

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

ACTION REQUIRED BY CHROMETCO SHAREHOLDERS

- If you are in any doubt as to what action you should take, you should consult your CSDP, Broker, banker, legal advisor, accountant or other professional advisor immediately.
- If you have disposed of all of your Shares, please forward this Circular together with the attached form of proxy (*yellow*), to the purchaser to whom, or the CSDP or Broker or agent through whom the disposal was effected.
- Shareholders who hold Dematerialised Shares through a CSDP or Broker who wish to attend the General Meeting must request their CSDP or Broker to provide them with a letter of representation to attend the General Meeting or must instruct their CSDP or Broker to vote on their behalf in terms of their respective agreements with their CSDP or Broker.
- The Company does not accept any responsibility and will not be held liable for any failure on the part of the CSDP or Broker of any holder of Dematerialised Shares to notify such Shareholder of the action required of them in respect of the Specific Issue set out in this Circular.



Chrometco Limited

(Incorporated in the Republic of South Africa)
(Registration number 2002/026265/06)
Share code: CMO ISIN:ZAE000070249
("Chrometco" or "the Company")

CIRCULAR TO CHROMETCO SHAREHOLDERS

Regarding:

- the amendment of the MOI;
- and incorporating;

the notice of General Meeting of Shareholders; and

- a form of proxy (*yellow*) (for use by Certificated Shareholders and Dematerialised Shareholders who have selected to Own-Name Registration only).

Designated Advisor



PSG CAPITAL

Date of issue: 28 September 2016

This Circular is only available in English. Copies may be obtained from the registered offices of the Company, the Designated Advisor and/or the Transfer Secretaries, details of which appear under the "Corporate Information" section of this Circular. This Circular will also be available on the Company's website at www.chrometco.co.za from 28 September 2016.

CORPORATE INFORMATION

Registered Office

70 Marshall Street
Johannesburg, 2001
(PO Box 3787, Dainfern, 2055)

Company Secretary

The Green Board CC
(Registration number 2009/117784/23
71 Van Beek Avenue
Johannesburg, 2091
Sandton, 2196
(PO Box 758, Mondeor, 2110)

Designated Advisor

PSG Capital Proprietary Limited
(Registration number 2006/015817/07)
1st Floor, Building 8
Inanda Greens Business Park
54 Wierda Road West
Wierda Valley
Sandton, 2196
(PO Box 650957, Benmore, 2010)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

and at

1st Floor
Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

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ATTACHED

Notice of General Meeting of Chrometco Shareholders

Form of proxy (*yellow*) in respect of the General Meeting (only for use by Certificated Shareholders and Dematerialised Shareholders who have selected "Own-name Registration")

Attached

IMPORTANT DATES AND TIMES

2016

Record date for posting of the circular and notice of general meeting	Friday, 16 September
Circular and notice of general meeting posted to shareholders on and announced on SENS	Wednesday, 28 September
Last day to trade to participate and vote at the general meeting	Tuesday, 18 October
Record date to participate and vote at the general meeting	Friday, 21 October
Last day for receipt of proxies in respect of general meeting by 10:00 on	Tuesday, 25 October
General meeting of shareholders at 10:00 on	Thursday, 27 October
Results of general meeting released on SENS on	Thursday, 27 October

Note:

1. The above dates and times are subject to change. Any such change will be released on SENS. All times are South African standard times.
2. If the General Meeting is adjourned or postponed, forms of proxy submitted in respect of the initial General Meeting will remain valid in respect of any adjournment or postponement of the general meeting.



Chrometco Limited

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Directors

Executive

P Cilliers (*Managing Directors*)

N Waisberg (*Financial Director*)

Non-executive

J Scott (*Chairman*)*

E Bramley

R Rossiter *

I Collair*

* Independent

CIRCULAR TO CHROMETCO SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THE CIRCULAR

- 1.1 In the announcement released by the Company on SENS on Thursday, 25 August 2016, shareholders were advised that the Company has entered into agreements to recapitalise the Company by way of a specific issue of shares for cash for R5 million ("Specific Issue") and a loan facility of R10 million.
- 1.2 Through the share swap agreement concluded between Chrometco, Sail Minerals Proprietary Limited, and Grand Slam Enterprises in respect of Palm Chrome Holdings Proprietary Limited, the Company will acquire 51% of Palm Chrome Holdings Proprietary Limited in exchange for 200 million Chrometco ordinary shares ("**Palm Chrome Agreement**").
- 1.3 Furthermore, the Company entered into the share swap agreement concluded between Chrometco, Sail Minerals Proprietary Limited and Grand Slam Enterprises in respect of Black Chrome Holdings Proprietary Limited, to acquire 51% of Black Chrome Holdings Proprietary Limited and 25% of Sail Minerals Proprietary Limited in exchange for 2 205 million Chrometco ordinary shares ("**Black Chrome Agreement**").
- 1.4 The Company anticipates the approval of the Specific Issue, Palm Chrome Agreement and the Black Chrome Agreement by shareholders at a separate general meeting.
- 1.5 The purpose and subject of this Circular is to provide Shareholders with information in accordance with the memorandum of incorporation of the Company, the JSE Listings Requirements and the provisions of the Companies Act in regard to the amendment of the memorandum of incorporation and to convene the General Meeting at which Shareholders can consider and vote on the resolution required to implement the amendment.

2. AMENDMENT TO THE MOI

The amendment to the memorandum of incorporation is being proposed in order to increase the authorised share capital of the Company in anticipation of the approval of the Specific Issue, the Palm Chrome Agreement and the Black Chrome Agreement for which the increased authorised share capital

is a condition precedent.

In accordance with the provisions of section 36 of the Companies Act, the Company's authorised ordinary share capital of the Company is increased by the creation of a further 9 000 000 000 (nine billion) ordinary no par value shares in the authorised ordinary share capital of the Company, so as to result in a total of 10 000 000 000 (ten billion) ordinary no par value shares in the authorised ordinary share capital of the Company.

Section 16(1)(c) of the Companies Act requires, the shareholders of the Company to authorise the amendment to the memorandum of incorporation by way of a special resolution.

3. **GENERAL MEETING**

3.1 A general meeting of the Chrometco Shareholders will be held in the boardroom, at Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg at 10:00 on 27 October 2016 for the purpose of considering, and if deemed fit, passing, with or without modification, the resolution necessary to give effect to the amendment to the memorandum of incorporation and the matters incidental thereto. The resolution to be put to Chrometco Shareholders for their approval are set out in the notice of General Meeting of Chrometco Shareholders attached to, and forming part of, this Circular.

4. **DIRECTORS' RECOMMENDATION**

The Board is of the opinion that the amendment to the memorandum of incorporation is beneficial to the Company and recommends that Chrometco Shareholders vote in favour of the resolution to be proposed at the General Meeting.

5. **LITIGATION STATEMENT**

There are no legal or arbitration proceedings which may have, or have during the 12 (twelve) months preceding the date of this Circular, had a material effect on the financial position of Chrometco. Chrometco is not aware of any proceedings that would have a material effect on the financial position of Chrometco or which are pending or threatened against Chrometco.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors, whose names appear on page 5 this Circular collectively and individually accept full responsibility for the accuracy of the information furnished relating to Chrometco and certify that to the best of their knowledge and belief, that there are no facts which have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this Circular contains all information required by law and the JSE Listings Requirements.

7. **DOCUMENTS AVAILABLE FOR INSPECTION**

- 7.1 a signed copy of this Circular;
- 7.2 the memorandum of incorporation; and

Signed at Johannesburg by P Cilliers on behalf of all the Directors of Chrometco Limited in terms of powers of attorneys signed by such Directors.

P Cilliers
Managing Director

28 September 2016



Chrometco Limited
(Incorporated in the Republic of South Africa)
(Registration number 2002/026265/06)
Share code: CMO ISIN:ZAE000070249
("Chrometco" or "the Company")

NOTICE OF GENERAL MEETING OF CHROMETCO SHAREHOLDERS

Notice is hereby given that a general meeting of Shareholders of Chrometco ("**the General Meeting**") to be held in the boardroom, at Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg at 10:00 on 27 October 2016 ("**the General Meeting**") for the purpose of considering, and if deemed fit, passing, with or without modification, the following resolutions set out in this notice of General Meeting.

Note:

- *For a special resolution to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on the resolution.*

1. **SPECIAL RESOLUTION NUMBER 1 – AMENDMENTS TO MEMORANDUM OF INCORPORATION**

"RESOLVED as a special resolution, that the memorandum of incorporation of the Company be and is hereby amended as follows:

- (i) by the substitution of existing clause 6.1.1 in its entirety, with the following new clause 6.1.1:

"10 000 000 000 (ten billion) authorised ordinary Shares of no par value, of the same class, each of which ranks *pari passu* in respect of all rights and entitles the holder to."

The reason for and effect of special resolution number 1 is to increase the authorised ordinary share capital of the Company to issue shares for. The effect of special resolution number 1 if passed is that the authorised ordinary share capital of the Company will be increased from 1 000 000 000 to 10 000 000 000.

The effect of special resolution number 1 is that the Company will have the necessary authority to amend the memorandum of incorporation in the manner set out in special resolution number 1, which amendments have also been approved by the JSE.

ELECTRONIC PARTICIPATION

Should any Shareholder wish to participate in the General Meeting by way of electronic participation, such Shareholder should make application to so participate, in writing (including details as to how the Shareholder or its representative can be contacted), to the Transfer Secretaries at the stated address below, to be received by the Transfer Secretaries at least 10 (ten) Business Days prior to the General Meeting in order for the Transfer Secretaries to arrange for the Shareholder (or its representative) to provide reasonably satisfactory identification to the Transfer Secretaries for purposes of section 63(1) of the Companies Act and for the Transfer Secretaries to provide the Shareholder (or its representative) with the details as to how to access any electronic participation to be provided.

The Company reserves the right to elect not to provide for electronic participation at the General Meeting in the event that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the Shareholder so accessing the electronic participation. Chrometco

Shareholders are advised that participation in the General Meeting by way of electronic participation will not entitle a Shareholder to vote through an electronic medium. Should a Shareholder wish to vote at the General Meeting, such Shareholder may do so by attending and voting at the General Meeting either in person or by proxy.

VOTING AND PROXIES

The date on which Shareholders must be recorded, as such in the Register for purposes of being entitled to receive this notice is Friday, 23 September 2016.

The date on which Shareholders must be recorded in the Register for purposes of being entitled to attend and vote at the General Meeting is Friday, 21 October 2016. Accordingly, the last day to trade to be entitled to attend and vote at the General Meeting is Tuesday, 18 October 2016.

Section 63(1) of the Companies Act requires that meeting participants provide satisfactory identification. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the Chairman of the General Meeting and must accordingly bring a copy of their identity document, passport or driver's licence to the General Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the Transfer Secretaries for guidance.

Shareholders entitled to attend and vote at the General Meeting, may appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the Company. A form of proxy (*yellow*), in which the relevant instructions for its completion are set out, is enclosed for use by a Certificated Shareholder or Dematerialised Shareholder with "Own-name" Registration who wishes to be represented at the General Meeting. Completion of a form of proxy (*yellow*) will not preclude such Shareholder from attending and voting (in preference to that Shareholder's proxy) at the General Meeting.

By order of the Board

P Cilliers

Managing Director

28 September 2016

Registered Office

70 Marshall Street
Johannesburg, 2001
(PO Box 3787, Dainfern, 2055)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
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70 Marshall Street
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Chrometco Limited
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FORM OF PROXY – FOR USE BY CERTIFICATED AND DEMATERIALIZED OWN-NAME SHAREHOLDERS ONLY

For use at the General Meeting of Shareholders of the Company, to be held in the boardroom, at Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg at 10:00 on 27 October 2016.

I/We (Full names in BLOCK LETTERS please)

of (address)

Telephone number (____)

Cellphone number

Email address

being the registered holder(s) of: Shares hereby appoint:

1. _____ or failing him/her

2. _____ or failing him/her

3. the Chairman of the General Meeting

as my/our proxy to vote for me/us on my/our behalf at the General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the said resolutions and/or to abstain from voting in respect of the Shares of the Company registered in my/our name(s), in accordance with the following instructions (see notes):

	Number of Shares		
	For	Against	Abstain
Special Resolution Number 1			
Amendment to memorandum of incorporation			

Please indicate your voting instruction by way of inserting the number of Shares or by a cross in the space provided should you wish to vote all of your Shares.

Signed at _____ on _____ 2016

Signature _____

Assisted by me (where applicable) (State capacity and full name)

Each Shareholder is entitled to appoint one or more proxy(ies) (who need not be a Shareholder(s) of the Company) to attend, speak and, vote in his stead at the General Meeting.

Please see note overleaf

Notes:

1. A Chrometco Shareholder may insert the name of a proxy or the names of two 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 initialled by the Shareholder. The person whose name stands first on the form of proxy (*yellow*) and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Shareholder is entitled to one vote on a show of hands and on a poll one vote in respect of each Share held. A resolution put to the vote shall be decided by a show of hands unless before, or on the declaration of the results of the show of hands, a poll shall be demanded by the chairman of the General Meeting or any person entitled to vote at the General Meeting.
3. A Shareholder's instructions to the proxy(ies) must be indicated by the insertion of the relevant number of Shares to be voted on behalf of that Shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairman of the General Meeting, if he/she is the authorised proxy, to vote in favour of the resolutions at the General Meeting, or any other proxy to vote or to abstain from voting at the General Meeting, as he/she deems fit, in respect of all the Shares concerned. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the Shareholder or his/her proxy.
4. When there are joint registered holders of any Shares, any one of such persons may vote at the General Meeting in respect of such Shares as if he/she was solely entitled thereto, but, if more than one of such joint holders be present or represented at any meeting, that one of the said persons whose name stands first in the register in respect of such Shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder, in whose name any Shares stand, shall be deemed joint holders thereof.
5. Forms of proxy (*yellow*) must be completed and returned to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown, 2107), so as to be received by no later than 10:00 on 25 October 2016 alternatively, such form of proxy (*yellow*) may be handed to the Chairman of the General Meeting prior to the exercise of the voting rights in terms thereof in respect of the resolution in question.
6. Any alteration or correction made to this form of proxy (*yellow*) must be initialled by the signatory(ies).
7. Documentary evidence establishing the authority of a person signing this form of proxy (*yellow*) in a representative capacity must be attached to this form of proxy (*yellow*) unless previously recorded by the Transfer Secretaries or waived by the Chairman of the General Meeting.
8. The completion and lodging of this form of proxy (*yellow*) will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to.
9. **Summary of rights contained in section 58 of the Companies Act**
In terms of section 58 of the Companies Act:
 - a Shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such Shareholder;
 - a proxy may delegate her or his authority to act on behalf of a Shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
 - irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant Shareholder chooses to act directly and in person in the exercise of any of such Shareholder's rights as a Shareholder;
 - any appointment by a Shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
 - if an appointment of a proxy is revocable, a Shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the company; and
 - a proxy appointed by a Shareholder is entitled to exercise, or abstain from exercising, any voting right of such Shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise.

