Merchant Bank (A division of FirstRand Bank Limited)

Legal advisors
Baker McKenzie

Debt sponsor
Absa Bank Limited, acting through its corporate and investment banking division

18 May 2018
Jet Park

Michael Canterbury
Group Executive: Strategy & Investor Relations
Tel: 011 779 2979
Email: michael.canterbury@avenggroup.com

SENS Announcement of the Issuer dated 29 May 2018

AVENG LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1944/018119/06)
Share code: AEG
Share ISIN: ZAE000111829
JSE 2019 Convertible Bond Code: AEGCB
JSE 2019 Convertible Bond ISIN: ZAE000194940
("Aveng", "the Company" or "the Group")

UPDATE IN RELATION TO THE M&R TRANSACTION AND THE CAPITAL MARKETS TRANSACTION

1 Introduction

Aveng provides the following information advance of various potential corporate actions ahead of the general meeting today, 29 May 2018.

Shareholders are referred to the announcements released by Aveng on SENS on Thursday, 26 April 2018 ("Capital Markets Transaction Announcement") and on Friday, 18 May 2018 ("M&R Transaction Announcement") respectively, in which Aveng announced (i) its intention to early redeem the R2 billion, 7.25% senior unsecured convertible registered bonds due 24 July 2019 still in issue ("Early Bond Redemption"), (ii) its intention to launch a rights offer of up to R500 million ("Proposed Rights Offer") to raise cash to fund internal liquidity requirements (the Early Bond Redemption and the Proposed Rights Offer are collectively referred to as the Capital Markets Transaction), and (iii) that the boards of directors of Aveng ("Aveng Board") and Murray & Roberts ("Murray & Roberts Board") have reached in principle agreement regarding the proposed terms of a potential combination of Aveng and Murray & Roberts ("M&R Transaction"). Shareholders are further referred to the announcement released by Murray & Roberts on SENS on Friday, 18 May 2018, regarding the M&R Transaction.

Shareholders are reminded that no formal offer has yet been made by Murray & Roberts and that the making of a formal offer by Murray & Roberts is subject to the fulfilment and/or waiver of a number of preconditions as set out in the M&R Transaction Announcement. The making of a formal offer by Murray & Roberts to Aveng is subject to the satisfactory fulfilment or waiver of the following preconditions:

- Murray & Roberts shareholder approval in terms of section 126 of the Companies Act 2008, as amended ("Companies Act"), as a consequence of receipt by Murray & Roberts of an offer from ATON GmbH ("ATON") to acquire all or a portion of the issued shares in Murray & Roberts that it does not already own;
- approval from the Takeover Regulation Panel ("TRP") in terms of section 126 of the Companies Act;
- satisfactory completion of reciprocal confirmatory due diligence by Murray & Roberts and Aveng;
- completion of the Proposed Rights Offer in accordance with its terms;
- satisfactory terms of the scheme of arrangement confirmed; and
- execution of final financing agreements by Murray & Roberts in relation to the financing facilities of R1.8 billion.

2 Update on M&R Transaction

Shareholders are referred to the announcements released on SENS by ATON on Friday, 25 May 2018, and Monday, 28 May 2018, regarding ATON's acquisition of an additional c.18.2 million Murray & Roberts ordinary shares, increasing its shareholding in Murray & Roberts to c.43.7%, ATON's

withdrawal of its voluntary offer and its firm intention to make a mandatory offer for Murray & Roberts at an increased offer price of R17.00 on the basis as set out in the announcement. ATON has also previously released a public statement stating that it will not support the M&R Transaction.

Despite these recent developments, the Aveng Board remain of the opinion that there is merit in the potential combination of Aveng and Murray & Roberts, and believes that such a potential combination is in the best interest of the Company and its stakeholders. The Aveng Board is therefore continuing to engage with the Murray & Roberts Board and will continue progressing the M&R Transaction.

Aveng will keep shareholders updated with any further developments and progress in relation to the M&R Transaction.

3 Update on Proposed Rights Offer

Notwithstanding the M&R Transaction, Aveng remains committed to the implementation of the Proposed Rights Offer. As described in the Capital Markets Transaction it is critical for the Company to maximise proceeds from the Proposed Rights Offer in order for the Company to meet its interim liquidity requirements. It is anticipated that Aveng will utilise a further R200 million bank debt (such funding remains subject to bank approval). Aveng is currently finalising the funding term sheet with its funding banks in this regard.

Murray & Roberts is supportive of Aveng proceeding to implement the Proposed Rights Offer, irrespective of whether the M&R Transaction proceeds or not.

The Proposed Rights Offer is conditional on shareholder approval to amend Aveng's Memorandum of Incorporation to inter alia increase the authorized share capital of Aveng to facilitate the Proposed Rights Offer. Additionally, shareholder approval will be required to grant directors authority to issue Aveng Shares representing more than 30% of the issued share capital of Aveng. The general meeting in order to pass the requisite resolutions will be held today, 29 May 2018, the notice of which was sent to Aveng shareholders on Monday, 30 April 2018.

The terms and timing of the Proposed Rights Offer are expected to be announced to shareholders in due course.

As a result of the engagement with Murray & Roberts under the M&R Transaction, Aveng will need to apply to the TRP for consent to proceed with the Proposed Rights Offer under section 126 of the Companies Act.

4 Sale of identified assets and other properties

Shareholders are referred to Aveng's reviewed interim results for the six months ended 31 December 2017, released on 27 February 2018, in which Aveng announced the results of its strategic review (the "Strategic Review"). As part of the Strategic Review, Aveng announced its intention to dispose of its noncore assets, including Aveng Grinaker-LTA, Aveng Trident Steel, the Aveng Manufacturing businesses and other properties, allowing management to focus on the core operations of Moolmans and McConnell Dowell.

The Company continues to pursue the sale of the identified assets and has made progress in the disposals of Aveng Grinaker-LTA, Aveng Trident Steel and other properties. The Company will keep the shareholders informed as to the progress of the sale of these assets and will announce details to the market if a transaction is concluded. Aveng has also accelerated the preparation process for the sale of the Aveng Manufacturing businesses. Aveng will launch disposal processes for these assets shortly.

5 Renewal of cautionary announcements

The Aveng Board continues to progress its engagement with the Murray & Roberts Board with regards to the M&R Transaction which negotiations may have a material effect on the price of both companies' securities. Accordingly, shareholders of Aveng are advised to continue exercising caution when dealing in their securities until further details pertaining to the M&R Transaction are announced. Furthermore, the Capital Markets Transaction is still ongoing and accordingly shareholders of Aveng are advised to continue exercising caution when dealing in their securities until further details pertaining to the Capital Markets Transaction are announced.

6 Responsibility statement

The boards of directors of Aveng accept responsibility for the information contained in this announcement and certify that, to the best of their knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of the information.

JSE Sponsor
UBS South Africa Proprietary Limited

Financial advisor and transaction sponsor for the Capital Markets Transaction
Rand Merchant Bank (A division of FirstRand Bank Limited)

Legal advisors
Baker McKenzie

Debt sponsor
Absa Bank Limited, acting through its corporate and investment banking division

29 May 2018
Jet Park

Michael Canterbury
Group Executive: Strategy & Investor Relations
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Annexure C: Extract of Condition 10.2 from the Conditions

10.2 Redemption at the Option of the Issuer

- (d) On giving not less than 5 nor more than 20 days' (the "**Specific Notice Period**") notice (a "**Specific Optional Redemption Notice**") to the Trustee and to the Bondholders in accordance with Condition 18, the Issuer may redeem all but not some only of the Bonds then outstanding on the date (the "**Specific Optional Redemption Date**") specified in the Specific Optional Redemption Notice at an amount for each Bond **to be proposed by the Issuer and approved by Extraordinary Resolution** together with accrued interest up to but excluding the Specific Optional Redemption Date on the basis set out below. Unless redeemed at 100% of its Principal Amount together with accrued interest, in cash, the percentage of its Principal amount at which each Bonds is redeemed is subject to Bondholder approval at a Bondholder meeting convened in the manner prescribed in Condition 20. The redemption amount payable by the Issuer in respect of each Bond so to be redeemed shall be discharged (at the sole election of the Issuer, provided that the Issuer shall only be entitled to make such election in respect of the whole of a Bond) as follows:
- (i) the Issuer making a cash payment to or for the benefit of the relevant holder of such Bond on the Specific Optional Redemption Date in accordance with the provisions of Condition 11; or
 - (ii) the Issuer allotting and issuing to or for the benefit of the relevant holder of such Bond such number of Ordinary Shares as is determined by dividing the relevant redemption amount of the Bond by the price at which the Issuer issued Ordinary Shares pursuant to the rights offer implemented by the Issuer on or about 29 June 2018. To the extent that this rights offer is not implemented by the Issuer, then the number of Ordinary Shares shall be determined by dividing the relevant redemption amount of the Bond by an amount to be proposed by the Issuer and approved by Extraordinary Resolution. In either event:
 - (A) fractions of Ordinary Shares will not be issued and any fractions of Ordinary Shares will be rounded down to the nearest whole number of Ordinary Shares and the remaining fractional balance settled in cash;

(B) all Ordinary Shares so to be issued will be issued in uncertificated form through the securities trading system operated by Strate, or any successor licensed clearance and settlement facility (applicable to the Ordinary Shares) of Strate;

(C) the Issuer will procure the delivery of the Ordinary Shares so to be issued to the Strate account specified by the relevant Bondholder one day after the record date of the Specific Optional Redemption Date;

(D) the Bondholder will be required to certify, represent and agree either:

(aa) that such Bondholder is not a resident of South Africa within the meaning of the Exchange Control Regulations 1961 (as may be amended from time to time) of South Africa promulgated under the Currency and Exchanges Act, 1933 (as amended) of South Africa and that all exchange control approvals required under Applicable Laws of South Africa in connection with the exercise of Conversion Rights by such Bondholder and the issue or transfer of Ordinary Shares to such Bondholder upon such exercise have been obtained and are in full force and effect; or

(bb) that no exchange control approvals are required under Applicable Laws of South Africa in connection with the issue of Ordinary Shares to such Bondholder pursuant to such redemption,

and in either case and shall be required to provide evidence reasonably satisfactory to the Issuer as to the applicability of (aa) or (bb), as the case may be and the Issuer will (if applicable) procure that Ordinary Shares so delivered through Strate are flagged "Non Resident" for the purposes of South African exchange control laws and regulations;

(E) the Ordinary Shares so issued will be fully paid and will in all respects rank pari passu with the fully paid Ordinary Shares in issue on the relevant Registration Date, except in any such case for any right excluded by mandatory provisions of Applicable Law and except that such Ordinary Shares will not rank for (or, as the case may be, the

relevant holder shall not be entitled to receive) any rights, distributions or payments, the record date or other due date for the establishment of entitlement for which falls prior to the relevant Registration Date;

- (F) if the record date or other due date for establishment or entitlement for the payment of any dividend or other distribution in respect of the Ordinary Shares so to be issued on redemption of the Bond is on or after the Specific Optional Redemption Date but before the Registration Date, the Issuer will pay to the Bondholder in lieu of such dividend or distribution an amount in ZAR equal to any such dividend or other distribution to which such Bondholder would have been entitled had he on that record date or other due date for establishment of entitlement been such a shareholder of record of such Ordinary Shares on that date and will make the relevant payment to the relevant Bondholder at the same time that it makes payment of the dividend or other distribution;