



LABAT AFRICA LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1986/001616/06)

("Labat" or "the Company")

ISIN Code: ZAE 000018354 Share code: LAB

DETAILED CAUTIONARY ANNOUNCEMENT RELATING TO THE POTENTIAL ACQUISITION ELF TRANS

1. Background

Shareholders are advised that Labat has agreed high level terms with the shareholder of Senna Motors Proprietary Limited, trading as Elf Trans ("Elf Trans"), in terms of which Labat will acquire the business and assets **or** the issued shares of Elf Trans, as the case may be ("the Acquisition") in return for a cash payment of R40 million and the issue of 15 million Labat shares at R1.00 per share upon the achievement of the profit as forecasted in the 2020 financial year ("the Purchase Consideration"). The shareholder of Elf Trans is The Elf Group Trust owning 100% of the issued shares of Elf Trans and represented by Mr Matthys Johannes Adrian Diedericks.

2. Description of Elf Transportation

Elf Trans is a dry bulk carrier offering services to major clients in South Africa. The business's head office is based in Benoni in Gauteng.

3. Rationale for the Acquisition

The Acquisition will expand on the existing logistics business of Labat and assist Labat in its quest to become a major player in the logistics and distribution business.

4. Suspensive conditions

- The parties executing a sale agreement/s in respect of Elf Trans and the agreement/s becoming unconditional. The sale agreement/s will contain the normal warranties and indemnities associated with a transaction of this nature;
- Labat advising Elf Trans that it is satisfied with the outcome of the required limited due diligence investigation;
- Mr Diedericks continue to operate Elf Trans and continue to be actively involved in its expansion strategy and the retainment of Elf Trans key management on similar or better terms and conditions of employment as is the case at present;
- If material third party, material supply or other service provider contracts contain change of control provisions, consent such change being obtained from the third parties;
- Direct transfer of guarantees and suretyships provided by Elf Trans in connection with the running of its business be transferred and ceded to Labat; and
- The Board providing a certified extract of the Board resolution approving the Acquisition;
- Any regulatory approvals to the extent required, including approval by Competition Commission and JSE to the extent necessary.

5. Classification of the transaction

The Acquisition is classified as a Category 2 transaction in terms of the JSE Listings Requirements. Elf Transportation and its associates are not related parties to Labat. Accordingly, shareholder approval is not required.

Furthermore, pursuant to the Transaction, there will be no change in control of Labat, no change in control of the board of Labat and no change in the nature of the business of Labat and therefore it is considered that the acquisition does not meet the definition of a Reverse Takeover as defined in the JSE Listings Requirements.

6. Financial Information

As per the formally prepared but unaudited management reports of Elf Trans for the year ended 28 February 2018, the salient financial information was as follows:

- Net asset value of R31 975 270;
- Turnover of R134 429 612; and
- Profit after taxation of R9 597 682.

Post the implementation of the Transaction, Labat will participate in 100% of the earnings and net asset value of Elf Trans.

The management report information was prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

7. Renewal of cautionary announcement

Due to the suspensive conditions, which include the execution of formal legal agreements and a due diligence, shareholders are advised to continue to exercise caution until a further announcement is made. In addition, Labat remains in discussions relating to other acquisitions, which, if successfully concluded, may have a material effect on the price of the Company's securities.

Accordingly, shareholders are reminded to exercise caution when dealing in the securities of the Company until further announcements are made.

7 June 2018
Johannesburg

Sponsor

Arbor Capital Sponsors Proprietary Limited

