

Argent Industrial Limited
(Registration number 1993/002054/06)
(Incorporated in the Republic of South Africa)
Share Code: ART
ISIN: ZAE000019188
("Argent" or "the Company")

ACQUISITION OF ENTIRE SHARE CAPITAL OF FUEL PROOF LIMITED AND ROLL-TEC SAFETY LIMITED

1. Introduction and rationale

Argent is pleased to announce that it has entered into a Heads of Agreement to acquire the entire share capital of Fuel Proof Limited and Roll-Tec Safety Limited from R.A. Pilkington and A.R. Hargreaves (collectively, the "sellers") for a cash purchase consideration of GBP 4 600 000 ("the transaction").

The rationale for the transaction is an opportunity to grow its business by further diversifying its portfolio of companies and to expand internationally into the United Kingdom.

2. The nature of business

Fuel Proof Limited has an excellent reputation as leaders in the field of fuel storage and supply systems that are designed to provide improved security, service life, reliability and ease of use. Roll-Tec Safety Limited is a specialist manufacturer of roll-over protection bars for construction machinery as well as being the rental agent for Fuel Proof Limited, renting out its products into the European market.

3. The consideration

The purchase consideration is GBP 4 600 000 to be settled in cash upon entering into a binding sale and purchase agreement on completion of a satisfactory financial and legal due diligence by the company.

The purchase consideration will be recalculated twenty-four months after the effective date in that it will either reduce to a minimum of GBP 4 080 000 or increase to a maximum of GBP 6 million.

The purchase consideration spread will be based on the average yearly after taxable income ranging from a minimum of GBP 680 000 to a maximum of GBP 1 million.

4. Conditions precedent

The transaction is subject to the fulfilment of the following conditions precedent:

- 4.1 The company, at its sole discretion, will confirm that its satisfied with the outcome of the financial and legal due diligence to be completed by mid-May 2018;
- 4.2 The annual maintainable income after annual tax must not be less than GBP 680 000;
- 4.3 The sellers provide warranties regarding the legal and tax matters as well as warranting the assets, liabilities and product warranties; and
- 4.4 Other conditions that are customary for a transaction of this nature.

5. Effective date

The effective date of the transaction is the commencement of business on the first day of the month succeeding the month in which the conditions are fulfilled.

6. Financial Information

- 6.1 The net value of the assets attributable to the business amounts to GBP 2.2 million.
- 6.2 The profits attributable to the business amounts to GBP 680 000 after taxation.
- 6.3 The financial information contained in this announcement has not been reviewed or reported on by Argent's auditors.

7. Categorisation

- 7.1 As the transaction amounts to more than 5% but less than 30% of the market capitalisation, the transaction is classified as a category 2 transaction in terms of paragraph 9.5 of the JSE Listings Requirements.
- 7.2 This announcement is made for information purposes only and no action is required by Argent shareholders with regards to the transaction.
- 7.3 The Company will advise shareholders once all the conditions precedent to the transaction have been fulfilled.

Umhlanga

20 February 2018

Sponsor: PSG Capital Proprietary Limited