



good chemistry

AECI LIMITED

Incorporated in the Republic of South Africa

(Registration number 1924/002590/06)

Ordinary share code: AFE ISIN: ZAE000000220

Preference share code: AFEP ISIN: ZAE000000238

CIRCULAR TO ORDINARY SHAREHOLDERS

relating to:

- **the approval of the Company's Memorandum of Incorporation,**

including:

- **a notice of general meeting; and**
- **a form of proxy (*blue*) (for use by certificated and dematerialised shareholders with own name registration only).**

28 January 2013

Merchant bank and sponsor



Legal advisors



South African transfer secretaries



United Kingdom transfer secretaries



CORPORATE INFORMATION AND ADVISORS

Company secretary

EN Rapoo
AECI Place
24 The Woodlands
Woodlands Drive, Woodmead
Sandton, 2146
(Private Bag X21, Gallo Manor, 2052)

South African transfer secretaries

Computershare Investor Services (Proprietary) Limited
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Merchant bank and sponsor

Rand Merchant Bank
(A division of FirstRand Bank Limited)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
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(PO Box 786273, Sandton, 2146)

Registered office and business address

First Floor
AECI Place
24 The Woodlands
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United Kingdom transfer secretaries

Computershare Investor Services plc
PO Box 82
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Legal advisors

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10 Fricker Road
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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.

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ACTION REQUIRED BY SHAREHOLDERS

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 shares in AECI, 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.

AECI shareholders are invited to attend the general meeting at which the special and ordinary resolutions set forth in the notice of general meeting attached to this circular will be proposed. The definitions commencing on page 4 of this circular apply mutatis mutandis to this section.

Please take note of the following provisions regarding the action required by shareholders:

A general meeting of shareholders will be held on Monday, 25 February 2013 at 08:30 on the ground floor at AECI Place, 24 The Woodlands, Woodlands Drive, Woodmead, Sandton, 2146.

1. IF YOU HAVE DEMATERIALISED 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 to cast your vote in accordance with your instructions.

If you have not been contacted, it is 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 and your CSDP/broker will issue the necessary letter of representation for you to attend the general meeting.

2. IF YOU HAVE NOT DEMATERIALISED YOUR SHARES OR HAVE DEMATERIALISED YOUR SHARES WITH "OWN NAME" REGISTRATION:

Voting, attendance and representation at the general meeting

You may attend and vote at the general meeting in person.

Alternatively, you may appoint a proxy to represent you at the general meeting by completing the attached form of proxy (*blue*) in accordance with the instructions therein, which form must be lodged with or posted to the transfer secretaries to be received by no later than 08:30 on Thursday, 21 February 2013. Any form of proxy not returned to the transfer secretaries by this time may be handed to the chairman of the general meeting any time before the appointed proxy exercises any of the shareholder's rights at the general meeting.

IMPORTANT DATES AND TIMES

2013

Record date to determine which shareholders are entitled to receive the circular containing the notice of general meeting	Friday, 18 January
Last day to trade in order to be eligible to attend and vote at the general meeting	Friday, 8 February
Record date to determine which shareholders are entitled to attend and vote at the general meeting	Friday, 15 February
Last day to lodge forms of proxy with the transfer secretaries by 08:30 on (see note 2)	Thursday, 21 February
General meeting of shareholders to be held at 08:30 on the ground floor at AECI Place, 24 The Woodlands, Woodlands Drive, Woodmead, Sandton, 2146 on	Monday, 25 February
Results of general meeting announcement released on SENS on	Monday, 25 February

Notes

1. The dates and times provided for in this circular are subject to amendment. Any material amendment will be published on SENS.
2. Any form of proxy not returned to the transfer secretaries by this time may be handed to the chairman of the general meeting any time before the appointed proxy exercises any of the shareholder's rights at the general meeting.

DEFINITIONS

In this circular, unless otherwise stated or the context so requires, the words in the first column shall have the meanings stated opposite to them in the second column, words in the singular shall include the plural and *vice versa*, words denoting one gender include the other and expressions denoting natural persons include juristic persons and associations of persons:

“Act” or “Companies Act”	the Companies Act, 2008 (Act 71 of 2008), as amended;
“board” or “the directors”	the board of directors of AECI at the date of this circular and set out on page 5 hereto;
“certificated shareholders”	shareholders who have not dematerialised their shares through Strate;
“circular” or “document”	this circular to shareholders dated Monday, 28 January 2013, incorporating a notice of general meeting, and a form of proxy (<i>blue</i>);
“Commission”	the Companies and Intellectual Property Commission established in terms of section 185 of the Act;
“current MOI”	the current memorandum and articles of association of AECI which is intended to be substituted with the proposed MOI;
“CSDP”	a central securities depository participant, appointed for the purpose of and regarding dematerialisation in terms of the Securities Services Act;
“dematerialised shareholders”	shareholders who hold dematerialised shares;
“dematerialised shares”	shares that have been through the process of dematerialisation;
“dematerialised” or “dematerialisation”	the process by which certificated securities are converted to or held in an electronic form as uncertificated securities and recorded in the sub-register of security holders maintained by a CDSP;
“general meeting”	the general meeting of the Company to be held at 08:30 on Monday, 25 February 2013 on the ground floor at AECI Place, 24 The Woodlands, Woodlands Drive, Woodmead, Sandton, 2146;
“JSE”	JSE Limited (registration number 2005/022939/06), a company duly registered and incorporated with limited liability under the company laws of the Republic of South Africa and licensed as an exchange under the Securities Services Act;
“AECI” or “the Company”	AECI Limited (registration number 1924/002590/06), a public company incorporated in South Africa and listed on the JSE;
“Listings Requirements”	the Listings Requirements of the JSE;
“memorandum” or “proposed MOI”	the proposed new Memorandum of Incorporation of AECI;
“own name registration”	the registration of dematerialised shares in the name of the beneficial owner thereof (as opposed to in the name of a nominee for the beneficial owner) in a sub-register;
“Rand” or “R” or “cents”	South African Rand and cents, the official currency of South Africa;
“Securities Services Act”	the Securities Services Act, 2004 (Act 36 of 2004);
“SENS”	the Stock Exchange News Service of the JSE;
“shareholders” or “AECI shareholders”	holders of AECI shares;
“shares” or “AECI shares”	ordinary shares of R1,00 (100 cents) each in the issued share capital of AECI;
“South Africa”	the Republic of South Africa;
“special resolution”	the special resolution to be proposed at the general meeting;
“Strate”	Strate Limited (registration number 1998/022242/06), a registered central securities depository in terms of the Custody and Administration of Securities Act (Act 85 of 1992), as amended; and
“transfer secretaries”	in South Africa, Computershare Investor Services (Proprietary) Limited (registration number 2000/006082/06), a company incorporated in South Africa and, in the United Kingdom, Computershare Investor Services plc (company number 3498808), a company incorporated in England and Wales.



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(Registration number 1924/002590/06)
Ordinary share code: AFE ISIN: ZAE000000220
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("AECI" or "the Company")

Directors

S Engelbrecht* (*Non-executive chairman*)
GN Edwards (*Chief Executive*)
MA Dytor (*Executive Director*)
KM Kathan (*Chief Financial Officer*)
RMW Dunne*†
Z Fuphe*
MJ Leeming*
LL Mda*
AJ Morgan*
LM Nyhonyha*
R Ramashia*

* Non-executive
† British

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION

The purpose of this circular is to provide shareholders with information relating to the Company's proposed MOI and, further, to convene a general meeting to consider and, if deemed fit, pass the special resolution required to approve the proposed MOI.

2. MEMORANDUM OF INCORPORATION

The Companies Act came into effect on 1 May 2011 ("the general effective date"). In terms of item 4(2)(a) of Schedule 5 to the Companies Act, at any time within the two-year period immediately following the general effective date, a pre-existing company (such as AECI) may file, without charge, an amendment to its current MOI to harmonise it with the Companies Act.

In addition, Schedule 10 of the Listings Requirements prescribes that a listed company is to harmonise its current MOI with the Listings Requirements within the same period contemplated in the Companies Act. The proposed MOI has therefore been prepared in order to achieve the aforementioned harmonisation. Annexure 1 to this circular contains a summary of the amendments made to the Company's current MOI. Annexure 1 is not intended to be an exhaustive summary of the proposed MOI and should be read in conjunction with the proposed MOI, which will be available for inspection on AECI's website and at the registered office of AECI during business hours from the date of issue of this circular until the date of the general meeting.

3. GENERAL MEETING

A general meeting of shareholders will be held at 08:30 on Monday, 25 February 2013 on the ground floor at AECI Place, 24 The Woodlands, Woodlands Drive, Woodmead, Sandton, 2146. Shareholders will be requested to consider and, if deemed fit, to pass, with or without modification, the special resolution and ordinary resolution to approve and implement the proposed MOI. The notice convening the general meeting is attached to this circular.

- 3.1 A form of proxy (*blue*), for use by those certificated 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 (see contact details below) by no later than 08:30 on Thursday, 21 February 2013.
- 3.2 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.

4. OPINION OF THE BOARD

The board is of the opinion that, for the reasons stipulated in paragraph 2 of this circular, the approval and adoption of the proposed MOI is in the best interests of the Company.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on page 5 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 by the Listings Requirements.

6. CONSENTS

The merchant bank and sponsor, legal advisors and the transfer secretaries have consented, in writing, to act in the capacity stated and to their name being used in this circular and have not withdrawn their consent prior to the publication of this circular.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on the Company's website (www.aeci.co.za) or at the Company's registered office, during normal business hours, from the date of issue of this circular until the date of the general meeting:

- the proposed MOI;
- the current MOI;
- the letters of consent received from the merchant bank and sponsor, legal advisors and the transfer secretaries; and
- a signed copy of this circular.

For and on behalf of the board

Company secretary

EN Rapoo



Woodmead
28 January 2013

Registered office

AECI Limited
AECI Place
24 The Woodlands
Woodlands Drive, Woodmead
Sandton, 2146
(Private Bag X21, Gallo Manor, 2052)

South African transfer secretaries

Computershare Investor Services (Proprietary) Limited
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

United Kingdom transfer Secretaries

Computershare Investor Services plc
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH
England

MATERIAL AMENDMENTS TO THE CURRENT MOI

MATERIAL AMENDMENTS TO THE CURRENT MEMORANDUM AND ARTICLES OF ASSOCIATION OF AECI LIMITED (“THE COMPANY”)

The following is an overview of the material changes to the memorandum and articles of association of the Company, which are currently in force (“**Current MOI**”) and which are to be substituted by the proposed memorandum of incorporation (“**Proposed MOI**”). Please note that this is intended as a summary for information purposes only, and is not intended as a substitute for the thorough perusal of the document to which it relates. Shareholders are individually requested to familiarise themselves with the contents of the Proposed MOI, which is available for inspection on the Company’s website (www.aeci.co.za) or at the Company’s registered office, AECI Place, 24 The Woodlands, Woodlands Drive, Woodmead, Sandton, 2146, during normal business hours, from Monday, 28 January 2013 until Monday, 25 February 2013.

1. NEW ADDITIONS

The following items constitute additions to the provisions of the Current MOI of the Company (references to articles in brackets are to articles of the Proposed MOI for the Company):

1.1 the requirements of Schedule 10 to the listings requirements (“**Listings Requirements**”) of the JSE Limited (“**JSE**”)

all provisions required to be included in the Proposed MOI of the Company in terms of the Listings Requirements of the JSE, insofar as these did not previously appear in the Current MOI, have been included and approved by the JSE, namely the following have been included:

1.1.1 alteration and amendment of the Proposed MOI

- 1.1.1.1 no alteration or amendment may be effected to the Proposed MOI unless the JSE has approved the proposed amendment/s (article 2.3.1.1);
- 1.1.1.2 in addition, where an amendment relates to the variation of the preferences, rights and other terms attaching to a class of securities (where there are more than 1 (one) in issue), the affected securities holders may vote at the general meeting of ordinary shareholders provided that their votes shall carry no special rights or privileges and shall not exceed 24,99% (twenty-four comma ninety-nine per cent) of the aggregate voting rights of all shareholders at the meeting (articles 2.3.1.2 and 2.3.1.3); and
- 1.1.1.3 the approvals contemplated above are not required if an amendment is ordered by a court in terms of section 16 of the Companies Act, 2008 (“**Companies Act**”) (article 2.3.1);

1.1.2 Company rules

the board of the Company may not make or amend any rules of the Company (article 2.4);

1.1.3 variation of rights and other terms attaching to shares in response to “external fact/s”

the application of the provisions of sections 37(6) and 37(7) of the Companies Act have been excluded (article 3.1.2.1);

1.1.4 pari passu

all listed securities in each class rank pari passu (article 3.1.2.2.1);

1.1.5 rights of ordinary shareholders

every holder of an ordinary share shall have 1 (one) vote for each ordinary share held (article 3.1.2.3.1.2);

1.1.6 alteration of authorised securities

no alteration of share capital or authorised securities may be made except in compliance with the Listings Requirements (article 3.2);

1.1.7 capitalisation shares

the directors may grant shareholders the right to receive scrip dividends *in lieu* of cash dividends or cash dividends *in lieu* of capitalisation or bonus shares (article 3.3.2);

1.1.8 issues of securities and options

issues of securities, convertible securities or options may only be effected in compliance with the Listings Requirements (article 4.1);

1.1.9 power of the board to issue securities for special consideration restricted

securities for which listings are sought must be fully paid up and transferable and the power of the board in section 40(5) of the Companies Act is excluded (article 4.2);

1.1.10 right of pre-emption on issue of securities

the manner and procedures for pre-emptive offers on issue are set out in detail (article 4.3);

1.1.11 acquisition by the Company of its own shares

the board may not authorise the acquisition of its own securities unless such acquisition complies with the provisions of the Listings Requirements (article 8);

1.1.12 no liens

securities of the Company may not be subject to liens in favour of the Company (article 9);

1.1.13 record date

record dates must be determined with reference to the Listings Requirements (article 12.1);

1.1.14 compliance with the Listings Requirements

the Company is required to hold meetings to adhere to the Listings Requirements in addition to those contemplated in the Companies Act and is not restricted from doing so (articles 13.2.3 and 13.3.1);

1.1.15 conduct of shareholders' meetings

all shareholders' meetings required in terms of the Listings Requirements are to be held in person, and may not be conducted by means of a written resolution as contemplated in section 60 of the Companies Act (article 13.4.1);

1.1.16 quorum for shareholders' meetings

1.1.16.1 quorum for shareholders' meetings shall be at least 3 (three) shareholders, and shareholders holding at least 25% (twenty-five per cent) of the voting rights exercisable at the relevant meeting (article 13.7.1); and

1.1.16.2 any shareholders' meeting which ceases to be quorate must be adjourned immediately (article 13.7.3);

1.1.17 notices of shareholders' meetings

1.1.17.1 the minimum number of days required for delivery of a notice of a shareholders' meeting is as per the Companies Act, and notice periods are not applicable where the Company adheres to section 62(2A) of the Companies Act (article 13.8.1);

1.1.17.2 notices of general and annual general meetings must be delivered to each shareholder entitled to vote at such meeting and who has elected to receive such documents (article 13.8.2); and

1.1.17.3 for as long as shares of the Company remain listed, notices of shareholders' meetings must be sent to the JSE at the same time as they are sent to shareholders, and must be announced through the Stock Exchange News Service (article 13.8.3);

1.1.18 ratification of ultra vires acts prohibited

the ratification of *ultra vires* acts by shareholders is prohibited where this would be contrary to the Listings Requirements or the other provisions of the Proposed MOI (article 13.10);

1.1.19 appointment of directors

1.1.19.1 the board shall comprise not less than the minimum number of directors required under the Companies Act, subject always to the minimum number prescribed in terms of the Listings Requirements, being 5 (five) directors (article 14.1);

1.1.19.2 all directors must be elected by the shareholders entitled to exercise voting rights and shareholders shall have the right to nominate any person for appointment (article 14.2.1);

- 1.1.19.3 the appointment of any person by the board to fill a casual vacancy or as an addition to the board must be confirmed at the next annual general meeting of the Company, failing which such person must vacate his or her office (article 14.2.5.1);
- 1.1.19.4 where the number of directors falls below the minimum number prescribed in the Proposed MOI, the remaining directors must within 3 (three) months fill such vacancies or call a general meeting to do so (article 14.2.6); and
- 1.1.19.5 a failure to have such minimum number of directors during the 3 (three) month period does not limit or negate the authority of the board or invalidate anything done by the board during such period but, after such 3 (three) month period, the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of the Company (article 14.2.6);

1.1.20 employment of directors in other capacities

a director may be employed in any other capacity in the Company, or as a director or employee of a company controlled by or which is a subsidiary of the Company, and the appointment and remuneration of such director in respect of such other office must be determined by a disinterested quorum of directors (article 14.2.4);

1.1.21 life directorships

life directorships and directorships for an indefinite period are not permitted (article 14.3.1);

1.1.22 rotation and retirement of directors

- 1.1.22.1 at the annual general meeting of the Company, 1/3 (one-third) of the non-executive directors and executive directors (or, if their number is not a multiple of 3 (three), the number nearest to but not less than 1/3 (one-third)) shall retire from office (article 14.3.2); and
- 1.1.22.2 a retiring director may be re-elected if he or she is eligible, as recommended by the nominations committee of the Company (article 14.3.3.5);

1.1.23 round robin resolutions of the board

board resolutions may be adopted by the written consent of a majority of the directors, given in person or by electronic communication, provided each director received notice of the matter to be decided (article 14.5);

1.1.24 tied votes

should the quorum requirements pertaining to directors' meetings be amended to provide for 2 (two) directors and only 2 (two) directors are present at a meeting, or only 1 (one) director and the chairperson is present, the chairperson shall not have a second or casting vote (article 14.7.1.2);

1.1.25 directors' expenses

directors shall be paid all their travelling and other expenses properly and necessarily incurred in and about *inter alia* the business of the Company, as well as such remuneration for *inter alia* residing abroad, or for any services performed in addition to any director's services as a director, as determined by a disinterested quorum of directors (article 14.9);

1.1.26 issue of debt instruments

the granting of special privileges to holders of debt instruments is prohibited (article 14.12.2);

1.1.27 payment policy

- 1.1.27.1 the directors have the power to make any distribution in compliance with section 46 of the Companies Act and the Listings Requirements (article 15.1.1);
- 1.1.27.2 dividends are payable to shareholders registered as at a date subsequent to the declaration or confirmation of the dividend, whichever is later (article 15.1.2);
- 1.1.27.3 any dividend or payment due to shareholders on or in respect of a share must be held in trust by the Company indefinitely (subject to the laws of prescription) (article 15.1.14.1); and
- 1.1.27.4 payments to all holders of securities in the Company must be made in accordance with the Listings Requirements and capital shall not be repaid on the basis that it may be called up again (article 15.5);

1.1.28 financial statements

a copy of the financial statements must be distributed to the shareholders by no less than 15 (fifteen) business days prior to the annual general meeting or in accordance with other, relevant provisions of the Listings Requirements (article 16.1);

1.2 other provisions included

1.2.1 listing on other stock exchanges

the Company may seek listings on such stock exchanges other than the JSE as the directors may consider appropriate from time to time (article 2.5);

1.2.2 financial assistance

the board may not authorise the provision of financial assistance in terms of section 44 of the Companies Act unless the provision thereof complies with the Listings Requirements (article 7);

1.2.3 voting by chairperson in absence of instructions

if a shareholder appoints the chairperson as his or her proxy but does not provide clear instructions, in the reasonable opinion of the chairperson, as to how his or her vote is to be cast, then the chairperson shall vote in favour of all resolutions to be voted on (article 11.4);

1.2.4 right to call a meeting of shareholders

1.2.4.1 the board may call a shareholders' meeting at any time in terms of section 61(1) of the Companies Act (article 13.2.1); and

1.2.4.2 if there are insufficient directors in the Republic of South Africa capable of acting to form a quorum, any director or shareholders holding in aggregate 10% (ten percent) of the total voting rights may convene a general meeting (article 13.2.1);

1.2.4.3 the Chief Executive Officer of the Company may call a shareholders' meeting for the purposes of section 61(11) of the Companies Act (article 13.2.2);

1.2.5 location of shareholders' meetings

shareholders' meetings shall be held at such place and time as the directors may from time to time determine (article 13.5);

1.2.6 electronic participation in shareholders' meetings

every shareholders' meeting must in accordance with the Companies Act be reasonably accessible within the Republic of South Africa for electronic participation in the manner contemplated in section 63(2) of the Companies Act (article 13.6);

1.2.7 procedure on postponement and adjournment of shareholders' meetings

the provisions of section 64(4) as regards postponements and adjournments due to a quorum of shareholders not being present have been included for the sake of clarity (article 13.7.2);

1.2.8 eligibility requirements

in addition to satisfying the eligibility requirements set out in section 69 of the Companies Act, as well as those contemplated in the Current MOI, a director shall not be entitled to remain serving as such if he or she is employed by the Company in terms of a contract of employment and such contract is terminated (article 14.2.2);

1.2.9 committees of directors

the authority of the board to appoint committees is as per the Companies Act, and any delegation of authority may be wholly or partially withdrawn at any time (article 14.10);

1.2.10 summarised annual financial statements

summarised annual financial statements may be sent to shareholders, subject to the provisions of the Companies Act and the Listings Requirements (article 16);

1.3 provisions amended

the following articles of the Current MOI have been amended:

1.3.1 rights attaching to the B ordinary shares

minor amendments have been effected to the B ordinary share terms as they appear in the Proposed MOI as regards numbering and article references, consistency of wording and use of definitions within the Proposed MOI;

1.3.2 rights attaching to the 5.5% cumulative preference shares

- 1.3.2.1 article 43.2.1 of the Current MOI provides that the 5.5% cumulative preference shares confer the right on a winding-up to have the capital thereon paid up or credited as paid up together with a premium of 1 (one) shilling per share in the currency of the United Kingdom: the Proposed MOI provides that the premium shall be £0,05 (zero comma zero five pound sterling) (article 3.1.2.5.4.1);
- 1.3.2.2 article 43.2.2 of the Current MOI provides *inter alia* that the dividend on the 5.5% cumulative preference shares shall be payable half-yearly on 15 June and 15 December in every year: the Proposed MOI provides the same, save that this is subject to approval in terms of section 46 of the Companies Act (article 3.1.2.5.4.2); and
- 1.3.2.3 minor amendments have been effected to the 5.5% cumulative preference share terms as they appear in the Proposed MOI as regards numbering and article references, consistency of wording and use of definitions within the Proposed MOI;

1.3.3 right to call a meeting

article 18.4 of the Current MOI provides that any 2 (two) members of the Company may convene a general meeting: the Proposed MOI provides that ordinary shareholders holding in aggregate 10% (ten percent) of the total voting rights may convene a general meeting (article 13.2.1);

1.3.4 voting by shareholders only by polling

articles 19.7 and 19.9 of the Current MOI provide that, at a shareholders' meeting, voting may be by a show of hands or by polling: the Proposed MOI provides that voting shall only be by polling (article 13.11.1);

1.3.5 chairperson of the board

article 28.3 of the Current MOI provides for the election of the chairperson of the board: the Proposed MOI provides that should the chairperson be subject to rotation and not re-elected, he or she shall cease to hold such office immediately after the relevant annual general meeting and the board shall elect a new chairperson. If no chairperson has been elected the chairperson will be elected by the board from their own number (article 14.4);

1.3.6 executive directors

article 27.1 of the Current MOI provides *inter alia* that the directors may appoint a chief executive or joint chief executive from their number, or may appoint one of their number to hold any other executive office, and may from time to time terminate their appointment subject to any contract between such directors and the Company: the Proposed MOI provides that the board shall appoint from their number a chief executive and a chief financial officer as executive directors, and may remove such chief executive and/or chief financial officer in their discretion, as well as providing *inter alia* that the terms of appointment of such directors will be on such terms as the board may think fit (article 14.13.1); and

1.3.7 indemnity

article 42 of the Current MOI provides for the indemnification of directors, and includes provisions that are not in compliance with the Companies Act: the Proposed MOI provides that the authority of the Company to indemnify a director is as per the Companies Act, and that section 78 shall apply mutatis mutandis to the secretary, prescribed officers and employees of the Company (article 17).

2. EXCLUSIONS

The Proposed MOI excludes or departs from the provisions of the Current MOI of the Company in various aspects, either as a result of a direct conflict with the Companies Act and/or the Listings Requirements, or by virtue of the fact that such items unnecessarily duplicate the provisions of the Companies Act, and/or are no longer relevant or applicable to the Company.



AECI LIMITED

Incorporated in the Republic of South Africa
(Registration number 1924/002590/06)

Ordinary share code: AFE ISIN: ZAE000000220
Preference share code: AFEP ISIN: ZAE000000238
("AECI" or "the Company")

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of AECI will be held at 08:30 on Monday, 25 February 2013 on the ground floor at AECI Place, 24 The Woodlands, Woodlands Drive, Woodmead, Sandton, 2146 for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions set out in this notice.

The following dates, in terms of the Listings Requirements of the JSE Limited ("JSE Listings Requirements") and section 59 of the Companies Act, 2008 (Act 71 of 2008) ("Companies Act"), have been set by the board of directors of the Company for the purpose of determining which shareholders of the Company are entitled to:

- receive notice of the general meeting – record date Friday, 18 January 2013; and
- participate in and vote at the general meeting – last day to trade Friday, 8 February 2013 and record date Friday, 15 February 2013.

1. SPECIAL RESOLUTION NUMBER 1: APPROVAL OF THE PROPOSED MEMORANDUM OF INCORPORATION

"RESOLVED THAT, the existing Memorandum of Incorporation (formerly the Company's memorandum and articles of association) be and is hereby abrogated in its entirety and replaced with a new Memorandum of Incorporation, a copy of which has been tabled at the general meeting at which this special resolution will be considered and has been initialled by the chairman of the general meeting for purposes of identification, with effect from the date of filing thereof at the Companies and Intellectual Property Commission."

In terms of the Companies Act, the passing of special resolution number 1 requires the approval of a 75% majority of the voting rights exercised by shareholders present or represented by proxy at this general meeting.

Reason for and effect of Special Resolution Number 1

The reason for special resolution number 1 is to approve the Company's Memorandum of Incorporation in order to ensure the Company's compliance with the Companies Act, the Listings Requirements and principles of good corporate governance.

The coming into effect of the Companies Act has materially altered the requirements for the Memorandum of Incorporation of a company. In response thereto, the JSE has also revised its requirements for the Memorandum of Incorporation of a listed company and requires companies to alter their Memoranda of Incorporation so as to comply with the new requirements. In order to ensure compliance with the Companies Act and the Listings Requirements, as well as in order to optimise its governance processes in a changed regulatory environment, the Company has undertaken a process of review of its existing Memorandum of Incorporation (formerly its memorandum and articles of association) and has prepared a new Memorandum of Incorporation in substitution thereof.

A summary of the material amendments to the Company's existing Memorandum of Incorporation is set out in Annexure 1 to the circular of which this notice of general meeting forms part.

2. ORDINARY RESOLUTION NUMBER 1: AUTHORITY OF DIRECTORS AND COMPANY SECRETARY TO IMPLEMENT THE APPROVAL OF THE PROPOSED MEMORANDUM OF INCORPORATION

“RESOLVED, as an ordinary resolution that, subject to the passing of the special resolution proposed at the general meeting at which this ordinary resolution will be considered, any director of the Company or the company secretary be and are hereby authorised and empowered to do all such things, sign all such documents and procure the doing of all such things and the signature of all such documents, as may be necessary or incidental to give effect to the matters contemplated in such special resolution.”

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 proxy form attached to this notice in this regard;**
- **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 general meeting of shareholders must present reasonably satisfactory identification and the person presiding at the general meeting must be reasonably satisfied that the right of the person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified.**

On a show of hands, every shareholder present in person or by proxy, and if a shareholder is a body corporate, its representative, shall have one vote and on a poll every shareholder present in person or by proxy and, if the person is a body corporate, its representative, shall have one vote for every share held or represented by him/her.

Registered certificated shareholders and dematerialised shareholders with own name registration and who are unable to attend the general meeting and who wish to be represented at the general 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 in South Africa, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) or in the United Kingdom, Computershare Investor Services plc, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH, England, by no later than 08:30 on Thursday, 21 February 2013. Before a proxy exercises any rights of a shareholder at the general meeting, such form of proxy must be so delivered.

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

Equity securities held by a share trust or scheme or in treasury will not have their votes at general meetings taken into account for the purposes of resolutions proposed in terms of the Listings Requirements.

Telephonic participation

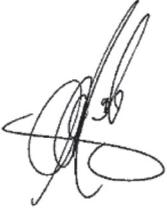
Shareholders or their proxies may participate telephonically at the general meeting, provided that, should they wish to do so, they are required to deliver written notice thereof to the company secretary and a copy of such written notice to the transfer secretaries, at the addresses as set out on the inside front cover of the circular to which this notice to shareholders is attached, by no later than Wednesday, 20 February 2013, stating their wish to participate via telephonic communication at the general meeting (“the telephonic notice”).

In order for the telephonic notice to be valid, it must contain:

- where the AECI shareholder is a natural person, a certified copy of his/her identity document and/or passport;
- where the AECI shareholder is not a natural person, a certified copy of a resolution by the relevant entity together with a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution, which resolution must name the person/s authorised to represent the relevant entity at the general meeting via telephonic communication; and
- a valid email address and/or facsimile number (“the contact address/number”).

By no later than 08:30 on Friday, 22 February 2013, AECI shall use its reasonable endeavours to communicate with each AECI shareholder or proxy having delivered a valid telephonic notice, by notifying such shareholder or proxy at its contact address/number of the relevant details through which the shareholder can participate via telephonic communication.

By order of the board



Company secretary

EN Rapoo

Woodmead
28 January 2013



AECI LIMITED

Incorporated in the Republic of South Africa
(Registration number 1924/002590/06)
Ordinary share code: AFE ISIN: ZAE000000220
Preference share code: AFEP ISIN: ZAE000000238
("AECI" or "the Company")

FORM OF PROXY

(for use by certificated and own name dematerialised shareholders only)

For use by certificated shareholders and dematerialised shareholders with own name registration only, at the general meeting of shareholders of the Company to be held at 08:30 on Monday, 25 February 2013 on the ground floor at AECI Place, 24 The Woodlands, Woodlands Drive, Woodmead, Sandton, 2146.

Dematerialised shareholders without own name registration must inform their CSDP or broker of their intention to attend the general meeting and request their CSDP or broker to issue them with the necessary Letter of Representation to attend the general meeting in person and vote, or provide their CSDP or broker with their voting instructions should they not wish to attend the general meeting in person. These shareholders must not use this form of proxy.

I/We

(Name in BLOCK LETTERS)

of

(address)

being the holder/s of ordinary shares in the capital of the Company do hereby appoint (see note):

- _____ or failing him/her,
- _____ or failing him/her,
- the chairman of the general meeting,

as my/our proxy to act for me/us at the general meeting for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof; and to abstain from voting for and/or against the resolutions in respect of the ordinary shares registered in my/our name in accordance with the following instructions:

	For	Against	Abstain
Special Resolution Number 1 Approval of the new Memorandum of Incorporation			
Ordinary Resolution Number 1 Authority to directors and company secretary to implement the approval of the new Memorandum of Incorporation			

Signed at _____ on _____ 2013

Signature

Assisted by (where applicable)

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and vote in place of that shareholder at the meeting.

In compliance with the provisions of section 58(8)(b)(i) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act, is set out in the notes to this form of proxy:

Notes

1. The form of proxy must only be used by certificated shareholders or dematerialised shareholders with own name registration.
2. Shareholders are reminded that the onus is on them to communicate with their CSDP.
3. A shareholder entitled to attend and vote at the general meeting may appoint any individual (or two or more individuals) as a proxy or proxies to attend, participate in and vote at the general meeting in the place of the shareholder. A proxy need not be a shareholder of the Company. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the general meeting". The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
4. 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 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.
5. 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 ordinary shares in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the transfer secretaries not less than 24 hours before the commencement of the general meeting.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or 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.
7. The chairman 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.
8. 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.
9. 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 chairman of the general meeting.
10. 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 her/his capacity are produced or have been registered by the Company.
11. 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 Company's register of shareholders) 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).
12. Forms of proxy should be lodged with or mailed in South Africa to Computershare Investor Services (Proprietary) Limited:

Hand deliveries to:

Computershare Investor Services (Proprietary) Limited
70 Marshall Street
Johannesburg, 2001

or in the United Kingdom to Computershare Investor Services plc:

Hand deliveries to:

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol BS99 7NH
England

Postal deliveries to:

Computershare Investor Services (Proprietary) Limited
PO Box 61051
Marshalltown, 2107

Postal deliveries to:

Computershare Investor Services plc
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
England

to be received by no later than 08:30 on Thursday, 21 February 2013 (or 48 hours before any adjournment of the general meeting which date, if necessary, will be notified on SENS and in the South African press).

13. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory/ies.