



AECI LIMITED

(Incorporated in the Republic of South Africa)
(Registration Number 1924/002590/06)
("AECI" or "the Company" or "the Group")
Share code AFE ISIN NO ZAE000000220

**CAPITALISATION AWARD
AND CASH DIVIDEND ALTERNATIVE**

1. INTRODUCTION

In an announcement released by the Company on the Securities Exchange News Service ("SENS") and published in the press on Tuesday, 28 July 2009, AECI ordinary shareholders ("shareholders") were advised that the AECI board of directors ("the Board") had resolved to issue fully paid ordinary shares in the Company ("shares" or "AECI shares") as a capitalisation award to shareholders ("the capitalisation award") described in the circular to which this notice is attached.

Shareholders will be entitled as an alternative to the capitalisation award, in respect of all or part of their shareholding, to elect to receive a cash dividend of 28 cents per ordinary share ("the cash dividend alternative"), which will be paid only to those shareholders who elect in respect of all or part of their shareholding, on or before 12:00 on Friday, 2 October 2009, to receive the cash dividend alternative.

Shareholders not electing to receive the cash dividend alternative in respect of all or part of their shareholding will, by default, be issued with fully paid AECI shares in terms of the capitalisation award.

2. BRIEF SUMMARY OF THE CAPITALISATION AWARD

2.1 Terms of the capitalisation award

The number of capitalisation awards to which shareholders are entitled will be determined in the ratio that 28 cents per ordinary share bears to the 30-day volume-weighted average price for the Company's share, to be determined no later than Wednesday, 16 September 2009 ("the capitalisation shares").

Details of the ratio will be published on SENS no later than Thursday, 17 September 2009 and in the press the following business day.

2.2 Fractions

The current Strate environment does not permit fractions or fractional entitlements of ordinary shares. Accordingly, when a shareholder's capitalisation award has been calculated in accordance with the above formula and such calculation gives rise to a fraction of an ordinary share being due to a shareholder, such fraction will be rounded up to the nearest whole number where the fraction is greater than or equal to 0.5 and rounded down to the nearest whole number where the fraction is smaller than 0.5.

2.3 Tax implications

The capitalisation award and the cash dividend alternative may have tax implications for resident as well as non-resident shareholders. Shareholders are therefore encouraged to consult with their professional advisors should they be in any doubt as to the appropriate action to take.

3. PURPOSE OF THIS CIRCULAR

In order for the Company to issue ordinary shares in terms of the capitalisation award, shareholders must first provide the Board with the relevant authority per Section 221 of the Companies Act, No 61 of 1973, as amended ("Section 221 authority").

The purpose of this circular is to convene a general meeting at which AECI shareholders will be requested to vote on the ordinary resolution required to approve that the authorised but unissued shares in the capital of the Company be placed under the control of the Board for the specific purpose of fulfilling the terms of the capitalisation award, which resolution is contained in the notice of general meeting attached to and forming part of this circular.

After obtaining the Section 221 authority, a further circular will be posted to shareholders providing full details on the capitalisation award and incorporating a form of election, to be completed by certificated shareholders only.

E A Rea
Acting Company Secretary
Woodmead, Sandton
11 August 2009

Registered office
1st Floor, AECI Place, 24 The Woodlands, Woodlands Drive,
Woodmead, Sandton



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NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of shareholders of AECI Limited will be held on the ground floor, AECI Place, 24 The Woodlands, Woodlands Drive, Woodmead, Sandton on Tuesday, 1 September 2009 at 09:00 for the following purposes:

ORDINARY RESOLUTION NUMBER 1: CONTROL OF AUTHORISED BUT UNISSUED SHARES

"Resolved that the authorised but unissued shares in the capital of the Company be and are hereby placed under the control of the directors of the Company to allot and issue, subject to the Company's memorandum and articles of association, Section 221 of the Companies Act, No 61 of 1973, as amended ("the Companies Act"), and the JSE Limited Listings Requirements, to such person(s) and upon such terms and conditions as the directors may determine for the specific purpose of the capitalisation award to be undertaken by the Company, provided that:

- the directors of the Company are not authorised to issue more shares than such number of shares as will be required to fulfill the terms of the capitalisation award; and
- the authority is to expire on the conclusion of the capitalisation award."

VOTING AND PROXIES

On a show of hands, every shareholder present in person or represented in terms of section 188 of the Companies Act shall have one vote and on a poll every shareholder present in person or by proxy or so represented shall have one vote for every share held by such shareholder.

A shareholder entitled to attend, speak and vote at the general meeting is entitled to appoint a proxy or proxies to attend, speak and vote in place of that shareholder. A proxy need not be a shareholder of the Company.

Registered holders of certificated AECI shares and holders of dematerialised AECI shares in their own name and 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 in accordance with the instructions contained in the form of proxy so as to be received by the share registrars, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107) or Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH, England, by no later than 09:00 on Friday, 28 August 2009.

Holders of AECI shares (whether certificated or dematerialised) through a nominee should make timeously the necessary arrangements with that nominee or, if applicable, their Central Securities Depository Participant (CSDP) or broker to enable them to attend and vote at the general meeting or to enable their votes in respect of their AECI shares to be cast at the general meeting by that nominee or a proxy or a representative.

By order of the Board

E A Rea
Acting Company Secretary
Woodmead, Sandton
11 August 2009



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FORM OF PROXY

Only for the use of registered holders of certificated ordinary shares in the Company and the holders of dematerialised ordinary shares in the capital of the Company in "own name" form, at the general meeting to be held at 09:00 on Tuesday, 1 September 2009, on the ground floor, AECI Place, 24 The Woodlands, Woodlands Drive, Woodmead, Sandton.

Holders of ordinary shares in the Company (whether certificated or dematerialised) through a nominee must not complete this form of proxy but should timeously inform that nominee, or, if applicable, their Central Securities Depository Participant (CSDP) or stockbroker of their intention to attend the general meeting and request such nominee, CSDP or stockbroker to issue them with the necessary authorisation to attend or provide such nominee, CSDP or stockbroker with their voting instructions should they not wish to attend the general meeting in person but wish to be represented thereat. Such ordinary shareholders must not return this form of proxy to the transfer secretaries or to the registered office of the Company

PLEASE WRITE IN BLOCK LETTERS

I/We (full name) _____

of (address) _____

being a member/s of the above Company, holding _____ ordinary shares in the Company, hereby appoint

1. _____ of _____ or, failing him/her,
2. _____ of _____ or, failing him/her,
3. the chairman of the general meeting, as my/our proxy to attend, speak and vote for me/us and on my/our behalf or to abstain from voting at the general meeting of the Company and at any adjournment thereof as follows:

Insert an "X" or the number of votes exercisable
(one vote per share)

Proposed resolution	For	Against	Abstain
Authority to place shares under control of the directors			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of ordinary shares than you own in the Company, insert the number of ordinary shares held in respect of which you desire to vote (see note 2).

Signed at _____ on _____ 2009

Signature/s _____

Assisted by (where applicable)

Each member is entitled to appoint a proxy (who need not be a member of the Company) to attend, speak and vote in place of that member at the general meeting.

Please read the notes below.

NOTES TO FORM OF PROXY

1. A shareholder may insert the name of a proxy of the shareholder's choice in the space provided, with or without deleting "the chairman of the meeting", but any such deletion must be initialed by the shareholder. The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant space according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you wish to vote. Failure to comply with the above 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 exercisable at the general meeting. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast in respect of which abstention is recorded may not exceed the total number of the votes exercisable by the shareholder or by his/her proxy.
3. To be valid, the completed form of proxy must reach the offices of the Company's share registrars by no later than 48 hours prior to the general meeting (excluding Saturdays, Sundays and public holidays).
4. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.
5. 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 at the general meeting to the exclusion of any proxy appointed in terms of this proxy form.
6. Any alteration to this form of proxy must be signed in full and not initialed.
7. If this form of proxy is signed under a power of attorney, then such power of attorney or a notarially certified copy thereof must be sent with this form of proxy for noting (unless it has already been noted by the transfer secretaries).
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
9. The chairman of the general meeting may accept any form of proxy which is completed other than in accordance with these notes if he is satisfied as to the manner in which the shareholder wishes to vote.