

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action to be taken, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all your Ordinary Shares, please send this document, together with the accompanying Form of Proxy, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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# **Watermark Global plc**

*(incorporated in England and Wales with registered number 05541602)*

## **Disposal of Western Utilities Corporation (Proprietary) Limited**

### **Notice of General Meeting**

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A notice of a General Meeting of the Company to be held at 42 Queen Anne's Gate, London SW1H 9AP at 10.00 a.m. on 17 February 2012, is set out at the end of this document. Shareholders are requested to complete and return the enclosed Form of Proxy to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, as soon as possible, but in any event so as to arrive no later than 10.00 a.m. on 15 February 2012, whether or not they propose to be present at the General Meeting.

The Directors accept responsibility for the information contained in this document. To the best of the knowledge and belief of all the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to effect the import of such information.

## TIMETABLE OF KEY EVENTS

This document posted to Shareholders (by first class post)	31 January 2012
Latest time and date for receipt of Form of Proxy	10.00 a.m. on 15 February 2012
General Meeting	10.00 a.m. on 17 February 2012

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise.

<b>“Act”</b>	the Companies Act 2006
<b>“AIM”</b>	the AIM Market of London Stock Exchange
<b>“AIM Rules”</b>	the rules published by London Stock Exchange from time to time governing the admission to and operation of AIM
<b>“AMD”</b>	Acid Mine Drainage
<b>“Capricorn”</b>	Capricorn Investment Holdings Limited, a company incorporated in the Republic of South Africa with registered number 1987/004821/06, to be renamed Mine Restoration Investments Limited
<b>“Capricorn Circular”</b>	the circular to its shareholders to be published by Capricorn in connection with, <i>inter alia</i> , the proposed Transaction
<b>“Capricorn Fundraising”</b>	the issue by Capricorn of 210,526,316 new Capricorn Shares to existing shareholders, proposed to be underwritten by TAM, at a price of R0.19 per share to raise approximately R40 million (before expenses) in order to finance the cash portion of the consideration for the acquisition of WUC and provide working capital for Capricorn
<b>“Capricorn Shares”</b>	ordinary shares in the share capital of Capricorn
<b>“Cenkos”</b>	Cenkos Securities plc, the Company’s Nominated Adviser and Broker
<b>“Coal Briquetting Project”</b>	a project, owned by WUC, for the production of coal briquettes by compacting powdery or granular coal, which is intended to commence immediately after the completion of the proposed Transaction
<b>“Consideration”</b>	the consideration payable pursuant to the Sale and Purchase Agreement, details of which are set out in this document
<b>“Consideration Shares”</b>	182,300,030 new Capricorn Shares issued to Watermark in part consideration for the Disposal
<b>“Directors” or “Board”</b>	the existing directors of the Company
<b>“Disposal”</b>	the proposed disposal of WUC by Water Utilities to Capricorn
<b>“Form of Proxy”</b>	the form of proxy attached to this document

<b>“General Meeting”</b>	the general meeting of the Company to be held at 10.00 a.m. on 17 February 2012
<b>“Investing Policy”</b>	the investing policy the Company will follow as set out on page 8 of this Document
<b>“JSE”</b>	the Johannesburg Stock Exchange operated by JSE Limited
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Notice”</b>	the notice of General Meeting which forms part of this document
<b>“Octavovox”</b>	Octavovox (Pty) Ltd, the company through which WUC plans to execute the Coal Briquetting Project and in which WUC has conditionally agreed to acquire a 51 per cent. stake
<b>“Options”</b>	options to subscribe for Ordinary Shares
<b>“Ordinary Shares”</b>	ordinary shares of 0.15 pence each in the capital of the Company
<b>“Prodiflex Coal”</b>	WE Shelf Trading 270 (Pty) Ltd (to be known as Prodiflex Coal (Pty) Ltd
<b>“Rand” or “R”</b>	the legal currency of South Africa
<b>“Resolutions”</b>	the ordinary resolutions set out in the notice convening the General Meeting
<b>“Sale and Purchase Agreement”</b>	the conditional sale and purchase agreement dated 15 December 2011 between Water Utilities, Capricorn, WUC and the Company
<b>“Shareholders”</b>	holders of Ordinary Shares
<b>“TCTA”</b>	Trans Caledon Tunnel Association
<b>“TAM”</b>	Trinity Asset Management (Proprietary) Limited (Registration number 1996/10864/07), a private company incorporated in the Republic of South Africa, which holds 20,954,118 Capricorn Shares being 34.99 per cent. prior to the implementation of the proposed Transaction
<b>“Transaction”</b>	the Disposal and the Capricorn Fundraising
<b>“Water Utilities”</b>	Water Utilities Limited, a wholly-owned subsidiary of Watermark incorporated in the British Virgin Islands
<b>“Watermark” or “Company”</b>	Watermark Global plc, a public limited company incorporated in England and Wales with registered number 05541602
<b>“WUC”</b>	Western Utilities Corporation (Pty) Ltd, a wholly owned subsidiary of Water Utilities and thereby Watermark, incorporated in South Africa with registration number 2006/000753/07

Throughout this document, where figures denominated in South African Rand are translated into Sterling for illustration an exchange rate of R12.3 to £1.

## PART I – LETTER FROM THE CHAIRMAN

# Watermark Global plc

*(incorporated in England and Wales with registered number 05541602)*

*Directors:*

Peter Marks (*Non-Executive Chairman*)  
Jaco Schoeman (*Chief Executive Officer*)  
Hartley Dikgale (*Non-Executive Director*)

*Registered office:*

42 Queen Anne's Gate  
London  
SW1H 9AP

31 January 2012

*To the holders of Ordinary Shares and for information only, to holders of options*

Dear Shareholder,

### **Introduction**

The Company announced on 15 December 2011 that it had entered into a conditional agreement to sell its operating subsidiary, WUC, to Capricorn for consideration of £4.50 million comprising £1.81 million in cash and £2.69 million in shares in Capricorn.

Capricorn is a South African investment company which is listed on the Johannesburg Stock Exchange and whose only material asset currently is cash. The cash consideration for the acquisition of WUC will be provided from Capricorn's existing cash resources and from the proceeds of a simultaneous issue of new shares in Capricorn to investors in South Africa to raise R40 million, equivalent to approximately £3.25 million. This fundraising is proposed to be underwritten. Capricorn's listing is currently suspended and Capricorn will apply to the JSE, subsequent to the completion of the proposed Transaction, for the suspension of Capricorn to be lifted.

Following the proposed Transaction it is expected that Watermark will hold approximately 40.3 per cent. of the share capital of Capricorn and thereby, indirectly, of WUC. Capricorn intends to use a portion of the proceeds of its new equity issue to fund the Coal Briquetting Project which the directors of Watermark consider to be a potentially profitable standalone project. The Directors consider that the proposed Transaction will allow Shareholders to retain a significant interest in Watermark's core AMD project, pursue the Coal Briquetting Project and gain exposure to other potentially valuable projects whilst reducing financial risk. The relationship with Capricorn will provide access to finance for WUC's projects, enabling Watermark shareholders to benefit from the development of those projects without further share issues by Watermark which, at this stage, and given current market conditions, could be highly dilutive.

Further details of the proposed Transaction and the terms of the Sale and Purchase Agreement, including details of the Consideration, are set out below under the heading "Principal Terms of the proposed Transaction".

As WUC is the Group's only operating subsidiary, the proposed Disposal constitutes a fundamental change of business under Rule 15 of the AIM Rules and is therefore conditional upon the approval of Shareholders. Accordingly, the resolution to approve the proposed Transaction will be put to Shareholders at a General Meeting of the Company which has been convened for at 10.00 a.m. on 17 February 2012, notice of which is set out at the end of this document.

The principal purpose of this document is to set out the reasons for, and details of, the Disposal, to explain why the Directors consider that it is in the best interests of the Company and its Shareholders as a whole, and to recommend that you vote in favour of the resolutions set out below.

As required for a listed company, Capricorn will shortly publish a comprehensive circular and Revised Listing Particulars containing detailed information concerning Capricorn, the proposed Transaction and the

plans that the board of Capricorn has for its business in the future. The Company will confirm when this document, for which the directors of Capricorn are responsible, is available.

### **Principal Terms of the Disposal**

Pursuant to the Sale and Purchase Agreement between the Company, Water Utilities, WUC and Capricorn, Capricorn has agreed to acquire 100 per cent. of WUC. Completion of the proposed Transaction is conditional upon, *inter alia*, the approval of the proposed Disposal by Shareholders, completion of the Capricorn Fundraising, approval of the proposed Transaction by Capricorn shareholders and regulatory approvals from the JSE.

The Consideration for the disposal of WUC is £4.5 million comprising:

- Cash consideration of £1.81 million payable to Watermark provided from Capricorn's existing cash resources and the proceeds of the Capricorn Fundraising.
- Share consideration of £2.69 million to be satisfied by the issue of the Consideration Shares at a price of R0.19 per share (which will result in Watermark holding approximately 40.3 per cent. of Capricorn's issued share capital).

The Sale and Purchase Agreement, which is summarised in Part II of this document, includes customary warranties and indemnities.

### **Background to and Reasons for the proposed Transaction**

Over the past three years, as part of the development and proposed commercialisation of the AMD project in the Witwatersrand basins of the Gauteng province process, Watermark has raised equity and debt finance, conducted pilot plant trials, created not-for-profit companies in association with six mining houses, produced pre-feasibility and definitive feasibility studies and conducted 14 specialist studies as part of the required Environmental Impact Assessment programme. Significant amounts of time have been spent with a range of government departments and agencies discussing the proposed method of treatment of AMD. Despite this intense activity and total project expenditure to date of R77 million, Watermark has not yet received clarification of any role it may have in the treatment of AMD in respect of the longer term solution.

Although the water treatment technology that Watermark has invested in is acknowledged as being the lowest cost and most appropriate technology in the Inter Ministerial Committee (IMC) report released by the South African government it has not yet been granted the rights to implement its project, rather the South African government has appointed TCTA to liaise with a number of interested parties, including Watermark, to develop and implement a short-term solution (for approximately three years) to manage AMD in the three basins. At the same time, the Department of Water Affairs has commenced with a tender process for the feasibility study to develop a long-term solution. This process is envisaged to take up to 18 months from the date the tender is awarded. Implementation of any project will therefore be two years away at the earliest and although the Board still believes that the AMD project remains a very strong long-term investment which has the potential for significant value not only for Shareholders, but for the South African Government, the associated mining houses and the people of South Africa, it has been assessing options for preserving value in Watermark in the intervening timeframe and stabilising the project from a financing perspective, especially in light of the fact that the short-term situation is less certain for WUC as well as for other parties participating in this area.

In addition to the AMD project, we mentioned in our last interim results announcement that we were investigating a project for briquetting of coal anthracite fines. WUC has since acquired a 51 per cent. stake in the KwaZulu Natal-based Coal Briquetting Project which, the Directors consider, has excellent prospects for positive cash flow within 12 months of start-up. The Directors' investigation and appraisal of this opportunity led to the introduction to Capricorn.

Capricorn has strong support from its shareholders, as demonstrated by their underwriting of the Capricorn Fundraising and it is able to provide long-term finance for both the AMD treatment and Coal Briquetting Projects. Given the uncertain backdrop as to if or when substantive contracts might be awarded to WUC for the treatment of AMD, combined with the ongoing volatility and uncertainty in global financial markets, your board considers that the Company will benefit from the secure ongoing funding that

Capricorn can provide for WUC's projects as well as providing WUC with strong local South African partners who can assist with the promotion of the AMD project with the relevant government agencies. In addition, the proposed Transaction will leave cash resources in Watermark that could be used for additional investments in current areas of expertise, including but not necessarily limited to, water treatment, resource management and infrastructure project management.

### **Further information on Capricorn**

Capricorn (previously known as Cenmag Holdings Limited) was incorporated in South Africa on 5 October 1987 as a public company and was subsequently listed on the development capital board (DCM) of the JSE on 24 February 1988.

Since the date of its incorporation, Capricorn operated as an investment holding company holding investments in subsidiaries which were primarily involved in the manufacture of electromagnets, the rewinding of motors and the wholesale of electrical and related equipment. Whilst the subsidiaries achieved growth in 2008 and 2009, the industries in which the group operated experienced a downturn, which resulted in lower demand for its products. In November 2010 Capricorn's operating subsidiaries were disposed of to Blaf Investments CC. At the same time as the disposal the company increased its authorised share capital, sub-divided its shares, reconstituted its board and changed its name to Capricorn Investment Holdings Limited.

Capricorn became a cash shell with effect from 20 December 2010. The shares of Capricorn were suspended from the JSE lists with effect from 21 June 2011 due to the late submission of the Annual Financial Statements due for the year ended 28 February 2011 and the failure to conclude agreements to acquire assets prior to 30 June 2011. Capricorn will apply to the JSE, subsequent to the completion of the proposed Transaction, for the suspension of Capricorn to be lifted.

Capricorn's stated investment strategy is to generate attractive returns by targeting opportunities in South Africa that focus on providing solutions to the waste that occurs from coal mining (coal fines), as well as to AMD. Details of Capricorn's board of directors appear in Part II of this document. Upon completion of the proposed Transaction its principal shareholders are expected to be Watermark and TAM, a private company incorporated in the Republic of South Africa, which currently holds approximately 35.0 per cent. of Capricorn's issued share capital and is proposing to underwrite the Capricorn Fundraising. As at 31 August 2011, the latest reported balance sheet date, Capricorn had cash of approximately R5.77 million and net assets of approximately R5.7 million. For the year ended 28 February 2011 Capricorn generated an operating loss of approximately R1.1 million and a profit before tax of R4.6 million as investment income more than offset operating costs. In the six months ended 31 August 2011 Capricorn reported profit before tax of approximately R26,000 reflecting the completion of its transition to being a cash shell.

As part of the proposed Transaction, Capricorn intends to raise a total of R40 million (approximately £3.25 million) by means of the Capricorn Fundraising. Of these proceeds, a proportion will fund part of the consideration for the acquisition of WUC, as set out above, and R20 million will be allocated to the Coal Briquetting Project. In connection with the Transaction, Capricorn will be renamed Mine Restoration Investments Limited.

Shareholders should be aware that following the proposed Transaction Watermark will hold shares in a South African listed company and there is no guarantee that the shares will appreciate in value. Watermark will hold approximately 40.3 per cent. of Capricorn on completion of the proposed Transaction and the Board expects Watermark to have significant influence on Capricorn but it will not have board control and will not therefore be able to control operational decisions. It does mean, however, that there will be no further dilution of equity for Shareholders in Watermark in the short term for the AMD or Coal Briquetting Projects. Watermark will have the right but not the obligation to invest further in Capricorn as it develops its businesses. Should Capricorn issue new shares to raise funds, Watermark's percentage interest in Capricorn and thereby in WUC would be reduced if it did not take up its entitlement to invest.

As a consequence of these developments, other potential opportunities in the oil and water separation field that we have previously mentioned will not be pursued at this stage to enable the company to focus on the existing AMD project together with the Coal Briquetting Project.

Further information on Capricorn is set out in Part II of this Document and will be set out in the Capricorn Circular.

## **Further information on the Coal Briquetting Project**

Coal fines have traditionally been an unwanted by-product in the coal mining industry. Fines are typically defined as coal with a particle size below 6mm. These fines have presented a major disposal challenge to the industry.

Surface and underground coal mining operations in South Africa produce approximately 300 million tons of coal per year; creating significant coal residues such as dust and fines. These can constitute up to 20 per cent. of the total run of mine feed. Although this material typically has appreciable calorific values and therefore high energy content, it is not readily marketable.

This is mainly attributed to typical high volatilities, the high surface moisture content and the heterogeneous properties of the fines.

As a result of its low marketing values, coal fines are generally disposed of in dams or on stockpiles at or near mining sites. This practice has had huge environmental impacts world-wide. There are a number of problems associated with the disposal or storage of fines on stockpiles including dust release, acid drainage and spontaneous combustion.

The manufacture of coal briquettes from coal fines offers a highly commercially-viable solution to the management of coal fines but the briquetting process has historically proved challenging, often due to problems with the additive used to bind the fines. In the past, binders either altered the characteristics of the coal (increasing ash or reducing the calorific value) or they simply could not withstand the rigours of transportation including the long term exposure to weather. WUC has understanding of the briquetting process and knowledge of the cohesive and repulsive forces between solids, the adhesion of binders, heat transfer characteristics, heat effects on surface properties, and the rheological behaviour of particulate masses inside the briquetter. Via its acquisition of a controlling interest in the Coal Briquetting Project, WUC has in conjunction with Prodiflex Coal developed, tested on a pilot scale and secured the correct binder and curing agents to ensure that the briquettes conform to the correct standards. The process also includes an upfront screening plant which removes a significant portion of ash and very fine material that is considered to be detrimental to the product.

In order to progress the Coal Briquetting Project WUC has agreed to acquire 51 per cent. of the share capital of Octavovox, the owner of the project, for a total consideration of R1.0 million and 50 per cent. of the share capital of Prodiflex Coal, the holder of certain intellectual property relating to the binder and formulae and processes to be used in the briquetting of coal fines, for a purchase consideration of R1.0 million. In addition, WUC has agreed to provide R15,407,605 to Octavovox, by way of a loan, to fund the development of the project. Further details of these arrangements are set out in Appendix II of this document.

Off-take agreements have been established and signed with the coal mine where the project will initially be located. The mine has an estimated reserve of 105 million tons of good quality bituminous coal and high-grade anthracite at its disposal and historical figures indicate that the mine will produce approximately 5,800 tons of additional fines per month. The quality of the coal briquettes that will be produced makes them highly sought after in the metallurgical industry. This is an early stage project with considerable execution risk but the Directors consider it to have excellent prospects.

## **Board, Management and Governance**

Upon completion of the proposed Transaction, Watermark will be entitled to appoint a director to the board of Capricorn. It is intended that Jaco Schoeman, CEO of Watermark, and Managing Director of WUC will take this appointment. At the same time, Mr Schoeman will step back into a non-executive role at Watermark and the entire Watermark board will then be non-executive in line with similar investing companies. Following any initial transitional period that may be necessary, Mr Schoeman's role as a director of Capricorn is expected to be a non-executive and to be limited to oversight of the implementation of the Coal Briquetting and AMD Projects in addition to representing Watermark's significant shareholding in Capricorn.

The Company will continue to operate its existing corporate governance practices and procedures, continue to hold regular Board and Board committee meetings and continue to comply with the AIM Rules for Companies and all other applicable regulations.

## **Investing Policy**

Following the proposed Transaction, Watermark will be classified as an Investing Company under the AIM Rules. The Company's policy is to invest in companies and projects within the natural resources and infrastructure sectors in line with the knowledge and expertise base of the existing board and in keeping with the holding that the Company will have in Capricorn following the proposed Transaction. The Company intends to focus on development opportunities with good growth prospects in its chosen sectors. The Directors' expertise and relationships in these sectors will enable them to identify and evaluate potential investment opportunities.

The Board is intended to remain non executive and it is not intended that any controlling stakes will be acquired nor will the Company be involved in the operations of its investments. The Board will not retain the services of an investment manager or adviser but intends to appoint consultants and advisers as appropriate on a case by case basis if the need for specialist services arises. The Board is conscious of closely monitoring the cash requirements of the Company and undertakes to Shareholders that a review of the investing policy will be held one year following completion of the proposed Transaction and, should no suitable investments have been identified, consideration will be given to the return any excess funds to shareholders.

It is not the Board's present intention to seek further investments through Capricorn, although doing so is not precluded.

## **Dividend Policy**

The Board does not intend to declare a dividend until the Company achieves a distributable accounting profit. In light of the nature of the Company's assets following completion of the Transaction the Directors do not expect to be able to declare a dividend for the near future.

## **General Meeting**

At the General Meeting, which will be held at 42 Queen Anne's Gate, London SW1H 9AP at 10.00 a.m. on 17 February 2012, the Resolutions will be proposed as ordinary resolutions to approve:

1. the disposal of the whole of the issued share capital of WUC, which constitutes a fundamental change of business under AIM Rule 15; and
2. the adoption of the Investing Policy set out above.

## **Action to be taken**

Shareholders are requested to complete and return the enclosed Form of Proxy as soon as possible, but in any event so as to arrive no later than 10.00 a.m. on 15 February 2012, whether or not they propose to be present at the General Meeting.

Completion of the proposed Transaction is expected to occur on admission of the Capricorn shares issued to Watermark to the JSE, which is expected to take place on 2 April 2012. This date is provisional and is subject to change. Any change to this timetable will be notified.

## **Recommendation**

**The Directors unanimously recommend Shareholders to vote in favour of the Resolution as they intend to do in respect of their aggregate holdings of 43,362,000 Ordinary Shares, representing 2.9 per cent. of the issued share capital of the Company.**

Yours faithfully

**Peter Marks**  
*Chairman*



## PART II – ADDITIONAL INFORMATION

### A. Additional information on Watermark

#### 1. Material Contracts

##### 1.1. Acquisition Agreement

An acquisition agreement between (1) Water Utilities, (2) Capricorn, (3) WUC and (4) the Company dated 15 December 2011 (the “Acquisition Agreement”) pursuant to which Water Utilities has agreed to sell the whole of the issued share capital of WUC to Capricorn. The consideration for the sale of WUC is the sum of £1,814,711 in cash and 182,300,030 shares in Capricorn of a value of £2,685,289 issued at a price of R0.19 (the “Subscription Price”).

The Acquisition Agreement is conditional on:

- (a) The approval of various aspects of the Disposal by the shareholders of Capricorn;
- (b) The approval of the directors of the Company and Capricorn;
- (c) The approval of the Disposal by the shareholders of the Company;
- (d) A cash issue of shares being undertaken by Capricorn to raise no less than R40,000,000 at a price per share of no less than R0.19, which issue of shares is subject to Capricorn shareholder approval;
- (e) A waiver of the benefit of a mandatory offer from Watermark to Capricorn shareholders by the independent holders of more than 50 per cent. of the general voting rights of all issued securities in Capricorn;
- (f) All governmental and regulatory approvals required by law in connection with, or required to permit, the completion of the Disposal having been obtained or received in writing on terms which are not materially adverse;
- (g) Development Bank of South Africa Ltd approval of the sale of the shares of WUC and agreement to terminate its pledge and cession over all sums owed by WUC to the Company;
- (h) The Company being released from any current, conditional or purported obligations to issue shares to certain third parties; and
- (i) The Industrial Development Corporation of South Africa Ltd (the “IDC”) approving the Disposal and consenting to Capricorn taking cession, assignment and delegation of all the Company’s rights and obligations in terms of the co-operation agreement between the IDC, the Company and WUC.

The Acquisition Agreement contains certain warranties regarding WUC and Capricorn gives warranties to the Company regarding, *inter alia*, its capacity and share capital. The warranties shall endure until either the rights and the obligations it conferred on the parties are extinguished or for a period of 12 months after the fulfilment date.

##### 1.2. Octavovox Loan Agreement

A loan agreement between (1) WUC and (2) Octavovox dated 15 December 2011 (the “Octavovox Loan Agreement”) pursuant to which WUC has agreed to lend and advance the total sum of R15,407,605 (the “Octavovox Loan”) to Octavovox to enable it to acquire assets for the installation and assembly of a production plant for the Coal Briquetting Project and to put the production plant into operation. Repayment of the Octavovox Loan together with interest at 2 per cent. above the prime rate of ABSA Bank Ltd shall be made to WUC from the proceeds accruing from the project but in any case by no later than 31 December 2015. Octavovox shall procure as security a notarial covering bond over the assets to be acquired securing payment of an amount limited to R20,000,000. An arrangement fee of R3,837,500.00 is payable to WUC by Octavovox over and above the capital and interest from the

proceeds of the project, but in no event later than 31 December 2015. The capital and interest, as well as the arrangement fee, are repayable by 31 December 2015.

### 1.3. *Octavovox Sale of Shares Agreement*

A sale of shares agreement between (1) Green Bird Africa (Pty) Ltd (“GBA”), (2) Circle Way Trading (Pty) Ltd (“CWT”), (3) WUC and (4) Octavovox dated 15 December 2011 (the “Octavovox Sale of Shares Agreement”) pursuant to which WUC purchased a total of 51 per cent. of the issued share capital of Octavovox from GBA and CWT for a total consideration of R1,000,000. The Octavovox Sale of Shares Agreement includes warranties by GBA, CWT and Octavovox regarding, *inter alia*, ownership of the shares subject to the sale.

### 1.4. *Prodiflex Coal Sale of Shares Agreement*

A sale of shares agreement between (1) Prodiflex (Pty) Ltd (“Prodiflex”), (2) WUC and (3) WE Shelf Trading 270 (Pty) Ltd (to be known as Prodiflex Coal (Pty) Ltd (“Prodiflex Coal”) dated 15 December 2011 (the “Prodiflex Coal Sale of Shares Agreement”) pursuant to which WUC purchased a total of 50 per cent. of the issued share capital of Prodiflex Coal from Prodiflex for a total consideration of R1,000,000. The Prodiflex Coal Sale of Shares Agreement includes warranties by Prodiflex and Prodiflex Coal regarding, *inter alia*, ownership of the shares subject to the sale and ownership of certain intellectual property relating to coal briquetting..

### 1.5. *Octavovox Shareholders Agreement*

A shareholders agreement between (1) WUC, (2) GBA, (3) CWT and (4) Octavovox dated 15 December 2011 (the “Octavovox Shareholders Agreement”) pursuant to which the affairs of the Octavovox are regulated. The Octavovox Shareholders Agreement contains provisions regarding the financing of Octavovox including joint and several liability for any guarantees or suretyships given which shall be in proportion to shareholdings in Octavovox; forced sale or forfeiture of shares in the event, *inter alia*, of a breach of a material provision; and rights of pre-emption, tag-along and drag-along over the shares in Octavovox.

The agreements referred to in clauses 1.2 to 1.5 above became unconditional and of full force and effect on 20 December 2012.

### 1.6. *WUC Loan Agreement*

A loan agreement between (1) Capricorn and (2) the Company dated 15 December 2011 pursuant to which the Company agreed to lend and advance the sum of R4,607,605 (the “WUC Loan”) to WUC to enable WUC to pay the consideration pursuant to the Octavovox Sale of Shares Agreement and the Prodiflex Coal Sale of Shares Agreement and to provide working capital and pay management fees under the Octavovox Loan Agreement. The WUC Loan is repayable on completion of the proposed Transaction and will lapse in the event that the proposed Transaction does not complete. No interest is payable on the WUC Loan.

## **B. Additional information on Capricorn**

### **1. Incorporation and Registration**

1.1 Capricorn was incorporated in the Republic of South Africa with registration number 1987/004821/06 on 5 October 1987 as a company limited by shares with the name Cenmag Holdings Limited. Capricorn’s name was changed to Capricorn Investment Holdings Limited pursuant to a resolution of its shareholders on 15 November 2010.

1.2 The registered office of Capricorn is at 3 Anerley Road, Parktown, Johannesburg, 2193, Republic of South Africa.

### **2. Share Capital**

2.1 Capricorn’s authorised share capital is 1,000,000,000 ordinary shares of no par value, of which 455,695,274 shares will be issued and fully paid following allotment of the Consideration Shares.

- 2.2 The Consideration Shares will represent approximately 40.3 per cent. of the issued share capital of Capricorn.
- 2.3 Each Consideration Share is entitled on a *pari passu* basis with all other issued shares to share in any surplus on a liquidation of Capricorn.

### **3. Information on proposed directors of Capricorn**

#### **Quinton George (39) (Non-Executive Chairman)**

Quinton is a registered financial advisor with the Securities Institute of London and the Financial Services Board in South Africa. He has successfully achieved certificates in Investment Advice and Investment General Exams of the Institute of Stockbrokers. On September 1, 2000, Quinton launched Trinity Holdings (Pty) Ltd, an investment management company registered with the Financial Services Board. Currently, Quinton is the CEO of Trinity Asset Management, one of South Africa's largest gold and resource fund managers.

#### **Jaco Schoeman (37) (Group Executive Director)**

Jaco Schoeman is currently Chief Executive Officer of Watermark. He is a scientist and holds a B. Tech Degree in Analytical Chemistry from Pretoria Technikon in South Africa. Jaco was previously the Technical Director of Mintails Ltd (ASX:MLI), a South African based, but Australian-listed gold mining company which reprocesses tailings. Prior to joining Mintails, he held senior positions including General Manager of Atomaer RSA, Product Specialist at Nalco-Chemserve and Senior Chemist at Amplats (now Anglo Platinum).

#### **Michelle van den Berg (32) (Financial Director)**

Michelle is currently WUC's financial accountant. She completed high school in Middelburg and studied her National Diploma in Internal Auditing through the Free State Technikon where she became a Certified Professional Accountant after completing articles at Oelofse Auditors, Medprak Fin Services and Van Wyk Auditors.

Following a number of accounting roles, in 2007, Michelle was employed as a financial accountant by Barnstone Corporate Services (Pty) Ltd where she was contracted out to WUC and later became WUC's financial accountant.

#### **James Herbst (40) (Non-executive Director)**

James is a Chartered Accountant with sound experience in corporate finance, corporate law, investment banking, and investment management. After completing his articles with Coopers and Lybrand and the Chartered Financial Analyst programme, James worked for Fleming Martin Private Asset Management where he managed full discretionary funds.

In 2001 he started a private equity business that later culminated in the listing of Level 4 IT Services with its subsequent acquisition of DataPro, now Vox Telecom. He then pursued a career in corporate finance with the launch of WRH Corporate Advisors where he acted as corporate advisors to TelePassport, which was reverse-listed into Huge Group, where he was appointed as CEO.

#### **Stephen Tredoux (51) (Independent Non-Executive Director)**

Steve started his working career as an accountant but moved to general management where he worked in the property management industry and manufacturing. He joined the information technology sector where he was employed by National Data Systems as account director addressing all commercial and support issues for Nedbank.

He subsequently joined MTN in 1995, working there with the Service Providers, as well as investigating new routes to market, new product sets, and new ways of communicating with customers. When MTN acquired M-Tel, Steve was appointed in an executive sales and advertising

capacity. He has considerable experience in sales distribution but is also a master at marketing and product development. Steve is a director on the listed Huga Group Limited board.

**Charles Pettit (30) (Non-Executive Director)**

Charles has extensive corporate finance experience in the United Kingdom, South Africa and Mauritius which includes acquisitions, disposals, IPO's, fundraisings, BEE transactions and corporate restructurings. Since founding AfrAsia Corporate Finance in June 2009, Charles has led the origination and execution activities of the team and also led the sale of a minority interest in the business to AfrAsia Bank in May 2010.

Charles graduated from the University of Cape Town with a First Class Honours degree in Finance. He subsequently qualified as a CFA charter holder while working in corporate finance for Close Brothers in London.

**Sandile Swana (43) (Independent Non-Executive Director)**

Sandile Swana was born in Johannesburg, South Africa and matriculated at St John's College, Mthatha. He completed a B.Com under the Anglo American Scholarship Programme at Wits University, with majors in Economics and Business Information Systems. He received training in software development and project. He has a BCom Hons (Unisa) and an MBA (UP).

He has wide ranging management and leadership experience having worked for multi-nationals and private companies including: Anglo American as a trainee (1988-1992); New York Times; Caltex Oil; and The Don Suite Hotels. He is a director of a number of companies listed on the Johannesburg Stock Exchange and is a member of the following audit committees: ICASA (chairman); Gariep Municipality (Chairman), Gold One; Convergenet Holdings (Chairman) and Sallies Limited (Chairman).

**Anthon Meyer (58) (Independent Non-Executive Director)**

Anthon a Chartered Accountant with extensive experience of audit and financial consulting across a wide range of businesses.

**Chris Roed (45) (Independent Non-Executive Director)**

Chris is a water/civil engineer with more than 20 years of experience and specialises in water and wastewater engineering, as well as conventional civil engineering. He formed and owns a successful petroleum products supply company selling mainly bulk liquid petroleum gas (LPG) in Southern Africa.

# Watermark Global plc

(Registered in England No 05541602)

NOTICE is given that an General Meeting of the above Company will be held at 42 Queen Anne's Gate, London SW1H 9AP at 10.00 a.m. on 17 February 2012 when the following Resolutions (proposed as ordinary resolutions) will be considered and, if thought fit, approved;

## ORDINARY RESOLUTIONS

1. THAT the disposal of the whole of the issued share capital of Western Utilities Corporation (Pty) Ltd which constitutes a fundamental change of business under AIM Rule 15 be and is hereby approved.
2. THAT the adoption of the Investing Policy set out in the circular to Shareholders dated 31 January 2012 be and is hereby approved and the directors of the Company be empowered to carry the Investing Policy into effect.

*By Order of the Board*

Charles Zorab  
Company Secretary

*Registered office:*

42 Queen Anne's Gate  
London SW1H 9AP

31 January 2012

### Notes to the Notice of Annual General Meeting

#### Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members 48 hours before the time of the Meeting shall be entitled to attend and vote at the Meeting.

#### Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, whether or not you are able to attend the meeting, you may use the enclosed form of proxy to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

#### Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be: completed and signed and sent or delivered to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by facsimile transmission to 01252 719 232; and received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

### **Appointment of proxy by joint members**

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

### **Changing proxy instructions**

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821 390.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### **Termination of proxy appointments**

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by facsimile transmission to 01252 719 232. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

### **Issued shares and total voting rights**

8. As at 31 January 2012, the Company's issued share capital comprised 1,498,041,017 Ordinary Shares. Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 31 January 2012 is 1,498,041,017.

### **Communications with the Company**

9. Except as provided above, members who have general queries about the Meeting should telephone the Company Secretary, Charles Zorab, on (020) 7233 1462 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

### **CREST**

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.

CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [euroclear.com/CREST](http://euroclear.com/CREST)).

The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: 7RA36) by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of CREST by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

