



“Committed to growth, dedicated to value”

petmin

Petmin Limited

(Incorporated in the Republic of South Africa)

(Registration number 1972/001062/06)

JSE share code: PET ISIN: ZAE000076014

(“Petmin” or “the Company”)

Notice of annual general
meeting 2013

CONTENTS

	<i>Page</i>
1. Covering note	2
2. Chairman's letter to shareholders	3
3. Abridged consolidated financial statements	6
4. Abridged consolidated income statement and abridged consolidated statement of comprehensive income	7
5. Abridged consolidated statement of financial position	8
6. Abridged consolidated statement of cash flows	9
7. General overview of performance	10
8. Notice of annual general meeting	12
9. Identification, voting and proxies	20
10. ANNEXURE 1: Executive incentive scheme and executive share option scheme	22
11. Form of proxy	Attached

INTEGRATED REPORT DESCRIBES DELIVERY ON EXPANSION AT OPERATIONS FOR PETMIN

Dear shareholder

Petmin has had a productive year of delivery on its expansion at the Somkhele anthracite mine and its North Atlantic Iron Corporation pig iron project in Canada. We are pleased to enclose a letter from our chairman Ian Cockerill extracted from our Integrated Report for the year ended 30 June 2013 and abridged financial statements extracted from our Annual Financial Statements for the year ended 30 June 2013.

We remain focused on the steel value chain and commodities required for urbanisation and infrastructure development. During the past year we reported earnings from continuing operations excluding impairments up by 18%, with an improved performance from Somkhele in the second half of the year ended 30 June 2013. A third washing plant to produce energy coal was successfully commissioned at Somkhele and the mine now has the capacity to produce 480 000 tonnes per annum of this energy coal in addition to the 1 200 000 tonnes of anthracite per annum that plants one and two are capable of producing. Successful smelt tests have been conducted in the NAIC project and significant progress towards finalising the Preliminary Economic Assessment for NAIC has been made. In light of the state of the South African and world economies, Petmin reviewed the project valuation parameters of the Veremo project and recorded an impairment expense of R200 million at 30 June 2013. The project remains viable and, during the year ended 30 June 2013, Chinese firm MCC International Incorporation Limited completed a feasibility study and concluded that the project is economically viable.

Details of these developments can be found in our Integrated Report covering the year to 30 June 2013. The report follows the King III Code of Governance Principles for South Africa. In addition to demonstrating Petmin's ability to create and sustain value, it explains Petmin's strategy and value proposition, how we manage our stakeholders, how we identify and manage risks facing our organisation, business model and our economic, social and environmental impacts.

As an environmentally responsible company which embraces modern communication techniques, we have placed our Integrated Report and Financial Statements online at www.petmin.co.za.

We are happy, though, to provide printed copies to those who prefer them. You can request printed copies from our company secretary: jvdwalt@mondialcons.com or alternatively, you can contact us on +27 (0)11 7061644 and we will ensure the delivery of the printed copies.

The Petmin Annual General Meeting (AGM) will be held at 37 Peter Place, Bryanston, Johannesburg at 10:00 on Friday, 21 February 2014 and we hope to see you there.

The Petmin team
3 December 2013

CHAIRMAN'S LETTER TO SHAREHOLDERS

Petmin has delivered another robust performance despite tough local and international conditions. Our Somkhele anthracite operation recovered from first-half challenges and our North American industrial project is making solid progress towards a Preliminary Economic Assessment.

Last year I spoke about the importance of a clear strategy and focused execution by the right team, combined with tight cost control and rigorous investment criteria. Our relentless focus on these elements has enabled Petmin to perform well in an environment which was even tougher than anticipated during the past 12 months.

If we exclude reported impairments, our earnings from continuing operations are up by 18%; and we reported a 92% increase in second-half headline earnings per share.

Importantly, Petmin remains committed to its dividend policy and we are pleased to have declared a dividend of 3 cents per share.

Safety remains a management priority at Petmin and we have maintained our excellent safety record, with no serious injuries at Somkhele or any other Petmin projects.

Somkhele approaching peak performance

Our extensive investment in Somkhele is largely complete and the mine now has a life in excess of 20 years with annual production capacity of approximately 1,2 million tonnes of saleable anthracite. Second half production at Somkhele of 528 666 tonnes shows that we are close to achieving potential production, though prices remain under pressure.

Importantly, the commissioning of a third wash plant now gives us the ability to produce (yield dependent) up to 480 000 tonnes of energy product from discard; and in the last four months of the year we produced more than 200 000 tonnes.

The stockpile policy introduced following production delays caused by rain, and unprotected strikes in 2012, has been successful. At year-end we had more than our target 100 000 ROM tonnes on the stockpile.

Following the successful completion of a 50/50 joint venture with our mining contractor, we have greater control over costs and productivity of mining operations at Somkhele, and we have harmonised pay and working conditions.

We continue to expand the value of this asset through an exploration programme leading to growth in reserves and resources, and the opening of new mining areas.

Industrial and community relations remain a challenge across the South African mining sector, and Somkhele is no exception. More than 80% of Somkhele's workforce is drawn from the local community. Petmin continues to invest in this community, with R40 million spent on development to date and a further R25 million scheduled for investment under a new social and labour plan.

During the year under review we made a substantial investment in a series of industrial theatre productions which spoke directly to the workforce about the value of the mine, the importance of productivity, and the mine's contribution to the community around Somkhele. In addition, previous agreements with the community at Somkhele were replaced with a binding memorandum of understanding with the Mpukunyoni Traditional Council.

The agreement recognises the responsibility of all parties towards the sustainability of the Somkhele mine, in order to ensure continued jobs and community benefits. It notes that Tendele can only continue employment at current levels, with growth and investment in the community, if productivity is dramatically improved and if there are no work stoppages.

The signatories committed themselves to seven key principles, including positive relations with government, a commitment to peace and stability around the mine, and working with organised labour as a strategic partner of the mine. The agreement further included continuing social and labour programmes to ensure lasting benefits to the community.

Unfortunately subsequent to the financial year ended 30 June 2013, despite this investment in the workforce and the broader community, during September 2013 and October 2013 some of the workforce at Somkhele embarked on a 37-day strike over pay and working conditions. Thanks to our stockpile policy, and the efforts of management and volunteers at the mine, we were largely able to keep our plants running and to maintain deliveries to domestic and export customers. The strike was resolved following the signing of a two-year wage agreement at the end of October and we look forward to a prolonged period of harmonious labour relations at the mine.

Petmin's industrial project in North America

Petmin's investment in the North Atlantic Iron Corporation (NAIC) is based on opportunities emerging from the re-industrialisation of the US and access to low-cost energy from natural gas. NAIC's focus is on the production of pig iron from iron sands in the bottom cost quartile for the North American mini-mill steel market. We have joint management control, and the option to increase our stake to 40% for a total investment in NAIC of US\$25 million, with a further option on 9,9% at a market related price.

During the year under review, we increased our stake in NAIC to 25%, satisfactorily completed two smelt tests and made significant strides towards a PEA which is scheduled for completion by end-Q1 2014.

In line with Petmin's strategy to optimise value for shareholders, Petmin and its partners plan to pursue a separate listing of NAIC on both the Toronto Stock Exchange and the JSE shortly after completion of the PEA.

Veremo iron ore to pig iron project

Important progress has been made at the Veremo pig iron project. We await approval of an application for new order mining rights, and have in the meantime completed further work on a bankable feasibility study.

Under the terms of the investment which gave Petmin 25% of the project, the controlling shareholders of Veremo were to fund and develop the project to commence production within 48 months of 30 April 2008, and to distribute to Petmin the larger of a cash payment of R65 million per year for three years, or 25% of the profit after tax from Veremo. The first of the three cash payments of R65 million fell due on 28 February 2013 and was not received. Petmin has entered into discussions with the controlling shareholders regarding the payment due, to ensure Petmin receives fair value.

Notwithstanding the above, and bearing in mind weakness in global markets, Petmin has reviewed the economic value of the project and deemed it prudent to impair the project value by R200 million.

Petmin's expansion

Petmin remains strategically committed to the steel value chain and the commodities which underpin infrastructure growth. Several deals in these sectors have been evaluated by Petmin during the year as we look for further expansion by geography and commodity. While we did not conclude any transactions during the year under review, we have started to see better value and opportunities emerging and will continue to investigate and benchmark these opportunities against our robust investment criteria.

We have identified and will be pursuing significant opportunities in the consolidation of producers of thermal coal for supply to Eskom.

SA mining environment

A degree of pragmatism seems to have settled over the mining industry, particularly with regard to nationalisation. However, we share the concern of our mining industry colleagues as to the outcome of deliberations around the MPRDA Amendment Bill, and hope that government will take account of concerns about the potential negative impact of the proposed changes to legislation.

For South Africa's mining industry to reach its full potential there needs to be a continued effort towards the restoration of trust between government, labour and the industry, with all parties working in partnership to ensure not just survival but the sustainable growth of an industry which could again be a major employer and economic contributor.

BBBEE at the operational level

Since 2006, Petmin has been fortunate to have several very effective and actively involved BBBEE partners, including Dark Capital, which has made a significant contribution over the years, in all aspects of our business. Petmin is absolutely committed to empowerment, but like many SA companies must ensure that if BBBEE

partners realise value from their shareholding it does not jeopardise our own BBBEE status. We will, during the coming year, be looking at how Petmin can become more empowered at an operational level, with investors, communities and employees taking a direct stake in, for example, our Somkhele mine. This will provide the dual benefit of maintaining Petmin's BBBEE status, giving us greater flexibility to expand the business without jeopardising our empowered status.

Unbundling non-core assets

We expect during the year ahead to unbundle some of Petmin's non-core assets in order to focus on developing the NAIC project, expanding the value of Somkhele and seeking opportunities in thermal coal.

Corporate governance

I agreed in 2010 to take the executive chairman role for three years, and with effect from the Petmin AGM I will move to a non-executive chairman's role. I will continue to be intimately involved with the development and execution of strategy, and available to offer advice as and when required.

I would again like to thank Petmin's non-executive directors for their continuing advice and support. Congratulations to the executive team of Lebo, Brad, Bruce and Johan, ably led by Jan, for another solid performance under very difficult circumstances.

In addition, a heartfelt thanks to all the staff at our Somkhele operation, under Johan's leadership, for their hard work and dedication.

Our partners in NAIC have demonstrated commitment to the ongoing development of the project, for which we are grateful.

Finally, our leading independent non-exec, John Taylor, passed away on 15 October 2013 after a long illness. John gave seven years of dedicated service and wise counsel to the Petmin board and we extend our condolences to his family, friends and colleagues.



Ian Cockerill

Executive Chairman*

**To become non-executive chairman after AGM.*

ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

These abridged consolidated financial statements comprise a summary of the audited financial statements of the group for the year ended 30 June 2013 are the responsibility of the directors of Petmin Limited. The group financial statements for the year ended 30 June 2013 from which these abridged financial statements have been derived were prepared in accordance with International Financial Reporting Standards and the requirements of the companies Act of South Africa. The unqualified audit report is available for inspection at the Group's registered office. These abridged consolidated financial statements comprise:

- abridged consolidated income statement and statement of comprehensive income;
- abridged consolidated statement of financial position; and
- abridged consolidated statement of cash flows;

In addition to the abridged consolidated financial statements management also presents a general overview of performance.

For a full appreciation of the financial position and results of the group readers should refer to the audited financial statements.

The audited financial statements of the group for the year ended 30 June 2013 are available on www.petmin.co.za or a copy can be obtained on request from our company secretary: jvdwalt@mondialcons.com.

Material change

There has been no material change in the affairs of or financial position of the Company as reported in the condensed provisional consolidated financial statements as published on 30 September 2013.

Petmin Limited
Abridged consolidated income statement
for the year ended 30 June 2013

	Year ended 30 June 2013 R'000	Year ended 30 June 2012 R'000
Revenue	833 490	516 303
Cost of sales	(664 100)	(360 461)
Gross profit	169 390	155 842
Operating (expenses)/income	(589)	6 532
Administration expenses	(24 384)	(20 611)
Operating profit before finance income/(expense) and separately disclosed items	144 417	141 763
Mark to market of listed securities	5 683	(20 234)
Net finance income	(24 172)	(6 988)
Finance income	4 306	2 936
Finance expenses	(28 478)	(9 924)
Impairment of investment in equity accounted investee (including receivable)	(200 000)	–
Impairment loss on exploration asset	–	(18 841)
Fair value gain on investment in jointly controlled entity	–	3 404
Share of losses of equity accounted investee	(1 625)	(1 707)
(Loss)/profit before income tax	(75 697)	97 397
Income tax expense	(36 335)	(41 377)
(Loss)/profit for the year from continuing operations	(112 032)	56 020
Profit for the year from discontinued operation net of income tax	–	38 517
Profit on sale of subsidiary net of tax	–	18 145
(Loss)/profit for the year	(112 032)	112 682
Earnings per share		
Basic earnings per ordinary share (cents)	(19.42)	19.53
Diluted earnings per ordinary share (cents)	(19.42)	19.24
Earnings per share from continuing operations		
Basic earnings per ordinary share (cents)	(19.42)	9.71
Diluted earnings per ordinary share (cents)	(19.42)	9.56

Abridged consolidated statement of comprehensive income
for the year ended 30 June 2013

	Year ended 30 June 2013 R'000	Year ended 30 June 2012 R'000
(Loss)/profit for the year	(112 032)	112 682
Other comprehensive income (after tax)		
Items that may be reclassified to profit and loss		
Foreign currency translation differences	7 442	3 877
Effective portion of changes in fair value of cash flow hedges	(2 619)	–
Other comprehensive income for the year net of income tax	4 823	3 877
Total comprehensive income for the year	(107 209)	116 559

Petmin Limited
Abridged consolidated statement of financial position
at 30 June 2013

	Year ended 30 June 2013 R'000	Year ended 30 June 2012 R'000
ASSETS		
Non-current assets	1 765 955	1 541 541
Property, plant and equipment	1 425 327	1 042 840
Intangible asset	–	–
Equity accounted investee	271 686	468 757
Loan due by joint venture	30 478	–
Investments	38 464	29 944
Current assets	374 425	494 701
Inventories	163 779	100 312
Trade and other receivables	201 768	111 741
Receivable on sale of subsidiary	1 158	281 064
Current tax assets	2 772	–
Cash and cash equivalents	4 948	1 584
Total assets	2 140 380	2 036 242
EQUITY AND LIABILITIES		
Total equity attributable to equity holders of the Company	1 273 521	1 405 188
Share capital	143 575	143 763
Share premium	332 654	334 104
Share option reserve	9 440	3 508
Hedging reserve	(2 619)	–
Foreign currency translation reserve	11 000	3 558
Retained earnings	779 471	920 255
Non-current liabilities	649 478	262 502
Interest free loan	1 122	–
Interest-bearing loans and borrowings	372 032	68 074
Loan due to venturer in joint venture	30 478	–
Deferred taxation	206 658	172 233
Environmental rehabilitation provision	39 188	22 195
Current liabilities	217 381	368 552
Trade and other payables	131 023	157 968
Interest-bearing loans and borrowings	51 434	59 590
Hedge liability	3 637	–
Current tax liabilities	–	34 816
Shareholders for dividend	1 355	1 287
Bank overdraft	29 932	114 891
Total equity and liabilities	2 140 380	2 036 242

Petmin Limited
Abridged consolidated statement of cash flows
for the year ended 30 June 2013

	Year ended 30 June 2013 R'000	Year ended 30 June 2012 R'000
Cash flows from operating activities		
Cash generated by operations	453 596	449 339
Income tax (paid)/refunded	(37 588)	1 425
Finance income	4 306	4 010
Finance expenses	(28 478)	(10 958)
Net cash from operating activities	391 836	443 816
Cash flows from investing activities		
Investment in jointly controlled entities (net of cash acquired for group)	(91 765)	(45 716)
Investment in listed shares	(2 838)	(16 616)
Acquisition of property, plant and equipment	(672 594)	(688 548)
– to expand operations	(130 164)	(270 707)
– capitalised pre-strip	(529 701)	(405 558)
– to maintain operations	(12 729)	(12 283)
Proceeds on sale of subsidiary, net of cash disposed	279 906	(23 889)
Proceeds from sale of property, plant and equipment	7 068	24
Net cash used in investing activities	(480 223)	(774 745)
Cash flows from financing activities		
Proceeds from options exercised, specific and general share issues for cash during the year	–	3 331
Treasury shares acquired	(1 638)	(9 590)
Payment on options forfeited	–	(160)
Repayment of borrowings	(78 997)	(29 189)
Increase in borrowings	286 122	6 984
Dividends paid	(28 777)	(22 785)
Net cash from/(used in) financing activities	176 710	(51 409)
Net increase/(decrease) in cash and cash equivalents	88 323	(382 338)
Cash and cash equivalents at beginning of year	(113 307)	269 031
Cash and cash equivalents at end of year	24 984	(113 307)

GENERAL OVERVIEW OF PERFORMANCE

Like-for-like earnings per share were up 18% to 15.25 cents (2012: 12.98 cents) (excludes SamQuarz and impairments).

Petmin generated a loss for the year from continuing operations of R112 million (2012: profit of 56 million) as an impairment expense of R200 million was recognised against the value of the Veremo project.

Profit (excluding the Veremo impairment) in the second half of the year ("H2 2013") was up 92% to R58 million from the R30 million reported in the interim results for the six months ended 31 December 2012 ("H1 2013"). This was largely as a result of management interventions at Somkhele Anthracite Mine addressing the production difficulties encountered in H1 2013.

Profit after tax (excluding the Veremo impairment) was down 22% to R88 million (2012: R113 million) as 2012 included the profit on sale of SamQuarz of R18.1 million and the R 38.5 million profit generated by SamQuarz prior to its disposal.

The table below summarises the group's capital expenditure for the year ended 30 June 2013.

Group capital expenditure	Year ended 30 June 2013 R'000	Year ended 30 June 2012 R'000
Total capital expenditure	243	460
Somkhele	224	388
Group	19	72
Capital expenditure at Somkhele anthracite mine	224	388
Capital pre-stripping	100	177
Second wash plant	–	119
Third wash plant	62	–
Exploration, development, resource definition	32	29
Other items	30	63

Petmin incurred capital expenditure of R243 million (2012: R460 million) in support of its growth and diversification strategy. R224 million was spent at Somkhele (2012: R388 million) with the balance of R19 million being Petmin's share of the capital expenditure of the proportionately consolidated, jointly controlled entities, North Atlantic Iron Corporation ("NAIC"), Iron Bird Resources and the mining joint venture with Sandton Plant Hire Proprietary Limited ("Mining JV").

With the significant capital investment at Somkhele largely completed, the mine is now geared to produce up to 1.2 million tonnes per annum of anthracite and 480 000 tonnes per annum of energy product.

Petmin invested a further R92 million in jointly controlled entities (2012: R46 million). The investment of R43 million in NAIC takes Petmin's interest at 30 June 2013 to 25% and provided the funding to progress the Preliminary Economic Assessment (PEA) and to conduct smelt tests to successfully produce pig iron.

The net investment in the Mining JV at Somkhele of R49 million provides Petmin with a 50% stake in that business and the ability to align the contract mining and personnel management processes to Somkhele's goals and strategies.

The group's operations remain strongly cash generative, generating R392 million in the year to June 2013 (2012: R444 million). The 2012 comparative is R407 million on a like-for-like basis if the operating cash flows of SamQuarz are excluded.

The normalised profit (see table below) from ongoing operations decreased by 11% to R87 million (2012: R97 million) largely as a result of interest incurred on the increased levels of debt used to fund the expansion and diversification programmes and due to the production difficulties encountered in H1 2013.

Normalised profit from ongoing operations (not audited)	Year ended				Year ended
	30 June	H2 2013	%	H1 2013	30 June
	2013	tonnes	change	tonnes	2012
	tonnes				tonnes
Anthracite tonnes produced	822 431	528 666	80	293 765	637 220
Anthracite tonnes sold	802 325	431 763	17	370 562	546 051
Energy tonnes produced	207 238	207 238		–	–
Energy tonnes sold	178 559	78 559		–	–
	R'000	R'000	%	R'000	R'000
			change		
Turnover	833 490	475 857	33	357 633	516 303
Results from ongoing operations	144 417	90 229	67	54 188	141 763
Net finance expense	(24 172)	(17 063)	140	(7 109)	(6 988)
Pre-tax results from ongoing operations	120 245	73 166	55	47 079	134 775
Pre-tax gross profit margin	14%	15%	17	13%	26%
Assumed tax at 28%	(33 669)	(20 486)	55	(13 182)	(37 737)
Assumed profit after tax from ongoing operations	86 576	52 679	55	33 897	97 038
Shares in issue	576 908 188	576 908 188	0	576 908 188	576 908 188
Normalised profit after tax from ongoing operations per share	15.01	9.13	55	5.88	16.82

Petmin's interest-bearing debt to equity ratio increased to 35.60% (2012: 17.26%) as R285 million of the R325 million MTL and RCF facilities from Standard Bank was drawn in the year ended 30 June 2013. This calculation was further exacerbated by the R200 million impairment of the Veremo project.

The forthcoming IFRS 11 *Joint Arrangements*, which becomes effective for the year commencing 1 July 2013, requires that joint ventures be accounted for under the equity accounting method. Therefore joint ventures will no longer be proportionately consolidated after 30 June 2013. If Petmin's proportional share of the Mining JV's debt is excluded from the debt equity calculations at 30 June 2013, the debt equity ratio would have been 29.34% and not the reported 35.60%.

Due to the current tough trading environment in the world, and specifically in the South African mining industry and, as the Executives all have a material equity stake in the Company, the executives proposed to the Petmin Remco that their remuneration packages be further reduced to assist the Company during difficult times. The executive team has agreed to forfeit R3.5 million of the incentives that were earned in terms of the currently approved remuneration scheme for the year ended 30 June 2013.

NOTICE OF ANNUAL GENERAL MEETING



PETMIN LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1972/001062/06)

(JSE share code: PET)

ISIN: ZAE000076014

("Petmin" or "the Company")

Notice is hereby given that the annual general meeting of the Company will be held on Friday, 21 February 2014 at 10:00 at First Floor, 37 Peter Place, Bryanston, Johannesburg ("**Registered Office**") to conduct the business referred to below. The record date in terms of section 59 of the Companies Act, 71 of 2008, as amended (the "**Act**"), for shareholders to be recorded in the securities register of the Company in order to be able to attend, participate and vote at the annual general meeting, is Friday, 14 February 2014.

AGENDA

Ordinary Business

1. Presentation of audited annual financial statements

The annual financial statements of the Company and its subsidiaries, together with the independent auditors' report, a report by the Audit and Risk Committee and the directors' report for the year ended 30 June 2013, are presented to the Shareholders for their consideration.

A summary of the documents specified above is included in the integrated report to which this notice forms a part ("**Annual Report**") on pages 20 to 26 and a complete copy thereof may be obtained from the Registered Office, or alternatively, an electronic copy thereof is available on the Company's website, www.petmin.co.za.

2. Retirement and re-election of directors

Messrs M Arnold and T Petersen are obliged to retire by rotation at this annual general meeting in accordance with the Company's Memorandum of Incorporation ("**MOI**"). Having so retired, they are eligible for re-election as directors.

2.1 Ordinary Resolution number 1

"RESOLVED THAT Mr T Petersen be and is hereby re-elected as a director of the Company."

The percentage of voting rights required for Ordinary Resolution number 1 to be adopted:
more than 50% (fifty percent) of the voting rights exercised on the resolution.

The profile of the director up for re-election in terms of Ordinary Resolution number 1 is as follows:

T Petersen (57) – BComm (Hons) CA(SA) (Appointed 12 September 2011)

Trevor Petersen is a Chartered Accountant and is a former Managing Partner of the Cape Town office of audit firm PricewaterhouseCoopers ("**PwC**"). He also held the position of Chairman of PwC Western Cape and is the past Chairman of the South African Institute of Chartered Accountants. Trevor has been a member of the University of Cape Town Council since 2002. He is also a non-executive director on the board of Mediclinic International Limited.

Taking into account his past performance and contribution, the board of directors of the Company recommends the re-appointment of the abovementioned director.

2.2 **Ordinary Resolution number 2**

"RESOLVED THAT Mr M Arnold be and is hereby re-elected as a director of the Company."

The percentage of voting rights required for Ordinary Resolution number 2 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution.

The profile of the director up for re-election in terms of Ordinary Resolution number 2 is as follows:

Millard Arnold (67) – BA (Political Science), Juris Doctorate (Appointed 1 March 2011)

Millard Arnold previously served as Group Legal Counsel of Murray and Roberts. He is a senior Fellow of the Gordon Institute of Business Science, a member of the Council of the University of South Africa (UNISA), and a member of the UNISA Foundation. He was previously executive chairman of Black and Veatch Africa and served the government of the United States as its first Minister Counselor of Commercial Affairs for the South Africa region.

Taking into account his past performance and contribution, the board of directors of the Company recommends the re-appointment of the abovementioned director.

3. **Appointment of KPMG Inc as auditors of the Company**

To re-appoint KPMG Inc., as nominated by the Company's Audit and Risk Committee, as independent auditors of the Company, to hold office until the conclusion of the next annual general meeting of the Company. It is noted that the individual registered auditor who will undertake the audit during the financial year ending 30 June 2014 is Mr J Erasmus.

Ordinary Resolution number 3

"RESOLVED THAT KPMG Inc. be and are hereby re-appointed as the auditors of the Company to hold office until the conclusion of the next annual general meeting."

The percentage of voting rights required for Ordinary Resolution number 3 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution.

4. **Approval of the remuneration philosophy**

To consider and approve the remuneration philosophy as contained in the report of the Remuneration Committee in the Annual Financial Statements for the year ended 30 June 2013 and as approved at the AGM held on 23 November 2012 as set out on pages 98 to 107 of the Annual Report.

Ordinary Resolution number 4

"RESOLVED as a non-binding advisory vote that the remuneration philosophy for the year ended 30 June 2013 be and is hereby approved."

Shareholders are reminded that in terms of the Code of and Report on Governance Principles for South Africa (King III), 2009, the passing of this ordinary resolution is by way of a non-binding advisory vote.

5. **Approval of the Petmin Limited Executive Remuneration Scheme (1 July 2013 to 30 June 2016)**

To consider and approve the remuneration scheme as contained in Annexure 1 of these documents.

Ordinary Resolution number 5

"RESOLVED as a non-binding advisory vote that the Petmin Limited Executive Remuneration Scheme (1 July 2013 to 30 June 2016), the salient terms and conditions of which appear in Annexure 1 of these documents be and is hereby approved."

Shareholders are reminded that in terms of the Code of and Report on Governance Principles for South Africa (King III), 2009, the passing of this ordinary resolution is by way of a non-binding advisory vote.

6. **Approval of the amendments to the Petmin Limited Executive Share Option Scheme**

Ordinary Resolution number 6

"RESOLVED that, the amendments to the Petmin Limited Executive Share Option Scheme as approved at the June 2010 AGM, the salient terms and conditions of which appear in the section headed "2014 Share Option Scheme" in Annexure 1 of these documents, be and are hereby approved in accordance with Schedule 14 of the Listings Requirements of the JSE Limited (JSE Listings Requirements)."

In terms of the JSE Listings Requirements, Ordinary Resolution number 6 requires a 75% majority of the votes cast in favour of such resolution by all shareholders present or represented by proxy at the annual general meeting, to approve such resolution.

7. **Appointment of the members of the Audit and Risk Committee**

To elect, by way of separate resolutions, the following independent non-executive directors, as members of the Company's Audit and Risk Committee:

7.1 **Ordinary Resolution number 7**

"RESOLVED THAT *Mr T Petersen, be and is hereby re-elected as a member of the Company's Audit and Risk Committee."*

The percentage of voting rights required for Ordinary Resolution number 7 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution.

7.2 **Ordinary Resolution number 8**

"RESOLVED THAT *Mr A Martin, be and is hereby re-elected as a member of the Company's Audit and Risk Committee."*

The percentage of voting rights required for Ordinary Resolution number 8 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution.

7.3 **Ordinary Resolution number 9**

"RESOLVED THAT *Mr E Greyling, be and is hereby re-elected as a member of the Company's Audit and Risk Committee."*

The percentage of voting rights required for Ordinary Resolution number 9 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution.

7.4 **Ordinary Resolution number 10**

"RESOLVED THAT *Mr M Arnold, be and is hereby re-elected as a member of the Company's Audit and Risk Committee."*

The percentage of voting rights required for Ordinary Resolution number 10 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution.

The profiles of the directors up for membership appear in this notice of annual general meeting:

Trevor Petersen (57) – BComm (Hons) CA(SA) (Appointed 12 September 2011)

Trevor Petersen is a Chartered Accountant and is a former Managing Partner of the Cape Town office of PwC. He also held the position of Chairman of PwC Western Cape and is the past Chairman of the South African Institute of Chartered Accountants. Trevor has been a member of the University of Cape Town Council since 2002. He is also a non-executive director on the board of Mediclinic International Limited.

Alwyn Martin (75) – BComm (UCT), CA(SA) (Appointed March 2006)

Alwyn Martin joined Petmin as a non-executive director in March 2006. His other directorships include Datacentrix Holdings Limited, Northam Platinum Limited and Trans Hex Group Limited.

Enrico Greyling (70) – BA (Hons) Business Economics (Appointed January 2004)

Enrico Greyling previously served as a non-executive director of a number of PSG Group Limited subsidiaries as well as various private companies and until recently was also a director of Venmyn Limited. Prior to becoming active at the PSG Group, Enrico was a director of FBC Fidelity Bank, which is now part of Nedcor Limited. He also served on the Board of RMB Holdings Limited as an executive director prior to its merger with FirstRand Limited. For a time, during his career as a banker, he was a board member of the Banking Council of South Africa.

Millard Arnold (67) – BA (Political Science), Juris Doctorate (Appointed 1 March 2011)

Millard Arnold previously served as Group Legal Counsel of Murray and Roberts. He is a senior Fellow of the Gordon Institute of Business Science, a member of the Council of the University of South Africa (UNISA), and a member of the UNISA Foundation. He was previously executive chairman of Black and Veatch Africa and served the government of the United States as its first Minister Counsellor of Commercial Affairs for the South Africa region.

As is evident from the profiles of the directors, the Committee members have the required qualification and experience to fulfill their duties and, taking into account their past performance and contribution, the board of directors of the Company recommends their re-appointment.

8. **To authorise share issues for cash**

Ordinary Resolution number 11

*“ **RESOLVED THAT** the authorised but unissued ordinary shares in the capital of the Company be and are hereby placed under the control and authority of the directors of the Company and that the directors be and are hereby authorised and empowered to allot and issue all or any such ordinary shares, to such person(s) on such terms and conditions and with such rights and privileges attached thereto as the directors may from time to time in their discretion deem fit, subject to the provisions of the Act, as amended, the MOI, as amended from time to time, and the Listings Requirements of the JSE.*

It is recorded that Ordinary Resolution number 11 is subject to the limitation that in the aggregate in any one financial year, the number of shares the directors are empowered to allot and issue may not exceed 10% (ten percent) of the Company's equity securities in issue of that class.

The percentage of voting rights required for Ordinary Resolution number 9 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution.

9. **To place the unissued shares under the control of the directors**

Ordinary Resolution number 12

*“ **RESOLVED THAT** the directors of the Company from time to time be and are hereby authorised, by way of a general authority, to:*

- *allot and issue, or to issue any options or convertible securities in respect of, all or any of the authorised but unissued ordinary shares in the capital of the Company; and/or*
- *sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company,*

for cash, to such person/s on such terms and conditions and with such rights and privileges attached thereto as the directors may from time to time in their discretion deem fit subject to the Act, as amended, the MOI, as amended from time to time, the Memoranda of Incorporation of the Company's subsidiaries (previously known as their Memoranda and Articles of Association), as amended from time to time, and the Listings Requirements of the JSE from time to time.”

In respect of Ordinary Resolution number 12, it is recorded that the Listings Requirements of the JSE contain, *inter alia*, the following limitations:

- the general authority provided in terms of Ordinary Resolution number 12 will be valid until the earlier of the Company's next annual general meeting or expiry of a period of 15 (fifteen) months from the date that this authority is given;
- the equity securities which are the subject of the issue for cash:
 - (i) must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
 - (ii) must be issued to public shareholders, as defined in paragraph 4.25 to 4.27 of the Listings Requirements of the JSE, and not to related parties;
 - (iii) in the aggregate in any one financial year may not exceed 10% (ten percent) of the Company's equity securities in issue of that class;

- (iv) of a particular class, will be aggregated with any securities that are compulsorily convertible into securities of that class and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible;
 - (v) as regards the number of securities which may be issued (the 10% (ten percent) number), same shall be based on the number of securities of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application:
 - (1) less any securities of the class issued, or to be issued in future arising from options/convertible securities issued, during the current financial year;
 - (2) plus any securities of that class to be issued pursuant to:
 - (aa) a rights issue which has been announced, is irrevocable and is fully underwritten; or
 - (bb) an acquisition (in respect of which final terms have been announced) which acquisition issue securities may be included as though they were securities in issue at the date of application.
- The maximum discount at which equity securities may be issued is 10% (ten percent) of the weighted average traded price of such equity securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities.
 - Where options or convertible securities, excluding executive and staff share schemes, are granted/issued for cash (or for the extinction or payment of any liability, obligation or commitment, restraint(s), or settlement of expense), the grant/issue will be subject to the inclusion of a statement by the board of directors of the Company confirming whether the issue is fair insofar as the shareholders of the Company are concerned and that the board of directors of the Company has been so advised by an independent expert acceptable to the JSE if the discount to the market price at the time of exercise of the option or conversion of the convertible security is not known at the time of grant/issue of the option or convertible security or if it is known that the discount will exceed 10% of the 30-day weighted average traded price of the security at the date of exercise. In this instance, the grant/issue may only proceed if the independent expert confirms that it is fair.

Pursuant to the Listings Requirements of the JSE, the Company will only be entitled to implement this general authority to allot and issue ordinary shares for cash if this Ordinary Resolution number 12 is supported by 75% (seventy five percent) of the voting rights exercised on the resolution.

Special business

10. General authority to repurchase shares in the Company

Special Resolution number 1

"RESOLVED as a special resolution that the Company, or any of its subsidiaries, be and they are hereby authorised, by way of a general authority, to acquire ordinary shares in the Company, subject to the provisions of the Act, and the Listings Requirements of the JSE, provided that:

- (a) the general authority in issue shall be valid only until the Company's next annual general meeting and shall not extend beyond 15 (fifteen) months from the date of this resolution;
- (b) any general repurchase by the Company and/or any of its subsidiaries of the Company's ordinary shares in issue shall not in aggregate in one financial year exceed 5% (five percent) of the Company's issued ordinary share capital at the time that the authority is granted;
- (c) no acquisition may be made at a price more than 10% (ten percent) above the weighted average of the market price of the ordinary shares for 5 (five) business days immediately preceding the date of such acquisition;
- (d) the repurchase of the ordinary shares are effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company or its subsidiaries and the counter party (reported trades are prohibited);
- (e) the Company or its subsidiaries may only appoint one agent at any point in time to effect any repurchase(s) on behalf of the Company or its subsidiaries;

- (f) a resolution has been passed by the board of directors of the Company or its subsidiaries authorising the acquisition, and the Company has passed the solvency and liquidity test as set out in section 4 of the Act and that since the application of the solvency and liquidity test by the board there have been no material changes to the financial position of the Company;
- (g) the Company or its subsidiary may not repurchase ordinary shares during a prohibited period;
- (h) *should the Company or any subsidiary cumulatively repurchase, redeem or cancel 3% (three percent) of the initial number of the Company's ordinary shares in terms of this general authority and for each 3% (three percent) in aggregate of the initial number of that class thereafter in terms of this general authority, an announcement shall be made in terms of the Listings Requirements of the JSE."*

The percentage of voting rights required for Special Resolution number 2 to be adopted: at least 75% (seventy percent) of the voting rights exercised on the resolution.

Having considered the effect on the Company of the maximum repurchase under this annual general authority, the directors are of the opinion that:

- the Company will be able to pay its debts for a period of 12 (twelve) months after the date of this notice of annual general meeting;
- the assets of the Company will be in excess of the liabilities of the Company for a period of 12 (twelve) months after the date of this notice of annual general meeting which assets and liabilities have been valued in accordance with the accounting policies used in the audited annual financial statements of the Company for the year ended 30 June 2013;
- the share capital and reserves of the Company will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of annual general meeting; and
- the working capital of the Company is considered adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of annual general meeting.

The board of the Company will ensure that the Company's sponsor provides the JSE with the necessary report on the adequacy of the working capital of the Company and its subsidiaries in terms of the Listings Requirements of the JSE prior to the commencement of any share repurchase in terms of this special resolution.

The board of the Company has considered the impact of a repurchase of up to 5% (five percent) of the Company's shares, being within the maximum permissible under a general authority in terms of the Listings Requirements of the JSE. Should the opportunity arise and should the directors deem it in all respects to be advantageous to the Company to repurchase such shares, it is deemed appropriate that the Company or a subsidiary be authorised to repurchase the Company's shares.

Disclosure in terms of section 11.26 of the Listings Requirements of the JSE

The Listings Requirements of the JSE require the following disclosures, which are disclosed in the audited financial statements (FS) and the Integrated Report (IR) as set out below:

	Page
Directors and management	10 (IR)
Major shareholders	18 (IR)
Directors' interest in securities	66 – 67 (FS)
Share capital	4 and 42 (FS)

Directors' responsibility statement

The directors, whose names appear on page 10 of the Integrated Report collectively and individually accept full responsibility for the accuracy of the information pertained to this special resolution and certify 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 this special resolution contains all the information required by the Listings Requirements of the JSE.

Litigation statement

Other than as noted in the Company's financial statements for the year ended 30 June 2013, the directors, whose names appear on page 10 of the Integrated Report, are not aware of any material legal or arbitration proceedings that are pending or threatened, that may have or have had in the previous 12 (twelve) months a material effect on the Company's financial position.

Material change

There has been no material change in the affairs of or financial position of the Company since year end.

11. Financial assistance to related or inter-related companies

Special Resolution number 2

"RESOLVED as a special resolution, in terms of section 45 of the Act, that the Company provides at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, any direct or indirect financial assistance as contemplated in such section of the Act to any 1 (one) or more related or inter-related companies or corporations of the Company and for the avoidance of doubt will exclude financial assistance to individuals who are related parties to the Company, provided that:

1. the board of directors of the Company from time to time determines: (a) the recipient or recipients of such financial assistance; (b) the form, nature and extent of such financial assistance; and (c) the terms and conditions under which such financial assistance is provided; and
2. the board of directors of the Company may not authorise the Company to provide any financial assistance pursuant to this special resolution unless the board meets all those requirements of section 45 of the Act which it is required to meet in order to authorise the Company to provide such financial assistance; and
3. such financial assistance to a recipient thereof is, in the opinion of the board of directors of the Company, required for the purpose of: (a) meeting all or any of such recipient's operating expenses (including capital expenditure); and/or (b) funding the growth, expansion, reorganisation or restructuring of the businesses or operations of such recipient; and/or (c) funding such recipient for any other purpose which in the opinion of the board of directors of the Company is directly or indirectly in the interests of the Company; and
4. *the aggregate financial exposure of the Company in respect of any financial assistance authorised by the board of directors of the Company pursuant to this special resolution shall be unlimited."*

The percentage of voting rights required for Special Resolution number 2 to be adopted: at least 75% (seventy five percent) of the voting rights exercised on the resolution.

12. Increase in remuneration of non-executive directors

Special Resolution number 3

"RESOLVED as a special resolution, in terms of section 66(9) of the Act, that the following directors' remuneration (due to the applicable directors for the services rendered by them in their capacities as such), be and is hereby approved with effect from 1 July 2013 (an increase of 5% from the current approved fees):

Non-executive director fees	2014 Proposed	2013 Current
Fees payable for Chairman of the board of directors of the Company	R350 000	n/a
Fees payable to non-executive directors for holding office (per meeting held by the board or sub-committee).		
All non-executive directors	R5 500	R5 250
Fees payable to non-executive directors for holding office (annual fee payable in addition to the fee payable per meeting)		
Chairman of the Audit and Risk Committee	R55 000	R52 250
Chairman of the Remuneration Committee	R35 000	R26 250
Chairman of all other sub-committees	R27 000	R15 750
Fee for attendance of a board or sub-committee meeting (payable in addition to the fee for holding office)		
All non-executive directors	R22 050	R21 000
Chairman of the Audit and Risk Committee	R22 150	R21 000
Chairman of the Remuneration Committee	R22 000	R21 000
Ad-hoc Fees for services that may provided		
Hourly rate (Rand per hour)	R2 750.00	n/a

The percentage of voting rights required for Special Resolution number 3 to be adopted: at least 75% (seventy five percent) of the voting rights exercised on the resolution.

IDENTIFICATION, VOTING AND PROXIES

Ordinary shareholders are entitled to attend, speak and vote at the general meeting.

In terms of section 63(1) of the Act, any person attending or participating in the general meeting must present reasonably satisfactory identification and the person presiding at the general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as proxy for a shareholder) has been reasonably verified.

In accordance with the Company's Memorandum of Incorporation, voting shall be by ballot only.

Shareholders holding dematerialised shares, but not in their own name must furnish their Central Securities Depository Participant ("CSDP") or broker with their instructions for voting at the general meeting. If your CSDP or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in accordance with your mandate furnished to it, or if the mandate is silent in this regard, complete the form of proxy enclosed.

Unless you advise your CSDP or broker, in terms of the agreement between you and your CSDP or broker by the cut off time stipulated therein, that you wish to attend the general meeting or send a proxy to represent you at this general meeting, your CSDP or broker will assume that you do not wish to attend the general meeting or send a proxy.

If you wish to attend the general meeting or send a proxy, you must request your CSDP or broker to issue the necessary letter of authority to you. Shareholders holding dematerialised shares, and who are unable to attend the general meeting and wish to be represented thereat, must complete the form of proxy enclosed in accordance with the instructions therein and lodge it with or mail to the transfer secretaries.

Forms of proxy (which form may be found enclosed) must be dated and signed by the shareholder appointing a proxy and should be forwarded to reach the transfer secretaries, Computershare Investor Services (Proprietary) Limited, by no later than 10:00 on Wednesday, 19 February 2014. Before a proxy exercises any rights of a shareholder at the general meeting, such form of proxy must be so delivered.

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

- **An ordinary shareholder entitled to attend and vote at the general meeting may appoint any individual (or two or more individuals) as a proxy or as 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 proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the general meeting.**
- **A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.**
- **The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.**
- **The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.**
- **If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.**

- **Attention is also drawn to the “Notes to the form of proxy”.**
- **The completion of a form of proxy does not preclude any shareholder attending the general meeting.**

By order of the board of directors of the Company

Mondial Consultants (Pty) Ltd
Company Secretary

29 November 2013

EXECUTIVE INCENTIVE SCHEME AND EXECUTIVE SHARE OPTION SCHEME

This annexure outlines the history of the remuneration and share incentive schemes of Petmin since 2005 and provides shareholders with the details of the incentive schemes to be approved at the annual general meeting.

Sections 1 to 5 were included in an annexure to the June 2010 annual financial statements.

Section 6 deals with the proposed new 2014 incentive scheme (to be in place from 1 July 2013 until 30 June 2016) and is structured as follows:

- *Section 6.1 deals with the remuneration scheme, and*
- *Section 6.2 deals with the proposed amendment of the 2010 Option Scheme.*

(1) INTRODUCTION

- (a) As an incentive to continue to contribute to the growth of the Petmin Group, and to ensure alignment with the interests of the Petmin shareholders, the Remuneration Committee ("**Remuneration Committee** or **Remcom**") established by the board of directors of Petmin ("**Petmin Board**") oversees and manages the Executive Incentive Schemes.

The first Executive Incentive Scheme and Executive Share Option Scheme came into effect on 1 July 2005 ("**2005 Schemes**"). The 2005 Schemes regulated all remuneration and incentives paid to the executive management team of Petmin ("**Exco**").

- (b) The 2005 Schemes continued for a period of three years until 30 June 2008. At that time, the members of Exco ("**Members of Exco**") agreed to extend their employment agreements for a further period of three years until 30 June 2011. As a consequence, the Petmin Board and the Remuneration Committee agreed that the 2005 Incentive Schemes would be amended with effect from 1 July 2008 ("**2008 Schemes**") and extended until 30 June 2011.
- (c) As part of the 2008 Schemes, and as outlined in the Annual Report in respect of the financial year ended 30 June 2008, the Petmin Board and the Remuneration Committee agreed to grant options ("**2008 Options**") to the Members of Exco in respect of 40 million shares in Petmin ("**Petmin Shares**"). However, as outlined in the Annual Report in respect of the financial year ended 30 June 2009, and as a result of the September 2008 world economic crisis, it was decided to postpone the allocation of the 2008 Options.
- (d) With the appointment of Ian Cockerill ("**Cockerill**") with effect from 1 March 2010 until 30 June 2013, the other Members of Exco agreed to extend their employment agreements for a further period of two years to 30 June 2013. It was furthermore agreed that Cockerill's remuneration and incentives (save for the 5.4 million Petmin Shares agreed to be issued to Cockerill upon joining and the R1 million guaranteed remuneration, as outlined below) will be paid from Exco's incentive pool, thus not burdening the company with any additional costs.
- (e) Taking into account *inter alia* the fact that Petmin is in a growth phase, in order to ensure the continued alignment of the interests of Exco with those of the Petmin shareholders, after consultation with various stakeholders, and having considered the recommendations of the King III Report, the Remuneration Committee and Exco agreed that the 2008 Schemes be further amended with effect from 1 July 2010 ("**2010 Schemes**") and extended until 30 June 2013.
- (f) As part of the June 2010 Schemes, Petmin requested shareholders to approve the granting to the Members of Exco of options in respect of 35 million Petmin Shares at R2.50 per Petmin Share. At the time of Cockerill's appointment with effect from 1 March 2010, the 30-day Volume Weighted Petmin share price was R2.14.
- (g) To ensure transparency, and in line with the proposals of the King III Report, shareholders approved the 2010 Schemes at the 2010 Annual General Meeting. The salient terms and conditions of the 2010 Schemes are set out below.

- (h) To illustrate the evolution of Petmin's incentive schemes since inception, the salient terms and conditions of the 2005 Schemes, 2008, and 2010 Schemes are included below. In Section 6, the 2014 Proposed Scheme is outlined.

(2) **2005 SCHEMES**

(a) **2005 Executive Incentive Scheme**

- (i) Commencement date and term
- (1) The commencement date is 1 July 2005 and the incentives are granted and remained in force for a period of three years until 30 June 2008.
- (ii) Management fee
- (1) An amount calculated at 1.5% of the net assets under management (including all fair value adjustments) is to be paid as a management fee, semi-annually in arrears after finalisation of the interim accounts and the consolidated audited annual financial statements, respectively.
- (2) The management fee is payable irrespective of the profitability of the Petmin Group.
- (iii) Profit participation
- (1) 20% growth in sustainable earnings per share ("**EPS**") is set as the benchmark, with sustainable earnings per share being calculated as headline earnings per share ("**HEPS**"), after adding back the cost of all options.
- (2) If the benchmark is achieved, 6% (or a higher percentage as per a sliding scale up to a maximum of 6.75%) of the consolidated profit before tax (adding back the cost of all options) becomes payable.
- (3) If the benchmark is not achieved, no incentive will become payable.
- (4) The profit participation becomes payable annually after finalisation of the consolidated audited annual financial statements.
- (5) The profit participation is capped to the extent that the amount due, together with the management fee, would equate to more than 13% of the consolidated profit before tax, before incentives.
- (6) The management fee will be payable and is not subject to the discretion of the Remuneration Committee.
- (iv) Guaranteed remuneration
- (1) The Executive Team's annual guaranteed remuneration ranged between zero and R1 million during the three years to June 2008.
- (v) Discretion of the Remuneration Committee
- (1) The incentive pool will be allocated between the Members of Exco as follows:
- (a) 50% of the incentive pool is payable to the Members of Exco for distribution at their own discretion, and the Members of Exco will annually in advance agree as to the allocation of this 50%, which allocation will be disclosed to the Remuneration Committee; and
- (b) 50% will be allocated to the Members of Exco at the sole discretion of the Remuneration Committee.
- (2) The Remuneration Committee has the authority to increase the 13% cap described in paragraph (iii)(5) to a higher percentage if it is merited.
- (3) The Remuneration Committee will annually review the scheme as well as the roles and responsibilities of Exco to ensure that the interests of the majority of shareholders and the Members of Exco are aligned. In the event that changing conditions might result in a "non-alignment" of interests, the Remuneration Committee will be entitled to adjust the scheme (only in respect of the future) and always taking into account that Exco's objective is to create shareholder value over a three year period as outlined in Petmin's three year plan.

(b) **2005 Executive Share Option Scheme**

(i) Terms of the options

- (1) The number of Petmin Shares in respect of which options can be granted to Members of Exco is limited to 35 million.
- (2) The strike price is 65c per Petmin Share (a 10% premium to the Springlake acquisition price).
- (3) The options can only be exercised after they have been earned and have vested, in accordance with the following:
 - (a) the growth in net asset value, including all fair value adjustments ("**NAV**"), forms the basis of the determination;
 - (b) the options will be earned by virtue of the right to participate in a maximum of 10% growth in NAV per share. The 10% participation value will be calculated for each financial year and the number arrived at will be divided by the strike price of the options. The resultant number will be the number of share options earned by the Members of Exco for that particular year. If the NAV per share decreased below the previous year's NAV, no options will vest in that year. The NAV must be maintained at the level of the grant date. If the NAV per share decreases below the initial NAV in the second year, the measurement base for the third year will remain at the higher NAV of the first year and will not drop to the lower NAV of the second year;
 - (c) the options can be earned over three financial years commencing on 1 July 2005 and will be adjudicated at the end of each financial year once the consolidated audited annual financial statements have been finalised;
 - (d) if the options are not earned within the three year period, they lapse; and
 - (e) once earned and vested the options cannot be forfeited.
- (4) The Members of Exco are entitled but not obliged to exercise the options as follows (all options to be exercised within three years from the date the options have been granted):
 - (a) the options earned in year one, i.e. the year ended 30 June 2006:
 - (i) 33.3% from vesting date to 30 June 2007;
 - (ii) 33.3% from 30 June 2007 to 30 June 2008; and
 - (iii) 33.3% from 30 June 2008 to 30 June 2009.
 - (b) options earned in year two, i.e. the year ended 30 June 2007:
 - (i) 50% from vesting date to 30 June 2008; and
 - (ii) 50% from 30 June 2008 to 30 June 2009;
 - (c) options earned in year three, i.e. the year ended 30 June 2008, 100% from vesting date.
- (5) Subject to the provisions below, all options must be exercised within three years of being granted.
- (6) If a Member of Exco leaves the employment of the Petmin Group for whatever reason other than being dismissed for misconduct, all vested options must be exercised within 90 days after the termination of employment, provided that if his/her services are terminated after he/she has qualified for options, but the formal calculation by the auditors have not been completed, then all options must be exercised within 90 days after the auditors have finally signed off on the consolidated audited annual financial statements which form the basis of the calculations of options earned.
- (7) If a Member of Exco is dismissed by the Petmin Group due to misconduct, all the options earned by that Member of Exco must be exercised within 30 days from such dismissal.

(ii) Allocation of options

- (1) The options will be allocated between the Members of Exco as follows:

- (a) 50% of the options will be granted to the Members of Exco at their own discretion, which allocation will be disclosed to the Remuneration Committee; and
- (b) 50% will be allocated to the Members of Exco at the sole discretion of the Remuneration Committee.

(3) 2008 SCHEMES

(a) 2008 Executive Incentive Scheme

(i) Commencement date and term

The commencement date is 1 July 2008 and the incentives are granted and remain in force for a period of three years until 30 June 2011. (This was amended by the 2010 Executive Incentive Scheme to terminate on 30 June 2010.)

(ii) Management fee

- (1) An amount calculated at 1.5% of the net assets under management as at 30 June 2008 is to be paid as a management fee, on the same basis as per the 2005 Executive Incentive Scheme.
- (2) To the extent that there is any increase in the net assets under management after 1 July 2008, a management fee of 1% will be paid on such increased amount.

(iii) Profit participation

- (1) 20% growth in EPS is still the benchmark, with sustainable earnings per share being calculated as HEPS, after deducting the management fee and the profit participation, but adding back the cost of all options, and adjusted for any acquisitions or disposals by the Petmin Group.
- (2) If the benchmark is achieved, the profit participation will be as follows:
 - (a) 5% of headline earnings;
 - (b) 2.5% of all unrealised pre-tax profits which do not qualify for HEPS, after deducting all unrealised pre-tax losses in respect of the relevant or any prior financial year which have not yet been deducted from unrealised pre-tax profits, and provided that such profit participation will only be paid once realised either in cash (in which case it will be paid in cash) or in equity (in which case it will be settled in equity); and
 - (c) 5% of all realised pre-tax profits which do not qualify for HEPS, after deducting all realised pre-tax losses in respect of the relevant or any prior financial year which have not yet been deducted from realised pre-tax profits.
- (3) The aggregate of the profit participation and the management fee is no longer capped at 13% of the consolidated profit before tax.

(iv) Allocation of incentive pool

- (1) The incentive pool will be allocated between the Members of Exco as follows:
 - (a) 50% of the incentive pool will be allocated to the Members of Exco at the sole discretion of the Chief Executive Officer ("CEO"), which allocation will be disclosed to the Remuneration Committee; and
 - (b) 50% will be allocated to the Members of Exco at the sole discretion of the Remuneration Committee.
- (2) The Remuneration Committee has the authority to increase the incentives in its sole and absolute discretion.

(v) Guaranteed remuneration

Each of the Members of Exco is entitled to guaranteed minimum remuneration of R1 million per annum, save for Bruce Tanner ("**Tanner**") who is guaranteed a minimum of R1.331 million and Jan du Preez who is not entitled to any guaranteed minimum remuneration.

(b) **2008 Executive Share Option Scheme**

As set out above, and as outlined in the Annual Report in respect of the financial year ended 30 June 2008, the Petmin Board and the Remuneration Committee agreed to grant options to the Members of Exco in respect of 40 million Petmin Shares. However, as outlined in the Annual Report in respect of the financial year ended 30 June 2009, and as a result of the September 2008 world economic crisis, these options were never granted or allocated to the Members of Exco.

(4) **2010 SCHEMES**

(a) **2010 Executive Incentive Scheme**

(i) Commencement date and term

- (1) The commencement date is 1 July 2010 and the incentives are granted and remain in force for a period of three years until 30 June 2013.

(ii) Participants

- (1) Participants are no longer only the Members of Exco and may include other members of the management of the Petmin Group nominated by the CEO ("Participants").

(iii) Management fee

- (1) An amount calculated at 1.5% of the net assets under management is to be paid as a management fee. However, should the average value of the net assets of the Petmin Group exceed R1 005 424 000.00, the management fee will be the aggregate of:

- (a) 1.5% of R1 005 424 000.00; and
(b) 1% of the average value of the net assets of the Petmin Group that exceeds R1 005 424 000.00.

- (2) The management fee is payable:

- (a) semi-annually in arrear immediately upon the finalisation of the interim accounts and the reviewed consolidated annual financial statements of the Petmin Group, respectively, irrespective of the profitability or otherwise of the Petmin Group;
(b) in respect of that portion of the management fee which is calculated on any fair value adjustments to assets acquired by the Petmin Group, as follows:
(i) 50% thereof in cash annually in arrear immediately upon the finalisation of the reviewed consolidated annual financial statements of the Petmin Group; and
(ii) the balance will accrue to the Participants, subject to the relevant Participant remaining in the employ of the Petmin Group until the 30 June 2013, but will only be payable in cash upon the earlier of (i) the realisation of the relevant asset by way of a disposal, whether for cash or for shares (or a combination thereof), provided that should the relevant asset be realised for less than was reflected in the interim accounts or reviewed consolidated annual financial statements, as the case may be, this portion of the management fee will be recalculated using such lesser value; or (ii) the date upon which the asset commences production.

(iv) Profit participation

- (1) 20% growth in sustainable EPS is still the benchmark, with sustainable EPS being calculated as HEPS, after deducting the management fee, the profit participation and the cost of all options, and adjusted for any acquisitions or disposals by the Petmin Group.
(2) If the benchmark of 20% growth in HEPS after the profit participation is achieved, the profit participation will be as follows:
(a) 5% of EPS;
(b) 2.5% of all unrealised pre-tax profits which do not qualify for HEPS, after deducting all unrealised pre-tax losses in respect of the relevant or any prior financial year which have not yet been deducted from unrealised pre-tax profits ("**Unrealised**

Profit Share"). The Unrealised Profit Share shall accrue to the participants, subject to the participant remaining in the employ of the Petmin Group up to 30 June 2013, but regardless of whether or not the relevant participant remains in the employ of the Petmin Group after 30 June 2013, but will only be paid upon the earlier of (i) the realisation of the relevant asset by way of a disposal either for cash (in which case it will be paid in cash) or for equity (in which case it will be settled in equity), provided that should it be realised for less than was reflected in the reviewed consolidated annual financial statements, the Unrealised Profit Share will be recalculated using such lesser value, or (ii) the date upon which the asset commences production; and

- (c) 5% of all realised pre-tax profits which do not qualify for HEPS, after deducting all realised pre-tax losses in respect of the relevant or any prior financial year which have not yet been deducted from realised pre-tax profits ("**Realised Profit Share**"). The Realised Profit Share will be reduced by the amount of any Unrealised Profit Share that becomes payable in respect of the relevant financial year in terms of paragraph (b). In the event that Petmin (and not its assets) becomes the subject matter of corporate action, including a merger, takeover or reverse takeover, the Participants will be placed in the same position in which they would have been had Petmin disposed of its assets. In such event, the Realised Profit Share will be calculated as 5% of the gross proceeds received by Petmin's shareholders less the value of its assets as recorded in the most recent reviewed or audited, as the case may be, consolidated annual financial statements of the Petmin Group.

(v) Allocation of incentive pool

- (1) The incentive pool will be (subject to the Executives fulfilling the obligations of the employment contract) allocated as follows:
 - (a) the first R3.5 million of the incentive pool per financial year will be allocated and paid to Cockerill;
 - (b) 50% of the balance of the incentive pool per financial year, after payment of the amount described in paragraph (a), will be allocated to the respective participants in the discretion of the CEO, after consultation with Exco and with full disclosure to the Remuneration Committee; and
 - (c) 50% of the balance of the incentive pool per financial year, after payment of the amount described in paragraph (a), will be allocated to the respective participants in the discretion of the Remuneration Committee.
- (2) The Remuneration Committee has the authority to increase the incentives in its sole and absolute discretion.

(vi) Guaranteed remuneration

Each of the Members of Exco is entitled to guaranteed minimum remuneration of R1 million per annum, save for Tanner who is guaranteed a minimum of R1.331 million.

(b) **2010 Executive Share Option Scheme**

(i) Participants

As with the 2010 Executive Incentive Scheme, participants are no longer only the Members of Exco and may include other members of the management of the Petmin Group nominated by the CEO.

(ii) Number of options

- (1) The entire issued share capital of Petmin, on a fully diluted basis, consists of approximately 585 million Petmin shares.
- (2) Shareholders will be requested to approve the allocation of options ("**Options**") in respect of an additional 35 million Petmin Shares ("**Option Shares**"), constituting after their issue 5.98% of the entire issued share capital of Petmin, on a fully diluted basis.
- (3) No participant shall be entitled to Options in respect of more than 15 million Option Shares (being 42.86% of the total number of Option Shares available under the scheme).

- (4) Three classes of Options are proposed:
- (a) "Class A Options" being Options in respect of up to 6.5 million Option Shares to be granted by the Remuneration Committee to Members of Exco in accordance with new employment agreements entered into between Petmin and Members of Exco, which Options will vest in terms of the provisions of paragraph (iv)(1);
 - (b) "Class B Options" being Options in respect of up to 23.5 million Option Shares to be granted by the Remuneration Committee to Participants and which will be earned and will vest in terms of the provisions of paragraph (iv)(3); and
 - (c) "Class C Options" being Options in respect of up to 5 million Option Shares plus such number of additional Options as is equal to the number of Class A Options and Class B Options which have not been granted to Participants or which have been granted to Participants but have not been earned or have lapsed, to be granted by the Remuneration Committee, in its sole and absolute discretion, to Participants upon the recommendation of Exco, in order to retain and/or attract talented executives to the Petmin Group, and in respect of which the Remuneration Committee may prescribe performance criteria and vesting periods as it may deem appropriate, as set out in paragraph (iv)(2).
- (iii) Grant and terms of Options
- (1) The Remuneration Committee will grant to participants, in its sole and absolute discretion, the right and option to subscribe for (or acquire) at R2.50 per shares ("**Strike Price**") the Option Shares, subject to the following terms and conditions:
- (a) the participant will only be entitled to exercise those Options that have vested in the participant and that the participant has become entitled to exercise in terms of paragraph (iv);
 - (b) Options that have not vested in the participant in terms of paragraph (iv) by the required vesting date shall automatically lapse;
 - (c) Options that have not vested in and become exercisable by the participant as at the date of termination of the employment of the participant by the Petmin Group will automatically lapse and be of no further force or effect with effect from the date of termination of such employment;
 - (d) Class A Options and Class B Options that have vested, but have not been exercised within a period of three years from the relevant vesting date will automatically lapse and be of no further force or effect;
 - (e) Class C Options that have vested, but have not been exercised within such period as the Remuneration Committee may prescribe in its sole and absolute discretion at the time of the granting of the Class C Options, will automatically lapse and be of no further force or effect;
 - (f) in the event that the employment of a participant by the Petmin Group is terminated, the Options that have been earned by and have vested in that participant, but that have not been exercised, shall continue to be capable of exercise for a period of 90 days, provided that:
 - (i) should a participant's employment by the Petmin Group terminate on or after a specific vesting date, but should the NAV, EPS and/or HEPS as at that vesting date not yet have been agreed or determined so that the number of Options that have been earned and have vested cannot be calculated, the 90 day period will be extended to 90 days after the relevant numbers have been agreed or determined; and
 - (ii) should the participant no longer be employed by the Petmin Group as a result of his retirement, retrenchment, death or incapacity, the participant or his executor shall continue to be entitled to exercise his Options as if the participant continued to be employed by the Petmin Group;

- (g) should the last date upon which any Option may be exercised fall during a closed period in terms of the Listings Requirements of the JSE, that date will be extended until five business days after the date of expiry of the relevant closed period;
 - (h) within five business days of the date of exercise of an Option, the Participant will pay the Strike Price to Petmin in respect of that Option in cash without deduction or set off; and
 - (i) upon receipt of the Strike Price, Petmin will allot and issue, or in the event that any of its subsidiaries holds Petmin Shares as treasury shares it may elect to procure the transfer by such subsidiary of, the Option Shares in respect of which the Options have been exercised to the Participant.
- (2) In the event of:
- (a) a sub-division or consolidation of the Petmin Shares; or
 - (b) a capitalisation issue, a special dividend, a rights issue or a reduction of capital,
- the number of Option Shares and the Strike Price shall be adjusted in order to give a participant entitlement at the same price to the same proportion of the entire issued share capital of Petmin as that to which he was previously entitled.
- (3) The issue of equity securities as consideration for an acquisition, the issue of securities for cash and the issue of equity securities in terms of a vendor consideration placing will not be regarded as a circumstance requiring adjustment in terms of paragraph (2).
- (4) In the sole and absolute discretion of the Remuneration Committee, early vesting of Options may be permitted in appropriate circumstances, including in the event of a merger, takeover or corporate action in relation to Petmin.

(iv) Determination of vesting of Options

- (1) Class A Options will vest on 1 July 2011, subject to the relevant Participant remaining in the employ of the Petmin Group as at 30 June 2011.
- (2) Class C Options will be earned and will vest subject to the achievement of such performance criteria within such vesting periods as the Remuneration Committee may prescribe at the time of the granting of the Class C Options.
- (3) Class B Options will be earned and will vest in the Participants and become exercisable based on the increase (if any) in the NAV, EPS and HEPS during the period from 30 June 2011 to 30 June 2013, and subject to the relevant Participant remaining in the employ of the Petmin Group, as follows:
 - (a) the number of Class B Options which will be earned by the Participants in aggregate with effect from the relevant vesting dates will be calculated in accordance with the following formula:
 - (i) for the financial year ending on 30 June 2011 – $\frac{X_1}{SP}$
 - (ii) for the financial year ending on 30 June 2012 – $\frac{X_2}{SP}$
 - (iii) for the financial year ending on 30 June 2013 – $\frac{X_3}{SP}$

in each case subject to the relevant Participant remaining in the employ of the Petmin Group as at the vesting date in question,

where:

X_1 = NAV as at financial year ending on 30 June 2011 less NAV as at the financial year ending 12 months prior to 30 June 2011 x 12.5%, provided that should neither the EPS nor HEPS have grown by at least 20% over the 12 month period ending on 30 June 2011, this number will be halved;

X_2 = NAV as at financial year ending on 30 June 2012 less NAV as at financial year ending on 30 June 2011 x 12.5%, provided that should neither the EPS nor HEPS have grown by at least 20% over the 12-month period ending on 30 June 2012, this number will be halved;

X_3 = NAV as at financial year ending on 30 June 2013 less NAV as at financial year ending on 30 June 2012 x 12.5%, provided that should neither the EPS nor HEPS have grown by at least 20% over the 12-month period ending on 30 June 2013, this number will be halved; and

SP = Strike Price;

- (b) the Class B Options earned by the Participants in accordance with paragraph (a) will vest in the Participants and will become exercisable as follows:
- (i) the Class B Options earned on 30 June 2011 will vest and may be exercised one third after 30 June 2011, another one third after 30 June 2012, subject to the relevant participant remaining in the employ of the Petmin Group as at 30 June 2012, and the last one third after 30 June 2013, subject to the relevant Participant remaining in the employ of the Petmin Group as at 30 June 2013;
 - (ii) the Class B Options earned on 30 June 2012, will vest and may be exercised one half after 30 June 2012 and the second half after 30 June 2013, subject to the relevant Participant remaining in the employ of the Petmin Group as at 30 June 2013; and
 - (iii) the Class B Options earned on 30 June 2013 will vest and may be exercised immediately after 30 June 2013.
- (4) The Remuneration Committee shall be entitled to permit the early vesting and exercise of any Options.
- (a) It is Petmin's intention to develop into a multi-commodity, multi-jurisdictional, mining company, focusing on quality cash-producing assets or near-cash assets that will provide superior returns (capital growth and dividends) to all stakeholders over a sustained period. In order to do so, Petmin may acquire developing assets that may reduce HEPS over the short to medium term. Nothing contained in the rules will prevent the Remuneration Committee from allocating Class B Options in a particular year to any one or more of the participants, as it may deem fit in its sole and absolute discretion.

(5) **ISSUE OF SHARES FOR CASH TO COCKERILL (PART OF 2010 SCHEME)**

Cockerill has been offered 5.4 million Petmin shares at par value for joining Petmin as executive chairman with effect from 1 June 2010, subject to the required approvals being obtained from shareholders. The only condition will be that Cockerill remains in the employ of Petmin for a three-year period. After each completed year, he will be entitled to dispose of one third of his shares.

(6) **2014 EXECUTIVE INCENTIVE SCHEME**

6.1 **2014 Executive Remuneration Scheme**

6.1.1 **Termination of existing scheme**

The existing Petmin Remuneration Scheme as approved by shareholders at the Annual General Meeting held on 13 December 2010, ("**Approved Scheme**"), as outlined in 4 above, terminated on 30 June 2013.

The 2014 Scheme ("**2014 Scheme**") as outlined below, will, subject to Shareholder approval, form the basis for the Group's incentive scheme to 30 June 2016.

6.1.2 **Commencement date and term**

The commencement date is 1 July 2013 and the incentives are granted and remain in force for a period of three years until 30 June 2016 ("**Termination Date**").

6.1.3 **Participants**

Participants are not only the Members of Exco and may include other members of the management of the Petmin Group nominated by the CEO ("**Participants**" or "**Executives**").

6.1.4 **Management fee**

The management fee is an incentive to "protect" and look after the balance sheet, and is payable at 1% (previously applied under the Approved Scheme ,1.5% on all assets to R1 billion and 1% on assets above R1 billion) on productive assets under management (i.e. defined as net assets that are in production and, at the time of this report only Somkhele is in production) and is to be paid provided that:

- The team is to achieve a 15% hurdle rate (after the management fee), (previously under the approved scheme no hurdle rate) on assets that are in production ("**Productive assets**"), (currently Somkhele only), and the actual management fee is to be determined as follows:
 - (i) 1% of Productive assets multiplied by the actual hurdle rate achieved [Profit before tax from Productive assets after corporate costs/(Productive assets at book value) divided by 15%].
 - (ii) If the actual hurdle rate achieved is above 25%, then the hurdle rate used in the above calculation will be capped at 25%. (Thus in this instance, the actual percentage to be applied will be 1.67%.)
- No fees are earned from non-cash producing assets (previously under the approved scheme this was 50% of either 1.5% or 50% of 1%, see above).

6.1.5 **Profit participation**

Participants are incentivised to increase Headline Earnings Per Share (HEPS) annually and will earn:

- 5% of Sustainable HEPS payable, provided that the benchmark of 20% growth in sustainable HEPS is achieved (same benchmark as previously), with sustainable HEPS being calculated as HEPS, after deducting the management fee, the profit participation and the cost of all options, and adjusted for any acquisitions or disposals by the Petmin Group.
- 5% of all realised pre-tax profits which do not qualify for HEPS, after deducting all realised pre-tax losses in respect of the relevant or any prior financial year which have not yet been deducted from realised pre-tax profits ("**Realised Profit Share**").
- The Realised Profit Share will be paid equally over the remaining years until the Termination Date to the relevant Participants provided that the Participants remain in the employ of the Petmin Group until the Termination Date.
- The Realised Profit Share principle will also apply to scenarios where the company is the subject matter of corporate restructuring where the company (and not its assets) is the subject matter of a merger, takeover or reverse takeover or similar transaction to ensure that the management team is in the same position whether Petmin disposes of assets (or partially dispose) and or whether Petmin is the subject matter of a merger, takeover or reverse takeover or similar transaction.
- In this instance, the profit participation will be calculated as the gross proceeds received by the company's shareholders less the historical net book value of the assets multiplied by 5%. The profit participation will be paid by Petmin or the participants in the transaction and payable with the same currency as used to compensate a Petmin shareholder and will be off-set against the total amount payable to the Petmin Shareholders. The Profit Share will be paid equally over the remaining years until the termination date to the relevant Participants provided that the Participants remain in the employ of the Petmin Group until the Termination Date.

6.1.6 **Allocation of Incentive Pool**

The incentive pool (consisting of all the incentives earned under the management fee) profit participation will be allocated as follows:

- 50% of the incentive pool per financial year will be allocated to the respective Participants in the discretion of the CEO, after consultation with Exco and with full disclosure to the Remuneration Committee; and
- 50% of the balance of the incentive pool per financial year will be allocated to the respective Participants in the discretion of the Remuneration Committee.

6.1.7 **Authority to increase incentives**

The Remuneration Committee has the authority to increase the incentives in its sole and absolute discretion.

6.1.8 **Guaranteed remuneration**

The Guaranteed remuneration has been increased from the 2005 Levels when the "guaranteed remuneration" was zero for Jan du Preez and between R750 000 and R1 million for the rest of the team. Each of the Members of the Exco is entitled to a guaranteed minimum remuneration and for the financial year ended 30 June 2014, these amounts will be as follows:

- 6.1.8.1 Lebo Mogotsi (Executive Deputy Chairman) – R1 750 000 (one million seven hundred and fifty thousand rand) per annum and will participate in the New Petmin Incentive Scheme.
- 6.1.8.2 Jan du Preez (Chief Executive Officer) – R2 000 000 (two million rand) per annum and will participate in the New Petmin Incentive Scheme.
- 6.1.8.3 Bruce Tanner (Chief Financial Officer) – R1 750 000 (one million seven hundred and fifty thousand rand) per annum and will participate in the New Petmin Incentive Scheme.
- 6.1.8.4 Bradley Doig (Business Development Director) – R2 000 000 (two million rand) per annum and will participate in the New Petmin Incentive Scheme.
- 6.1.8.5 Johan Gloy (Chief Executive Officer – Tendele) – Remuneration to remain private for security reasons. His package is tied to specific Somkhele KPIs and reviewed annually. To the extent that Johan is involved with activities not related to Somkhele, he will participate in the 2014 Scheme.
- 6.1.8.6 The Guaranteed Remuneration will escalate annually with the lower of CPI, or the average increase approved at Petmin's South Africa's operations.

6.2 **Amendments to the 2010 Executive Share Option Scheme**

6.2.1 **Introduction**

Refer to 4.(b) above, outlining details pertaining to the approved 2010 Executive Share Option Scheme ("**2010 Scheme**"). In terms of the Rules of the 2010 Scheme, the Scheme can only be amended if 75% approval is obtained from shareholders present or represented by proxy at a general meeting. It is proposed that the 2010 Scheme is amended as outlined below.

6.2.2 **Number of options**

- 6.2.2.1 The entire issued share capital of Petmin, on a fully diluted basis, consists of approximately 600 million Petmin Shares.
- 6.2.2.2 Shareholders will be requested to approve the amendment of the 2010 Option Scheme and the allocation of options ("**2014 Options**") in respect of an additional 20 million Petmin Shares ("**Option Shares**"), constituting, after their issue, 3.2% of the entire issued share capital of Petmin, on a fully diluted basis. The original 2010 Option Scheme was in respect of 35 million Option Shares, after the proposed 2014 amendments, this will increase to a total of 55 million Option Shares.
- 6.2.2.3 No Participant shall be entitled to more than 10 million of the 2014 Options (being 50% of the total number of the 2014 Options available under the scheme).

6.2.3 **Two classes of 2014 Options are proposed:**

6.2.3.1 Performance Options

6.2.3.1.1 10 million of the options will be earned subject to the achievement of the performance criteria outlined below ("**Performance Criteria Options**")

6.2.3.1.1.1 Up to 50% of the Performance Criteria Options can be earned if earnings has grown by the earnings hurdle rate (i.e. 20%) on a year to year, like for like basis and to be *pro rata* adjusted if less than 20%.

6.2.3.1.1.2 50% of the Performance Criteria Options can be earned if Petmin has achieved an average increase in headline earnings of 15% on a year to year, like for like basis over a three year period. This is a "hit or miss" criterion and if the hurdle rate is not achieved, then zero Options will be allocated under this allocation.

6.2.3.1.1.3 If the allocation targets mentioned above are not achieved in any particular year, then unearned options will be reallocated to the Remcom Options.

6.2.3.2 Remcom Options

6.2.3.2.1 10 million of the options are classified as Remcom Options. These Options are to be allocated in the sole and absolute discretion of Remcom, taking into account the requirements to incentivise new employees, to retain existing employees and to reward special achievements ("**Remcom Options**").

6.2.3.2.2 The Remcom options plus such number of Performance Options which have not been granted to Participants or which have been granted to Participants but have not been earned or have lapsed, are to be granted by the Remuneration Committee, in its sole and absolute discretion, to Participants upon the recommendation of Exco, in order to retain and/or attract talented executives to the Petmin Group, and in respect of which the Remuneration Committee may prescribe performance criteria and vesting periods as it may deem appropriate.

6.2.4 **Grant and terms of 2014 Options**

6.2.4.1 The Remuneration Committee will grant to Participants, in its sole and absolute discretion, the right and option to subscribe for (or acquire) at a price equal to the 30 day volume weighted average price prior to the allotment less 10% ("**Strike Price**") 2014 Option Options, subject to all the terms and conditions as outlined in the 2010 Executive Incentive Scheme, save as amended below.

6.2.4.2 In the event of mergers, takeovers, corporate actions, a sale of an asset and or an unbundling of an asset, the number and strike price of all the Options (available under both the 2010 Scheme and the 2014 amendment to the 2010 Scheme) will be adjusted in order to give a Participant entitlement to participate and to be in the same position prior to the merger, takeover, corporate action, sale of an asset and or the unbundling of an asset.

6.2.4.3 All Options under the 2010 Executive Scheme and the 2014 Options, will lapse if not exercised by 30 June 2019.

6.2.5 **Determination of vesting of Options**

6.2.5.1 Remcom Options will be earned and will vest subject to the achievement of such performance criteria within such vesting periods as the Remuneration Committee may prescribe at the time of the granting of the Options.

6.2.5.2 Performance Options will be earned and will vest in the Participants and become exercisable based on the achievement of the performance criteria during the

period from 30 June 2014 to 30 June 2016, and subject to the relevant Participant remaining in the employ of the Petmin Group, as follows:

6.2.5.2.1 Options earned on 30 June 2014 will vest and may be exercised one third after 30 June 2014, another one third after 30 June 2015, subject to the relevant Participant remaining in the employ of the Petmin Group as at 30 June 2015, and the last one third after 30 June 2016, subject to the relevant Participant remaining in the employ of the Petmin Group as at 30 June 2016.

6.2.5.3 The Remuneration Committee shall be entitled to permit the early vesting and exercise of any Option.

6.2.6 **Restriction on the trading of shares**

6.2.6.1 Once the Options are exercised under the amended 2010 Executive Incentive Scheme, and in order to, *inter alia*, have the benefit of the Executive's continued services, and whilst in the employ of Petmin, the Executive will have restrictive shares and will not be allowed to sell the shares without the explicit prior approval of the Petmin and Remcom Chairman.



PETMIN LIMITED
 (Incorporated in the Republic of South Africa)
 (Registration number 1972/001062/06)
 (JSE share code: PET)
 ISIN: ZAE000076014
 ("Petmin" or "the Company")

FORM OF PROXY

For use by certificated and dematerialised shareholders who have "own name" registration of securities at the annual general meeting to be held at 10:00 in Petmin's office on the First Floor, 37 Peter Place, Bryanston, on 21 February 2014.

I/We (Please print full names) _____

being the holders of _____ shares in the Company, hereby appoint (see Note 1)

1. _____ or failing him /her,
 2. _____ or failing him/her,

the Chairman of the annual general meeting as my/our proxy to participate in, speak and vote for me/us on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing the ordinary and special resolutions to be proposed and at each adjournment of the meeting and to vote for or against the ordinary and special resolutions or to abstain from voting in respect of the shares in the issued capital of the Company registered in my/our name/s, in accordance with the following instructions (see Note 2).

Insert an "X" or the number of shares (see Note 2)

		NUMBER OF ORDINARY SHARES		
		For	Against	Abstain
1.	Ordinary Resolution number 1 Re-election of Mr T Petersen as a director			
2.	Ordinary Resolution number 2 Re-election of Mr M Arnold as a director			
3.	Ordinary Resolution number 3 Re-appointment of KPMG Inc. as auditors of the Company			
4.	Ordinary Resolution number 4 Approval of the remuneration philosophy for the year ended 30 June 2013			
5.	Ordinary Resolution number 5 Approval of the Petmin Limited Executive Remuneration Scheme (1 July 2013 to 30 June 2016)			
6.	Ordinary Resolution number 6 Approval of the amendment of the Petmin Limited Executive Share Option Scheme			
7.	Ordinary Resolution number 7 Re-appointment of Mr T Petersen as a member of the Audit and Risk Committee of the Company			
8.	Ordinary Resolution number 8 Re-appointment of Mr A Martin as a member of the Audit and Risk Committee			

9.	Ordinary Resolution number 9 Appointment of Mr E Greyling as a member of the Audit and Risk Committee			
10.	Ordinary Resolution number 10 Appointment of Mr M Arnold as a member of the Audit and Risk Committee			
11.	Ordinary Resolution number 11 To place the unissued shares under the control of the directors			
12.	Ordinary Resolution number 12 To authorise share issues for cash			
13.	Special Resolution number 1 General authority to repurchase shares in the Company			
14.	Special Resolution number 2 Financial assistance provided to related or inter-related companies			
15.	Special Resolution number 3 Remuneration of non-executive directors			

(Indicate with an "X" or the relevant number of shares, in the applicable space, how you wish your votes to cast). Unless otherwise directed the proxy will vote as he/she thinks fit.

Signed at _____ on _____ 2014

Signature _____

Assisted by me (where applicable) _____

Completed forms of proxy must be lodged with Computershare Investor Services (Proprietary) Limited by no later than 10:00 on Wednesday, 19 February 2014.

Please read the following notes of this form of proxy.

Notes to the form of proxy

1. A shareholder may insert the name of a proxy or the names of alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the general 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 annual 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 annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable at the 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 and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
3. Forms of proxy must be received by the transfer secretaries, Computershare Investor Services (Proprietary) Limited ("Computershare"), 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 10:00 on Wednesday, 19 February 2014.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and voting in person at the meeting to the exclusion of any proxy appointed in terms of this form of proxy.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by Computershare or waived by the Chairman of the annual general meeting.
6. Any alterations or corrections made to this form of proxy must be initialed by the signatory/ies.
7. 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 Computershare.
8. The Chairman of the annual 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.

Transfer secretaries:

Computershare Investor Services (Proprietary) Limited
70 Marshall Street
Johannesburg, 2011
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